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Independent Auditors' Report on Review of Condensed Interim Financial Statements

To the Shareholder and Board of Directors of PASHA Life Insurance OJSC

Introduction

We have reviewed the accompanying condensed statements of financial position of PASHA Life Insurance OJSC (the "Company") as at 30 June 2024, and the condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the condensed interim financial statements (the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of condensed interim financial statements consist of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial statements as at 30 June 2024 are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.



Emphasis of Matter Relating to Comparative Statements

We draw attention to Note 4 to the financial statements which describes that the comparative statements presented for the six-month period ended 30 June 2023 has been restated. Our conclusion is not modified in respect of this matter.

Nasiba Muradkhanova

"KPMG Audit Azerbaijan" LLC

Baku, the Republic of Azerbaijan

6 September 2024



Interim condensed statement of financial position as at 30 June 2024*(Amounts presented are in thousands of Azerbaijani manats)*

	Notes	30 June 2024 (unaudited)	31 December 2023
Assets			
Cash and cash equivalents	5	128,401	83,538
Amounts due from credit institutions	6	99,582	105,853
Investment securities	7	490,580	482,656
Reinsurance assets		2,569	2,394
Deferred income tax assets	8	6,572	4,518
Property and equipment		2,345	2,325
Right-of-use asset		2,343	2,539
Intangible assets		1,528	1,422
Other assets		2,489	2,203
Total assets		736,409	687,448
Liabilities			
Insurance contract liabilities	9	616,071	522,337
Reinsurance contract liabilities		1,757	1,654
Investment contract liabilities	10	19,306	45,032
Current income tax liabilities		4,051	8,242
Lease liability		2,925	3,078
Other liabilities		10,725	13,374
Total liabilities		654,835	593,717
Equity			
Share capital	11	40,250	40,250
Retained earnings		33,178	45,252
Net unrealized gain		8,146	8,229
Total equity		81,574	93,731
Total equity and liabilities		736,409	687,448

Signed and authorized for release on behalf of the Management Board of the Company:



Mr. Niyaz Ismayilov
Chief Executive Officer,
Chairman of the Management Board



Ms. Dilara Babayeva
Chief Financial Officer,
Member of the Management Board

5 September 2024

Interim condensed statement of profit or loss and other comprehensive income for the six months ended 30 June 2024*(Amounts presented are in thousands of Azerbaijani manats)*

	Notes	30 June 2024 (unaudited)	30 June 2023 (restated*) (unaudited)
Insurance revenue	12	58,032	40,765
Insurance service expenses	13	(16,830)	(12,661)
Net expenses from reinsurance contracts	14	(690)	(1,337)
Insurance service result		40,512	26,767
Personnel expenses	16	(9,692)	(8,211)
Other operating and administrative expenses	17	(5,380)	(3,452)
Operating expenses		(15,072)	(11,663)
Investment income	18	21,926	16,163
Finance cost	19	(848)	(1,310)
Impairment loss		(445)	(274)
Net finance expenses from insurance contracts	15	(15,814)	(10,262)
Net finance income from reinsurance contracts	15	241	98
Other income, net		3	12
Net operating gain from non-insurance activities		5,063	4,427
Profit before income tax expense		30,503	19,531
Income tax expense	8	(6,577)	(4,763)
Profit for the year		23,926	14,768
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>			
Net change in fair value of debt instruments at fair value through other comprehensive income		(92)	40
Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive		(19)	(120)
Net finance income from insurance contracts	15	964	3,256
Net finance (expenses)/income from reinsurance expenses		(272)	122
Income tax relating to components of other comprehensive income	8	(116)	(660)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		465	2,638
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Net change in fair value of equity instruments at fair value through other comprehensive income	7	(685)	(744)
Income tax relating to components of other comprehensive income	8	137	149
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods		(548)	(595)
Total other comprehensive (loss)/income for the year		(83)	2,043
Total comprehensive income for the year		23,843	16,811

*See Note .4

Interim condensed statement of changes in equity for the six months ended 30 June 2024*(Amounts presented are in thousands of Azerbaijani manats)*

	Share capital	Retained earnings	Net unrealized gains on insurance contracts	Net unrealized gains/(losses) on investment securities	Total equity
Balance at 1 January 2023	40,250	40,029	13,236	314	93,829
Dividends to shareholder (Note 11)	-	(30,757)	-	-	(30,757)
Total comprehensive income for the period (restated*)	-	14,768	2,702	(659)	16,811
30 June 2023 (unaudited) (restated*)	40,250	24,040	15,938	(345)	79,883
1 January 2024	40,250	45,252	7,831	398	93,731
Dividends to shareholder (Note 11)	-	(36,000)	-	-	(36,000)
Total comprehensive income for the period	-	23,926	554	(637)	23,843
30 June 2024 (unaudited)	40,250	33,178	8,385	(239)	81,574

*See Note 4

Interim condensed statement of cash flows**For the six months ended 30 June 2024***(Amounts presented are in thousands of Azerbaijani manats)*

	<i>Notes</i>	For the six months ended 30 June (unaudited)	
		2024	2023
Cash flows from operating activities			
Insurance premiums received		327,532	254,116
Reinsurance premiums paid		(1,218)	-
Insurance claims paid		(195,385)	(107,427)
Acquisition expenses paid		(3,551)	(2,512)
Personnel expenses paid		(16,086)	(11,297)
Other operating and administrative expenses paid		(9,723)	(7,249)
Cash flows from operating activities before changes in operating liabilities		101,569	125,631
<i>Net increase in operating liabilities:</i>			
Investment contract liabilities		(26,446)	3,707
Net cash flows from operating activities before income tax		75,123	129,338
Income tax paid		(12,801)	(12,211)
Net cash from operating activities		62,322	117,127
Cash flows from investing activities			
Amounts placed with credit institutions		(11,828)	(13,592)
Amounts repaid by credit institutions		18,095	1,700
Purchase of investment securities		(146,341)	(114,660)
Proceeds from sale and redemption of investment securities		141,061	27,945
Placements of cash on reverse repurchase agreements		(481,635)	(68,399)
Proceeds from redemption of reverse repurchase agreements		481,635	65,957
Investment income received		18,131	12,736
Purchase of property and equipment		(315)	(148)
Purchase of intangible assets		(1,410)	(809)
Net cash used in investing activities		17,393	(89,270)
Cash flows from financing activities			
Payment of dividends	10	(34,271)	(27,815)
Proceeds from repurchase agreements		24,200	71,836
Redemption of repurchase agreements		(24,245)	(67,408)
Payment of lease liabilities		(351)	(351)
Payment of leasehold improvement liabilities		(185)	(185)
Net cash used in financing activities		(34,852)	(23,923)
Net increase / (decrease) in cash and cash equivalents		44,863	3,934
Cash and cash equivalents, beginning		83,538	49,934
Cash and cash equivalents, ending	4	128,401	53,868

Non-cash transactions performed by the Company comprise:

	For the six months ended 30 June (unaudited)	
	2024	2023
Reinsurer's share in insurance claims paid	37	37
Insurance claims paid	52	223