



KPMG Audit Azerbaijan LLC  
Port Baku South Tower  
Neftchilar Avenue, 153  
Baku, Azerbaijan AZ1010  
+994 12 404 89 10

# Independent Auditors' Report

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

## Opinion

We have audited the financial statements of PASHA Life Insurance OJSC (the "Company"), which comprise the statement of financial position as at 31 December 2025, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements in Republic of Azerbaijan. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditors' report is:



Nasiba Muradkhanova  
KPMG Audit Azerbaijan LLC  
Baku, the Republic of Azerbaijan  
26 February 2026

**STATEMENT OF FINANCIAL POSITION****For the year ended 31 December 2025***(Amounts presented are in thousands of Azerbaijani manats, unless otherwise indicated)*

	Notes	31 December 2025	31 December 2024
<b>Assets</b>			
Cash and cash equivalents	5	208,019	136,846
Amounts due from credit institutions	6	104,330	92,153
Investment securities	7	460,993	544,704
Reinsurance contract assets	12	4,357	3,176
Deferred income tax assets	10	8,312	6,419
Property and equipment	8	5,795	3,988
Intangible assets		1,456	1,310
Right-of-use asset	9	2,362	2,747
Other assets	11	2,872	2,151
<b>Total assets</b>		<b>798,496</b>	<b>793,494</b>
<b>Liabilities</b>			
Insurance contracts liabilities	12	666,943	625,002
Reinsurance contracts liabilities	12	97	891
Investment contract liabilities	13	1,955	3,937
Borrowings	14	-	31,600
Current income tax liabilities	10	3,012	3,658
Lease liability	16	3,230	3,402
Other liabilities	15	14,922	14,400
<b>Total liabilities</b>		<b>690,159</b>	<b>682,890</b>
<b>Equity</b>			
Share capital	17	40,250	40,250
Retained earnings		79,616	65,628
Net unrealized (loss)/gain		(11,529)	4,726
<b>Total equity</b>		<b>108,337</b>	<b>110,604</b>
<b>Total equity and liabilities</b>		<b>798,496</b>	<b>793,494</b>

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

Chairman of the Management Board, CEO

Ms. Ulviyya Jabbarova

Member of the Management Board, CFO

Ms. Dilara Babayeva



26 February 2026

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME****For the year ended 31 December 2025***(Amounts presented are in thousands of Azerbaijani manats, unless otherwise indicated)*

	<b>Notes</b>	<b>2025</b>	<b>2024</b>
Insurance revenue	22	146,708	136,309
Insurance service expenses	23	(27,869)	(33,636)
Net expenses from reinsurance contracts	24	(2,220)	(249)
<b>Insurance service result</b>		<b>116,619</b>	<b>102,424</b>
Personnel expenses	19	(23,070)	(19,974)
Other operating and administrative expenses	20	(17,057)	(13,793)
<b>Operating expenses</b>		<b>(40,127)</b>	<b>(33,767)</b>
Investment income	21	50,680	44,518
Finance cost	26	(742)	(1,733)
Impairment reversal, net		147	130
Net finance expenses from insurance contracts	25	(47,649)	(39,958)
Net finance income from reinsurance contracts	25	438	549
Other income/(expense), net		364	(35)
<b>Net operating gain from non-insurance activities</b>		<b>3,238</b>	<b>3,471</b>
<b>Profit before income tax expense</b>		<b>79,730</b>	<b>72,128</b>
Income tax expense	10	(17,742)	(15,752)
<b>Profit for the year</b>		<b>61,988</b>	<b>56,376</b>
<b>Other comprehensive income</b>			
<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		-	(90)
Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive income		-	(19)
Net finance expenses from insurance contracts	25	(23,162)	(2,632)
Net finance income/(expenses) from reinsurance contracts	25	882	(283)
Related income tax benefit	10	4,456	605
<b>Net other comprehensive loss to be reclassified to profit or loss in subsequent periods</b>		<b>(17,824)</b>	<b>(2,419)</b>
<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	1,961	(1,355)
Related income tax	10	(392)	271
<b>Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods</b>		<b>1,569</b>	<b>(1,084)</b>
<b>Total other comprehensive loss for the year</b>		<b>(16,255)</b>	<b>(3,503)</b>
<b>Total comprehensive income for the year</b>		<b>45,733</b>	<b>52,873</b>

*The accompanying notes on pages 5-62 are an integral part of these financial statements.*

**STATEMENT OF CHANGES IN EQUITY****For the year ended 31 December 2025***(Amounts presented are in thousands of Azerbaijani manats, unless otherwise indicated)*

	<b>Share capital</b>	<b>Retained earnings</b>	<b>Net unrealized gains/(losses)</b>	<b>Total equity</b>
<b>1 January 2024</b>	<b>40,250</b>	<b>45,252</b>	<b>8,229</b>	<b>93,731</b>
Dividends to shareholder (Note 17)	-	(36,000)	-	(36,000)
Total comprehensive income for the year	-	56,376	(3,503)	52,873
<b>31 December 2024</b>	<b>40,250</b>	<b>65,628</b>	<b>4,726</b>	<b>110,604</b>
Dividends to shareholder (Note 17)	-	(48,000)	-	(48,000)
Total comprehensive income for the year	-	61,988	(16,255)	45,733
<b>31 December 2025</b>	<b>40,250</b>	<b>79,616</b>	<b>(11,529)</b>	<b>108,337</b>

*The accompanying notes on pages 5-62 are an integral part of these financial statements.*

**STATEMENT OF CASH FLOWS****For the year ended 31 December 2025***(Amounts presented are in thousands of Azerbaijani manats, unless otherwise indicated)*

	<b>Notes</b>	<b>2025</b>	<b>2024</b>
<b>Cash flows from operating activities</b>			
Insurance premiums received		668,573	584,310
Reinsurance premiums paid		(2,507)	(1,486)
Insurance claims paid		(560,431)	(400,102)
Acquisition expenses paid		(4,476)	(7,745)
Personnel expenses paid		(30,375)	(27,287)
Other operating and administrative expenses paid		(20,096)	(15,933)
<b>Cash from operating activities before changes in operating</b>		<b>50,688</b>	<b>131,757</b>
<i>Net increase in operating liabilities</i>			
Investment contract liabilities		(2,010)	(41,810)
<b>Net cash from operating activities before income tax</b>		<b>48,678</b>	<b>89,947</b>
Income tax paid		(16,114)	(21,361)
<b>Net cash from operating activities</b>		<b>32,564</b>	<b>68,586</b>
<b>Cash flows from investing activities</b>			
Amounts placed at credit institutions		(57,135)	(15,107)
Amounts repaid by credit institutions		47,434	28,803
Purchase of investment securities		(112,336)	(232,393)
Proceeds from redemption of investment securities		200,408	174,368
Investment income received		45,683	38,597
Purchase of property and equipment		(2,678)	(2,429)
Purchase of intangible assets		(1,925)	(1,511)
<b>Net cash from/(used in) investing activities</b>		<b>119,451</b>	<b>(9,672)</b>
<b>Cash flows from financing activities</b>			
Payment of dividends	17	(48,000)	(36,000)
(Redemption of)/Proceeds from repurchase agreements	14	(31,708)	31,600
Payment of lease liability	16	(765)	(837)
Payment of leasehold improvement liability	15	(369)	(369)
<b>Net cash used in financing activities</b>		<b>(80,842)</b>	<b>(5,606)</b>
<b>Net increase in cash and cash equivalents</b>			
Cash and cash equivalents, beginning of the year		136,846	83,538
<b>Cash and cash equivalents, ending of the year</b>	<b>5</b>	<b>208,019</b>	<b>136,846</b>

Non-cash transactions performed by the Company comprise:

	<b>2025</b>	<b>2024</b>
Withholding tax on investment income	75	75
Reinsurer's share in insurance claims paid	506	912
Insurance claims paid	179	82

*The accompanying notes on pages 5-62 are an integral part of these financial statements.*