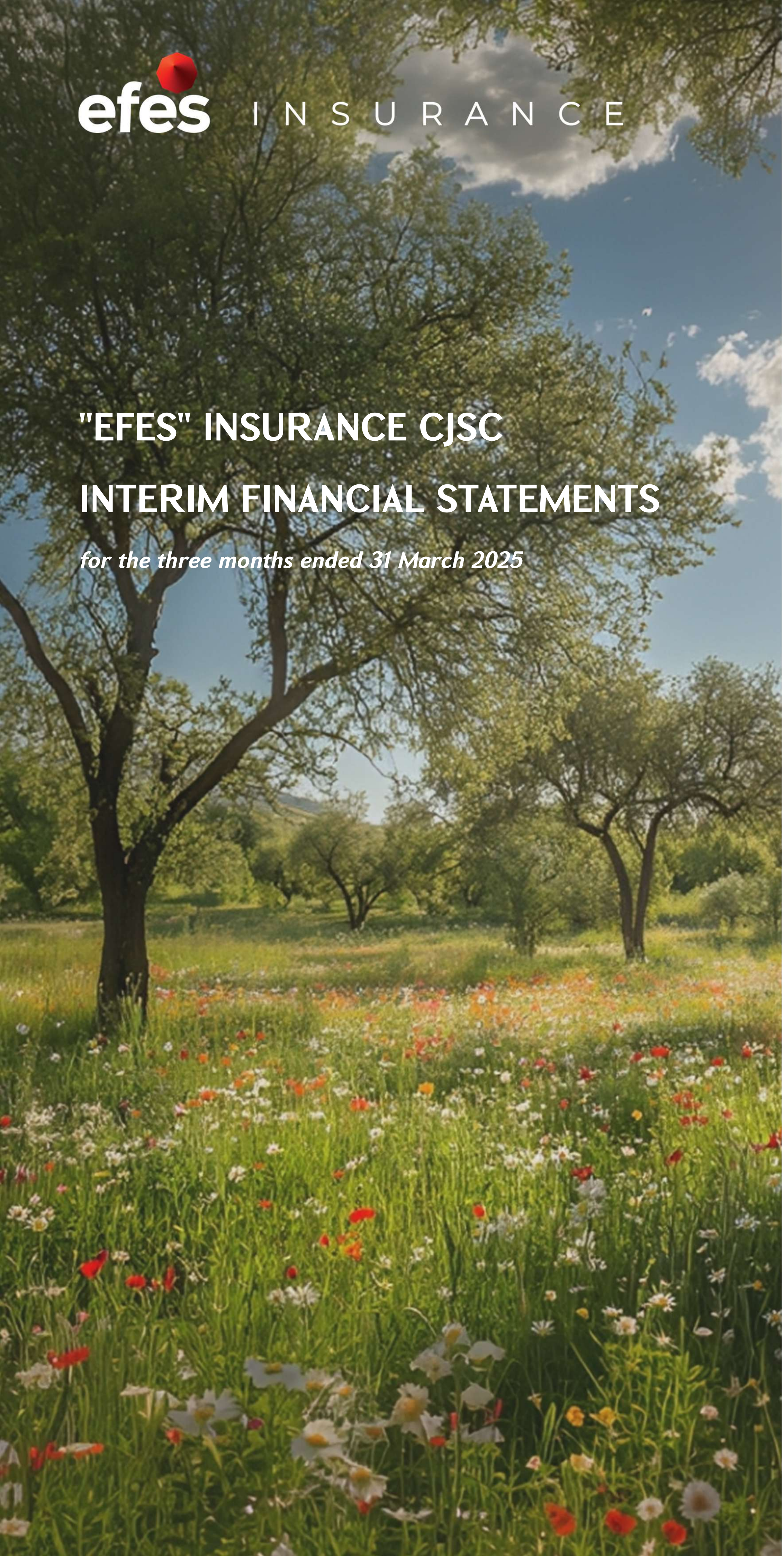

efes INSURANCE

"EFES" INSURANCE CJSC

INTERIM FINANCIAL STATEMENTS

for the three months ended 31 March 2025

CONTENTS

STATEMENT OF FINANCIAL POSITION

"EFES" ICJSC, 11 Zarobyan Yerevan, Armenia | 31 March 2025

In thousand Armenian drams	Notes	31 March 2025	31 December 2024
Assets			
Cash	5	12,309	11,430
Deposits in banks	6	1,915,804	1,710,880
Borrowings to other parties	6	173,215	-
Investment securities	7	2,058,336	2,228,592
Securities pledged under repurchase agreements	7	2,719,655	2,374,523
Insurance contract assets	8	-	-
Reinsurance contract assets	8	3,116,430	1,118,078
Property, equipment	9	1,063,134	1,074,748
Intangible assets	9	289,837	260,913
Deferred tax assets	23	54,479	50,927
Other assets	10	70,571	33,486
Total assets		**11,473,770**	**8,863,577**
Equity and liabilities			
Equity			
Share capital	13	2,500,000	2,500,000
Other reserves		88,173	57,260
Accumulated loss		(75,866)	(215,133)
Total equity		**2,512,307**	**2,342,127**
Liabilities			
Current income tax liabilities		-	-
Deferred income tax liabilities	23	-	-
Insurance contract liabilities	8	5,595,916	3,130,218
Reinsurance contract liabilities	8	39,839	27,600
Amounts payable on repurchase agreements	11	2,567,982	2,245,718
Other liabilities	12	757,726	1,117,914
Total liabilities		**8,937,231**	**6,521,450**
Total liabilities and equity		**11,473,770**	**8,863,577**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

"EFES" ICJSC, 11 Zarobyan Yerevan, Armenia **31 March 2025**

In thousand Armenian drams	Notes	Period starting from 01 January 2025 until 31 March 2025	Period starting from 01 January 2025 until 31 March 2025	Period starting from 01 January 2023 until 31 March 2024	Period starting from 01 January 2023 until 31 March 2024
Insurance revenue	14	3,079,693	3,079,693	1,783,556	1,783,556
Insurance service expense	15	(2,274,442)	(2,274,442)	(967,764)	(967,764)
Insurance service result before reinsurance contracts held		**805,251**	**805,251**	**815,792**	**815,792**
Allocation of reinsurance premiums	14	(1,986,303)	(1,986,303)	(795,227)	(795,227)
Amounts recoverable from reinsurers	16	1,716,387	1,716,387	154,320	154,320
Net expense from reinsurance contracts held		**(269,916)**	**(269,916)**	**(640,907)**	**(640,907)**
Insurance service result		**535,336**	**535,336**	**174,885**	**174,885**
Interest income calculated using effective interest rate	17	158,890	158,890	65,759	65,759
Interest expense	17	(57,303)	(57,303)	-	-
Credit loss expense on financial assets	18	(812)	(812)	4,162	4,162
Net foreign exchange gain (loss) on financial assets and liabilities)		(9,061)	(9,061)	17,612	17,612
Net investment income		**91,714**	**91,714**	**87,533**	**87,533**
Finance income on reinsurance contracts held	19	5,462	5,462	-	-
Finance income on insurance contracts issued	20	92	92	-	-
Net insurance finance income		**97,268**	**97,268**	-	-
Depreciation and amortization	9	(59,282)	(59,282)	(11,314)	(11,314)
Personnel expenses	21	(352,984)	(352,984)	(232,471)	(232,471)
Other expenses	22	(49,170)	(49,170)	(45,351)	(45,351)
Profit (loss) before income tax		**171,168**	**171,168**	**(26,718)**	**(26,718)**
Income tax expense (recovery)	23	(31,901)	(31,901)	10,217	10,217
Profit (loss) for the reporting period		**139,267**	**139,267**	**(16,501)**	**(16,501)**
Other comprehensive income:		-	-	-	-
Items that are or may be reclassified subsequently to profit or loss		-	-	-	-
Net unearned gain from fair value changes		37,345	37,345	34,658	34,658
Changes in allowance for expected credit losses		354	354	4,091	4,091
Income tax relating to items that are or may be reclassified		(6,786)	(6,786)	(6,975)	(6,975)
Other comprehensive income for reporting period, net of tax		**30,913**	**30,913**	**31,774**	**31,774**
Total comprehensive income for reporting period		**170,180**	**170,180**	**15,273**	**15,273**

STATEMENT OF CHANGES IN EQUITY

“EFES” ICJSC, 11 Zarobyan Yerevan, Armenia **31 March 2025**

In thousand Armenian drams	Share capital	Statutory general reserve	Revaluation reserve for investment securities	Revaluation reserve of PPE	Accumulated loss	Total
Balance as of 31 December 2023	**2,000,000**	**-**	**1,838**	**-**	**(291,677)**	**1,710,161**
Profit for the year	-	-	-	-	(16,501)	**(16,501)**
Other comprehensive income:						
Revaluation of PPE	-	-		-		**-**
Net fair value changes	-	-	34,657		-	**34,657**
Changes in allowance for expected credit losses		-	4,091		-	**4,091**
Income tax relating to components of other comprehensive income	-	-	(6,975)	-	-	**(6,975)**
Total comprehensive income for the year	**-**	**-**	**31,773**	**-**	**(16,501)**	**15,272**
Balance as of 31 March 2024	**2,000,000**	**-**	**33,611**	**-**	**(308,178)**	**1,725,433**
Balance as of 31 December 2024	**2,500,000**	**-**	**57,260**	**-**	**(215,133)**	**2,342,127**
Other comprehensive income:						
Revaluation of PPE	-	-		-		**-**
Net fair value changes	-	-	37,345	-	-	**37,345**
Changes in allowance for expected credit losses	-	-	354	-	-	**354**
Income tax relating to components of other comprehensive income	-	-	(6,786)	-	-	**(6,786)**
Total comprehensive income for the year	**-**	**-**	**30,913**	**-**	**139,267**	**170,180**
Balance as of 31 March 2025	**2,500,000**	**-**	**88,173**	**-**	**(75,866)**	**2,512,307**

STATEMENT OF CASH FLOWS

"EFES" ICJSC, 11 Zarobyan Yerevan, Armenia — 31 March 2025

In thousand Armenian drams	Period starting from 01 January 2025 until 31 March 2025	Period starting from 01 January 2024 until 31 March 2024
Cash flows from operating activities		
Insurance premiums received	4,645,304	3,869,325
Ceded reinsurance premiums	(2,119,088)	(1,367,661)
Claims paid and other expenses	(1,752,363)	(537,994)
Reinsurers' share in claims paid	28,266	-
Amounts received on subrogation	15,139	-
Payments to employees and in their name	(378,326)	(263,146)
Payments to suppliers	(47,184)	(63,292)
Payments to intermediaries	(30,574)	(242,837)
Taxes paid, other than income tax	(111,146)	(68,233)
Other proceeds (payments)	(15,192)	(23,947)
Net cash flow from operating activities before income tax	**234,836**	**1,302,216**
Net cash from operating activities	**234,836**	**1,302,216**
Cash flows from investing activities		
Purchases of investment securities	(19,144)	(1,112,386)
Purchase of property, equipment and intangible assets	(111,752)	(117,700)
Deposits in bank	(167,649)	(92,516)
Proceeds from loans repaid	(171,400)	
Net cash used in investing activities	**(469,945)**	**(1,322,603)**
Cash flow from financing activities		
Proceeds from issue of share capital	-	-
Loans received	278,217	375,876
Payment of lease liabilities	(32,363)	(5,074)
Net cash from financing activities	**245,854**	**370,802**
Net increase (decrease) in cash	**10,745**	**350,415**
Cash at the beginning of the year	11,430	187,665
Exchange differences on cash	(9,866)	(12,704)
Cash at the end of the reporting period	12,**309**	**525,376**

NOTES TO THE FINANCIAL STATEMENTS

1. Nature of operations

EFES Insurance CJSC primarily engages in the general insurance business within the territory of the Republic of Armenia. The main types of insurance contracts issued by the Company are accident, health, motor, cargo, fire and natural disasters, motor liability, financial losses, general liability and travel insurance. Moreover, the Company carries out aircraft insurance, as well as related liability insurance.

2. General information, statement of compliance with IFRS and going concern assumption

EFES Insurance CJSC (the "Company") was incorporated on 25 July 2023 and operates as a closed joint stock company. The Company is regulated by the legislation of the Republic of Armenia ("RA"). The Company conducts its business under licenses number 0012 and 0005, granted on 25.07.2023 by the Central Bank of Armenia (the "CBA").

The head office of the Company is in Yerevan. The registered office is located at: RA, Yerevan, 0019, 11 Zarobyan street.

As at 31 March 2025 the number of employees of the Company was 206.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as developed and published by the International Accounting Standards Board (IASB), and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements are prepared on a going concern basis, as management is satisfied that the Company has adequate resources to continue as a going concern for the foreseeable future. In making this assessment, management has considered a wide range of information including projection of profitability, regulatory capital requirements and funding needs. The assessment also includes consideration of reasonably possible downside economic scenarios and their potential impacts on the profitability, capital and liquidity of the Company.

2.1. Business environment

Armenia's business environment faces challenges due to geopolitical tensions, particularly ongoing aggression from Azerbaijan, and regional instability. The war in Ukraine has further complicated the situation, causing disruptions in trade, sanctions on Russia, and global inflation. Armenia's reliance on Russia has strained, affecting trade, remittances, and security guarantees, urging Armenia to diversify its economic relationships, though this comes with its own risks.

The Armenian dram is stronger than expected, controlling inflation but creating difficulties for exporters and businesses with foreign-currency liabilities. Global inflation and rising energy costs pressure Armenia's economy, especially due to reliance on imports.

Despite these challenges, businesses are diversifying supply chains and exploring new markets, while the government's reform efforts provide a path for long-term stability. However, Armenia's success will depend on its businesses' ability to navigate these risks effectively.

These financial statements reflect management's assessment of the impact of the Armenian business environment on the operations of the Company. The Company's management constantly analyzes the economic situation in the current environment. The future economic and political situation and its impact on the Company's operations may differ from the management's current expectations.

2.2. Presentation of financial statements

The Company presents its statement of financial position in order of liquidity based on the Company's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item.

3. New or revised standards or interpretations

3.1. New standards adopted as at 1 January 2024

In the current year the Company has adopted all the new and revised standards and interpretations issued by the International Accounting Standards Board (the "IASB") and International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2024.

New standards and amendments described below and applied for the first time in 2024 did not have a material impact on the annual financial statements of the Company:

- "Classification of Liabilities as Current or Non-current" (Amendments to IAS 1)
- "Lease Liability in a Sale and Leaseback" (Amendments to IFRS 16)
- "Supplier Finance Arrangements" (Amendments to IAS 7 and IFRS 7)
- "Non-current Liabilities with Covenants" (Amendments to IAS 1).

3.2. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning on or after the effective date of the pronouncement, which are presented below:

- "Lack of Exchangeability" (Amendments to IAS 21)
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures"
- "Classification and Measurement of Financial Instruments" (Amendments to IFRS 9 and IFRS 7)
- IFRS 18 "Presentation and Disclosures in Financial Statements"

Management does not anticipate a material impact on the Company's financial statements from these Standards and Amendments except for the Standards presented below, which are in the process of assessment.

Classification and Measurement of Financial Instruments" (Amendments to IFRS 9 and IFRS 7)

In May 2024, the International Accounting Standards Board (IASB) issued Amendments to the classification and Measurement of Financial Instruments which amended IFS 9 and IFRS 7.

The requirements will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted, and are related to:

- settling financial liabilities using electronic payments system; and
- assessing contractual cash flow characteristics of financial assets, including those with sustainability-linked features.

The Company is in the process of assessing the impact of the new amendments.

IFRS 18 "Presentation and Disclosures in Financial Statements"

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.

Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.

Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Company is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Company's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Company is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other':

4. Material accounting policies

4.1. Basis of preparation

The financial statements have been prepared on an accrual basis and under the historical cost convention. The financial instruments are stated at present discounted value of future cash flows as well as at fair value.

4.2. Climate-related matters

The Company and its customers may face significant climate-related risks in the future. These risks include the threat of financial loss and adverse non-financial impacts that encompass the political, economic and environmental responses to climate change. The key sources of climate risks have been identified as physical and transition risks.

Physical risks arise as the result of acute weather events such as floods, droughts and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves and droughts.

Transition risks may arise from the adjustments to a net-zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand.

These risks are receiving increasing regulatory, political and societal scrutiny, both within the country and internationally. While certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in consumer demands and supply chains.

4.3. Foreign currency

Functional and presentation currency

The national currency of Armenia is the Armenian dram (“AMD”), which is the Company’s functional currency, since this currency best reflects the economic substance of the underlying events and transactions of the Company.

These financial statements are presented in AMD (unless otherwise stated), since management believes that this currency is more useful for the users of these financial statements. All financial information presented in AMD has been rounded to the nearest thousand.

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. Groups of insurance and reinsurance contracts that generate cash flows in a foreign currency are treated as monetary items.

Non-monetary items recalculated at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are recalculated using the exchange rates as the dates of the initial transactions.

Foreign currency differences arising on translation are generally recognised in profit or loss in the line of net foreign exchange income (expense).

The exchange rates at year-end used by the Company in the preparation of the financial statements are as follows:

	31 March 2025	31 December 2024
AMD/1 USD	391.57	396.56
AMD/1 EUR	423.72	413.89

4.4. Insurance and reinsurance contracts

4.4.1 Classification

Insurance contracts are those contracts under which the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. Insurance risk is significant if, and only if, an insured event could cause the issuer to pay additional amounts that are significant in any single scenario, excluding scenarios that have no commercial substance. Insurance contracts can also transfer financial risk. Financial risk is the risk of a possible future change in specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Once the contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

4.4.2 Separating components from insurance and reinsurance contracts

The Company assesses its non-life insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company's products do not include any component that require separation.

4.4.3 Level of aggregation

The level of aggregation for the Company's insurance and reinsurance products is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Contracts within a product line would be expected to have similar risks and hence would be expected to be in the same portfolio if they are managed together. The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. No group for level of aggregation purposes may contain contracts issued more than one year apart. The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

- A group of contracts that are onerous at initial recognition (if any),
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any),
- A group of the remaining contracts in the portfolio (if any)

The Company has identified the following portfolios of insurance contracts:

- Property insurance contracts,
- Cargo insurance contracts,
- Aircraft hull and aircraft liability insurance contracts,
- Motor and voluntary MTPL insurance contracts,
- Voluntary health insurance contracts,
- Accident insurance contracts,
- General liability insurance contracts,
- Assistance (Travel) insurance contracts.

An insurance contract is onerous at the date of initial recognition if the fulfilment cash flows allocated to the contract, any previously recognized insurance acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total are a net outflow. The Company groups such contracts separately from contracts that are not onerous. The Company identify the group of onerous contracts by measuring a set of contracts rather than individual contracts.

For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information,
- Similar contracts it has recognised,
- Environmental factors, e.g., a change in market experience or regulations.

The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except the onerous reinsurance contracts on which there is a net gain on initial recognition.

For some groups of reinsurance contracts held, a group can comprise a single contract.

4.4.4 Recognition

The Company recognises groups of insurance contracts it issues from the earliest of the following:

- the beginning of the coverage period of the group of contracts,
- the date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date,
- for a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

The Company recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

- the beginning of the coverage period of the group of reinsurance contracts held. However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held, and
- the date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

4.4.5 Contract boundary

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks, or
- The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio and the pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

4.4.6 Measurement

Insurance contracts – initial measurement

The Company applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- the coverage period of each contract in the group is generally one year or less, including insurance contract services arising from all premiums within the contract boundary, or
- for contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

Both cargo insurance and general liability insurance include contracts with coverage period greater than one year. However, there is no material difference in the measurement of the liability for remaining coverage between PAA and the general model, therefore, these qualify for PAA. Coverage period for remaining insurance portfolios is one year or less and so qualifies for PAA.

The Company does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred.

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:

- the premiums, if any, received at initial recognition,
- minus any insurance acquisition cash flows at that date, with the exception of contracts which are one year or less where this is expensed,
- plus, or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows and,
- any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognised.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised. For additional disclosures on the loss component, please See Note 4.4.13.

Reinsurance contracts held – initial measurement

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on to the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Obligatory reinsurance contracts held of the Company include reinsurance portfolios with a coverage period of more than one year. There is no significant difference between the amounts of the remaining coverage liability measured by the PAA and the general model.

The remaining reinsurance portfolios of the Company have a coverage period of one year or less and therefore the premium allocation approach is used.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

Insurance contracts – subsequent measurement

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- plus, premiums received in the period,
- minus insurance acquisition cash flows, with the exception of insurance product line for which the company chooses to expense insurance acquisition cash flows as they occur,
- plus, any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group,
- plus, any adjustment to the financing component, where applicable,
- minus the amount recognised as insurance revenue for the services provided in the period,

• minus any investment component paid or transferred to the liability for incurred claims.

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company and include an explicit adjustment for non-financial risk (the risk adjustment). The Company does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised. For additional disclosures on the loss component, please see Note 4.4.13.

Insurance acquisition cash flows are allocated on a straight-line basis as a portion of premium to profit or loss.

Reinsurance contracts held - subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

Where the Company has established a loss-recovery component, the Company subsequently reduces the loss-recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

4.4.7 Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs.

The Company uses a systematic and rational method to allocate:

• Insurance acquisition cash flows that are directly attributable to a group of insurance contracts,

• Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

The asset for insurance acquisition cash flow is derecognised from the statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts.

At the end of each reporting period, the Company revises amount of insurance acquisition cash flows allocated to groups of insurance contracts not yet recognised, to reflect changes in assumptions related to the method of allocation used.

After any re-allocation, the Company assesses the recoverability of the asset for insurance acquisition cash flows, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, the Company applies:

• An impairment test at the level of an existing or future group of insurance contracts; and

• An additional impairment test specifically covering the insurance acquisition cash flows allocated to expected future contract renewals.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss.

The Company recognises in profit or loss a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

4.4.8 Modification and derecognition

The Company derecognises insurance contracts when:

• The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired), or

• The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

4.4.9 Presentation

The Company has presented separately, in the statement of financial position, the carrying number of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts are allocated to the carrying amount of the portfolios of insurance contracts that they relate to.

The Company disaggregates the total amount from insurance activity recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

4.4.10 Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

4.4.11 Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They comprise the following items:

- Incurred claims and other insurance service expenses,
- Amortisation of insurance acquisition cash flows: the Company amortises insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts,
- Losses on onerous contracts and reversal of such losses, see Note 4.4.13
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein,
- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

4.4.12 Expense from reinsurance contracts held

The expenses from reinsurance contracts held comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers. The Company recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts.

The allocation of reinsurance premiums paid for each period are the amounts of expected premium payments for receiving services in the period.

For a group of reinsurance contracts covering onerous underlying contracts, the Company establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised, see Note 4.4.14.

4.4.13 Loss components

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances mentioned in note 4.4.3 indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group as determined in note 4.4.6. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

4.4.14 Loss recovery components

As described in Note 4.4.3 above, where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

4.4.15 Insurance finance income and expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- the effect of the time value of money and changes in the time value of money; and
- the effect of financial risk and changes in financial risk.

For all other business, the Company does not disaggregate finance income and expenses between profit or loss and other comprehensive income but fully presents in profit or loss.

4.5. Recognition of investment income and expenses

Investment income and expenses are other than those related to insurance contracts and include interest income on debt investments at FVOCI, interest income on investments at amortised cost, net gain/(loss) on derecognition of investment securities, interest expense on lease liabilities.

The effective interest rate method

Interest income and expense are recognised in profit or loss using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument but not expected credit losses (ECL).

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount

The "amortised cost" of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The "gross carrying amount of a financial asset" is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the net amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

4.6. Income tax

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognized in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. In the case when financial statements are authorized for issue before appropriate tax returns are submitted, taxable profits or losses are based on estimates. Tax authorities might have a more stringent position in interpreting tax legislation and in reviewing tax calculations. As a result, tax authorities might claim additional taxes for those transactions, for which they did not claim previously. As a result, significant additional taxes, fines and penalties could arise. Tax review can include 3 calendar years immediately preceding the year of a review. In certain circumstances tax review can include even more periods.

Deferred tax

Deferred tax assets and liabilities are calculated in respect of temporary differences using the liability method. Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

The insurance companies in the Republic of Armenia also have various operating taxes, which are assessed on the Company's activities. These taxes are included as a component of other expenses in the statement of profit or loss and other comprehensive income.

4.7. Financial instruments

i) Recognition and initial measurement

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments.

Financial instruments are initially recognised on the trade date measured at their fair value. Except for financial assets and financial liabilities recorded at FVPL, transaction costs are added to this amount.

ii) Classification

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

• the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets.

• how the performance of the portfolio is evaluated and reported to the Company's management.

• the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

• how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

• the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessment whether contractual cash flows are solely payments of principal and interest (The SPPI test)

As a second step of its classification process the Company assesses the contractual terms to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Financial liabilities

The Company classifies its financial liabilities as measured at amortised cost.

iii) Subsequent measurement

After initial measurement, debt instruments are measured at amortised cost, using the effective interest rate (EIR) method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. ECLs are recognised in the statement of profit or loss when the investments are impaired.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge to profit or loss. The accumulated gain recognised in OCI is recycled to the profit or loss upon derecognition of the assets.

Financial assets at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss. Interest earned on assets mandatorily required to be measured at FVPL is recorded using contractual interest rate.

Dividend income from equity instruments is measured at fair value through profit or loss and is recorded in profit or loss as other operating income when the right to payment is established.

iv) Reclassification

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line.

v) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all of the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

vi) Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see Note 4.7.v)) and a new financial asset is recognised at fair value plus any eligible transaction costs.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, The Company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss.

Financial liabilities

The Company derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

vii) Offsetting

Financial assets and liabilities, and income and expenses, are offset and the net amount reported in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions.

viii) Impairment

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the appropriate effective interest rate.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Company's debt instruments comprise government bonds that are considered to be low credit risk investments. It is the Company's policy to measure such instruments on a 12-month ECL (12mECL) basis. Where the credit risk of any bond deteriorates, the Company will sell the bond and purchase bonds meeting the required investment grade.

The Company considers a financial asset to be in default (credit impaired) when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

12-month ECL (12mECLs) are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Lifetime expected credit losses (LTECLs) are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

Measurement of ECL

The Company calculates ECLs based on scenarios to measure the expected cash shortfalls, discounted at an appropriate EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

PD (the Probability of Default) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD (the Exposure at Default) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD (the Loss Given Default) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The Company groups its financial assets into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an appropriate EIR. This calculation is made for each of the three scenarios, as explained above. Stage 1 also include facilities where the credit risk has improved, and the financial asset has been reclassified from Stage 2.

• Stage 2: When an instrument has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected losses are discounted by an appropriate EIR. Stage 2 also include facilities, where the credit risk has improved, and the financial asset has been reclassified from Stage 3.

• Stage 3: For debt instruments considered credit-impaired, the Company recognises the lifetime expected credit losses for these instruments. The method is similar to that for LTECL assets, with the PD set at 100%.

Forward looking information

In its ECL models, the Company relies on a broad range of forward-looking information as economic inputs, such as:

• GDP growth

• Central Bank base rates

ix) Write-offs

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expenses.

4.7.1 Cash

Cash comprise banks accounts. Cash are carried at amortised cost.

4.7.2 Deposits in banks

In the normal course of business, the Company maintains deposit accounts in banks. Deposits in banks with more than 90 days of fixed maturity term are subsequently measured at amortized cost using the effective interest method. Deposits in banks are carried net of any allowance for impairment losses.

4.7.3 Investment securities

The "investment securities" caption in the statement of financial position includes:

• debt investment securities measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

• debt securities measured at FVOCI; and

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

• interest revenue using the effective interest method.

• ECL and reversals; and

• foreign exchange gains and losses.

When debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

4.7.4 Repurchase and reverse repurchase agreements

Sale and repurchase agreements (“repos”) are treated as secured financing transactions. Securities sold under sale and repurchased agreements are retained in the statement of financial position and, in case the transferee has the right by contract or custom to sell or repledge them, reclassified as securities pledged under sale and repurchase agreements and faced as the separate balance sheet item. The corresponding liability is presented within repurchase agreements with banks.

The expense from sale of securities is treated as interest and accrued over the life of repo agreements using the effective yield method.

4.8. Property and equipment

Property and equipment are recorded at historical cost less accumulated depreciation. If the recoverable value of property and equipment is lower than it carrying amount, due to circumstances not considered to be temporary, the respective asset is written down to its recoverable value. Depreciation is calculated using the straight-line method based on the estimated useful life of the asset. The following depreciation rates have been applied:

	Useful life (years)	**Rate (%)**
Computers and communication	2-5	20-50
Vehicles	4-5	20-25
Other fixed assets	Not more than 40	Not less than 2.5

Leasehold improvements are capitalized and depreciated over the shorter of the lease term and their useful lives on a straight-line basis.

Repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is incurred and when it satisfies the criteria for asset recognition. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in other income.

4.9. Intangible assets

Intangible assets include computer software and licences.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the useful economic lives of 1-10 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable.

Costs associated with maintaining computer software programmes are recorded as an expense as incurred. Software development costs (relating to the design and testing of new or substantially improved software) are recognised as intangible assets only when the Company can demonstrate the technical feasibility of completing the software so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development. Other software development costs are recognised as an expense as incurred.

4.10. Impairment of non-financial assets

Other non-financial assets, other than deferred taxes, are assessed at each reporting date for any indications of impairment. The recoverable amount of non-financial assets is the greater of their air value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

All impairment losses in respect of non-financial assets are recognised in profit or loss and reversed only if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss reversed is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.11. Leases

For any new contracts the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company,
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defies scope of the contract,
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases

Company as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist. Leasehold improvements are capitalized and depreciated over the shorter of the lease term and their useful lives on a straight-line basis

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The Company determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

On the statement of financial position, right-of-use assets have been included in property and equipment and lease liabilities have been included in the other liabilities.

4.12. Financial guarantees

"Financial guarantees" are contracts that require the Company to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument.

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

Liabilities arising from financial guarantees are included within provisions.

4.13. Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

4.14. Equity

Share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognised as additional paid-in capital.

Accumulated loss

Accumulated loss includes accumulated loss of current and prior periods.

Fair value reserve for investments securities at FVOCI

This reserve records fair value changes in investment securities at fair value through other comprehensive income.

4.15. Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected

Significant judgements in applying accounting policies

The following are the judgements made by management in applying the accounting policies that have the most significant effect on the financial statements.

Level of aggregation of insurance contracts

The Company identifies portfolios of contracts and determines groups of contracts that are onerous on initial recognition and those that have no significant possibility of becoming onerous subsequently.

Measurement of insurance and reinsurance contracts

The Company applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for incurred claims, the Company discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

Classification of financial assets

The Company assesses the business model within which the assets are held and also assesses whether the contractual terms of the financial asset are solely payments of principal and interest on the outstanding principal amount (see Note 4.7 (ii)).

Establish criteria for calculating ECL

The Company establishes the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determines methodology for incorporating forward- looking information into measurement of ECL and selects and approves of models used to measure ECL.

Assumptions and estimations uncertainty

Liability for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

Discount rates

The Company calculates insurance contract liabilities by discounting expected future cash flows at a risk free rate. Risk free rates are determined by reference to the yields of highly liquid sovereign securities in the currency of the insurance contract liabilities.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company has estimated the risk adjustment with a confidence level set at 99%. This estimation involves assessing the probability distribution of future cash flows and determining the additional amount necessary above the expected present value of these cash flows to meet the target level of confidence. Moreover, the Company incorporates the cost of capital into its evaluation of risk adjustment.

Measurement of fair values

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Useful Life of property and equipment

Useful life evaluation of property and equipment is the result of judgement, based on the experience with similar assets. Future economic benefits are embodied in assets and mainly consumed along with usage. Management evaluates the remaining useful life according to the asset's current technical condition and estimated period, during which the Company expects to receive benefits. For the evaluation of remaining useful life are considered the following main factors: expectable usage of assets, depending on the operational factors and maintenance program, that is depreciation arising from the changes in the market conditions.

Impairment of financial instruments

The Company assess of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL (see note 30.2), as well as the key assumptions used in estimating recoverable cash flows (see Note 4.7 (viii)).

Tax legislation

Armenian tax legislation is subject to varying interpretations.

5. Cash

In thousand Armenian drams	31/03/2025	31/12/2024
Cash funds	-	-
Bank accounts	12,309	11,430
Total cash	**12,309**	**11,430**

As of 31 March 2025, the bank accounts in amount of AMD 9,506 thousand (73,75%) were due from three commercial banks.

6. Deposits in banks, Borrowings to other parties

In thousand Armenian drams	31/03/2025	31/12/2024
Deposits in banks	1,921,296	1,715,914
Credit loss allowance	(5,493)	(5,034)
Total deposit in banks	**1,915,804**	**1,710,880**

As of 31 March 2025, deposits in amount of AMD 1,587,391 thousand (82.85%) were due from five commercial banks.

Borrowings to other parties

In thousand Armenian drams	31/03/2025	31/12/2024
Borrowings to other parties	173,215	-
Total	**173,215**	**-**

7. Investment securities

Investment securities measured at amortised cost

In thousand Armenian drams	31/03/2025	31/12/2024
RA state bonds	2,058,336	2,228,592
Total investment securities	**2,058,336**	**2,228,592**

Investment securities measured at FVOCI pledged under repurchase agreements

In thousand Armenian drams	31/03/2025	31/12/2024
Investment securities measured at FVOCI pledged under repurchase agreements	2,719,655	2,374,523
Total	**2,719,655**	**2,374,523**

The Company has not reclassified any financial assets measured at amortised cost rather than fair value during the year.

The pledged securities are those financial assets pledged under repurchase agreements with other banks, with the right to sell or re-place them by their counterparties in the absence of default by the Company, but the counterparty has an obligation to return the securities at the maturity of the contract. The Company has determined that it retains all of the main risks and rewards of such securities and therefore does not recognize them.

8. Insurance and reinsurance contract assets and liabilities

The breakdown of portfolios of insurance contracts issued and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

Insurance contracts issued

In thousand Armenian drams	Assets	Liabilities	31/03/2025 Total	Assets	Liabilities	31/12/2024 Total
Assistance (Travel) insurance	-	119,529	119,529	-	93,586	93,586
Accident insurance	-	307,165	307,165	-	182,649	182,649
Health insurance	-	2,007,396	2,007,396	-	1,363,371	1,363,371
Motor and voluntary MTPL insurance	-	1,008,305	1,008,305	-	642,018	642,018
Aircraft hull and aircraft liability insurance	-	61,236	61,236	-	93,380	93,380
Cargo insurance	-	8,673	8,673	-	66,976	66,976
Property insurance	-	1,935,312	1,935,312	-	625,876	625,876
General liability insurance	-	148,300	148,300	-	62,362	62,362
Total insurance contracts issued	**-**	**5,595,916**	**5,595,916**	**-**	**3,130,218**	**3,130,218**

Reinsurance contracts held

In thousand Armenian drams	Assets	Liabilities	31/03/2025 Total	Assets	Liabilities	31/12/2024 Total
Assistance (Travel) insurance		14,024	14,024	(15,166)		(15,166)
Accident insurance	(27,799)	-	(27,799)	(51,194)		(51,194)
Health insurance	(745,307)	-	(745,307)	(290,312)		(290,312)
Motor and voluntary MTPL insurance	(771,709)	-	(771,709)	(568,569)		(568,569)
Aircraft hull and aircraft liability insurance	-	20,312	20,312		27,600	27,600
Cargo insurance	-	5,504	5,504	(54,162)		(54,162)
Property insurance	(1,504,363)	-	(1,504,363)	(131,498)		(131,498)
General liability insurance	(67,252)	-	(67,252)	(7,177)		(7,177)
Total reinsurance contracts held	**(3,116,430)**	39,839	(3,076,591)	**(1,118,078)**	**27,600**	**(1,090,478)**

The roll-forward of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims, is disclosed in the table below:

In thousand Armenian drams	Liabilities for remaining coverage		Liabilities for incurred claims		Total
Voluntary health insurance	**Excluding loss component**	**Loss component**	**Estimates of the present value of future cash flow**	**Risk adjustment**	
Net insurance contract liabilities as of 31/12/2024	752,777	21,793	554,046	34,755	**1,363,371**
Insurance revenue	**(1,253,777)**	**-**	**-**	**-**	**(1,253,777)**
Insurance service expenses	**30,636**	**27,284**	**1,295,385**	**13,544**	**1,366,849**
- Incurred claims and other expenses	*-*	*-*	*1,247,965*	*-*	***1,247,965***
- Amortisation of insurance acquisition cash flows	*30,636*	*-*	*-*	*-*	***30,636***
- Losses on onerous contracts	*-*	*27,284*	*-*	*-*	***27,284***
- Changes to liabilities for incurred claims	*-*	*-*	*47,420*	*13,544*	***60,964***
Insurance service result	**(1,223,141)**	**27,284**	**1,295,385**	**13,544**	**113,071**
Insurance financial costs	-	-	-	-	-
Effect of movements on exchange rates	-	-	-	-	-
Total changes in the statement of comprehensive income	**(1,223,141)**	**27,284**	**1,295,385**	**13,544**	**113,071**
Cash flows					
Premiums received	1,780,746	-	-	-	1,780,746
Claims and other expenses paid	-	-	(1,162,859)	-	(1,162,859)
Insurance acquisition cash flows	(79,271)	-	-	-	(79,271)
Total cash flows	**1,701,475**	**-**	**(1,169,938)**	**-**	**531,537**
Other movements	(584)	-	-	-	(584)
Net insurance contract liabilities as of 31/03/2025	**1,230,527**	**49,077**	**679,493**	**48,299**	**2,007,396**

In thousand Armenian drams	Liabilities for remaining coverage		Liabilities for incurred claims		Total
Motor and voluntary MTPL insurance	**Excluding loss component**	**Loss component**	**Estimates of the present value of future cash flow**	**Risk adjustment**	
Net insurance contract liabilities as of 31/12/2024	433,976	39,243	153,986	14,813	**642,018**
Insurance revenue	**(416,252)**	**-**	-	-	**(416,252)**
Insurance service expenses	**103,486**	**(23,978)**	**599,131**	**29,499**	**708,138**
- Incurred claims and other expenses	-	-	*267,291*	-	***267,291***
- Amortisation of insurance acquisition cash flows	*103,486*	-	-	-	***103,486***
- Losses on onerous contracts	-	*(23,978)*	-	-	***(23,978)***
- Changes to liabilities for incurred claims	-	-	*331,840*	*29,499*	***361,339***
Insurance service result	**(312,766)**	**(23,978)**	**599,131**	**29,499**	**361,339**
Insurance financial costs	-	-	-	-	-
Effect of movements on exchange rates	-	-	-	-	-
Total changes in the statement of comprehensive income	**(312,766)**	**(23,978)**	**599,131**	**29,499**	**291,886**
Cash flows					
Premiums received	473,575	-	-	-	473,575
Claims and other expenses paid	-	-	(251,515)	-	(251,515)
Insurance acquisition cash flows	(150,324)	-	-	-	(150,324)
Total cash flows	**323,251**	**-**	**(251,515)**	**-**	**71,736**
Other movements	2,664	-	-	-	2,664
Net insurance contract liabilities as of 31/03/2025	**447,125**	**15,265**	**501,603**	**44,312**	**1,008,305**

In thousand Armenian drams	Liabilities for remaining coverage		Liabilities for incurred claims		Total
Property insurance	**Excluding loss component**	**Loss component**	**Estimates of the present value of future cash flow**	**Risk adjustment**	
Net insurance contract liabilities as of 31/12/2024	617,664	1,334	6,491	387	**625,876**
Insurance revenue	**(957,594)**	-	-	-	**(957,594)**
Insurance service expenses	**39,599**	**382**	**38,115**	**(21,348)**	**56,748**
- Incurred claims and other expenses	-	-	*7,268*	-	***7,268***
- Amortisation of insurance acquisition cash flows	*39,599*	-	-	-	***39,599***
- Losses on onerous contracts	-	*382*	-	-	***382***
- Changes to liabilities for incurred claims	-	-	*30,847*	*(21,348)*	***9,499***
Insurance service result	**(917,995)**	**382**	**38,115**	**(21,348)**	**(900,847)**
Insurance financial costs	-	-	-	-	-
Effect of movements on exchange rates	-	-	-	-	-
Total changes in the statement of comprehensive income	**(917,995)**	**382**	**38,115**	**(21,348)**	**(900,847)**
Cash flows					
Premiums received	2,255,864	-	-	-	2,255,864
Claims and other expenses paid	-	-	(7,064)	-	(7,064)
Insurance acquisition cash flows	(38,116)	-	-	-	(38,116)
Total cash flows	**2,217,748**	-	**(7,064)**	-	**2,210,685**
Other movements	(402)	-	-	-	(402)
Net insurance contract liabilities as of 31/03/2025	**1,917,015**	**1,716**	**37,542**	**(21,348)**	**1,935,312**

In thousand Armenian drams	Liabilities for remaining coverage		Liabilities for incurred claims		Total
Other insurance portfolios	**Excluding loss component**	**Loss component**	**Estimates of the present value of future cash flow**	**Risk adjustment**	
Net insurance contract liabilities as of 31/12/2024	374,593	10,692	107,208	6,460	**498,953**
Insurance revenue	**(452,070)**	**-**	**-**	**-**	**(452,070)**
Insurance service expenses	**64,830**	**8,158**	**70,550**	**(831)**	**142,707**
- Incurred claims and other expenses	*-*	*-*	*118,198*	*-*	***118,198***
- Amortisation of insurance acquisition cash flows	*64,830*	*-*	*-*	*-*	***64,830***
- Losses on onerous contracts	*-*	*8,158*	*-*	*-*	***8,158***
- Changes to liabilities for incurred claims	*-*	*-*	*(47,648)*	*(831)*	***(48,479)***
Insurance service result	**(387,239)**	**8,158**	**70,550**	**(831)**	**(309,362)**
Insurance financial costs	-	-	-	-	**-**
Effect of movements on exchange rates	92	-	-	-	**92**
Total changes in the statement of comprehensive income	**(387,147)**	**8,158**	**70,550**	**(831)**	**(309,270)**
Cash flows					
Premiums received	617,265	-	-	-	617,265
Claims and other expenses paid	-	-	(92,765)	-	(92,765)
Insurance acquisition cash flows	(76,981)	-	-	-	(76,981)
Total cash flows	**540,284**	**-**	**(92,765)**	**-**	**447,519**
Other movements	7,701	-	-	-	7,701
Net insurance contract liabilities as of 31/03/2025	**535,431**	**18,850**	**84,994**	**5,629**	**644,903**

The roll-forward of the net asset or liability for reinsurance contracts held, showing the liability for remaining coverage and the liability for incurred claims for accident insurance product line, is disclosed in the table below:

In thousand Armenian drams	Liabilities for remaining coverage	Reinsurer's share in liabilities for incurred claims		Total
Voluntary health insurance	Excluding Total loss component	Estimates of the Present value of Future cash flow	Risk adjustment	
Net reinsurance contract balances as of 31/12/2024	**3,481**	**269,082**	**17,749**	**290,312**
Allocation of reinsurance premiums to reinsurers	(729,015)	-	-	- 729,015
Amounts recoverable from reinsurer	**56,803**	**1,106,504**	**18,089**	**1,181,396**
Amortization of commissions on reinsurance	56,803	-	-	56,803
Reinsurer's share in incurred claims and other expenses	-	929,308	-	929,308
Changes to reinsurer's share in liabilities for incurred claims	-	177,196	18,089	195,285
Net expenses from reinsurance contracts	**(672,211)**	**1,106,504**	**18,089**	**452,381**
Effect of movements on exchange rates	104	-	-	104
Total changes in the statement of comprehensive income	**(672,108)**	**1,106,504**	**18,089**	**452,485**
Reinsurance premiums paid	931,819	-	-	931,819
Reinsurance commissions received	-	(929,309)	-	(929,309)
Total cash flows	**931,819**	**(929,309)**	**-**	**2,511**
Net insurance contract assets as of 31/03/2025	**263,193**	**446,277**	**35,838**	**745,307**

In thousand Armenian drams	Liabilities for remaining coverage	Reinsurer's share in liabilities for incurred claims		Total
Motor and voluntary MTPL insurance	Excluding Total loss component	Estimates of the Present value of Future cash flow	Risk adjustment	
Net reinsurance contract balances as of 31/12/2024	**410,536**	**146,397**	**11,636**	**568,569**
Allocation of reinsurance premiums to reinsurers	(180,475)	-	-	**(180,475)**
Amounts recoverable from reinsurer	**(7,375)**	**457,195**	**23,758**	**473,577**
Amortization of commissions on reinsurance	(7,375)	-	-	**(7,375)**
Reinsurer's share in incurred claims and other expenses	-	208,155	-	**208,155**
Changes to reinsurer's share in liabilities for incurred claims	-	249,040	23,758	**272,797**
Net expenses from reinsurance contracts	**(187,850)**	**457,195**	**23,758**	**293,102**
Effect of movements on exchange rates	-	-	-	**-**
Total changes in the statement of comprehensive income	**(187,850)**	**457,195**	**23,758**	**293,102**
Reinsurance premiums paid	118,158	-	-	**118,158**
Reinsurance commissions received	-	(208,120)	-	**(208,120)**
Total cash flows	**118,158**	**(208,120)**	**-**	**(89,963)**
Net insurance contract assets as of 31/03/2025	**340,843**	**395,472**	**35,394**	**771,709**

In thousand Armenian drams	Liabilities for remaining coverage	Reinsurer's share in liabilities for incurred claims		Total
Property insurance	Excluding Total loss component	Estimates of the Present value of Future cash flow	Risk adjustment	
Net reinsurance contract balances as of 31/12/2024	**26,427**	**104,759**	**312**	**131,498**
Allocation of reinsurance premiums to reinsurers	(833,347)	-	-	**(833,347)**
Amounts recoverable from reinsurer	**3,310**	**10,275**	**347**	**13,932**
Amortization of commissions on reinsurance	3,310	-	-	**3,310**
Reinsurer's share in incurred claims and other expenses	-	5,507	-	**5,507**
Changes to reinsurer's share in liabilities for incurred claims	-	4,768	347	**5,115**
Net expenses from reinsurance contracts	**(830,037)**	**10,275**	**347**	**(819,415)**
Effect of movements on exchange rates	3,672	-	-	**3,672**
Total changes in the statement of comprehensive income	**(826,365)**	**10,275**	**347**	**(815,743)**
Reinsurance premiums paid	2,158,258	-	-	**2,158,258**
Reinsurance commissions received	-	30,349	-	**30,349**
Total cash flows	**2,158,258**	**30,349**	**-**	**2,188,608**
Net insurance contract assets as of 31/03/2025	**1,358,321**	**145,383**	**659**	**1,504,363**

In thousand Armenian drams	Liabilities for remaining coverage	Reinsurer's share in liabilities for incurred claims		Total
Other reinsurance portfolios	Excluding Total loss component	Estimates of the Present value of Future cash flow	Risk adjustment	
Net reinsurance contract balances as of 31/12/2024	**22,740**	**72,523**	**4,836**	100,099
Allocation of reinsurance premiums to reinsurers	(185,947)	-	-	(185,947)
Amounts recoverable from reinsurer	17,362	32,881	(2,761)	47,482
Amortization of commissions on reinsurance	17,362	-	-	17,362
Reinsurer's share in incurred claims and other expenses	-	77,907	-	77,907
Changes to reinsurer's share in liabilities for incurred claims	-	(45,026)	(2,761)	(47,787)
Net expenses from reinsurance contracts	**(168,585)**	**32,881**	**(2,761)**	**(138,465)**
Effect of movements on exchange rates	(2,775)	-	-	(2,775)
Total changes in the statement of comprehensive income	**(171,360)**	**32,881**	**(2,761)**	**(141,240)**
Reinsurance premiums paid	174,259	-	-	174,259
Reinsurance commissions received	-	(77,906)	-	(77,906)
Total cash flows	174,259	(77,906)	-	96,354
Net insurance contract assets as of 31/03/2025	**25,640**	**27,498**	**2,075**	**55,213**

Insurance contracts issued					31/03/2025
In thousand Armenian drams	**Up to 1 year**	**1 to 2 years**	**2 to 3 years**	**More than 3 years**	**Total**
Assistance (Travel) insurance	50,299	-	-	-	**50,299**
Accident insurance	23,403	1	-	-	**23,404**
Health insurance	649,753	-	-	-	**649,753**
Motor and voluntary MTPL insurance	538,576	9	-	-	**538,584**
Aircraft hull and aircraft liability insurance	-	-	-	-	**-**
Cargo insurance	75	-	-	-	**75**
Property insurance	16,581	-	-	-	**16,581**
General liability insurance	5,382	38	154	98	**5,673**
Total insurance contracts issued	**1,284,069**	**48**	**154**	**98**	**1,284,369**

					31/12/2024
In thousand Armenian drams	**Up to 1 year**	**1 to 2 years**	**2 to 3 years**	**More than 3 years**	**Total**
Assistance (Travel) insurance	31,020	-	-	-	**31,020**
Accident insurance	25,651	-	-	-	**25,651**
Health insurance	561,654	-	-	-	**561,654**
Motor and voluntary MTPL insurance	201,107	-	-	-	**201,107**
Aircraft hull and aircraft liability insurance	-	-	-	-	**-**
Cargo insurance	63,724	-	-	-	**63,724**
Property insurance	7,030	-	-	-	**7,030**
General liability insurance	247	-	51	21	**319**
Total insurance contracts issued	**890,435**	**-**	**51**	**21**	**890,507**

			Reinsurance contracts held		31/03/2025
In thousand Armenian drams	**Up to 1 year**	**1 to 2 years**	**2 to 3 years**	**More than 3 years**	**Total**
Assistance (Travel) insurance	5,841	-	-	-	**5,841**
Accident insurance	17,995	0	-	-	**17,995**
Health insurance	482,115	-	-	-	**482,115**
Motor and voluntary MTPL insurance	430,858	7	-	-	**430,865**
Aircraft hull and aircraft liability insurance	-	-	-	-	**-**
Cargo insurance	73	-	-	-	**73**
Property insurance	10,915	-	-	-	**10,915**
General liability insurance	5,376	38	153	97	**5,663**
Total reinsurance contracts held	**957,304**	**10,416**	**-**	**-**	**967,721**

					31/12/2024
In thousand Armenian drams	**Up to 1 year**	**1 to 2 years**	**2 to 3 years**	**More than 3 years**	**Total**
Assistance (Travel) insurance	1,837	-	-	-	**1,837**
Accident insurance	17,865	-	-	-	**17,865**
Health insurance	286,830	-	-	-	**286,830**
Motor and voluntary MTPL insurance	158,069	-	-	-	**158,069**
Aircraft hull and aircraft liability insurance	-	-	-	-	**-**
Cargo insurance	57,363	-	-	-	**57,363**
Property insurance	5,800	-	-	-	**5,800**
General liability insurance	243	-	50	1	**294**
Total reinsurance contracts held	**528,008**	**-**	**50**	**1**	**528,058**

9. Property and equipment

In thousand Armenian drams	Fixtures and fittings	Equipment	Vehicles	Leasehold improvement	Right-of-use assets	Total
Cost						
31/12/2023	**19,354**	**153,654**	**45,317**	**73,640**	**53,658**	**345,623**
Additions	88,546	16,398	34,189	223,694	461,657	824,484
Disposal	(3,139)	(1,037)	(12,500)	-	-	(16,676)
Remeasurement	-	-	-	-	(628)	(628)
31/12/2024	**104,761**	**169,015**	**67,006**	**297,334**	**514,687**	**1,152,803**
Additions	29,294	26,518	-	1,283	-	57,096
Disposal	(14,382)	(7,146)	-	-	-	(21,528)
Remeasurement	-	-	-	-	-	-
31/03/2025	**119,674**	**188,387**	**67,006**	**298,617**	**514,687**	**1,188,371**
Accumulated depreciation						
31/12/2023	**276**	**1,864**	**2,044**	**-**	**3,532**	**7,716**
Expenses for the year	8,956	25,927	7,590	1,132	28,946	72,551
Disposal	(4)	(95)	(2,113)	-	-	(2,212)
31/12/2024	**9,228**	**27,696**	**7,521**	**1,132**	**32,478**	**78,055**
Expenses for the year	3,415	8,862	2,094	4,787	28,413	47,571
Disposal	(40)	(350)	-	-	-	(390)
31/03/2025	**12,603**	**36,208**	**9,615**	**5,919**	**60,891**	**125,236**
Carrying amount						
31/12/2024	**95,533**	**141,319**	**59,485**	**296,202**	**482,209**	**1,074,748**
31/03/2025	**107,071**	**152,179**	**57,391**	**292,698**	**453,796**	**1,063,134**

Property, equipment and Intangible assets

In thousand Armenian drams	Licenses and certificates	Computer software	Other intangible assets	Total
Cost				
31/12/2023	**4,120**	**9,532**	**-**	**13,653**
Additions	23,609	223,143	10,080	256,832
Disposal	-	-	-	-
31/12/2024	**27,729**	**232,675**	**10,080**	**270,485**
Additions	1,536	40,088	-	41,624
Disposal	(3,194)	-	(600)	(3,794)
31/03/2025	**26,071**	**272,763**	**9,480**	**308,314**
Accumulated depreciation				
31/12/2023	**558**	**116**	**-**	**674**
Expenses for the year	4,746	3,356	794	8,897
Disposal	-	-	-	-
31/12/2024	**5,305**	**3,472**	**794**	**9,571**
Expenses for the year	5,226	6,652	222	12,100
Disposal	(3,194)	-	-	(3,194)
31/03/2025	**7,336**	**10,124**	**1,017**	**18,477**
Carrying amount				
31/12/2024	**22,425**	**229,203**	**9,286**	**260,913**
31/03/2025	**18,735**	**262,638**	**8,463**	**289,837**

As of March 31, 2025, the Company did not hold any intangible assets pledged as collateral or subject to any other restrictions.

10. Other assets

In thousand Armenian drams	31/03/2025	31/12/2024
Debtors and other receivables	1,787	11,302
Prepayments	50,035	15,918
Other	18,749	6,266
Total other assets	**70,571**	**33,486**

11. Amounts payable on repurchase agreements

In thousand Armenian drams	31/03/2025	31/12/2024
Repurchase agreements with banks	2,567,982	2,245,718
Total amounts payable on repurchase agreements	**2,567,982**	**2,245,718**

12. Other liabilities

In thousand Armenian drams	31/03/2025	31/12/2024
Lease liabilities	457,287	479,774
Due to personnel	98,612	74,823
Payables	117,901	507,059
Total other financial liabilities	**673,800**	**1,061,656**
Tax payable, other than income tax	83,926	56,258
Total other liabilities	**757,726**	**1,117,914**

13. Share capital

	31/03/2025		31/12/2024	
In thousand Armenian drams	Paid-in share capital	Share in paid-in capital, %	Paid-in share capital	Share in paid-in capital, %
"INTELLIGENT MANAGEMENT" LLC	2,500,000	100	2,500,000	100
Total	**2,500,000**	**100**	**2,500,000**	**100**

As of 31 March 2025, the Company's registered and paid-in share capital was AMD 2,500,000 thousand. In accordance with the Company's statues, the share capital consists of 2,500,000 ordinary shares, all of which have a par value of AMD 1,000 each.

As of 31 March 2025, the ultimate shareholder of the Company is "INTELLIGENT MANAGEMENT" LLC.

As of 31 March 2025, the Company did not possess any of its own shares.

14. Insurance revenue

In thousand Armenian drams						31/03/2025
Group	**Gross premiums written**	**Written premiums ceded to reinsurers**	**Gross insurance premium**	**Insurance revenue**	**Allocation of reinsurance premiums**	**Net insurance revenue**
Assistance (Travel) insurance	66,856	(4,930)	61,926	132,403	(33,430)	**76,527**
Accident insurance	187,114	(87,159)	99,956	177,704	(98,977)	**144,274**
Health insurance	1,804,641	(1,885,968)	(81,327)	1,253,777	(729,014)	**1,154,800**
Motor and voluntary MTPL insurance	436,996	(135,047)	301,949	416,252	(180,479)	**(312,762)**
Aircraft hull and aircraft liability insurance	2,861	(2,212)	649	47,679	(40,683)	**(132,800)**
Cargo insurance	34,214	(22,051)	12,163	27,346	(14,494)	**(13,337)**
Property insurance	2,459,158	(2,338,940)	120,218	957,594	(833,351)	**943,101**
General liability insurance	135,648	(126,823)	8,824	66,937	(55,876)	**(766,413)**
Total	**5,127,487**	**(4,603,130)**	**524,357**	**3,079,693**	**(1,986,303)**	**1,093,390**

In thousand Armenian drams						31/03/2024
Group	**Gross premiums written**	**Written premiums ceded to reinsurers**	**Gross insurance premium**	**Insurance revenue**	**Allocation of reinsurance premiums**	**Net insurance revenue**
Assistance (Travel) insurance	57,452	-	57,452	57,723	(586)	**57,723**
Accident insurance	308,159	(197,776)	110,383	95,883	(62,083)	**33,799**
Health insurance	1,356,612	(12,798)	1,343,814	701,066	(2,605)	**698,461**
Motor and voluntary MTPL insurance	459,170	(228,070)	231,100	221,823	(111,616)	**110,207**
Aircraft hull and aircraft liability insurance	12,769	(12,461)	308	27,155	(24,026)	**3,129**
Cargo insurance	34,955	(20,919)	14,036	30,482	(15,051)	**15,431**
Property insurance	2,722,125	(2,549,585)	172,539	606,488	(541,316)	**65,173**
General liability insurance	57,089	(55,658)	1,431	42,936	(37,943)	**4,993**
Total	**5,008,331**	**(3,077,267)**	**1,931,064**	**1,783,556**	**(795,227)**	**988,330**

15. Insurance service expense

In thousand Armenian drams — 31/03/2025

Group	Claims incurred and Other expenses	Amortisation of insurance acquisition cash flows	Onerous contract losses and losses reversal	Changes to liabilities for Incurred claims	Total
Assistance (Travel) insurance	30,263	43,915	3,379	16,828	**94,386**
Accident insurance	32,935	20,417	29	(2,264)	**51,117**
Health insurance	1,247,965	30,636	27,284	60,964	**1,366,849**
Motor and voluntary MTPL insurance	267,291	103,486	(23,978)	361,339	**708,138**
Aircraft hull and aircraft liability insurance	-	-	-	-	-
Cargo insurance	55,000	28	-	(63,650)	**(8,622)**
Property insurance	7,268	39,599	382	9,499	**56,748**
General liability insurance	-	470	4,749	607	**5,826**
Total	**1,640,722**	**238,551**	**11,845**	**383,324**	**2,274,442**

In thousand Armenian drams — 31/03/2024

Group	Claims incurred and Other expenses	Amortisation of insurance acquisition cash flows	Onerous contract losses and losses reversal	Changes to liabilities for Incurred claims	Total
Assistance (Travel) insurance	3,604	(2,091)	612	31,547	**33,672**
Accident insurance	25	1,892	2	1,156	**3,076**
Health insurance	483,993	78,427	1,211	771	**564,401**
Motor and voluntary MTPL insurance	56,449	30,771	2,737	67,613	**157,570**
Aircraft hull and aircraft liability insurance	-	-	266	15,627	**15,893**
Cargo insurance	12	(1,301)	-	1,777	**488**
Property insurance	309	130,463	137	55,590	**186,498**
General liability insurance	-	3,912	13	2,240	**6,165**
Total	**544,391**	**242,074**	**4,979**	**176,320**	**967,764**

Insurance claims 31/03/2025

In thousand Armenian drams	Accident insurance	Health insurance	Land vehicles (Motor) insurance	Cargo insurance	Property insurance	General liability insurance	Assistance (Travel) insurance	Total
Current year claims	32,935	1,247,965	280,955	55,000	7,268	-	30,263	**1,654,386**
Change in provisions for incurred but not reported claims	1,512	40,724	15,330	(447)	860	235	2,322	**60,535**
Change in provisions for reported but not settled claims	(3,759)	47,374	322,147	(63,203)	8,691	5,119	16,957	**333,327**
Claims incurred	**30,688**	**1,336,063**	**618,432**	**(8,650)**	**16,819**	**5,354**	**49,542**	**2,048,248**
Reinsurers' share in current year claims	(22,645)	(929,309)	(208,156)	(55,000)	(5,507)	(261)	-	**(1,220,877)**
Change in reinsurers' share in incurred but not reported provisions	(1,137)	(52,932)	(11,795)	30	(551)	(248)	-	**(66,632)**
Change in reinsurers' share in reported but not settled claims	1,007	(142,353)	(261,002)	57,259	(4,564)	(5,122)	(4,003)	**(358,777)**
Reinsurance share in claims incurred	**(22,775)**	**(1,124,594)**	**(480,952)**	**2,290**	**(10,621)**	**(5,631)**	**(4,003)**	**(1,646,287)**
Net insurance claims incurred	**7,913**	**211,470**	**137,479**	**(6,360)**	**6,198**	**(277)**	**45,538**	**401,961**

Insurance claims 31/03/2024

In thousand Armenian drams	Accident insurance	Health insurance	Land vehicles (Motor) insurance	Cargo insurance	Property insurance	General liability insurance	Assistance (Travel) insurance	Total
Current year claims	32,935	1,247,965	280,955	55,000	7,268	-	30,263	**1,654,386**
Change in provisions for incurred but not reported claims	1,512	40,724	15,330	(447)	860	235	2,322	**60,535**
Change in provisions for reported but not settled claims	(3,759)	47,374	322,147	(63,203)	8,691	5,119	16,957	**333,327**
Claims incurred	**30,688**	**1,336,063**	**618,432**	**(8,650)**	**16,819**	**5,354**	**49,542**	**2,048,248**
Reinsurers' share in current year claims	(22,645)	(929,309)	(208,156)	(55,000)	(5,507)	(261)	-	**(1,220,877)**
Change in reinsurers' share in incurred but not reported provisions	(1,137)	(52,932)	(11,795)	30	(551)	(248)	-	**(66,632)**
Change in reinsurers' share in reported but not settled claims	1,007	(142,353)	(261,002)	57,259	(4,564)	(5,122)	(4,003)	**(358,777)**
Reinsurance share in claims incurred	**(22,775)**	**(1,124,594)**	**(480,952)**	**2,290**	**(10,621)**	**(5,631)**	**(4,003)**	**(1,646,287)**
Net insurance claims incurred	**7,913**	**211,470**	**137,479**	**(6,360)**	**6,198**	**(277)**	**45,538**	**401,961**

16. Amounts recoverable from reinsurers

In thousand Armenian drams — 31/03/2025

Group	Reinsurer's share in incurred claims and other expenses	Amortisation of Reinsurance acquisition cash flows	Reinsurers' share in changes to liabilities for incurred claims	Amounts recovered from reinsurer
Assistance (Travel) insurance	(1,071,868)	(268,835)	13,343	**(1,327,360)**
Accident insurance	1,694,397	324,046	56,803	**2,075,246**
Health insurance	652,400	430,865	(7,375)	**1,075,890**
Motor and voluntary MTPL insurance	(2,641)	(57,363)	23	**(59,980)**
Aircraft hull and aircraft liability insurance	(171,977)	(5,727)	1,217	**(176,487)**
Cargo insurance	231,835	10,621	3,310	**245,766**
Property insurance	3,550	3,826	2,779	**10,155**
General liability insurance	(114,820)	(12,024)	-	**(126,844)**
Total	**1,220,877**	**425,409**	**70,100**	**1,716,387**

In thousand Armenian drams — 31/03/2024

Group	Reinsurer's share in incurred claims and other expenses	Amortisation of Reinsurance acquisition cash flows	Reinsurers' share in changes to liabilities for incurred claims	Amounts recovered from reinsurer
Assistance (Travel) insurance	-	1,530	(9,430)	**10,960**
Accident insurance	689	-	(363)	**1,052**
Health insurance	38,901	24,712	39,476	**24,137**
Motor and voluntary MTPL insurance	-	-	(315)	**315**
Aircraft hull and aircraft liability insurance	0	(1,201)	3,194	**(4,395)**
Cargo insurance	232	121,587	3,533	**118,286**
Property insurance	-	3,840	(1,052)	**4,892**
General liability insurance	-	(927)	-	**(927)**
Total	**39,823**	**149,541**	**35,043**	**154,320**

17. Interest income and expense

In thousand Armenian drams	31/03/2025	31/03/2024
Interest income calculated using effective interest rate		
Interest in income from deposits in banks	38,688	46,457
Interest in income from investment in securities	118,387	19,302
Interest earned on loans provided	1,815	-
Total interest income	**158,890**	**65,759**
Interest in expense on repurchases agreements	(44,047)	(1360)
Interest in expense on lease	(13,256)	1,360
Total interest expense	**(57,303)**	-

18. Credit loss expense on financial assets

In thousand Armenian drams	31/03/2025	31/03/2024
Deposits in banks	(458)	6,414
Investments in securities (including securities pledged under repurchase agreements)	(354)	(2,252)
Total credit loss expense	**(812)**	**4,162**

19. Reinsurance finance income from reinsurance contracts held

			31/03/2025
In thousand Armenian drams	**Interest accreted to reinsurance contracts**	**Net foreign exchange gain (loss)**	**Reinsurance finance income (expense) from Reinsurance contracts held**
Accident insurance	-	21	21
Health insurance	-	104	104
Motor and voluntary MTPL insurance	-	-	-
Aircraft hull and aircraft liability insurance	-	931	931
Cargo insurance	-	80	80
Property insurance	-	3,672	3,672
General liability insurance	-	418	418
Assistance (Travel) insurance		237	237
Total	-	**5,462**	**5,462**

20. Insurance finance income from insurance contracts issued

			31/03/2025
	Interest accreted to reinsurance contracts	**Net foreign exchange gain (loss)**	**Reinsurance finance income (expense) from Reinsurance contracts held**
General liability insurance	-	92	92
Total	-	**92**	**92**

21. Personnel expenses

In thousand Armenian drams	31/03/2025	31/03/2024
Salaries and similar payments	272,568	193,538
Bonuses and additional payments	34,237	10,178
Vacation payments	38,483	24,925
Other personnel expenses	7,696	3,830
Total personnel expenses	**352,984**	**232,471**

22. Other expenses

In thousand Armenian drams	31/03/2025	31/03/2024
Fixed assets maintenance	11,402	8,983
Advertising costs	2,930	4,719
Business trip expenses	-	825
Communications	6,157	3,427
Taxes, other than income tax, duties	6,886	1,935
Consulting and other services	4,809	10,546
Security	360	-
Representative expenses	4,252	878
Banking services	3,125	1,562
Office supplies	10,531	3,311
Net loss from revaluation of fixed assets	-	361
Membership fees	1,090	1,667
Charity	-	4,417
Other expenses	2,486	2,720
Total other expenses	**49,170**	**45,351**

23. Income tax (expense) recovery

The corporate income tax within the Republic of Armenia is levied at the rate of 18%. Differences between IFRS and RA statutory tax regulations give rise to certain temporary differences between the carrying value of certain assets and liabilities for financial reporting purposes and for profit tax purposes. Deferred income tax is calculated using the principal tax rate of 18%.

In thousand Armenian drams	31/03/2025	31/03/2024
Current tax expense	-	-
Deferred tax	(31,901)	10,217
Total income tax expense (recovery)	**(31,901)**	**10,217**

In thousand Armenian drams	31/12/2024	Recognized in profit or loss	Recognized in other Comprehensive income	31/03/2025
Cash	(21)	(1)		(22)
Deposits in banks	(2,182)	(288)		(2,470)
Investment securities	(10,892)	(6,433)	(289)	(17,614)
Insurance contract assets	(4,934)	(430)		(5,364)
Reinsurance contract assets	6,097	(37,295)		(31,198)
Property and equipment	68,331	(72,344)		(4,013)
Other assets	(44)	(49)		(93)
Insurance contract liabilities	(17,076)	41,466		24,390
Other liabilities	(54,221)	143,355		89,134
Tax losses carried forward	65,869	(64,141)		1,728
Deferred tax asset (liability)	**50,927**	**3,841**	**(289)**	**54,479**

The financial statements are approved:

Chief Executive Officer
Arevshat Meliksetyan
____

Chief Accountant
Haykuhi Babayan
____

FINANCIAL CALENDAR

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