

“LIGA INSURANCE”
Insurance Closed Joint Stock Company

**Financial Statements and
Independent Auditor's Report**

**In Armenian Drams
31 December 2025**

YEREVAN 2026

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09.04.2026

N 012607

CONFIRMED BY:



V. Gevorgyan

General Director
Baker Tilly Armenia CJSC

INDEPENDENT AUDITOR'S REPORT

To Shareholders and Board of
"LIGA INSURANCE" Insurance CJSC

Opinion

We have audited the financial statements of "LIGA INSURANCE" Insurance Closed Joint Stock Company (the "Company"), which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2025 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

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

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Baker Tilly Armenia CJSC is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information or business activities of the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

Auditor
Sh. Tashchiyan



09.04.2026

STATEMENT OF FINANCIAL POSITION
As at 31 December 2025

(AMD ths)

	Notes	31 December 2025	31 December 2024
Assets			
Cash	6	428,807	618,146
Deposits in banks	7	10,783,604	10,472,533
Investment securities	8	1,110,414	1,306,375
Borrowings issued		23,551	48,000
Reinsurance contract assets	9	2,727,288	1,849,922
Prepaid income tax		-	84,622
Property and equipment and intangible assets	10	544,346	737,756
Goodwill	11	303,197	427,065
Other assets	12	235,353	236,850
Total assets		16,156,560	15,781,269
Liabilities and equity			
Equity			
Share capital	14	3,983,000	3,983,000
Share premium		465,346	465,346
Statutory general reserve		87,292	87,292
Revaluation reserve for investment securities		35,646	11,335
Retained earnings		2,796,162	2,371,352
Total equity		7,367,446	6,918,325
Liabilities			
Insurance contract liabilities	9	7,047,429	6,743,813
Reinsurance contract liabilities	9	711	87,558
Deferred tax liabilities	24	34,393	19,999
Other liabilities	13	1,706,581	2,011,574
Total liabilities		8,789,114	8,862,944
Total liabilities and equity		16,156,560	15,781,269

Vahagn Aghavelyan
Executive Officer



Armine Zakaryan
Chief Accountant

09.04.2026

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended on 31 December 2025

(AMD ths)

	Notes	2025	2024
Insurance revenue	15	12,592,744	15,250,712
Insurance service expense	16	(10,363,742)	(12,453,667)
Insurance service result before reinsurance contracts held		2,229,002	2,797,045
Allocation of reinsurance premiums	15	(1,468,828)	(2,067,675)
Amounts recovered from (ceded to) reinsurers	17	903,629	(110,142)
Net expense from reinsurance contracts held		(565,199)	(2,177,817)
Insurance service result		1,663,803	619,228
Interest income calculated using effective interest rate	18	1,111,504	1,164,756
Interest expense	18	(23,112)	(20,882)
Reversal of credit loss expense regarding credit loss on financial assets	19	7,463	35,800
Net loss from foreign exchange of financial assets and liabilities		(23,345)	(25,576)
Net investment income		1,072,510	1,154,098
Finance income for reinsurance contracts held	20	50,554	80,379
Finance expenses for insurance contracts issued	21	(72,177)	(85,392)
Net insurance financial result		(21,623)	(5,013)
Other income		294,033	17,948
Depreciation and amortisation	10	(228,142)	(236,677)
Personnel expenses	22	(1,623,501)	(1,310,238)
Impairment of goodwill	11	(123,868)	(75,364)
Other expenses	23	(529,344)	(741,576)
Profit (loss) before income tax		503,868	(577,594)
Income tax (expense)/recovery	24	(79,058)	40,121
Profit (loss) for the year		424,810	(537,473)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Net unearned gain from fair value changes		67,455	52,844
Changes in allowance for expected credit losses		3,337	120
Net gain reclassified in profit or loss from repayment of debt instruments measured at FVOCI		(41,145)	-
Income tax relating to reclassifiable items		(5,336)	(9,534)
Net gain from investment securities measured at FVOCI		24,311	43,430
<i>Other comprehensive income for the year, net of tax</i>		24,311	43,430
Total comprehensive income for the year		449,121	(494,043)

STATEMENT OF CHANGES IN EQUITY
For the year ended on 31 December 2025

(AMD ths)

	Share capital	Statutory general reserve	Revaluation reserve for investment securities	Share premium	Retained earnings	Total
Balance as at January 1, 2024	3,983,000	87,292	(32,095)	465,346	2,908,825	7,412,368
Loss for the year	-	-	-	-	(537,473)	(537,473)
<i>Other comprehensive income:</i>						
Net changes in fair value	-	-	52,844	-	-	52,844
Changes in allowance for expected credit losses	-	-	120	-	-	120
Income tax relating to components of other comprehensive income	-	-	(9,534)	-	-	(9,534)
<i>Total comprehensive income for the year</i>	-	-	43,430	-	(537,473)	(494,043)
Balance as at 31 December 2024	3,983,000	87,292	11,335	465,346	2,371,352	6,918,325
Profit for the year	-	-	-	-	424,810	424,810
<i>Other comprehensive income:</i>						
Net changes in fair value	-	-	67,455	-	-	67,455
Net gain reclassified in profit or loss from repayment of debt instruments measured at FVOCI	-	-	(41,145)	-	-	(41,145)
Changes in allowance for expected credit losses	-	-	3,337	-	-	3,337
Income tax relating to components of other comprehensive income	-	-	(5,336)	-	-	(5,336)
<i>Total comprehensive income for the year</i>	-	-	24,311	-	-	24,311
Balance as at 31 December 2025	3,983,000	87,292	35,646	465,346	2,796,162	7,367,446

STATEMENT OF CASH FLOWS

For the year ended on 31 December 2025

(AMD ths)

	2025	2024
<i>Cash flows from operating activities</i>		
Insurance premiums received	11,365,498	13,462,931
Reinsurance premiums paid	(1,584,901)	(1,921,056)
Claims paid	(7,395,290)	(10,250,446)
Amounts received from reinsurers	164,187	228,133
Payments to employees and in their behalf	(1,472,834)	(1,533,220)
Payments to intermediaries	(551,381)	(671,643)
Taxes paid, other than income tax	(504,007)	(581,271)
Interest received	1,133,086	1,486,999
Inflow from other operating activities	16,289	65,017
Outflow from other operating activities	(985,333)	(1,081,016)
Net cash flow from (used in) operating activities before income tax	185,314	(795,572)
Income tax paid	(22,763)	(131,548)
<i>Net cash from (used in) operating activities</i>	162,551	(927,120)
<i>Cash flows from investing activities</i>		
Repayment and sale of investment securities	(80,560)	17,654
Purchase of property and equipment and intangible assets	1,470	(88,204)
Proceeds on sale of property and equipment	(2,465)	1,600
Repayment of deposits	209,121	1,163,327
Borrowings issued	(285,772)	(41,659)
<i>Net cash from (used in) investing activities</i>	(158,206)	1,052,718
<i>Cash flows from financing activities</i>		
Payments regarding long term lease	(136,806)	(160,328)
<i>Net cash used in financing activities</i>	(136,806)	(160,328)
Net decrease in cash	(132,461)	(34,730)
Cash at the beginning of the year	618,146	665,804
Impact of exchange differences on cash	(56,878)	(12,928)
Cash at the end of the year	428,807	618,146

Notes to the financial statements**1. Nature of operations and general information**

“LIGA INSURANCE” Insurance CJSC (the “Company”) was incorporated in 2008 under the name “ROSGOSSTRAKH-ARMENIA” and is a closed joint-stock company and is regulated by the legislation of the Republic of Armenia (“RA”). The Company conducts its business under license N0009, granted on 20.05.2008 by the Central Bank of Armenia (the “CBA”). In December 2022 the Company was renamed as “LIGA INSURANCE” Insurance Closed Joint Stock Company.

The Company obtained license N0004 for carrying out non-life reinsurance on 11.06.2013 and since 2014 has been concluding reinsurance contracts. Since 2010 the Company has been a member of the Armenian Motor Insurers Bureau (the “Bureau”) and has an authority to issue compulsory motor third party liability insurance (CMTPLI) contracts.

The Company is engaged in the general insurance business in the Republic of Armenia. The main types of insurance contracts issued by the Company are accident, health, land vehicles, cargo, property insurance from fire, natural disasters and other damages, MTPL, financial loss, general liability and assistance (travel) insurance. In addition, the Company carries liability insurance for air and water vehicles, as well as for their use.

The head office and branches of the Company are located in Yerevan and RA regions. Insurance services are available throughout RA through the Company's agency network.

As at 31 December 2025 the number of employees of the Company is 275 (2024: 258).

The financial statements are prepared on a going concern basis, as management believes 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 projections of profitability 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. Business environment

In recent years, global economic trends and geopolitical factors, in particular the Russo-Ukrainian war, continue to contribute to increased economic uncertainty due to sanctions against Russia, fluctuations in the prices of energy and other key resources, disruptions in supply chains, and instability in financial markets. The aforementioned factors are also reflected in the business environment in Armenia, as Armenia has close economic ties with conflicting countries. These factors may have an indirect impact on the company’s operating environment and financial performance.

Following the reporting date and prior to the authorization of these financial statements, on April 9, 2026, military forces of the United States of America and Israel initiated military actions against Iran, which were followed by retaliatory measures affecting several countries within the region. This escalation represents a non-adjusting event after the reporting period.

The aforementioned developments may have significant implications for the economic environment of the Republic of Armenia, taking into account its substantial trade and economic relationships with Iran and other countries involved in the conflict.

The Company maintains certain commercial relationships with counterparties located in the affected region; however, the volume of transactions with such counterparties is not significant. Notwithstanding this, the broader macroeconomic and geopolitical consequences of the conflict may have a material effect on the Company’s operations and financial position.

Management is continuously monitoring developments and assessing the potential impact on the Company’s activities. As of the date of authorization of these financial statements, it is not practicable to reliably estimate the financial effect of this event.

In addition, the tension in Armenian-Azerbaijani relations and the conditions for maintaining security risks continue to have an impact on the economic environment of the Republic of Armenia, affecting overall economic activity, the investment environment and the nature and frequency of insurance risks.

Despite these challenges, LIGA INSURANCE continues to remain committed to its sustainable development strategy, strengthening its position in the Armenian insurance market.

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 analyses 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.

3. Basis of preparation of statements**3.1 Compliance**

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

The Company prepares its financial statements in accordance with the requirements of the current legislation of the Republic of Armenia and international accounting standards. These financial statements are based on the Company's accounting books and records, as adjusted and reclassified to comply with IFRS.

3.2 Measurement Basis

Financial statements have been prepared based on the fair value principle for available-for-sale investment securities. Other financial assets and liabilities, as well as non-financial assets and liabilities, are recorded at amortized or historical cost.

3.3 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. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 29.

3.4 Functional and presentation currency

Functional currency of the Company is the currency of the primary economic environment in which the Company operates. The Company's functional currency and the Company's presentation currency is Armenian Dram (“AMD”), since this currency best reflects the economic substance of the underlying events and transactions of the Company. The financial statements are presented in thousands of AMD unless otherwise stated, which is not freely convertible outside Armenia.

3.5 Changes in accounting policies and presentation

As of the date of approval of these financial statements, a number of new standards, amendments to existing standards and interpretations have been issued that are not yet effective. The Company has not early adopted any of these standards and interpretations.

Management expects that the Company will adopt the applicable new standards and interpretations in the coming period following their effective date.

Management does not anticipate a material impact on the Company's financial statements from these amendments that are set out below:

- *IFRS 7 “Financial Instruments: Disclosures” - Disclosures,*
- *IFRS 9 “Financial Instruments” - Measurement of Trade Receivables,*
- *IFRS 9 “Financial Instruments” - Derecognition of Lease Liabilities,*
- *IFRS 9 “Financial Instruments” - Derecognition of Financial Liabilities settled through Electronic Payment System,*
- *IFRS 9 “Financial Instruments” - IFRS 9 Cash Flows from Financial Assets with Contingent Features as solely Payments of Principal and Interest on the Principal Amount Outstanding,*
- *IAS 21 “The Effects of Changes in Foreign Exchange Rates” - Translation to a Hyperinflationary Presentation Currency,*
- *IFRS 18 “Presentation and Disclosure in Financial Statements”, amendments to IAS 7 “Statement of Cash Flows”,*
- *IFRS 19 “Subsidiaries without Public Accountability: Disclosures”.*

IFRS 7 “Financial Instruments: Disclosures” - Disclosures

The amendment to IFRS 7 requires disclosing the fair value gain or loss presented in other comprehensive income for investments in equity instruments during the period, showing separately the fair value gain or loss that relates to investments derecognised in the period.

The amendment also requires disclosing the contractual terms that could change the timing or amount of contractual cash flows on contingent event that does not relate directly to changes in a basic lending risks and costs. The requirements apply to each class of financial assets measured at amortised cost or fair value through other comprehensive income and each class of financial liability measured at amortised cost.

This amendment to IFRS 7 is effective for annual periods beginning on or after 1 January 2026.

IFRS 9 “Financial Instruments” - Measurement of Trade Receivables

The Amendment to IFRS 9 clarifies, that trade receivables at initial recognition should be measured in accordance with IFRS 15 “Revenue from contracts with customers” measurement requirements.

This amendment to IFRS 9 is effective for annual periods beginning on or after 1 January 2026.

IFRS 9 “Financial Instruments” - Derecognition of Lease Liabilities

The Amendment to IFRS 9 clarifies that the requirement to recognise in profit or loss the difference between the carrying amount of a financial liability extinguished and the consideration paid, should be applied also to derecognition of lease liabilities.

This amendment to IFRS 9 is effective for annual periods beginning on or after 1 January 2026.

IFRS 9 “Financial Instruments”- Derecognition of Financial Liabilities settled through Electronic Payment System

According to the amendment to IFRS 9, a financial liability may be derecognised on the date of initiation of payment through electronic transfer system if the entity has no practical ability to withdraw, stop or cancel the payment instruction; no practical ability to access the cash to be used for settlement; and the settlement risk associated with the electronic payment system is insignificant.

This amendment to IFRS 9 is effective for annual periods beginning on or after 1 January 2026.

IFRS 9 “Financial Instruments”- Cash Flows from Financial Assets with Contingent Features as solely Payments of Principal and Interest on the Principal Amount Outstanding (SPPI)

Amendment in IFRS 9 clarifies that if contractual cash flows of financial assets are contingent (such as connected to volume of greenhouse gas emissions) the SPPI criteria is satisfied if contractual cash flows before and after revision are consistent with a basic lending arrangement, and either nature of the contingent event relates to the basic lending risk or revised cash flows do not significantly differ from cash flows of identical financial assets in market.

This amendment to IFRS 9 is effective for annual periods beginning on or after 1 January 2026.

IAS 21 “The Effects of Changes in Foreign Exchange Rates” - Translation to a Hyperinflationary Presentation Currency

Amendment to IAS 21 clarifies that when a presentation currency is the currency of a hyperinflationary economy, but the functional currency is the currency of a non-hyperinflationary economy, financial statements (results and financial position of a foreign operation), including comparatives should be translated at the closing rate at the date of the most recent statement of financial position.

This amendment to IAS 21 is effective for annual periods beginning on or after 1 January 2027.

IFRS 18 “Presentation and Disclosure in Financial Statements”, amendments to IAS 7 “Statement of Cash Flows”

New accounting standard IFRS 18 was issued in 2024, which relates to the presentation of financial statements and will replace IAS 1 “Presentation of financial statements”.

Presentation of statement of financial performance (previous statement of profit or loss and other comprehensive income) has been significantly changed, where information on income and expenses should be presented by operating activity, investing activity, financing activity, income tax and discontinued operations categories.

With application of the IFRS 18, presentation of cash flows from interests and dividends in the operating cash flow category is prohibited. Also, basic point for the statement of cash flows prepared by indirect method should be operating profit or loss.

IFRS 19 “Non-Publicly Reporting Subsidiaries: Disclosures”

IFRS 19 was issued in 2024, allowing non-public entities that are also subsidiaries of an entity that reports financial statements in accordance with IFRS to provide fewer disclosures than are required by other IFRSs.

IFRS 19 is not mandatory, and an entity that meets the requirements may apply it in one reporting period and not apply it in another.

IFRS 19 is effective for annual periods beginning on or after 1 January 2027.

4. Accounting policy

The following significant accounting policies have been applied in the preparation of the financial statements. The accounting policies have been applied consistently.

4.1 Basis of preparation

The financial statements have been prepared under the accrual basis of accounting and the historical cost method. Financial instruments are presented at the present discounted value of future cash flows, as well as at fair value.

4.2 Climate-related issues

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, which include political, economic and environmental responses to climate change. The main sources of climate risk have been identified as physical and transitional risks.

Physical risks arise from extreme weather events, such as storms, floods and wildfires, as well as from long-term climate change, including persistently high temperatures, heat waves and droughts.

Transition risks may arise from the transition to a net-zero emissions economy, such as changes in laws and regulations, litigation related to the failure to offset or adapt, and changes in the supply and demand for certain goods, products and services due to changes in consumer behaviour and investor demand.

These risks draw increasing regulatory, political and public consideration both domestically and internationally. While some physical risks may be predictable, there are significant uncertainties about the extent and timing of their manifestation. In terms of transition risks, uncertainty remains regarding upcoming regulatory and political changes, consumer demand and changes in supply chains.

4.3 Foreign currency

Functional and presentation currency

The national currency of the Republic of Armenia is the Armenian dram (RA dram), which is the Company’s functional currency because it best reflects the economic substance of the underlying events and transactions of the Company.

These financial statements are presented in Armenian drams (unless otherwise stated) because, in the opinion of management, this currency is most relevant to the users of the Company’s financial statements. All financial information presented in Armenian drams is rounded to the nearest thousand.

Transactions in foreign currency

Transactions carried out in foreign currency are converted into operational currency at the exchange rate for the relevant foreign currency on the day of the transaction.

As of the reporting date, monetary assets and liabilities denominated in foreign currency are converted into functional currency at the exchange rate as of that date (closing rate). Groups of insurance and reinsurance contracts that generate cash flows in a foreign currency are accounted for as monetary items.

Non-monetary items carried at fair value are retranslated using the exchange rate at the date the fair value was determined. Non-monetary foreign currency items carried at historical cost are retranslated at the exchange rate on the date of the transaction.

Foreign currency translation differences are recognised in profit or loss in the line item Net gain (loss) on foreign currency translation of financial assets and liabilities.

The following year-end exchange rates have been used by the Company for the preparation of its financial statements:

	31 December 2025	31 December 2024
AMD /1 USD	381.36	396.56
AMD /1 EUR	449.01	413.89

4.4 Insurance and reinsurance contracts

4.4.1 Classification

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

A contract that meets the definition of an insurance contract remains an insurance contract until the end of its term, even if the insurance risk is significantly reduced for that 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 significant 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 requires 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:

- Accident insurance contracts,
- Health insurance contracts,
- Land vehicles insurance (voluntary),
- Aircraft hull insurance contracts,
- Cargo insurance contracts,
- Property insurance,
- Voluntary MTPL insurance contracts,
- General liability insurance contracts,
- Loan Insurance
- Finance loss insurance,
- Assistance (Travel) insurance contracts.
- Compulsory insurance of liability arising from the use of land vehicles
- Social health insurance,
- Agricultural insurance.

An insurance contract is onerous at the date of initial recognition if the fulfilment cash flows allocated to the contract, any previously recognised 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 identifies 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 (including discounts),
- Similar contracts it has recognised,
- Environmental factors, e.g., a change in market experience or regulations.

The Company divides portfolios of reinsurance contracts held by applying the same principles set out above, except for 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 at 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 becomes receivable,
- For a group of onerous contracts, when the group becomes onerous.

The Company recognises a group of reinsurance contracts it holds at the earliest 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 while determining the pricing of the premiums up to the date when the risks are reassessed, the risks that relate to periods following the reassessment date are not taken into account.

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 by applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and the types of its lines of business.

Property insurance includes contracts with coverage periods 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 follows:

- The premiums, if any, received at initial recognition,
- Less any insurance acquisition cash flows as at that date, unless the entity has preferred to recognize those payments as an expense,
- Plus or minus any amount arising from the derecognition as at that date of the asset or liability recognised for insurance acquisition cash flows,
- 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, 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 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 as at the beginning of the period:

- Plus premiums received in the period,
- Less insurance acquisition cash flows, except if the Company prefers to recognize cash flows related to the acquisition of insurance as an expense when 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,
- Less the amount recognised as insurance revenue for the services provided in the period
- Less any investment component paid or transferred to the liability for incurred claims

The Company estimates the liability for incurred claims as the fulfilment of 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, see Note 4.4.13.

Insurance acquisition cash flows are allocated on a straight-line basis as a portion of the 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 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 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 amounts 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, whether facts and circumstances indicate that 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 of 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 amount 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 proportionally to 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 proportionally to the passage of time.

4.4.11 Insurance services expenses

Insurance service expenses arising from insurance contracts are generally recognised in profit or loss 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 is the amount 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 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 or expenses

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.

The Company does not disaggregate financial income and expenses between profit or loss and other comprehensive income, but fully presents them 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

Amortised cost of financial asset or financial liability is amount of financial asset or financial liability 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 expenses

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 after 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.

Gain (loss) on sale of investments

A gain or loss on the sale of an investment is calculated as the difference between the net sale and the fair or amortised cost and is recognised at the time of sale.

4.6 Income tax

Income tax on the profit for the year comprises current and deferred tax.

Income tax is recognised in the statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised directly in equity, in which case it is recognised 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 authorised 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 the 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 utilised. 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 Republic of Armenia also has 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

a) Recognition and initial measurement

The Company initially recognizes deposits and securities as at the date they are originated. All other financial instruments (including regular purchases and sales of financial assets) are recognized as of the transaction date, which is the date the Company becomes a party to the contractual obligation of the instrument.

Financial assets or liabilities are initially measured at fair value. For financial assets or liabilities not classified as financial instruments at fair value through profit or loss (FVTPL), transaction costs directly attributable to their acquisition or issuance are added to the fair value.

b) Classification

Financial assets

On initial recognition, financial assets are classified into the following three main categories:

- a) financial assets measured at amortized cost;
- b) financial assets measured at fair value through other comprehensive income (FVOCI);
- c) financial assets measured at fair value through profit or loss (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 financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model which aims at 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 assesses the objective of the business model within which the asset is held at the portfolio level, as this assessment best reflects the way the business is managed and information is provided to management.

The information being considered includes:

- 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 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 the 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 of 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 of financial assets to identify whether they meet the SPPI test.

‘Principal’ for 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 judgment 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.

c) 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 fees 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 the 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.

d) 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 the business line.

e) 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 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. When a continuing involvement takes the form of a guarantee over a transferred asset, the extent of the entity’s continuing involvement is the lower of the asset’s original carrying amount and the maximum amount of the consideration that could be required from the Company.

Financial liabilities

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

f) 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 (e)), 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 have been modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability is recognised at fair value based on the modified terms. The difference between the carrying amount of the extinguished financial liability and the new financial liability with the modified terms is recognised in profit or loss.

g) Offsetting

Financial assets and liabilities, and income and expenses, are offset and the net amount is 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.

h) 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.

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 results 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

Expected credit losses are the product of the Probability of Default (PD), Exposure at Default (EAD), and discounted amount of 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 Company would expect to receive. 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. Stage 1 also includes 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 includes 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

i) 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 expense.

4.7.1 Cash

Cash comprises balances on bank accounts. Cash is 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 amortised 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
- equity investment securities mandatorily measured at FVTPL or designated as at FVTPL; these are at fair value with changes recognised immediately in profit or loss. 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 Borrowings issued

Borrowings issued are financial assets with fixed or determinable payments, which arise when the Company provides money directly to a debtor with no intention of trading the receivable.

Borrowings issued by the Company with fixed maturities are initially recognised at fair value plus related transaction costs. Where the fair value of consideration given does not equal the fair value of the borrowing, for example where the borrowing is issued at lower than market rates, the difference between the fair value of consideration given and the fair value of the borrowing is recognized as a loss on initial recognition of the borrowing and included in the statement of profit or loss and other comprehensive income as losses on origination of assets. Subsequently, the borrowing carrying value is measured using the effective interest method. Borrowings that do not have fixed maturities are accounted for under the effective interest method based on expected maturity. Borrowings are carried net of any allowance for impairment losses.

4.8 Property and equipment

Property and equipment are recorded at initial value less accumulated depreciation, with the exception of the Company's buildings, which are recorded at fair value less accumulated depreciation, and land, which is recorded at fair value. Where the carrying amount of an asset exceeds its estimated recoverable amount due to non-temporary circumstances, it is immediately written down to that recoverable amount. Land is recorded at fair value and has an indefinite useful life and is therefore not depreciated. 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 (%)
Office equipment	5	20
Computers and communication	5	20
Vehicles	7	14.3
Other fixed assets	5	20

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 probable that future economic benefits due to them will flow to the Company in excess of those expected from the initial assessment of the normative indicators of the existing asset. 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 operating profit.

4.9 Intangible assets

Intangible assets include computer software.

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 and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The useful life of an intangible asset is determined based on the possible duration of its useful life. Amortisation periods and methods for intangible assets with finite useful lives are reviewed at least at each financial year-end. Costs associated with maintaining computer software programmes are recorded 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 defined 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 the 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 capitalised 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.

After the 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 the type of asset leased.

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

4.12 Goodwill

Goodwill arising on the acquisition of a controlled interest represents the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of exchange.

Goodwill is measured at cost less accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if any events or changes in circumstances indicate a possible impairment of the carrying amount.

Goodwill impairment is measured on the basis of the recoverable amount of the cash-generating unit (or cash-generating unit group). Impairment losses are recognized if the carrying amount of the cash-generating unit exceeds its recoverable amount. Impairment losses on goodwill are not reversed.

4.13 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 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.

4.14 Provisions

Provisions are recognised as a liability 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.

4.15 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.

Issue proceeds

Issue proceeds include any premium received from the issue of shares. Any transaction costs associated with the issue of shares are deducted from the issue proceeds.

Retained earnings

Retained earnings include the accumulated earning or loss of current and previous periods.

Fair value reserve for investment securities measured at FVOCI

This reserve records fair value changes of investment securities measured at FVOCI and accumulated expected credit losses (ECL).

5. Significant management judgment 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 judgments 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 recognised in the period in which the estimates are revised and in any future periods affected

5.1 Significant judgements in applying accounting policies

The following are the judgments 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 (b)).

Established 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.

5.2 Assumptions and estimation 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 claim 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) 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.

Estimates of subrogation compensation are considered when measuring the final values of the provision for claims.

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 90%. 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 (see Note 26).

Useful Life of property and equipment

Useful life evaluation of property and equipment is the result of judgment, based on 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, the following main factors: expected usage of assets, depending on the operational factors and maintenance program, and depreciation arising from changes in the market conditions.

Impairment of financial instruments

The Company assesses 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 29.2), as well as the key assumptions used in estimating recoverable cash flows (see Note 4.7 (h)):

Goodwill impairment

The Company goodwill has arisen from the acquisition of “Garant Insurance” Company, and the Company assesses the recoverable amount of goodwill at each reporting date to test for impairment. The assessment of the recoverable amount of goodwill is based on the profitability of the insurance contracts related to the portfolio of contracts transferred to the Company as a result of the acquisition, based on an analysis of the experience of previous periods and the expectations existing as of the reporting date.

Tax legislation

Armenian tax legislation is subject to varying interpretations.

The Company's management has not revised its previous estimates, i.e. has not derecognized its previously estimated deferred tax liability related to property and equipment and continues to perform its tax accounting as before. See Note 25.

6. Cash

<i>(AMD ths)</i>	31 December 2025	31 December 2024
Cash on hand	332	1,613
Bank accounts	428,475	616,533
Total cash	428,807	618,146

As at 31 December 2025, the bank accounts in the amount of AMD 413,554 thousand (96%) are due from 3 banks (2024: AMD 571,613 thousand (93%) due from 2 banks).

The ECLs relating to cash here are close to zero and therefore, have not been disclosed here.

7. Deposits in banks

<i>(AMD ths)</i>	31 December 2025	31 December 2024
Deposits in banks	10,842,213	10,531,738
	10,842,213	10,531,738
Credit loss allowance	(58,609)	(59,205)
Total deposits in banks	10,783,604	10,472,533

Deposits in banks have maturity exceeding 90 days or they are short-term, but the maturities are regularly reconsidered and prolonged.

As at 31 December 2025 the weighted average interest rate of deposits in banks is 9.81% (2024: 9.77%).

As of December 31, 2025, the amount of AMD 304,625 thousand from deposits in banks is used as security for guarantees received from banks for the Company's participation in tenders related to insurance activities, for the period until March 3, 2026 (2024: AMD 40,906 thousand).

An analysis of changes in the ECLs on deposits in banks is as follows:

<i>(AMD ths)</i>	31 December 2025	31 December 2024
	Stage 1	Stage 1
ECL allowance as at 1 January	59,205	81,428
Net remeasurement of credit loss allowance	(596)	(22,223)
Balance as at 31 December	58,609	59,205

8. Investment securities

Investment securities measured at amortised cost

<i>(AMD ths)</i>	31 December 2025	31 December 2024
<i>Investment securities measured at amortised cost</i>		
Corporate bonds	195,441	160,214
	195,441	160,214
Credit loss allowance	(2,052)	(1,667)
Total investment securities at amortised cost	193,389	158,547

An analysis of changes in the ECLs on investment securities measured at amortised cost as follows:

<i>(AMD ths)</i>	2025	2024
	Stage 1	Stage 1
ECL allowance as at 1 January	1,667	1,628
Net remeasurement of credit loss allowance	385	39
Balance as at 31 December	2,052	1,667

Investment securities measured at amortised cost upon profitability and maturity terms:

	31 December 2025		31 December 2024	
	%	Maturity	%	Maturity
Corporate bonds	5.89	2028	6.09	2027

Debt securities measured at FVOCI

(AMD ths)

	31 December 2025	31 December 2024
Debt securities measured at FVOCI		
RA state bonds	917,025	1,147,828
Total investment securities measured at FVOCI	917,025	1,147,828

An analysis of changes in the ECLs on debt investment securities measured at FVOCI as follow:

(AMD ths)	2025	2024
	Stage 1	Stage 1
ECL allowance as at 1 January	3,169	3,049
Net remeasurement of loss allowance	3,337	120
Balance as at 31 December	6,506	3,169

The above loss allowance is not recognised in the assets section of the statement of financial position because the carrying amount of debt securities at FVOCI is their fair value. Investment securities measured at FVOCI by effective interest rates and maturity date comprise:

	31 December 2025		31 December 2024	
	%	Maturity	%	Maturity
RA state bonds	9-13	2032-2036	9-13	2025-2036

All debt securities have fixed interest rates.

During 2025 no sales of investment securities measured at FVOCI occurred (2024: neither).

The Company did not make any reclassification between financial assets measured at amortized cost and measured at fair value (2024: neither).

9. 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:

(AMD ths)

	2025		2024	
	Assets	Net Liabilities	Assets	Net Liabilities
Insurance contracts issued				
Accident insurance	-	86,853	-	102,043
Health insurance	-	490,679	-	509,149
Land vehicle insurance (Voluntary)	-	409,512	-	438,714
Aircraft hull insurance	-	1,534	-	14,184
Cargo insurance contracts	-	1,443,843	-	1,062,209
Property insurance	-	908,837	-	1,121,311
Voluntary MTPL insurance	-	18,433	-	22,132
General liability insurance contracts	-	349,227	-	353,602
Loan insurance	-	12,654	-	24,191
Finance loss insurance	-	906,896	-	535,479
Assistance insurance contracts	-	49,963	-	56,766
CMTPL insurance contracts	-	2,368,882	-	2,345,832
Social health insurance	-	-	-	157,582
Agricultural insurance	-	116	-	619
Total insurance contracts issued	-	7,047,429	-	6,743,813

(AMD ths)

	2025		2024	
	Assets	Net Liabilities	Assets	Net Liabilities
Reinsurance contracts held				
Accident insurance	-	711	-	2,838

(AMD ths)

	2025		2024	
		Net		Net
Health insurance	(3,938)	-	(4,169)	-
Land vehicle insurance (Voluntary)	(67,520)	-	-	84,720
Aircraft hull insurance	(8,614)	-	(1,760)	-
Cargo insurance contracts	(1,166,394)	-	(770,046)	-
Property insurance	(358,972)	-	(337,456)	-
General liability insurance	(185,572)	-	(199,645)	-
Loan insurance	(1,085)	-	(2,386)	-
Financial loss insurance	(890,339)	-	(506,941)	-
Assistance insurance	(21,534)	-	(4,198)	-
Agricultural insurance	(23,320)	-	(23,321)	-
Total reinsurance contracts held	(2,727,288)	711	(1,849,922)	87,558

The Company disaggregates information to provide disclosure in respect of major product lines separately. This disaggregation has been determined based on how the Company is managed. 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:

Health insurance

(AMD ths)

	2025				2024			
	Liabilities for remaining coverage		Liabilities for incurred claims		Liabilities for remaining coverage		Liabilities for incurred claims	
	Excluding loss component	Estimates of the present value of future cash	Risk adjustment	Total	Excluding loss component	Estimates of the present value of future cash	Risk adjustment	Total
Net insurance contract liabilities as at 1 January	334,410	156,919	17,820	509,149	336,632	173,852	19,887	530,371
Insurance revenue	(3,651,540)	-	-	(3,651,540)	(3,213,361)	-	-	(3,213,361)
Insurance service expenses	352,976	3,251,654	(16,567)	3,588,063	333,461	2,490,106	(2,067)	2,821,500
Incurred claims and other expenses	-	3,111,097	-	3,111,097	-	2,393,530	-	2,393,530
Amortisation of insurance acquisition cash flows	352,976	-	-	352,976	333,461	-	-	333,461
Changes to liabilities for incurred claims	-	140,557	(16,567)	123,990	-	96,576	(2,067)	94,509
Insurance service result	(3,298,564)	3,251,654	(16,567)	(63,477)	(2,879,900)	2,490,106	(2,067)	(391,861)
Interest expenses on insurance	-	363	-	363	-	-	-	-
Total changes in the statement of comprehensive income	(3,298,564)	3,252,017	(16,567)	(63,114)	(2,879,900)	2,490,106	(2,067)	(391,861)
Cash flows								
Premiums received	2,776,113	-	-	2,776,113	2,746,989	-	-	2,746,989
Claims and other expenses paid	-	(2,537,727)	-	(2,537,727)	-	(2,064,507)	-	(2,064,507)
Insurance acquisition cash flows	(61,279)	-	-	(61,279)	(209,559)	-	-	(209,559)
Total cash flows	2,714,834	(2,537,727)	-	177,107	2,537,430	(2,064,507)	-	472,923
Other movements	387,059	(519,522)	-	(132,463)	340,248	(442,532)	-	(102,284)
Net insurance contract liabilities as at 31 December	137,739	351,687	1,253	490,679	334,410	156,919	17,820	509,149

Cargo insurance contracts

(AMD ths)	2025				2024			
	Liabilities for remaining coverage				Liabilities for remaining coverage			
	Liabilities for incurred claims				Liabilities for incurred claims			
	Excluding loss component	Estimates of the present value of future cash	Risk adjustment	Total	Excluding loss component	Estimates of the present value of future cash	Risk adjustment	Estimates of the present value of future cash
Net insurance contract liabilities as at 1 January	45,116	916,416	100,677	1,062,209	48,816	1,210,441	132,291	1,391,548
Insurance revenue	(395,391)	-	-	(395,391)	(581,053)	-	-	(581,053)
Insurance service expenses	108,591	415,816	45,178	569,585	102,201	(16,501)	(31,614)	54,086
Incurred claims and other expenses	-	397,097	-	397,097	-	271,182	-	271,182
Amortisation of insurance acquisition cash flows	108,591	-	-	108,591	102,201	-	-	102,201
Changes to liabilities for incurred claims	-	18,719	45,178	63,897	-	(287,683)	(31,614)	(319,297)
Insurance service result	(286,800)	415,816	45,178	174,194	(478,852)	(16,501)	(31,614)	(526,967)
Interest expenses on insurance	-	164	-	164	-	275	-	275
Effect of movements in exchange rates	-	-	-	-	1	-	-	1
Total changes in the statement of comprehensive income	(286,800)	415,980	45,178	174,358	(478,851)	(16,226)	(31,614)	(526,691)
Cash flows								
Premiums received	376,085	-	-	376,085	582,559	-	-	582,559
Claims and other expenses paid	-	(111,621)	-	(111,621)	-	(275,426)	-	(275,426)
Insurance acquisition cash flows	(53,377)	-	-	(53,377)	(91,537)	-	-	(91,537)
Total cash flows	322,708	(111,621)	-	211,087	491,022	(275,426)	-	215,596
Other movements	(50,362)	46,551	-	(3,811)	(15,871)	(2,373)	-	(18,244)
Net insurance contract liabilities as at 31 December	30,662	1,267,326	145,855	1,443,843	45,116	916,416	100,677	1,062,209

CMTPL insurance contracts

<i>(AMD ths)</i>	2025				2024					
	Liabilities for remaining coverage	Liabilities for incurred claims			Liabilities for remaining coverage	Liabilities for incurred Claims				
	Excluding loss component	Estimates of the present value of future cash adjustment		Risk adjustment	Total	Excluding loss component	Estimates of the present value of future cash adjustment		Risk adjustment	Total
Net insurance contract liabilities at 1 January	2,215,566	78,920	51,346	2,345,832	2,878,929	186,210	70,396	3,135,535		
Insurance revenue	(5,097,732)	-	-	(5,097,732)	(6,396,163)	-	-	(6,396,163)		
Insurance service expenses	1,035,284	3,904,954	(42,589)	4,897,649	1,240,568	5,661,213	(19,050)	6,882,731		
Incurring claims and other expenses	-	3,878,866	-	3,878,866	-	5,701,433	-	5,701,433		
Amortisation of insurance acquisition cash flows	1,035,284	-	-	1,035,284	1,240,568	-	-	1,240,568		
Changes to liabilities for incurred claims	-	26,088	(42,589)	(16,501)	-	(40,220)	(19,050)	(59,270)		
Insurance service result	(4,062,448)	3,904,954	(42,589)	(200,083)	(5,155,595)	5,661,213	(19,050)	486,568		
Interest expenses on insurance	-	13,167	-	13,167	-	1,550	-	1,550		
Total changes in the statement of comprehensive income	(4,062,448)	3,918,121	(42,589)	(186,916)	(5,155,595)	5,662,763	(19,050)	488,118		
Cash flows										
Premiums received	5,136,236	-	-	5,136,236	5,747,031	-	-	5,747,031		
Claims and other expenses paid	-	(3,821,756)	-	(3,821,756)	-	(5,887,060)	-	(5,887,060)		
Insurance acquisition cash flows	(969,597)	-	-	(969,597)	(1,181,257)	-	-	(1,181,257)		
Total cash flows	4,166,639	(3,821,756)	-	344,883	4,565,774	(5,887,060)	-	(1,321,286)		
Other movements	(569,397)	434,480	-	(134,917)	(73,542)	117,007	-	43,465		
Net insurance contract liabilities as at 31 December	1,750,360	609,765	8,757	2,368,882	2,215,566	78,920	51,346	2,345,832		

Other Insurance portfolios

Other portfolios include portfolios other than health insurance contracts, cargo insurance, Voluntary MTPL insurance contracts:

(AMD ths)	2025				2024			
	Liabilities for remaining coverage		Liabilities for incurred claims		Liabilities for remaining coverage		Liabilities for incurred Claims	
	Excluding loss component	Estimates of the present value of	Risk adjustment	Total	Excluding loss component	Estimates of the present value of	Risk adjustment	Total
		future cash				future cash		
Net insurance contract liabilities as at 1 January	1,055,637	1,577,050	193,936	2,826,623	1,214,164	1,491,806	230,184	2,936,154
Insurance revenue	(3,448,081)	-	-	(3,448,081)	(5,060,135)	-	-	(5,060,135)
Insurance service expenses	624,743	752,953	(69,251)	1,308,445	673,912	2,057,686	(36,248)	2,695,350
Incurred claims and other expenses	-	490,390	-	490,390	-	2,160,988	-	2,160,988
Amortisation of insurance acquisition cash flows	624,743	-	-	624,743	673,912	-	-	673,912
Changes to liabilities for incurred claims	-	262,563	(69,251)	193,312	-	(103,302)	(36,248)	(139,550)
Insurance service result	(2,823,338)	752,954	(69,251)	(2,139,635)	(4,386,223)	2,057,686	(36,248)	(2,364,785)
Interest expenses on insurance	-	58,526	-	58,526	-	83,455	-	83,455
Effect of movements in exchange rates	(43)	-	-	(43)	111	-	-	111
Total changes in the statement of comprehensive income	(2,823,381)	811,480	(69,251)	(2,081,152)	(4,386,112)	2,141,141	(36,248)	(2,281,219)
Cash flows								
Premiums received	3,077,064	-	-	3,077,064	4,386,352	-	-	4,386,352
Claims and other expenses paid	-	(924,187)	-	(924,187)	-	(2,023,452)	-	(2,023,452)
Insurance acquisition cash flows	(538,022)	-	-	(538,022)	(440,361)	-	-	(440,361)
Total cash flows	2,539,042	(924,187)	-	1,614,855	3,945,991	(2,023,452)	-	1,922,539
Other movements	240,741	142,958	-	383,699	281,594	(32,445)	-	249,149
Net insurance contract liabilities as at 31 December	1,012,039	1,607,301	124,685	2,744,025	1,055,637	1,577,050	193,936	2,826,623

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:

Cargo insurance

(AMD ths)

	2025				2024			
	Liabilities for remaining coverage		Liabilities for incurred claims		Liabilities for remaining coverage		Liabilities for incurred Claims	
	Excluding loss component	Estimates of the present value of future cash	Risk adjustment	Total	Excluding loss component	Estimates of the present value of future cash	Risk adjustment	Total
Net reinsurance contract assets (liabilities) as at 1 January	(259,488)	939,195	90,339	770,046	(434,982)	1,185,394	118,833	869,245
Allocation of reinsurance premiums to reinsurers	(170,951)	-	-	(170,951)	(288,609)	-	-	(288,609)
Amounts recoverable from reinsurer	48,651	257,610	30,594	336,855	-	(86,343)	(28,494)	(114,837)
Reinsurer's share in incurred claims and other expenses	-	27,658	-	27,658	-	172,952	-	172,952
Reinsurance commissions	48,651	-	-	48,651	-	-	-	-
Changes to reinsurer's share in liabilities for incurred claims	-	229,952	30,594	260,546	-	(259,295)	(28,494)	(287,789)
Net expenses from reinsurance contracts	(122,300)	257,610	30,594	165,904	(288,609)	(86,343)	(28,494)	(403,446)
Interest income on reinsurance	-	147	-	147	-	260	-	260
Effect of movements in exchange rates	(259)	-	-	(259)	226	-	-	226
Total changes in the statement of comprehensive income	(122,559)	257,757	30,594	165,792	(288,383)	(86,083)	(28,494)	(402,960)
Cash flows								
Reinsurance premiums paid	241,715	-	-	241,715	293,279	-	-	293,279
Total cash flows	241,715	-	-	241,715	293,279	-	-	293,279
Other movements	134,429	(145,588)	-	(11,159)	170,598	(160,116)	-	10,482
Net insurance contract assets (liabilities) as at 31 December	(5,903)	1,051,364	120,933	1,166,394	(259,488)	939,195	90,339	770,046

Property insurance
(AMD ths)

	2025				2024			
	Liabilities for remaining coverage	Liabilities for incurred claims			Liabilities for remaining coverage	Liabilities for incurred Claims		
	Excluding loss component	Estimates of the present value of future cash	Risk adjustment	Total	Excluding loss component	Estimates of the present value of future cash	Risk adjustment	Total
Net reinsurance contract assets (liabilities) as at 1 January	(47,339)	350,019	34,776	337,456	1,403	171,643	14,246	187,292
Allocation of reinsurance premiums to reinsurers	(615,749)	-	-	(615,749)	(942,019)	-	-	(942,019)
Amounts recovered (ceded) from reinsurer	-	467	-	467	(1,117)	196,557	20,530	215,970
Reinsurance commissions	(2,396)	-	-	(2,396)	(1,117)	-	-	(1,117)
Changes to reinsurer's share in liabilities for incurred claims	-	(11,611)	(9,021)	(20,632)	-	196,557	20,530	217,087
Net expenses from reinsurance contracts	(618,145)	(11,144)	(9,021)	(638,310)	(943,136)	196,557	20,530	(726,049)
Interest income on reinsurance	-	16,230	-	16,230	-	8,750	-	8,750
Effect of movements in exchange rates	5,423	-	-	5,423	(827)	-	-	(827)
Total changes in the statement of comprehensive income	(612,722)	5,086	(9,021)	(616,657)	(943,963)	205,307	20,530	(718,126)
<i>Cash flows</i>								
Reinsurance premiums paid	600,239	-	-	600,239	886,613	-	-	886,613
Reinsurance claims received	-	(460)	-	(460)	-	(71,929)	-	(71,929)
Total cash flows	600,239	(460)	-	599,779	886,613	(71,929)	-	814,684
Other movements	40,649	(2,251)	-	38,398	8,608	44,998	-	53,606
Net insurance contract assets (liabilities) as at 31 December	(19,173)	352,390	25,755	358,972	(47,339)	350,019	34,776	337,456

Other portfolios of reinsurance contracts

Other portfolios include portfolios other than cargo insurance and property insurance contracts:

<i>(AMD ths)</i>	2025			2024				
	Liabilities for remaining coverage	Liabilities for incurred claims			Liabilities for remaining coverage	Liabilities for incurred Claims		
	Excluding loss component	Estimates of the present value of future cash	Risk adjustment	Total	Excluding loss component	Estimates of the present value of future cash	Risk adjustment	Total
Net reinsurance contract assets (liabilities) as at 1 January	(308,395)	861,575	101,682	654,862	(434,627)	1,309,931	185,306	1,060,610
Allocation of reinsurance premiums to reinsurers	(682,128)	-	-	(682,128)	(837,047)	-	-	(837,047)
Amounts recovered (ceded) from reinsurer	120,978	504,578	(36,220)	589,336	30,533	(158,184)	(83,624)	(211,275)
Reinsurer's share in incurred claims and other expenses	-	239,917	-	239,917	-	317,039	-	317,039
Reinsurance commissions	120,978	-	-	120,978	30,533	-	-	30,533
Changes to reinsurer's share in liabilities for incurred claims	-	264,661	(36,220)	228,441	-	(475,223)	(83,624)	(558,847)
Net expenses from reinsurance contracts	(561,150)	504,578	(36,220)	(92,792)	(806,514)	(158,184)	(83,624)	(1,048,322)
Interest income on reinsurance	-	24,299	-	24,299	-	72,485	-	72,485
Effect of movements in exchange rates	4,714	-	-	4,714	(515)	-	-	(515)
Total changes in the statement of comprehensive income	(556,436)	528,877	(36,220)	(63,779)	(807,029)	(85,699)	(83,624)	(976,352)
Cash flows								
Reinsurance premiums paid	742,947	-	-	742,947	741,164	-	-	741,164
Reinsurance claims received	-	(163,727)	-	(163,727)	-	(156,204)	-	(156,204)
Total cash flows	742,947	(163,727)	-	579,220	741,164	(156,204)	-	584,960
Other movements	334,030	(303,122)	-	30,908	192,097	(206,453)	-	(14,356)
Net reinsurance contract assets (liabilities) as at 31 December	212,146	923,603	65,462	1,201,211	(308,395)	861,575	101,682	654,862

10. Property and equipment and intangible assets

<i>(AMD ths)</i>	Equipment	Vehicles	Office equipment	Other property and equipment	Right-of-use assets (buildings)	Intangible Assets	Total
Cost or revalued amount							
As at 1 January 2024	449,275	205,481	165,785	121,739	418,330	284,323	1,644,933
Additions	7,395	8,888	1,947	15,732	-	121,702	155,664
Disposals	-	(7,584)	-	-	(17,800)	(59,028)	(84,412)
Remeasurement	-	-	-	-	219,816	-	219,816
As at 31 December 2024	456,670	206,785	167,732	137,471	620,346	346,997	1,936,001
Additions	2,328	-	-	9,739	-	57,536	69,603
Disposals	(124,678)	(5,130)	(28,319)	(28,482)	(90,034)	(103,739)	(380,382)
At 31 December 2025	334,320	201,655	139,413	118,728	530,312	300,794	1,625,222
Accumulated depreciation							
As at 1 January 2024	400,356	147,807	112,038	112,474	120,469	140,969	1,034,113
Expenses for the year	22,064	16,904	13,092	5,417	142,997	36,203	236,677
Disposals	-	(7,584)	-	-	(5,933)	(59,028)	(72,545)
As at 31 December 2024	422,420	157,127	125,130	117,891	257,533	118,144	1,198,245
Expenses for the year	16,479	15,655	12,143	6,705	136,510	40,650	228,142
Disposals	(124,677)	(5,130)	(28,319)	(28,482)	(55,164)	(103,739)	(345,511)
As at 31 December 2025	314,222	167,652	108,954	96,114	338,879	55,055	1,080,876
Carrying amount							
As at 31 December 2024	34,250	49,658	42,602	19,580	362,813	228,853	737,756
As at 31 December 2025	20,098	34,003	30,459	22,614	191,433	245,739	544,346

Fully depreciated items

As at 31 December 2025 fixed assets included fully depreciated assets in amount of AMD 729,655 thousand (2024: AMD 683,432 thousand). As at 31 December 2025 intangible assets included fully depreciated assets in amount of AMD 103,739 thousand (2024: AMD 97,096 thousand).

Restrictions on title of fixed assets and intangible assets

As at 31 December 2025, the Company does not possess any fixed assets and intangible assets pledged as security for liabilities or whose title is otherwise restricted (2024: neither).

Commitments

As at December 31, 2025, the Company has no contractual obligations to make investments in fixed assets or intangible assets (2024: neither).

Right-of-use assets

The Company has entered into lease agreements for the head office and branches. With the exception of short-term leases and leases of underlying low-value assets, each lease was reflected in the statement of financial position as a right-of-use asset and a lease liability. The Company classifies its right-of-use assets in line with its own fixed asset classification, and presents the lease liability in other liabilities item (see Note 14).

11. Goodwill

<i>(AMD ths)</i>	Total
Goodwill as at 1 January 2024	502,429
Impairment of goodwill	(75,364)
Goodwill as at 31 December 2024	427,065
Impairment of goodwill	(123,868)
Balance as at 31 December 2025	303,197

12. Other assets

<i>(AMD ths)</i>	31 December 2025	31 December 2024
Debtors and other receivables	218,320	180,578
Credit loss allowance	(82,745)	(91,392)
Total other financial assets	135,575	89,186

Prepaid amounts	62,825	109,595
Calculations with employees	8,424	9,817
Other assets	28,529	28,252
Total other non-financial assets	99,778	147,664
Total other assets	235,353	236,850

An analysis of changes in the ECLs on other financial assets follows:

<i>(AMD ths)</i>	2025	2024
Other financial assets		
ECL allowance as at 1 January	91,392	88,834
Net remeasurement of loss allowance	7,252	(13,736)
Net recovery (write-off)	(15,899)	16,294
Balance as at 31 December	82,745	91,392

13. Other liabilities

<i>(AMD ths)</i>	31 December 2025	31 December 2024
Lease liabilities	207,844	421,213
Accounts payable	180,385	429,219
Due to personnel	574,907	336,706
Other financial liabilities	308,306	442,594
Total other financial liabilities	1,271,442	1,629,732
Prepayments received	227,339	211,859
Tax payable, other than income tax	101,039	74,647
Provision for tax liabilities	82,305	82,305
Income tax liability	14,863	-
Other liabilities	9,593	13,031
Total other non-financial liabilities	435,139	381,842
Total other liabilities	1,706,581	2,011,574

Lease liabilities

With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected in the statement of financial position as a right-of-use asset and a lease liability. The Company classifies its right-of-use assets in a manner consistent with its own fixed assets classification (see Note 10).

The movement in lease liabilities during the reporting period is presented below.

<i>(AMD ths)</i>	2025	2024
As at 1 January	421,213	362,680
Termination	(38,273)	(11,867)
Remeasurement	(61,402)	209,846
Accretion of interest	23,112	20,882
Payments	(136,806)	(160,328)
Total lease liabilities as at 31 December	207,844	421,213

The weighted average interest rate applied to lease liabilities recognized in accordance with IFRS 16 is 13.2%.

Lease liabilities are secured by the corresponding underlying assets.

14. Share capital

As at 31 December 2025 the Company’s registered and paid-in share capital was AMD 3,983,000 thousand. In accordance with the Company’s statutes, the share capital consists of 3,983,000 ordinary shares, all of which have a par value of AMD 1000 each.

As at 31 December 2025 the Company’s sole shareholder is parent company “Avodoka Holdings Limited” LLC (Cyprus) (2024: either).

As at 31 December 2025 the Company did not possess any of its own shares (2024: neither).

The holders of ordinary shares are entitled to receive dividends as declared.

No dividends were paid by the Company during 2025 and 2024.

The Company's reserves subject to distribution are limited to accumulated profit, calculated in accordance with the legislation of the Republic of Armenia.

15. Insurance revenue and allocation of reinsurance premiums

(AMD ths)

	2025		
	Insurance revenue	Allocation of reinsurance premiums	Net insurance revenue
Accident insurance	269,358	(720)	268,638
Health insurance	3,651,540	(14,258)	3,637,282
Land vehicles insurance (Voluntary)	1,059,543	(212,187)	847,356
Aircraft hull insurance	192,840	(75,718)	117,122
Cargo insurance contracts	395,391	(170,951)	224,440
Property insurance	1,208,531	(615,749)	592,782
Voluntary MTPL insurance	44,043	-	44,043
General liability insurance	276,515	(187,447)	89,068
Loan insurance	21,416	-	21,416
Finance loss insurance	247,959	(190,171)	57,788
Assistance (Travel) insurance	127,876	(1,627)	126,249
CMTPL insurance contracts	5,097,732	-	5,097,732
Total	12,592,744	(1,468,828)	11,123,916

(AMD ths)

	2024		
	Insurance revenue	Allocation of reinsurance premiums	Net insurance revenue
Accident insurance	308,072	(3,196)	304,876
Health insurance	3,213,361	(11,551)	3,201,810
Land vehicles insurance (Voluntary)	1,103,827	(371,465)	732,362
Aircraft hull insurance	53,978	(41,113)	12,865
Cargo insurance contracts	581,053	(288,609)	292,444
Property insurance	1,405,677	(942,019)	463,658
Voluntary MTPL insurance	60,159	-	60,159
General liability insurance	280,946	(180,527)	100,419
Loan insurance	40,101	-	40,101
Finance loss insurance	269,243	(200,187)	69,056
Assistance (Travel) insurance	153,309	(29,008)	124,301
CMTPL insurance contracts	6,396,163	-	6,396,163
Social health insurance	1,384,823	-	1,384,823
Agricultural insurance	-	-	-
Total	15,250,712	(2,067,675)	13,183,037

16. Insurance service expense

(AMD ths)

	2025			
	Incurred claims and other expenses	Amortisation of insurance acquisition cash flows	Changes to liabilities for incurred claims	Insurance service expense
Accident insurance	(36,309)	(48,940)	1,967	(83,282)
Health insurance	(3,111,097)	(352,976)	(123,990)	(3,588,063)
Land vehicles insurance (Voluntary)	(467,542)	(245,988)	3,430	(710,100)
Aircraft hull insurance	-	(44,968)	(6,927)	(51,895)
Cargo insurance	(108,591)	(63,897)	(397,097)	(569,585)
Property insurance	(77,982)	(181,408)	273,260	13,870
Voluntary MTPL insurance contracts	(6,712)	(9,703)	(216)	(16,631)
General liability insurance contracts	(7,431)	(17,524)	25,996	1,041
Loan insurance	1,426	(746)	1,301	1,981
Finance loss insurance	(168,961)	(31,538)	(359,601)	(560,100)
Assistance (Travel) insurance contracts	(15,385)	(16,795)	2,758	(29,422)
CMTPL insurance contracts	(3,878,866)	(1,035,284)	16,501	(4,897,649)
Social health insurance	-	(64,684)	197,920	133,236
Agricultural insurance	-	(7,143)	-	(7,143)
Total insurance service expenses	(7,877,450)	(2,121,594)	(364,698)	(10,363,742)

2024

(AMD ths)

	Incurred claims and other expenses	Amortisation of insurance acquisition cash flows	Changes to liabilities for incurred claims	Insurance service expense
Accident insurance	(19,640)	(60,580)	5,649	(74,571)
Health insurance	(2,393,530)	(333,461)	(94,509)	(2,821,500)
Land vehicles insurance (Voluntary)	(394,519)	(243,724)	47,592	(590,651)
Aircraft hull insurance	-	(7,894)	2,054	(5,840)
Cargo insurance	(271,182)	(102,201)	319,297	(54,086)
Property insurance	(133,909)	(189,833)	(601,158)	(924,900)
Voluntary MTPL insurance contracts	(1,707)	(14,212)	275	(15,644)
General liability insurance contracts	(27,377)	(14,476)	(67,737)	(109,590)
Loan insurance	1,774	(3,497)	(1,794)	(3,517)
Finance loss insurance	(92,169)	(27,087)	610,546	491,290
Assistance (Travel) insurance contracts	(15,635)	(23,145)	1,196	(37,584)
CMTPL insurance contracts	(5,701,433)	(1,240,568)	59,270	(6,882,731)
Social health insurance	(1,451,552)	(85,215)	41,967	(1,494,800)
Agricultural insurance	(26,254)	(4,249)	100,960	70,457
Total insurance service expenses	(10,527,133)	(2,350,142)	423,608	(12,453,667)

17. Amounts recoverable from reinsurers (amounts transferred to reinsurers)

(AMD ths)

2025

	Reinsurer's share in incurred claims and other expenses	Commissions on reinsurance	Changes to reinsurer's share in liabilities for incurred claims	Amounts recoverable from reinsurers (amounts transferred to reinsurers)
Land vehicles insurance (Voluntary)	72,153	67,345	(17,298)	122,200
Aircraft hull insurance	-	-	6,927	6,927
Cargo insurance	27,658	48,651	260,546	336,855
Property insurance	467	(2,396)	(20,632)	(22,561)
General liability insurance contracts	3,833	18,233	(110,987)	(88,921)
Loans insurance	-	-	(1,302)	(1,302)
Finance loss insurance	163,931	35,400	359,601	558,932
Assistance (Travel) insurance contracts	-	-	(8,501)	(8,501)
Total amounts recoverable from reinsurers (amounts transferred to reinsurers)	268,042	167,233	468,354	903,629

(AMD ths)

2024

	Reinsurer's share in incurred claims and other expenses	Commissions on reinsurance	Changes to reinsurer's share in liabilities for incurred claims	Amounts recoverable from reinsurers (amounts transferred to reinsurers)
Land vehicles insurance (Voluntary)	178,451	-	(18,236)	160,215
Aircraft hull insurance	-	(4,077)	(2,054)	(6,131)
Cargo insurance	172,952	-	(287,789)	(114,837)
Property insurance	-	(1,117)	217,087	215,970
General liability insurance contracts	18,136	401	156,541	175,078
Loan insurance	-	-	2,386	2,386
Finance loss insurance	92,169	34,209	(610,486)	(484,108)
Assistance (Travel) insurance contracts	7,268	-	(4,938)	2,330
Agricultural insurance	21,015	-	(82,060)	(61,045)
Total amounts recoverable from reinsurers (amounts transferred to reinsurers)	489,991	29,416	(629,549)	(110,142)

18. Interest income and expenses

(AMD ths)

2025

2024

Interest income calculated using effective interest rate

Interest income from deposits in banks	988,716	1,059,001
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<i>(AMD ths)</i>	2025	2024
Interest income from investment in securities	122,788	105,755
Total interest income	1,111,504	1,164,756
Interest expense on lease	(23,112)	(20,882)
Total interest expense	(23,112)	(20,882)

19. Reversal of credit loss expense regarding credit loss on financial assets

<i>(AMD ths)</i>	Note	2025	2024
Deposits in banks	7	596	22,223
Investment securities	8	(385)	(159)
Other assets	12	7,252	13,736
Total (credit loss expense) reversal of credit loss expense		7,463	35,800

20. Reinsurance finance income from reinsurance contracts held

<i>(AMD ths)</i>	2025		
	Interest accreted to reinsurance contracts	Net foreign exchange gain (loss)	Reinsurance finance income (expense) from reinsurance contracts held
Accident insurance	-	2	2
Health insurance	-	(753)	(753)
Land vehicles insurance (Voluntary)	64	(69)	(5)
Aircraft hull insurance	-	2,377	2,377
Cargo insurance	147	(259)	(112)
Property insurance	16,230	5,423	21,653
General liability insurance contracts	14	1,248	1,262
Finance loss insurance	23,968	1,909	25,877
Assistance (Travel) insurance contracts	253	-	253
Total	40,676	9,878	50,554

<i>(AMD ths)</i>	2024		
	Interest accreted to reinsurance contracts	Net foreign exchange gain (loss)	Reinsurance finance income (expense) from reinsurance contracts held
Health insurance	-	299	299
Land vehicles insurance (Voluntary)	135	2	137
Aircraft hull insurance	-	(1,796)	(1,796)
Cargo insurance	260	226	486
Property insurance	8,750	(827)	7,923
General liability insurance contracts	5	441	446
Finance loss insurance	71,820	539	72,359
Assistance (Travel) insurance contracts	500	-	500
Agricultural insurance	25	-	25
Total	81,495	(1,116)	80,379

21. Insurance finance expenses for insurance contracts issued

(AMD ths)

	2025		
	Interest accreted to insurance contracts	Net foreign exchange gain (loss)	Insurance finance income (expense) from reinsurance contracts held
Accident insurance	(30)	-	(30)
Health insurance	(363)	-	(363)
Land vehicles insurance (Voluntary)	(154)	-	(154)
Cargo insurance contracts	(164)	-	(164)
Property insurance	(33,814)	47	(33,767)
General liability insurance contracts	(15)	(5)	(20)
Finance loss insurance	(23,968)	-	(23,968)
Assistance (Travel) insurance contracts	(545)	1	(544)
CMTPL insurance contracts	(13,167)	-	(13,167)
Total	(72,220)	43	(72,177)

(AMD ths)

	2024		
	Interest accreted to insurance contracts	Net foreign exchange gain (loss)	Insurance finance income (expense) from reinsurance contracts held
Accident insurance	(50)	-	(50)
Land vehicles insurance (Voluntary)	(340)	(1)	(341)
Cargo insurance contracts	(275)	(1)	(276)
Property insurance	(10,420)	(89)	(10,509)
General liability insurance contracts	(10)	(21)	(31)
Finance loss insurance	(71,880)	-	(71,880)
Assistance (Travel) insurance contracts	(735)	-	(735)
CMTPL insurance contracts	(1,550)	-	(1,550)
Agricultural insurance	(20)	-	(20)
Total	(85,280)	(112)	(85,392)

22. Personnel expenses

(AMD ths)

	2025	2024
Salaries and similar payments	893,392	850,433
Bonuses and additional payments	558,432	338,999
Vacation payments	111,702	82,732
Other payments	59,975	38,074
Total personnel expenses	1,623,501	1,310,238

As at 31 December 2025, salaries in the amount of AMD 610,506 thousand paid to employees of the Company's sales and contracts department are included in insurance service expenses (2024: AMD 604,648 thousand) (see Note 16).

23. Other expenses

<i>(AMD ths)</i>	<u>2025</u>	<u>2024</u>
Repair and maintenance	59,092	75,048
Advertising costs	61,449	111,466
Communications	133,592	126,748
Expenses of short-term leases	21,330	9,060
Taxes, other than income tax, duties	16,026	14,340
Tax liability savings expense	-	82,305
Consulting and other services	34,235	51,214
Security	8,006	8,169
Representative expenses	35,415	23,660
Banking services	52,379	59,294
Office supplies	55,072	84,629
Social cultural events expenses	28,193	49,523
Penalties paid	344	2,087
Membership fees	6,512	6,743
Other expenses	17,699	37,290
Total other expenses	<u>529,344</u>	<u>741,576</u>

24. Income tax expense

<i>(AMD ths)</i>	<u>2025</u>	<u>2024</u>
Current tax expense	(70,000)	-
Deferred tax	(9,058)	(40,121)
Total income tax expense (recovery)	<u>(79,058)</u>	<u>(40,121)</u>

The corporate income tax within the Republic of Armenia is levied at the rate of 18% (2024: 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% (2024: 18%).

Numerical reconciliation between income tax expense/(recovery) and accounting profit (loss) is provided below:

<i>(AMD ths)</i>	<u>2025</u>	<u>Effective rate (%)</u>	<u>2024</u>	<u>Effective rate (%)</u>
Profit (loss) before taxation	503,868		(577,594)	
Income tax	90,696	18	(103,967)	(18)
Net non-taxable income	(11,638)	(2)	63,846	11
Total income tax expense (recovery)	<u>79,058</u>	<u>16</u>	<u>(40,121)</u>	<u>(7)</u>

Deferred tax calculation in respect of temporary differences:

(AMD ths)				2025		
	2024	Recognized in profit or loss	Recognized in other comprehensive income	Net	Deferred tax asset	Deferred tax liability
Cash	(1,110)	339	-	(771)	-	(771)
Deposits in banks	(8,387)	(622)	-	(9,009)	-	(9,009)
Investment securities	(2,195)	1,861	(5,336)	(5,670)	-	(5,670)
Insurance and reinsurance contract assets	(6,500)	(2,390)	-	(8,890)	-	(8,890)
Property, equipment and intangible assets	(65,306)	56,589	-	(8,717)	-	(8,717)
Other assets	16,007	(17,360)	-	(1,353)	-	(1,353)
Insurance and reinsurance contract liabilities	(143,101)	30,179	-	(112,922)	-	(112,922)
Other liabilities	125,866	(12,927)	-	112,939	112,939	-
Tax losses carried forward	64,727	(64,727)	-	-	-	-
Deferred tax asset (liability)	(19,999)	(9,058)	(5,336)	(34,393)	112,939	(147,332)

(AMD ths)				2024		
	2023	Recognized in profit or loss	Recognized in other comprehensive income	Net	Deferred tax asset	Deferred tax liability
Cash	(1,196)	86	-	(1,110)	-	(1,110)
Deposits in banks	(6,965)	(1,422)	-	(8,387)	-	(8,387)
Investment securities	7,595	(256)	(9,534)	(2,195)	-	(2,195)
Insurance and reinsurance contract assets	(18,199)	11,699	-	(6,500)	-	(6,500)
Property, equipment and intangible assets	(53,615)	(11,691)	-	(65,306)	-	(65,306)
Other assets	15,516	491	-	16,007	16,007	-
Insurance and reinsurance contract liabilities	(118,747)	(24,354)	-	(143,101)	-	(143,101)
Other liabilities	125,025	841	-	125,866	125,866	-
Tax loss carryforward	-	64,727	-	64,727	64,727	-
Deferred tax asset (liability)	(50,586)	40,121	(9,534)	(19,999)	206,600	(226,599)

The Company has recognized deferred tax assets for deductible temporary differences because it expects to receive sufficient taxable profits in future periods from which the corresponding deductions can be made.

25. Contingencies***Tax and legal matters***

The taxation system in Armenia is relatively new and is characterised by frequently changing legislation, official announcements and court decisions that are often unclear, contradictory and subject to interpretation. Taxes are due to examinations and interpretations by tax authorities, which have the authority to impose fines and penalties. In the event of a breach of tax legislation, no liabilities for additional taxes, fines or penalties may be imposed by tax authorities once three years have elapsed from the date of the breach.

These circumstances in Armenia could raise tax risks, which are more significant than in other countries.

Management believes that the Company operates in accordance with the requirements of the legislation and has fully complied with its tax obligations, based on the interpretations of tax legislation applicable in Armenia, official pronouncements and court decisions, in relation to which it has not formed a contingent liability. However, the interpretations of the relevant authorities may differ, and if the authorities succeed in enforcing their interpretations, the impact on these financial statements could be material.

Provisions established in connection with lawsuits filed against the Company for compensation are included in the Company's Provision for Filed but Unsettled Claims.

With respect to other lawsuits filed against the Company, the Company's management believes that the liabilities arising from them will not have a material impact on the Company's financial condition or future results of operations.

Therefore, the Company has not made any respective provisions related to such tax and legal matters.

Financial guarantees

As at 31 December 2025, the Company has a loan guarantee provided as security for a loan provided by the Bank to a third party in the amount of AMD 93,000 thousand (2024: either).

Insurance

The insurance industry in Armenia is in a developing state, and many forms of insurance protection common in other parts of the world are not yet generally available. However, as at 31 December 2025, the Company's owned transportation is insured. Until the Company obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Company's operations and financial position.

Starting from 2010, the Company is member of the Armenian compulsory motor insurance bureau (hereinafter “Bureau”). The purpose of the Bureau is to protect injured parties and contribute to the development and stability of the Compulsory motor insurance. The Bureau's member insurance companies perform single, periodic or supplementary payments. The Bureau compensates injured parties through the guarantee fund if:

- the damaged vehicle or the party having signed a Compulsory motor insurance contract on the mentioned vehicle is unknown (in this case, only the damage to the injured parties is compensated),
- damage has been caused as a result of the use of a vehicle, on which a Compulsory motor insurance contract has not been signed,
- the damage has been caused through a stolen vehicle or an illegally owned vehicle without any theft purposes,

- the insurance company having written an insurance contract on the damaged vehicle has been recognized insolvable, if the latter was obliged to compensate for the damage, as well as in other cases set by the law.

26. Transactions with related parties

In accordance with IAS 24 “Related Party Disclosures”, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. For the present financial statements, related parties include shareholders, members of the Company’s Management, as well as other persons and enterprises related to and controlled by them, respectively.

The ultimate controlling party of the Company is the RA citizen Gagik Grigoryan, who is a shareholder of the parent Company.

The Company enters into transactions with related parties in the normal course of business. The said transactions were carried out based on prevailing market conditions and interest rates.

The volumes of related party transactions are as follows:

<i>(AMD ths)</i>	2025		2024	
	Shareholders and related parties	Key management personnel	Shareholders and related parties	Key management personnel
<i>Statement of financial position</i>				
<i>Borrowings issued</i>				
Balance outstanding as at 1 January	-	48,000	-	7,090
Amounts paid	-	(48,966)	-	(4,090)
Amounts received	6,500	3,016	-	45,000
Balance as at December 31	6,500	2,050	-	48,000
<i>Lease liabilities</i>				
Balance as at 1 January	107,529	-	78,289	-
Remeasured during the year	(88,267)	-	33,440	-
Accretion of interest during the year	2,338	-	2,799	-
Repaid during the year	(21,600)	-	(6,999)	-
Balance as at December 31	-	-	107,529	-

<i>(AMD ths)</i>	2025		2024	
	Shareholders and related parties	Key management personnel	Shareholders and related parties	Key management personnel
<i>Statement of profit or loss and other comprehensive income</i>				
Gross premiums	-	3,883	-	3,691
Interest expense on finance lease	(2,388)	-	(2,799)	-
Depreciation cost	(17,435)	-	(18,865)	-

Compensation of key management personnel comprised the following:

<i>(AMD ths)</i>	2025	2024
Salaries and bonuses	527,738	471,004
Total key management compensation	527,738	471,004

27. Fair value measurement

The Company's management determines policies and procedures for periodically measured fair value for unquoted fair value securities measured at other comprehensive income.

Independent valuers are involved in the valuation of significant assets, such as real estate. The inclusion of independent valuers is determined annually by the Company's management.

At each reporting date, the Company's Management analyses the movements in the values of assets and liabilities which are required to be re-assessed as per the Company's accounting policies. For this analysis, the major inputs applied to the latest valuation are obtained by agreeing on the information in the valuation computation with contracts and other relevant documents. The Company, together with external valuers, also compares each of the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

Financial and non-financial assets and liabilities measured at fair value are presented below in accordance with the fair value hierarchy. This hierarchy groups financial and non-financial assets and liabilities into three levels based on the significance of the inputs used in measuring the fair value of financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities,

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices),

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

27.1 Financial instruments that are not measured at fair value

The table below presents the fair value of financial assets and liabilities not measured at their fair value in the statement of financial position and analyzes them by level in the fair value hierarchy, by the class in which the fair value measurement is classified.

<i>(AMD ths)</i>	As at 31 December 2025				
	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Financial assets					
Cash	-	428,807	-	428,807	428,807
Deposits in banks	-	10,783,604	-	10,783,604	10,783,604
Investments securities measured at amortised cost	-	193,389	-	193,389	193,389
Borrowings issued	-	23,551	-	23,551	23,551
Other assets	-	135,575	-	135,575	135,575
Financial liabilities					
Other liabilities	-	1,271,442	-	1,271,442	1,271,442

(AMD ths)

As at 31 December 2024

	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Financial assets					
Cash	-	618,146	-	618,146	618,146
Deposits in banks	-	10,472,533	-	10,472,533	10,472,533
Investments securities measured at amortised cost	-	161,950	-	161,950	161,950
Borrowings issued	-	48,000	-	48,000	48,000
Other assets	-	89,186	-	89,186	89,186
Financial liabilities					
Other liabilities	-	1,629,732	-	1,629,732	1,629,732

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that have a short-term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

Fixed-rate financial instruments

The fair value of fixed-rate financial assets and liabilities carried at amortised cost is estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity. The fair value of those instruments does not differ from their carrying amounts at the reporting date.

27.2 Financial instruments that are measured at fair value

(AMD ths)

As at 31 December 2025

	Level 1	Level 2	Level 3	Total
Financial assets				
Debt securities measured at FVOCI	-	917,025	-	917,025
Total	-	917,025	-	917,025

(AMD ths)

As at 31 December 2024

	Level 1	Level 2	Level 3	Total
Financial assets				
Debt securities measured at FVOCI	-	1,147,828	-	1,147,828
Total	-	1,147,828	-	1,147,828

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

28. Offsetting of financial assets and financial liabilities

As at 31 December 2025 and 2024 the Company does not have financial assets and financial liabilities in the statement of financial position which are presented in net amount or will be offset due to presence of the master netting arrangements or similar agreements.

29. Maturity analysis of assets and liabilities

The following table presents financial assets and liabilities by expected maturity.

(AMD ths)

	31 December 2025						
	Demand and less than 1 month	From 1 to 12 months	Subtotal less than 12 months	From 1 to 5 years	More than 5 years	Subtotal over 12 months	Total
Assets							
Cash	428,807	-	428,807	-	-	-	428,807
Deposits in banks	1,174,154	8,243,447	9,417,601	1,366,003	-	1,366,003	10,783,604
Investment securities	-	14,209	14,209	400,743	695,462	1,096,205	1,110,414
Borrowings issued	-	23,551	23,551	-	-	-	23,551
Other assets	135,575	-	135,575	-	-	-	135,575
	1,738,536	8,281,207	10,019,743	1,766,746	695,462	2,462,208	12,481,951

(AMD ths)

	31 December 2025						
	Demand and less than 1 month	From 1 to 12 months	Subtotal less than 12 months	From 1 to 5 years	More than 5 years	Subtotal over 12 months	Total
Liabilities							
Lease liabilities	12,351	135,863	148,214	59,630	-	59,630	207,844
Other liabilities	1,271,442	-	1,271,442	-	-	-	1,271,442
Net Position	467,094	8,281,206	8,748,300	1,766,746	695,462	2,462,208	11,210,508
Accumulated gap	467,094	8,748,300		10,515,046	11,210,508		

(AMD ths)

	31 December 2024						
	Demand and less than 1 month	From 1 to 12 months	Subtotal less than 12 months	From 1 to 5 years	More than 5 years	Subtotal over 12 months	Total
Assets							
Cash	618,146	-	618,146	-	-	-	618,146
Deposits in banks	-	7,101,855	7,101,855	3,370,678	-	3,370,678	10,472,533

<i>(AMD ths)</i>	31 December 2024						
Investment securities	-	777,841	777,841	356,184	172,350	528,534	1,306,375
Borrowings issued	-	45,000	45,000	3,000	-	3,000	48,000
Other assets	89,186	-	89,186	-	-	-	89,186
	707,332	7,924,696	8,632,028	3,729,862	172,350	3,902,212	12,534,240
<i>Liabilities</i>							
Lease liabilities	63,478	118,617	182,095	239,118	-	239,118	421,213
Other liabilities	1,208,519	-	1,208,519	-	-	-	1,208,519
	1,271,997	118,617	1,390,614	239,118	-	239,118	1,629,732
Net position	(564,665)	7,806,079	7,241,414	3,490,744	172,350	3,663,094	10,904,508
Accumulated gap	(564,665)	7,241,414	10,732,158		10,904,508		

The maturity for insurance contract liabilities and reinsurance assets is determined based on the estimated cash outflows from the recognized insurance liabilities.

Claims that are subject to notification are settled immediately upon receipt of the notification.

30. Insurance and financial risk management

The Company’s activities expose it to a variety of risks, and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risks is core to the financial business, and operational risks are an inevitable consequence of being in business. The Company’s aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company’s financial performance.

The most important types of risk are insurance risk and financial risk, which include credit risk, liquidity risk and market risk.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Company’s strategic planning process.

Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risks; however, there are separate independent bodies responsible for managing and monitoring risks.

Board of Directors

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies and principles.

Management Board

The Management Board has the responsibility to monitor the overall risk process within the Company.

Risk Committee

The Risk Management Unit is responsible for implementing and maintaining risk-related procedures to ensure an independent control process.

30.1 Insurance risk

The principal risk the Company faces under insurance contracts is that actual claims and benefit payments or the timing thereof differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by the careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Company purchases both facultative and obligatory reinsurance as part of its risk mitigation programme. Reinsurance ceded is placed on a proportional basis. The majority of proportional reinsurance is quota-share reinsurance, which is taken out to reduce the overall exposure of the Company to certain classes of business.

Amounts recoverable from reinsurers are estimated based on the outstanding claims reserve and in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance held, to the extent that any reinsurer is unable to meet its obligations. The Company’s placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

30.2 Insurance and reinsurance contracts

Apart from the mentioned risk mitigation policy, to reduce risk exposure, the Company also applies a claims due diligence policy to assess all new and existing claims, regularly reviews claims settlement procedures, and frequently conducts investigations to identify potential fraudulent claims. The Company further enforces a policy of actively managing and promptly pursuing claims in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Company’s risk appetite as decided by management. The overall aim is currently to restrict the impact of a single catastrophic event to approximately 10% of shareholders’ equity, taking into account the reinsurance. The Board may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

Key assumptions

The principal assumption underlying the liability estimates is whether the Company’s future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, expected loss ratios and claim numbers for each accident year. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example, once-off occurrences, changes in market factors such as public attitudes to claiming, economic conditions, as well as internal factors such as portfolio structure, policy conditions and claims handling procedures.

Judgment is further used to assess the extent to which external factors, such as judicial decisions and government legislation, may affect the estimates.

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

However, due to the relatively new insurance market in Armenia, it is difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. The impact of many of the items affecting the ultimate costs of the loss is difficult to estimate. For these reasons, the Company’s management regularly reviews the statistical data, market changes and other factors for a more prudent provisioning.

Analysis of sensitivity

The insurance claims reserves are sensitive to the key assumptions set out above. It has not been possible to determine quantitative sensitivity for some assumptions, such as legislative changes or uncertainties in the valuation process.

The analysis below is performed for possible changes in key assumptions, with other assumptions held constant, and shows the impact on profit before tax. The interdependence of assumptions has a significant impact on determining the ultimate value of claims liabilities, but in order to show the impact of changes in assumptions, the assumptions are changed on an individual basis. It should be noted that changes in these assumptions are not linear.

(AMD ths)

	Change in assumptions in %	Impact on profit before tax	
		Gross of reinsurance	Net of reinsurance
Expected Loss Ratio	+5	(157,258)	(30,283)
	-5	157,258	30,283
Impact of changes in macroeconomic indicators	+1	(41,166)	(25,395)
	-1	41,166	25,395

(AMD ths)

	Change in assumptions in %	Impact on profit before tax	
		Gross of reinsurance	Net of reinsurance
Expected Loss Ratio	+5	(109,044)	(59,602)
	-5	113,263	62,067
Impact of changes in macroeconomic indicators	+1	(32,745)	(18,037)
	-1	37,742	18,037

Claims development table

As required by IFRS 17, in setting claims provisions, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed, which is reflected in the risk adjustment. In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

The Company has not disclosed previously unpublished information about claims development that occurred earlier than five years before the end of the annual reporting period in which it first applies IFRS 17.

The table below shows the estimated cumulative claims, including claims submitted and claims incurred but not submitted, for each subsequent year of the event, as of the reporting date, as well as the cumulative payments.

The gross insurance liabilities for 2025 developed as follows:

<i>(AMD ths)</i>	2020	2021	2022	2023	2024	2025	Total
<i>Current estimate of cumulative claims incurred</i>							
At the end of accident year	7,744,064	10,004,666	8,464,277	9,954,544	10,974,149	9,714,865	56,856,565
One year later	7,427,557	9,304,178	10,232,557	10,769,621	10,697,060	-	48,430,973
Two years later	7,511,599	8,510,077	8,517,970	10,194,243	-	-	34,733,889
Three years later	7,587,977	8,648,936	8,385,860	-	-	-	24,622,773
Four years later	7,599,269	8,403,169	-	-	-	-	16,002,438
Five years later	7,429,883	-	-	-	-	-	7,429,883
Current estimate of cumulative claims incurred	7,429,883	8,403,169	8,368,860	10,194,243	10,697,060	9,714,865	54,825,080
<i>(AMD ths)</i>	2020	2021	2022	2023	2024	2025	Total
<i>Cumulative payments to date</i>							
At the end of accident year	(5,972,848)	(6,797,194)	(7,263,604)	(8,215,529)	(8,782,006)	(6,368,946)	(43,400,127)
One year later	(7,344,266)	(7,579,987)	(8,304,417)	(9,886,812)	(10,037,492)	-	(43,152,974)
Two years later	(7,391,034)	(8,375,251)	(8,375,114)	(10,088,360)	-	-	(34,229,759)
Three years later	(7,414,140)	(8,403,091)	(8,382,159)	-	-	-	(24,199,390)
Four years later	(7,425,432)	(8,403,142)	-	-	-	-	(15,828,574)
Five years later	(7,428,350)	-	-	-	-	-	(7,428,350)
Cumulative payments to date	(7,428,350)	(8,403,142)	(8,382,159)	(10,088,360)	(10,037,492)	(6,368,946)	(50,708,449)
Total gross insurance contract liabilities per the balance sheet	1,533	27	3,701	105,883	659,568	3,345,919	4,116,631

Net insurance liabilities for 2025 are as follows:

<i>(AMD ths)</i>	2020	2021	2022	2023	2024	2025	Total
At the end of accident year	6,780,766	7,746,204	7,909,074	6,943,962	9,501,381	7,578,433	46,459,820
One year later	6,960,508	7,558,853	7,226,713	9,405,517	10,011,425	-	41,163,016
Two years later	6,948,377	7,615,202	8,033,769	9,092,588	-	-	31,689,936
Three years later	6,894,347	7,799,029	7,978,399	-	-	-	22,671,775
Four years later	7,043,504	7,690,449	-	-	-	-	14,733,953
Five years later	6,969,541	-	-	-	-	-	6,969,541
Current estimate of cumulative claims	6,969,541	7,690,449	7,978,399	9,092,588	10,011,425	7,578,433	49,320,835

<i>(AMD ths)</i>	2020	2021	2022	2023	2024	2025	Total
Cumulative payments to date							
At the end of accident year	(5,759,014)	(6,682,114)	(6,919,819)	(7,556,258)	(8,532,652)	(6,296,577)	(41,746,434)
One year later	(6,887,211)	(7,439,756)	(7,903,809)	(9,015,396)	(9,758,738)	-	(41,004,910)
Two years later	(6,932,741)	(7,662,548)	(7,970,640)	(9,052,023)	-	-	(31,617,952)
Three years later	(6,955,392)	(7,690,388)	(7,976,981)	-	-	-	(22,622,761)
Four years later	(6,966,684)	(7,690,439)	-	-	-	-	(14,657,123)
Five years later	(6,968,954)	-	-	-	-	-	(6,968,954)
Cumulative payments to date	(6,968,954)	(7,690,439)	(7,976,981)	(9,052,023)	(9,758,738)	(6,296,577)	(47,743,712)
Total gross insurance contract liabilities per the balance sheet	587	10	1,418	40,565	252,687	1,281,856	1,577,123

30.3 Credit risk

The Company's activities are exposed to credit risk. The main areas where the Company's activities are exposed to credit risk are as follows:

- Debt securities and bank accounts,
- Claims to financial institutions,
- Reinsurer's share in insurance liabilities,
- Claims to reinsurers for claims already paid,
- Claims to policyholders,
- Claims to insurance intermediaries.

In subsequent disclosures of credit risk, the reinsurer's share of the reserve for unearned premiums is not included in reinsurance assets, as it is not a financial asset.

30.3.1 Maximum amount of credit risk

Credit risk is the risk that one party to a financial instrument, an insurance contract issued with an active position, or a reinsurance contract held, may cause losses to the other party as a result of a failure to meet its obligations.

The following policies and procedures are in place to mitigate the Company's credit risk exposure.

The Company has a credit risk policy that assesses and defines what constitutes credit risk for the Company. Compliance with the policy is monitored, and findings and violations are reported to the Company's management. The policy is reviewed regularly to ensure that it remains consistent with changes in the risk environment.

The credit risk associated with financial instruments is monitored by the Company's investment team. Their responsibility is to review and manage credit risk, including environmental risk, for all counterparties. The Company manages and controls credit risk by setting risk limits that it is willing to accept for individual counterparties and by geographic and industry concentration, and by monitoring risks in accordance with those limits. The Company's policy is to invest in high-quality financial instruments that have a low risk of default. In the event of a significant increase in credit risk, the policy dictates that the instrument should be sold and the proceeds reinvested in high-quality instruments.

Reinsurance is provided to counterparties with high credit ratings and risk concentration is mitigated by following a policy of maximum counterparty limits, which is set annually by the board and subject to regular review. The creditworthiness of reinsurers is reviewed annually, reviewing their financial stability prior to the expiration of any contract.

The credit risk of outstanding balances due to non-payment of premiums by customers is retained only during the grace period specified in the contract. Commissions paid to intermediaries are offset against receivables to reduce the risk of default.

30.3.2 Maximum credit risk concentrations

The table below provides information regarding the credit risk exposure of the Company as at 31 December 2025 by classifying assets according to credit ratings of the counterparties set by international rating agencies:

(AMD ths)

	31 December 2025		
	Rated	Not rated	Total
Cash	428,475	332	428,807
Deposits in banks	6,591,963	4,191,641	10,783,604
Investment securities	956,341	154,073	1,110,414
Borrowings issued	-	23,551	23,551
Other assets	-	135,575	135,575
Balance as at 31 December	7,976,779	4,505,172	12,481,951

(AMD ths)

	31 December 2024		
	Rated	Not rated	Total
Cash	280,731	337,415	618,146
Deposits in banks	5,024,997	5,447,536	10,472,533
Investment securities	1,306,375	-	1,306,375
Borrowings issued	-	48,000	48,000
Other assets	-	89,186	89,186
Balance as at 31 December	6,612,103	5,922,137	12,534,240

30.3.3 Risk limit control and mitigation policies

The Company has a credit risk policy setting out the assessment and determination of what constitutes credit risk for the Company. The policy is regularly reviewed for pertinence and for changes in the risk environment.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company’s liability as the primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties’ limits that are set each year by the Board and are subject to regular reviews. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

30.3.4 Impairment and provisioning policies

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition.

The Company considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due.

The Company considers a financial instrument defaulted and, therefore, credit-impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. In such cases, the Company recognises a lifetime ECL.

The Company assesses the possible default events within 12 months for the calculation of the 12mECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal, and the expected loss given default ratio is assumed to be 100%. In rare cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

There has been no significant increase in credit risk or default for financial assets during the year. No collateral is held as security for any past due or impaired assets.

30.4 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and foreign exchange rates. Market risk comprises three types of risk: interest rate risk, currency risk and price risk.

The Company’s market risk policy sets out the assessment and determination of what constitutes market risk for it. Compliance with the policy is monitored, and exposures and breaches are reported to the Company’s risk committee. The policy is reviewed regularly for pertinence and for any changes in the risk environment.

Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders’ liabilities and that assets are held to deliver income and gains needed to meet the Company’s contractual requirements.

30.4.1 Interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument, insurance contract or reinsurance contract will fluctuate because of changes in market interest rates.

There is no direct contractual relationship between financial assets and insurance contracts. However, the Company’s interest rate risk policy requires it to manage the extent of net interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments to support the insurance contract liabilities. The policy also requires it to manage the maturities of interest-bearing financial assets.

The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the net interest income for the period, based on the non-trading financial assets and financial liabilities held at 31 December 2025.

The sensitivity of equity is analysed by revaluing debt financial assets measured at fair value through other comprehensive income. As at 31 December 2025, based on the assumed changes in the yield curve.

(AMD *ths*)

	31 December 2025		
	Change in basis points	Sensitivity of net interest income	Sensitivity of equity
AMD	1	-	(51,865)
AMD	(1)	-	57,010

(AMD ths)

	31 December 2024		
	Change in basis points	Sensitivity of net interest income	Sensitivity of equity
AMD	1	-	(22,939)
AMD	(1)	-	24,287

30.4.2 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The management has set limits on positions by currency.

The tables below indicate the currencies to which the Company had significant exposure as at 31 December 2025 on its non-trading monetary assets and liabilities and its forecast cash flows. The analysis calculated the effect of a reasonably possible movement of the currency rate against the Armenian dram, with all other variables held constant on the income statement (due to the fair value of currency-sensitive non-trading monetary assets and liabilities). A negative amount in the table reflects a potential net reduction in the income statement, while a positive amount reflects a net potential increase.

(AMD ths)

	31 December 2025		31 December 2024	
	Change in currency rate in %	Effect on profit before tax	Change in currency rate in %	Effect on profit before tax
Freely convertible currency	+10	41,046	+10	29,561
Freely convertible currency	-10	(41,046)	-10	(29,561)

The company's foreign exchange risk exposure by financial assets and liabilities is as follows:

(AMD ths)

	31 December 2025			
	Armenian drams	Fully convertible currencies	Non-convertible currency	Total
Assets				
Cash	413,287	15,520	-	428,807
Deposits in banks	10,743,233	40,371	-	10,783,604
Investment securities	914,973	195,441	-	1,110,414
Borrowings issued	-	23,550	-	23,550
Other assets	-	135,575	-	135,575
Total	12,071,493	410,457	-	12,481,950

Liabilities

Other liabilities	1,271,442	-	-	1,271,442
Total	1,271,442	-	-	1,271,442
Net position as at 31 December 2025	10,800,051	410,457	-	11,210,508
Total financial assets	12,237,663	295,606	971	12,534,240
Total financial liabilities	1,629,732	-	-	1,629,732
Net position as at 31 December 2024	10,607,931	295,606	971	10,904,508

Fully convertible currencies represent mainly US dollar amounts, but also include currencies from other OECD countries. Non-convertible amounts relate to currencies of CIS countries, excluding the Republic of Armenia. The reinsurer's share of the unearned premium reserve is not included in reinsurance assets, as it is not a financial asset.

30.5 Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments or insurance contract assets and/or liabilities will fluctuate because of changes in market prices (other than those arising from interest rate or foreign exchange rate risk), whether those changes are caused by factors specific to an individual financial instrument or contract, or by factors affecting all similar contracts or financial instruments traded in the market.

The Company’s price risk exposure relates to financial assets and financial liabilities which values fluctuate as a result of changes in market prices. The Company does not issue any participating contracts. Therefore, there are no insurance or reinsurance contracts that are exposed to price risk.

The Company’s price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, and limits on individual and total equity instruments.

The Company has no significant concentration of price risk

30.6 Liquidity risk

Liquidity risk is related to the Company's ability to repay its financial obligations timely under normal and stressed conditions. To mitigate this risk, the Company raises additional financial resources in addition to its core deposit base, manages assets taking into account liquidity risk, and analyzes future cash flows and liquidity on a daily basis. This also includes estimates of expected cash flows and the availability of highly liquid collateral, which can be used to obtain additional financing if necessary.

The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Company.

The liquidity management of the Company requires considering the level of liquid assets necessary to settle obligations as they fall due; maintaining access to a range of funding sources; maintaining funding contingency plans; and monitoring balance sheet liquidity ratios against regulatory requirements. The Company calculates the liquidity ratio in accordance with the requirements of the Central Bank of Armenia.

The Company made use of IFRS 17 "Insurance Contracts", Article 132, Clause b, i. instead of the repayment analysis required by point "a" of Paragraph 39 of IFRS 7, disclosing information on the estimated dates of net cash outflows arising from recognised insurance and reinsurance liabilities as at 31 December 2025.

Remaining coverage liabilities estimated under the premium allocation approach are excluded from this analysis.

(AMD ths)

	31 December 2025				
	Not later than 1 year	From 1 to 2 years	More than 2 years	Total	Total carrying amount
<i>Insurance contract liabilities</i>					
Accident insurance	13,064	404	-	13,468	14,743
Health insurance	336,065	16,708	-	352,773	352,940
Land vehicle insurance (Voluntary)	50,858	2,119	-	52,977	60,291
Aircraft hull insurance	9,642	-	-	9,642	9,923
Cargo insurance	1,264,067	3,472	-	1,267,539	1,413,181
Property insurance	172,630	369,502	-	542,132	557,554
Voluntary MTPL insurance	2,202	-	-	2,202	3,335
General liability insurance	248,885	217	-	249,102	261,588
Loan insurance	1,071	-	-	1,071	1,085
Finance loss insurance	23,765	775,204	-	798,969	807,936
Assistance (Travel) insurance contracts	5,843	6,943	-	12,786	15,531
CMTPL insurance contracts	481,840	136,818	-	618,658	618,523
Total	2,609,932	1,311,387	-	3,921,319	4,116,630

(AMD ths)

	31 December 2024				
	Not later than 1 year	From 1 to 2 years	More than 2 years	Total	Total carrying amount
<i>Insurance contract liabilities</i>					
Accident insurance	16,437	461	-	16,898	16,868
Health insurance	169,548	5,554	-	175,102	174,739
Land vehicle insurance (Voluntary)	59,115	2,355	-	61,470	61,316
Aircraft hull insurance	2,996	-	-	2,996	2,996
Cargo insurance	1,014,750	2,507	-	1,017,257	1,017,093
Property insurance	313,672	516,878	-	830,550	796,736
Voluntary MTPL insurance	3,279	-	-	3,279	3,279
General liability insurance	287,357	226	-	287,583	287,568
Loan insurance	2,386	-	-	2,386	2,386
Finance loss insurance	81,960	366,374	-	448,334	424,366
Assistance (Travel) insurance contracts	10,108	8,324	-	18,432	17,887

CMTPL insurance contracts	33,749	109,684	-	143,433	130,266
Social health insurance	157,582	-	-	157,582	157,582
Total	2,152,939	1,012,363	-	3,165,302	3,093,082

30.7 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company’s involvement with financial instruments, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Company’s objective is to manage operational risk to balance the avoidance of financial losses and damage to the Company’s reputation with overall cost effectiveness.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Board. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements, including the minimal requirements of the Central Bank of Armenia on internal control system;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation.

Compliance with the Company standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the Company to which they relate, with summaries submitted to the Board.

31. Capital adequacy

The Company maintains an actively managed capital base to cover risks inherent in the business. The Company’s capital is monitored using, among other measures, the rules and ratios established by the Central Bank of Armenia in supervising the Company.

The primary objectives of the Company’s capital management are to ensure that the Company complies with externally imposed capital requirements and that the Company maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders’ value.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, then return capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

Total capital consists of core capital, which comprises charter capital, retained earnings, including current year profit, and general reserve. The other component of total capital is additional capital, which includes revaluation reserves. Total capital is calculated in accordance with the requirements of the Central Bank of Armenia.

The minimum ratio between total capital and required capital set by the Central Bank of Armenia is 100%.

The Company has complied with all externally imposed capital requirements during the period

The Company’s total capital, risk-weighted assets, required capital amounts and calculation of the capital adequacy ratio as at 31 December 2025 and 31 December 2024, calculated in accordance with the CBA requirements, are presented below:

<i>(AMD ths)</i>	31 December 2025	Unaudited 31 December 2024
Core capital	6,813,400	6,063,135
Additional capital	773,111	661,216
Total capital	7,586,511	6,724,351
Required capital	5,278,565	4,678,929
Capital adequacy ratio	144%	144%

As at 31 December 2025, the Central Bank of Armenia has set the minimum required total capital of insurance companies at AMD 1,500,000 thousand.

32. Significant events occurred after the reporting date

The following non-adjusting events with a significant effect occurred after the reporting date but before the financial statements were authorised for issue.

- At the end of 2025, the Government of the Republic of Armenia introduced the State Universal Health Insurance Program, under which certain segments of the population, starting from 2026, are entitled to receive specified medical services, with reimbursement to be made by the Universal Health Insurance Fund. This development may have a significant impact on the demand for health insurance, as well as on pricing and coverage. The Company’s Management continuously performs analyses in the area of health insurance in order to assess the potential financial implications of these changes.
- In February 2026, internationally recognized Austrian groups, GRAWE Group and C-Quadrat Investment Group, became shareholders of the Company, with the respective transaction approved by the Central Bank of the Republic of Armenia. As a result of the transaction, diversification of insurance products, enhancement of service quality, and expansion of the Company’s strategic growth are expected, including in the areas of life insurance and the development of the SME segment.