

**BOARD OF CENTRAL BANK  
OF REPUBLIC OF ARMENIA**

**June 8, 2010**

**number 125-N**

**RESOLUTION**

**ON APPROVING THE DIRECTIVE ON COMPLETING REFERENCE FORMS  
OF FINANCIAL STATEMENTS  
REPORTED BY INSURANCE COMPANIES**

**By virtue of Article 85 (1) of the Republic of Armenia Law on Insurance and Insurance Activities, Article 4 (1) of the Republic of Armenia Law on Accounting, Article 20 (e) of the Republic of Armenia Law on The Central Bank of the Republic of Armenia, Article 16 of the Republic of Armenia Law on Legal Acts, the Board of the Central Bank of the Republic of Armenia decides:**

**1. To approve the Directive on Completing Reference Forms of Financial Statements Reported by insurance companies in accordance with the Appendix (attached).**

**2. Upon entering of this Resolution into force, Resolution No. 180N of June 12, 2007, as approved by the Board of the Central Bank of the Republic of Armenia, on Establishing Directive on Completing Reference Forms of Financial Statements Reported by insurance companies, shall become invalid.**

**3. This Resolution shall enter into force on October 1, 2010.**

**Chairman of the Central Bank of the Republic of Armenia      A. Javadyan**

**11 June, 2010  
Yerevan**

## Appendix

Approved  
Republic of Armenia  
Central Bank Board  
Resolution No 125-N  
June 8, 2010

Approved  
Republic of Armenia  
Finance Minister  
Order No 509-N  
July 30, 2010

Republic of Armenia  
Central Bank Chairman  
----- Artur Javadyan  
11.06.2010

Republic of Armenia  
Finance Minister  
----- Tigran Davtyan  
30.07.2010

### **DIRECTIVE ON COMPLETING REFERENCE FORMS OF FINANCIAL STATEMENTS REPORTED BY INSURANCE COMPANIES**

#### **CHAPTER I. REFERENCE FORMS OF FINANCIAL STATEMENTS AND ATTACHED NOTES SECTION 1. GENERAL PROVISIONS**

1. The current Directive establishes reference forms of financial statements reported by insurance companies, items subject to mandatory disclosure, and instructions on their completion and procedure on delivering their copies to the Republic of Armenia Central Bank (hereinafter referred to as Central Bank).

2 Financial statements of insurance companies incorporate performance indicators of all alienated divisions (branches), including performance indicators of all foreign alienated branches.

3. For the purposes of this Directive, reporting year is the period from January 1 till December 31 inclusive of the respective year.

4. Interim reporting period is the period from January 1 till the last day of the reporting period inclusive. Interim statement on financial results (Form 7) shall also reflect data of the current reporting period.

5. The first reporting year for the newly established insurance companies is the period from the day of receiving license till December 31 inclusive of the respective year.

6. Insurance company under liquidation shall deliver financial statements for the period from the beginning of the year till the beginning of the liquidation process as defined by law.

7. Where license was revoked, insurance company shall deliver financial statements for the period from the beginning of the year till the date when the Central Bank resolution on revocation of license as defined by law enters into force.

8. Financial statements shall be compiled based on analytical and synthetic accounting data.

9. Insurance company may at its discretion expand or compress reporting forms and the attached notes, provided that it stays in line with the requirements of IFRS (international financial reporting standards approved by the International Accounting Standards Committee, international accounting standards, International Financial Reporting Interpretations Committee, or former Standing Interpretations Committee, this Directive and that mandatory items are disclosed.

10. Data in financial statements must be provided in thousands of drams as an integer number. Parenthesized numbers in financial statements denote negative values.

11. When publishing financial statements required items shall be reflected in all reporting forms separately. Each financial statement shall contain disclosure requisites as follows:

- 1) name of the statement;
- 2) reporting date or period for which the statement is compiled;
- 3) insurance company name;
- 4) address;
- 5) presentation format of numerical data;
- 6) signatures of the senior officials.

12. Within 5 days after publication of information subject to mandatory disclosure in accordance with the Law and current Directive, insurance company shall deliver to the Central Bank a copy of the newspaper or magazine and electronic file with all financial statements.

13. Following publication of the annual financial statements with the attached independent auditor's conclusion in manner prescribed by laws and normative legal acts, insurance companies shall within 10 days deliver to the Central Bank explanation of the identified errors inconsistencies, where according to the conclusion of independent auditor, financial statement indicators breach the thresholds of prudential standards, insurance allowances are calculated and presented incorrectly, or the same indicators in other reports vary by 5 and more percent.

## **SECTION 2. ANNUAL FINANCIAL STATEMENTS**

14. Unless provided otherwise by IFRS, annual financial statements of insurance companies shall be compiled based on the principles described below.

15. Annual financial statements publicized by the insurance companies shall include:

- 1) Statement on financial performance (Form No 1) in accordance with Appendix 1;
- 2) Statement on financial results (Form No 2a) in accordance with Appendix 2 and statement on other comprehensive financial results (Form No 2b) in accordance with Appendix 3, or statement on comprehensive financial results (Form No 2c) in accordance with Appendix 4;
- 3) Statement on changes in statutory capital (Form No 3) in accordance with Appendix 5;
- 4) Statement on cash flows, prepared by using direct method specified under IFRS 7 (Form No 4a) in accordance with Appendix 6, or statement on cash flows, prepared by using indirect method specified under IFRS 7 (Form No 4b) in accordance with Appendix 7;
- 5) Notes attached to financial statements (Form No 5) in accordance with Appendix 8;
- 6) Statement on financial performance as of beginning of the earliest compatible period when the organization performs work-back calculation in its accounting policy or make work-back recalculation of the financial statement items, or when it reclassifies items of its financial statements (Form No1 completed for the earliest compatible period).

16. Together with financial statements, insurance companies shall publish summary of

auditor's conclusion.

17. Consolidated financial statements shall be reported where insurance company consolidates financial statements. Insurance company may also publish financial statements separately.

18. Where subject to expansion of financial statement forms, insurance company includes items of the attached notes (Form No5) in other financial statements, it can exclude these items from notes.

19. Insurance company may at its discretion expand or compress reporting forms and the attached notes, provided that it stays in line with the requirements of IFRS and mandatory items defined by this Directive are disclosed.

### **SECTION 3. INTERIM FINANCIAL STATEMENTS**

20. Unless provided otherwise by the IFRS, Annual financial statements publicized by insurance companies are delivered based on the principles defined below.

21. Interim (quarterly) financial statements of insurance companies include:

- 1) interim statement on financial performance (Form No 6) in accordance with Appendix 9;
- 2) Interim statement on financial results (Form No 7a) in accordance with Appendix 10 and statement on other comprehensive financial results (Form No 7b) in accordance with Appendix 11, or statement on comprehensive financial results (Form No 7c) in accordance with Appendix 12;
- 3) Statement on changes in statutory capital (Form No 8) in accordance with Appendix 13;
- 4) Statement on cash flows, prepared by using direct method specified under IFRS 7 (Form No 9a) in accordance with Appendix 14, or statement on cash flows, prepared by using indirect method specified under IFRS 7 (Form No 9b) in accordance with Appendix 15;
- 5) Notes attached to financial statements (Form No 5) in accordance with Appendix 8.

22. Interim financial statements shall be reported in accordance with the periods defined by IAS 34 (International Accounting Standards on Reporting).

23. Where subject to expansion of financial statement forms, insurance company includes items of the attached notes (Form No5) in other financial statements, it can exclude these items from notes. Pursuant to IAS 34, insurance companies may include in interim financial statements selected explanatory notes.

24. Interim financial statements are compiled based on the same accounting policies as the annual financial statements, taking into consideration changes in accounting policies, which took place after the date of the latest annual financial statement and must be reflected in the successive annual financial statements.

### **SECTION 4. STATEMENT ON FINANCIAL PERFORMANCE (FORM No 1; FORM No 6)**

25. Column 3 of the annual financial performance statement (Form No 1) must disclose values of the items listed under column 1 as of the end of the current reporting year; column 4 must disclose the same data as of the end of the previous year. Column 3 of the interim financial performance statement (Form No 6) must disclose values of the items listed under column 1 as of the end of the current interim reporting period; column 4 discloses the same data as of the end of the previous year.

26. Values of the items listed under column 1-ÇÝ must be estimated in accordance with

the IFRSs. Table below discloses the main standards on estimation of the values listed under column 1.

<b>Statement Item</b>	<b>Main Regulating Standard(s)</b>
1.1 Deferred acquisition costs	IFRS4, IAS 39
1.2 Property and equipment and intangible assets	IAS16
1.3 Available-for-sale fixed assets	IAS 39
1.4 Derivative instruments	IAS 39
1.5 Held to maturity current investments	IAS 39
1.6 Receivables and prepayments	IAS 39
1.7 Available-for-sale current financial assets	IFRS 5
1.8 Liabilities on repo agreements	IAS 39
1.9 Financial assets remeasured to fair value, with value changes in profit or loss	IAS 39
1.10 Reinsurance assets	IFRS 4
1.11 Deferred tax assets	IAS 12
1.12 Insurance receivables	IFRS 4
1.13 Receivable interest and dividends	IAS 39
1.14 Cash and cash equivalents	IAS 7
3.1 Share capital	Grounds
3.2 Emission income	Grounds
3.3 Retained earnings (accumulated deficit)	Grounds
3.4 Other comprehensive income	Grounds
3.5 General reserves	Grounds
3.6 Other reserves	Grounds
3.7 Other capital elements	Grounds
4.1 Unearned premium reserve	IFRS 4
4.2 Reserve for claims (losses)	IFRS 4
4.3 Mathematical reserve	IFRS 4
4.4 Other insurance reserves	IFRS 4

4.5 Borrowings and attracted loans	IAS 39
4.6 derivative instruments	IAS39
4.7 Liabilities on repo agreements	IAS 39
4.8 Current securities issued by insurance company	IAS 39
4.9 Other financial liabilities	IAS 39
4.10 Deferred tax liabilities	IAS 12
4.11 Components of insurance and reinsurance contracts	IFRS 4, IAS 39
4.12 Payables on insurance	IFRS 4, IAS 39
4.13 Transferable premiums on insurance	IFRS4, IAS39
4.14 Other payables	Items which were not disclosed under rows 4.1-4.13 must be disclosed, calculations are made in accordance with the respective IFRS.

27. Column 2 in Form 1 and form 6 discloses numbers of explanatory notes to items mentioned in column 1.

28. Insurance company may provide more detailed information in the annual or interim financial statement, if such change is not in contrast with the respective IFRS and is in line with liquidity classification principles of column 1 in Forms 1 and 6.

29. Insurance company may change names of columns and rows in tables of Forms 1 and 6, if such change is not in contrast with the respective IFRS, explaining and justifying the reasons thereof in the footnotes.

## **SECTION 5. STATEMENTS ON FINANCIAL RESULTS, OTHER COMPREHENSIVE FINANCIAL RESULTS AND COMPREHENSIVE FINANCIAL RESULTS (Forms 2a, 2b, 2c and 7a, 7b, 7c)**

30. Column 3 in annual statements of financial results, other comprehensive financial results and comprehensive financial results (Forms 2a, 2b, 2c) disclose end of the reporting year values of items mentioned in column 1, while column 4 discloses the same data as of the end of previous year. Column 3 in interim statements financial results, other comprehensive financial results and comprehensive financial results (Forms 7a, 7b, 7c) disclose end of the respective reporting period values of items mentioned in column 1, while column 4 discloses the same data as of the end of previous year.

31. Values of the annual and interim statements of financial results, other comprehensive financial results and comprehensive financial results listed under column 1 must be estimated in

accordance with the IFRSs.

32. Table below discloses the main standards on estimation of the values listed under column 1 of the statement on financial results (Forms 2a and 7a).

<b>Statement Item</b>	<b>Main Regulating Standard(s) and Calculation Rules</b>
1. Gross premiums	IFRS 4
2. Premiums transferred to reinsurers	IFRS 4
<b>3. Net insurance premiums</b>	“1. Gross premiums” – “2. Premiums transferred to reinsurers”
4. Income on mediatory fees	IAS 39, IAS 18
5. Income on investments	IAS 39, IAS 18
6. Realized income	IAS 39, IAS 18
7. Profits and losses on fair value	IAS 18
8. Other operational income	IAS 18
9. Other income	IAS 18
<b>10. Total income</b>	“3. Net insurance premiums” + “4. Income on mediatory fees” + “5. Income on investments” + “6. Realized income” + “7. Profits and losses on fair value” + “8. Other operational income”
11. Gross indemnity	IFRS 4
12. Indemnity due from reinsurers	IFRS 4
13. Gross changes in technical reserves	IFRS 4
14. Gross changes in the share of reinsurer within technical reserves	IFRS 4
<b>15. Net indemnities</b>	“11. Gross indemnity” – “12. Indemnity due from reinsurers” + “13. Gross changes in technical reserves” – “14. Gross changes in the share of reinsurer within technical reserves”
16. Financial costs	IAS 39, IAS 18
17. Other operational and administrative costs	IAS 18
18. Other costs	IAS 18

<b>19. Total indemnities and other costs</b>	“15. Net indemnities” + “16. Financial costs” + “17. Other operational and administrative costs”
<b>20. Profit before taxation</b>	“10. Total income” – “19. Total indemnities and other costs”
21. Profit tax expenses	IAS12
<b>22. Profit after taxation</b>	“20. “Profit before taxation” – “21. Profit tax expenses”

33. Table below discloses the main standards on estimation of the values listed under column 1 of the statement on other comprehensive financial results (Forms 2b and 7b).

1. Profit after taxation Statement on financial results

	(Forms 2a, 7a), row 22
2. Changes on revaluation of fixed assets	IAS 16
3. Changes on revaluation of intangible assets	IAS 38/36
4. Gains and losses on remeasurement of available-for-sale financial assets	IAS 39
5. Effective part of gains and losses on cash flow hedging operations	IAS 39
6. Gains and losses on recalculation of financial statements of foreign branches	IAS 39
7. Actuary gains and losses on planned indemnities	
8. Profit tax expenses on elements of other comprehensive income	IAS 12

**9. Other comprehensive income after taxation**

“2. Changes on revaluation of fixed assets” + “3. Changes on revaluation of intangible assets” + “4. Gains and losses on remeasurement of available-for-sale financial assets” + “5. Effective part of gains and losses on cash flow hedging operations” + “6. Gains and losses on recalculation of financial statements of foreign branches” + “7. Actuary gains and losses on planned indemnities” – “8. Profit tax expenses on elements of other comprehensive income”

**10. Total comprehensive income after taxation**

“1. Profit after taxation” + “9. Other comprehensive income after taxation”

34. Table below discloses the main standards on estimation of the values listed under column 1 of the statement on comprehensive financial results (Forms 2c and 7c).

<b>Statement Item</b>	<b>Main Regulating Standard(s) and Calculation Rules</b>
1. Gross premiums	IFRS 4
2. Premiums transferred to reinsurers	IFRS 4
<b>3. Net insurance premiums</b>	“1. Gross premiums” – “2. Premiums transferred to reinsurers”
4. Income on mediatory fees	IAS39, IAS18
5. Income on investments	IAS39, IAS18
6. Realized income	IAS39, IAS18
7. Profits and losses on fair value	IAS18
8. Other operational income	IAS18
9. Other income	IAS18

<b>10. Total income</b>	“3. Net insurance premiums”+ “4. Income on mediatory fees” + “5. Income on investments” + ”6. Realized income” + “7. Profits and losses on fair value” + “8. Other operational income”
11. Gross indemnity	IFRS4
12. Indemnity due from reinsurers	IFRS 4
13. Gross changes in technical reserves	IFRS 4
14. Gross changes in the share of reinsurer within technical reserves	IFRS 4
<b>15. Net indemnities</b>	“11. Gross indemnity” – “12. Indemnity due from reinsurers” + “13. Gross changes in technical reserves” – “14. Gross changes in the share of reinsurer within technical reserves”
16. Financial costs	IAS 39, IAS 18
17. Other operational and administrative costs	IAS 18
18. Other costs	IAS 18
<b>19. Total indemnities and other costs</b>	“15. Net indemnities” + “16. Financial costs” + “17. Other operational and administrative costs”
<b>20. Profit before taxation</b>	“10. Total income” – “19. Total indemnities and other costs”
21. Profit tax expenses	IAS12
<b>22. Profit after taxation</b>	“20. “Profit before taxation” – “21. Profit tax expenses”
23. Changes on revaluation of fixed assets	IAS16
24. Changes on revaluation of intangible assets	IAS38/36
25. Gains and losses on remeasurement of available-for-sale financial assets	IAS39
26. Effective part of gains and losses on cash flow hedging operations	IAS39

27. Gains and losses on recalculation of financial statements of foreign branches	IAS39	
28. Actuary gains and losses on planned indemnities		
29 Profit tax expenses on elements of other comprehensive income	IAS12	
<b>31. Other comprehensive income after taxation</b>		“23. Changes on revaluation of fixed assets” + “24. Changes on revaluation of intangible assets” + “25. Gains and losses on remeasurement of available-for-sale financial assets” + “26. Effective part of gains and losses on cash flow hedging operations” + “27. Gains and losses on recalculation of financial statements of foreign branches” + “28. Actuary gains and losses on planned indemnities” – “29. Profit tax expenses on elements of other comprehensive income”
<b>32. Total comprehensive income after taxation</b>		“22. Profit after taxation” + “31. Other comprehensive income after taxation”

35. Columns 3 and 5 of the first quarter interim statements of financial results, other comprehensive financial results and comprehensive financial results (Forms 7a, 7b and 7c) should not be completed and disclosed.

36. Insurance company may at its discretion expand or change names and elements of columns in reporting forms 2,a, 2b, 2c and 7a, 7b, 7c, and the attached notes, if such change is not in contrast with the respective IFRS, explaining and justifying the reasons thereof in the footnotes.

## **SECTION 6. STATEMENT ON CHANGES IN SHARE CAPITAL (FORM 3; FORM 8)**

37. Rows 1-7 of the annual (interim) statement on changes in share capital disclose data for the previous reporting year, while rows 8-14 disclose the same data for the current reporting year.

38. Insurance company may at its discretion expand or change names of columns or rows in Forms 3 and 8, if such change is not in contrast with the respective IFRS, explaining and justifying the reasons thereof in the footnotes.

39. Row “Balance in the beginning of the previous period as of January 1, .....year”

discloses by columns data as of December 31 of the previous year (period).

- 1) Column 2 discloses balance on share capital;
- 2) Column 3 discloses stated balance on buyback of own shares by the insurance company;
- 3) Column 4 discloses net value of share capital (Table 1 – Table 2);
- 4) Column 2 discloses balance on general reserve;
- 5) Column 6 discloses balance on emission income. Emission loss is disclosed in brackets.
- 6) Column 7 discloses retained earnings 7 (loss is disclosed in brackets);
- 7) Column 8 discloses gains (losses) on re-measurement of available-for-sale financial assets;
- 8) Column 9 discloses effective part of gains and losses on cash flow hedging operations;
- 9) Column 10 discloses gains and losses on recalculation of financial statements of foreign branches;
- 10) Column 11 discloses changes on revaluation of fixed assets and intangible assets;
- 11) Column 12 in Form 3 discloses balance on interim dividends;
- 12) Column 13 in Form 3 and column 12 in Form 8 disclose the total of balance on derivative instruments carried as share capital instruments and other share capital elements not included in this statement (parenthesized numbers in financial statements denote negative values);
- 13) Column 14 in Form 3 discloses total (column 4 + column 5 + column 6 + column 7 + column 8 – column 9 + column 10 + column 11 - column 12 + column 13);
- 14) Column 13 in Form 8 discloses total (column 4 + column 5 + column 6 + column 7 + column 8 – column 9 + column 10 + column 11 + column 12);

40. Row “1.1. Impacts of Changes in Accounting Estimates” discloses by columns the adjusted values of stated value, resulting from changes in accounting estimates as in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”. Total value of each column is provided under the column “Total”. Parenthesized numbers denote negative values.

41. Row “Recalculated balance” discloses totals of values provided in rows “1. Balance in the beginning of the previous period as of January 1, .....year” and “1.1. Impacts of Changes in Accounting Estimates”.

42. Row “4. Shares on operations with shareholders, including:”:

- 1) Column 2 discloses balance on capital decrease resulting from formation of share capital, further issuance of shares, other growth of share capital (at the expense of other elements of share capital) and redemption of bought back shares (parenthesized numbers denote negative values);
- 2) Column 3 discloses balance on capital decrease resulting from buyback of shares, other growth of bought back capital, sale or redemption of bought back capital and other decrease of bought back capital (parenthesized numbers denote negative values);
- 3) Column 4 discloses balance on columns 1 and 2 (parenthesized numbers denote negative values);
- 4) Column 5 discloses balance on share capital growth on general reserve and other operations with shares;
- 5) Column 6 discloses balance on growth and decrease of emission income resulting from formation of share capital, further issuance of shares, sale or redemption of bought back capital and growth of share capital on emission income;
- 6) Column 7 discloses balance on growth and decrease of retained earnings resulting from growth of share capital on retained earnings and other operations with shareholders;
- 7) Column 12 discloses balance on changes in other elements of share capital resulting from

other operations with shareholders;

8) Column 11 discloses total of columns 4, 5, 6, 7 and 12.

40. Rows 3.1 and 3.2 disclose breakdown of the values provided in row 3 by growth and decrease of share capital. The statement may provide breakdown of additional rows for the items, which are significant for the reporting insurance company, with indication of the name and value of the item.

41. Columns 7 and 13 of the row "4. Net gain (losses) or the previous year (period)" discloses change in retained earnings resulting from net gain or loss of the previous year.

42. In row "5. internal flows, including:"

1) Column 5 discloses balance on growth of general reserve due to retained earnings and decrease of general reserve due to allowance against emission loss and accumulated repayment (parenthesized numbers denote negative values);

2) Column 6 discloses decrease of emission loss due to covering emission losses from retained earnings, general reserve as well as other elements of share capital;

3) Column 7 discloses balance on growth of value due to remeasurement, i.e. growth of earnings (decrease of accumulated losses) due to translation to retained earnings and coverage of accumulated losses from general reserve, and decrease of retained earnings due to coverage of emission losses and allowance to general reserve, as well as corresponding amount of retained earnings with other elements of share capital (parenthesized numbers denote negative values);

4) Columns 8-11 disclose the decrease in value due to revaluation on translation of retained earnings;

5) Column 11 discloses the amount of internal flow of other elements within share capital;

6) Column 13 discloses total of columns 5, 8-11 and 12.

43. Rows 5.1, 5.2, 5.3, 5.4, 5.5 include the most significant items provided in row 8. The statement may provide breakdown of additional rows for the items,

which are significant for the reporting insurance company, with indication of the name and value of the item.

44. In row "6. Allocated Dividends":

1) Column 5 discloses the decrease in general reserve due to declaration of dividends (on preference shares);

2) Column 7 discloses the decrease in retained earnings due to declaration of dividends;

3) Column 12 discloses total of columns 5 and 7.

45. Row 9 shall be completed in the same way as the row "1. Balance in the beginning of the previous period as of January 1, .....year"

46. Table 2 shall be completed in the same way as Table 1.

## **SECTION 7. STATEMENT ON CASH FLOWS (DIRECT METHOD) (FORM 4a, FORM 9a)**

47. According to IFRS 7, cash flow statements prepared by direct method present main

types of aggregate cash flows and aggregate cash payments. They disclose cash inflows and outflows from operational, investment and financial operations (including unusual events) in Armenian dram or dram equivalent (hereinafter referred to as cash) as reflected in vault and bank accounts of insurance company, balances as of the beginning and end of reporting period, as well as growth or decrease of cash and cash equivalents due to currency exchange rate differences.

48. Section “Net Cash Flows on Business Operations” discloses net cash flows on main business operations and other activities of insurance company, excluding net cash flows on investment and financial operations.

49. Section “Net Cash Flows on Investment Operations” discloses net cash flows on acquisition of long-term assets and other investments, which are not included in cash equivalents.

50. Section “Net Cash Flows on Financial Operations” discloses net cash flows on such operations, which lead to changes in the size and structure of insurance company’s share capital and borrowed funds.

51. Cash flows resulting from foreign exchange operations shall be presented in accounting currency of insurance company, by using the effective exchange rate of the day of operation.

52. Columns 2 and 3 of the annual cash flow statement disclose the respective data of the reporting and previous periods. In case of interim statement, columns 2 and 3 disclose respectively data from the beginning of the current year till the reporting date and from the beginning of the previous year till the reporting date.

53. Row “Cash balance as of the beginning of the year” discloses cash carryover from the previous period.

#### **54. Cash Inflows on Business Operations**

1) Row “Received Premiums” discloses total cash (premiums) received on direct insurance and reinsurance contracts and committed reinsurance risks.

2) Row “Proceeds on Reinsurance Operations” discloses cash received on risks transferred to reinsurance.

3) Row “Proceeds on Other Business Operations” discloses total cash proceeds on sale of inputs, perishable goods, leasing, interest on investment of cash equivalents, penalties, fines, recovery of written off receivables, liquidation of damages and unusual events.

4) Row “Total Proceeds on Business Operations” presents the sum of proceeds on all business operations.

#### **55. Cash Outflows on Business Operations**

1) Row “Paid Insurance Indemnities” discloses cash outflows on indemnities paid by insurance company against life and non-life insurance and on payments of insurance covers.

2) Row “Transferred Reinsurance Premiums” discloses cash outflows on risks transferred by insurance company to reinsurance.

3) Row “Expenses on Preventive Measures” discloses cash spent by insurance company for financing preventive measures against accidents, fire, etc.

4) Row “Payments to Employees and on their Behalf” discloses salaries and wages paid to employees, contributions to mandatory social insurance fund of employees, including ensuing fines and penalties.

- 5) Row "Imprest Amounts" discloses cash provided to employees for performance of company business operations.
- 6) Row "Payments to Budget" discloses taxes, duties, penalties and fines accrued against them, and other budgetary payments of insurance company.
- 7) Row "Other Operational Costs" discloses cash payments on other business operations of insurance company.
- 8) Row "Total Operational Costs" discloses the sum of cash outflows on business operations of insurance company.

56. Row "Net Operational Cash Flows" discloses balance on operational cash inflows and outflows (parenthesized numbers denote negative values).

#### **57. Cash Inflows on Investment Operations**

- 1) Row "Sale of Tangible and Intangible Assets" discloses proceeds of insurance company on sale of tangible and intangible assets.
- 2) Row "Operations with Financial Assets" proceeds on sale of share capital instruments of other persons (shares, equity, stock), debt securities of other persons (bonds, promissory notes), repayment of loans provided to other persons and repayment of receivables on leasing (instruments, which are considered cash equivalents, or are held for dealing or trade purposes, are not included in this item).
- 3) Row "Received dividends and Interest" discloses dividends on investments in associates, mutually controlled entities and affiliates and interest received on loans, financial assets, current and non-current investments.
- 4) Row "Proceeds on Other Investment Operations" discloses total proceeds on other investment operations.
- 5) Row "Total Proceeds on Investment Operations" discloses total proceeds on investment operations.

#### **58. Cash Outflows on Investment Operations**

- 1) Row "Acquisition of Non-Current Tangible Assets and Intangible Assets" discloses costs paid by insurance company on acquisition or creation of non-current tangible assets and intangible assets.
- 2) Row "Acquisition of Financial Assets and Provision of Loans" discloses costs paid by insurance company on sale of share capital instruments of other persons (shares, equity, stock), debt securities of other persons (bonds, promissory notes), repayment of loans provided to other persons and repayment of receivables on leasing (instruments, which are considered cash equivalents, or are held for dealing or trade purposes, are not included in this item).
- 3) Row "Costs on Other Investment Operations" discloses total costs on other investment operations.
- 4) Row "Total Costs on Investment Operations" discloses total costs on investment operations.

59. Row "Net Costs on Investment operations" discloses balance on investment operations cash inflows and outflows (parenthesized numbers denote negative values).

#### **60. Cash Inflows on Financial Operations**

- 1) Row "Issuing and Sale of Share Capital Instruments" discloses total proceeds on sale (resale) of share capital instruments (shares, equity, stock) issued (bought back) by insurance company.
- 2) Row "Received Loans and Credits" discloses proceeds on loans and credits received from other companies.
- 3) Row "Proceeds on Other Financial Operations" discloses total proceeds on other financial

operations.

4) Row "Total Proceeds on Financial Operations" discloses total proceeds on financial operations.

### **61. Cash Outflows on Financial Operations**

1) Row "Repayment of Loans and Credits" discloses costs on received loans and credits, issued debt securities and financial leasing.

2) Row "Paid Dividends and Interest" discloses dividends paid by insurance company to shareholders and interest paid on the attracted loans (including payments on leasing).

3) Row "Costs on Other Financial Operations" discloses total costs on other financial operations.

4) Row "Total Costs on Financial Operations" discloses total costs on financial operations.

62. Row «Total Cash Flows on Financial Operations discloses balance on cash inflows and outflows on financial operations (parenthesized numbers denote negative values).

63. Row "Total Net Cash Flows" discloses the sum of rows "Net Cash Flows on Business Operations", "Net Cash Flows on Investment Operations" and "Net Cash Flows on Financial Operations" (parenthesized numbers denote negative values).

64. Row "Foreign Currency Exchange Rate Differences" discloses net exchange rate differences arising from translation of cash in vaults and bank accounts and dram equivalents of foreign exchange of insurance company (parenthesized numbers denote negative values). Amounts disclosed in this item are not deemed cash flows.

65. Row "Cash Balance as of the End of Reporting Period" discloses cash balance as of the last day of the reporting year (period), which is the sum of rows "Cash Balance as of the Beginning of the Year", "Total Net Cash Flows", "Foreign Currency Exchange Rate Differences" and "Internal Flows".

## **SECTION 7. STATEMENT ON CASH FLOWS (INDIRECT METHOD) (FORM 4b, FORM 9b)**

66. According to IFRS 7, cash flow statement based on indirect method is prepared by adjusting profit of insurance company with the amounts included in calculation of profit in the reporting period, which do not reflect cash flows and by the amounts, which reflect cash flows, but were not included in profit calculation.

67. Column 2 in the report discloses respective values of the items provided under column 1 for the current reporting period, while column 3 discloses respective values of the items provided under column 1 for the previous reporting period. In particular:

1) Row 1 discloses the value provided under item 20 "Profit before Taxation" of the statement on financial results or statement on comprehensive financial results for the respective period;

2) Rows 2, 3 and 4 disclose respectively depreciation charges on fixed assets, intangible assets and deferred expenses recognized in the current period;

3) Row 5 discloses in brackets growth of receivables on insurance and decrease as a positive value;

4) Row 6 discloses in brackets growth of reinsurance assets recognized in financial performance statement and decrease as a positive value;

5) Row 7 discloses in brackets growth of assets related to business operations recognized in financial performance statement and decrease as a positive value;

6) Rows 8 and 9 disclose in brackets respectively payables on insurance and decrease in

technical reserve and growth as a positive value;

7) Row 10 discloses in brackets decrease of other liabilities related to financial performance statement and decrease as a positive value;

8) Row 11 discloses total of values provided in rows 2-10 (parenthesized values must be deducted from totals);

9) Row 12 discloses capital expenses of the current reporting period;

10) Row 13 discloses investments of the current reporting period;

11) Row 14 discloses in brackets growth of assets related to investment operations and decrease as a positive value;

12) Row 15 discloses total of values provided in rows 12-14 (parenthesized values must be deducted from totals);

13) Row 16 discloses in brackets decrease in loan repayments and other payables and growth as a positive value;

14) Row 17 discloses in brackets payment of dividends in the current reporting period;

15) Row 18 discloses cash and cash equivalent on sale of shares, while cash paid on buy back shares and their equivalent is in brackets;

16) Row 19 discloses in brackets decrease of liabilities on financial operations and growth as a positive value;

17) Row 20 discloses total of values provided in rows 16-19 (parenthesized values must be deducted from totals);

18) Row 21 discloses in brackets gains due to exchange rate fluctuations included in profit and decrease as a positive value;

19) Row 22 discloses total of values provided in rows 1, 11, 15, 20 and 21 (parenthesized values must be deducted from totals).