



ZINAPAH[®]

NATIONAL FOUNDATION FOR
SERVICEMEN INSURANCE

UNITED FOR OUR SOLDIERS...

2023 Q1 Report

zinapah.am



DONATE



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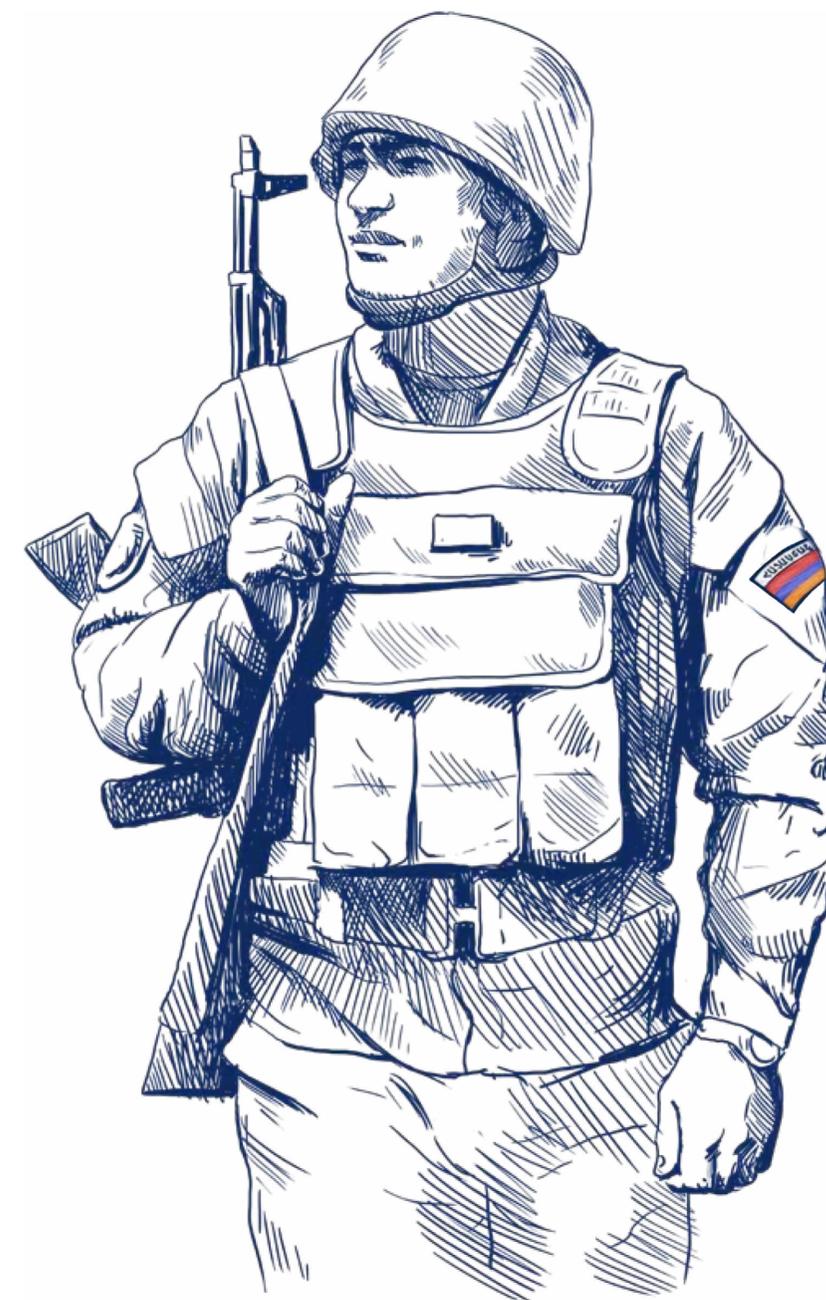
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*Auditor's report will be published beginning of Q2, 2023. The financial part of 2022 Annual report will be adjusted based on 2022 Auditor results.



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Nare Atomyan
Admin Assistant



ZINAPAH was founded in 2017 to provide stable, equitable compensation for the well-being of fallen, missing, and 1st and 2nd group disabled soldiers and their families while defending the homeland and its borders for the peace and security of future generations. ZINAPAH is a non-political institution that operates according to the **Law**. It is a unique foundation in the region where every working citizen in Armenia and Artsakh is required to make mandatory contributions from their salaries. ZINAPAH represents a pan-Armenian effort to provide financial well-being for those who have sacrificed their lives for the security of Armenia.

ZINAPAH funds are generated from:

- ✔ **Mandatory monthly payments** of taxpayers in Armenia and Artsakh (based on the amount of income from 1,500-15,000 AMD per month)
- ✔ **Voluntary donations** received in Armenia from all over the world
- ✔ ZINAPAH Asset management

ZINAPAH is governed by an independent Board of Trustees (BoT), highly regarded professionals with stellar reputation and expertise in Finance & Banking, Business, Crisis Management, Fundraising, and Asset Management. ZINAPAH is operated by a highly motivated and experienced Executive Team of young professionals. ZINAPAH Website provides the possibility to see both total funds from mandatory payments and donations, as well the list of beneficiaries' compensations. The CEO Quarterly, Annual reports and the Annual Audit report by one of the top 10 worldwide known audit firms are also being published on ZINAPAH website.



MISSION

To unite the nation to stand by the servicemen and their families to ensure financial stability and dignified life for them.



VISION

To be a socially responsible foundation for servicemen which incorporates mandatory and voluntary insurance components.



VALUES

TRANSPARENCY, ACCOUNTABILITY, INTEGRITY

Today, it is our duty to stand by the fallen, missing, and disabled soldiers and their families...



Karine Sarkissian
ZINAPAH CEO

After the 2020 war, 2021 was a year of crisis management for ZINAPAH operationally and structurally. 2022 was a year of recovery in terms of buffering, managing assets, and making monthly regular compensations while restructuring and institutionalizing the ZINAPAH as an organization to focus on its core function as a financial organization. The 2022 September 12-13 war escalation added liabilities to ZINAPAH for 230 beneficiaries. From 2017-2022 ZINAPAH recorded about 117.5B AMD income mainly from mandatory payments, donations, and asset management and made compensations worth 71.0B AMD. In 2023 we will continue ZINAPAH development path.

While we hope for peace in the region, it is not clear what new challenges ZINAPAH and our community will face. 2023 will continue to be a year of organizational sustainable development and institutionalization serving in the most complex and uncertain challenging environment.

2023 will be a year for transition into a mature institutionalized organization for ZINAPAH, with the Team members' personal development and growth to serve its beneficiaries. ZINAPAH will remain dedicated to addressing the challenges our beneficiaries face within our power to change. With the support of each and every mandatory stamp payer in Armenia and Artsakh and our donors, ZINAPAH will continue to impact a meaningful change in Armenia.

We will continue to grow with the support of our government and other stakeholders, donors, and partners and make a positive change in ZINAPAH community.



ZINAPAH Operations for Fiscal Year (FY) 2017 – 2023 Rolling Estimate (RE)



As per the 2023 actuals and the rest of the year rolling estimate, it is forecasted that ZINAPAH will record growth in income of approximately 17%, at about 163.4B AMD due to the strong increase of the mandatory payments of 18%, asset management income growth of 18% and despite the decline in donations by -25%. Total expenses are expected to decline by -5% to 16.3B AMD and the compensations are expected to decline by -5% as the monthly payments are expected to be the big chunk of the compensations.

In 2023, the portion of Foundation income attributable to mandatory payments is estimated to remain at 90% as in 2022. The Asset Management income and the donations income still will remain unchanged at 8% and 1% respectively.

ZINAPAH expenses have declined by -5% vs PY and the compensation decline of -5% is explained by the low level of estimated cases, hence lump-sum payments if all remains the same. The administrative expense growth of 26% is lower than the projected budget of 33%. It is explained by the increase in the service fee of the outsourcing services, staff headcount cut-related payments in Q1, and salary adjustment in general and related to resuming the stamp payment return in-house service.

BIL, AMD	2017	2018	2019	2020	2021	2022	2023 RE	2017-2023 RE	2023 vs. PY	Contr. to Mix 2022	Contr. to Mix 2023
Mandatory Payments	5.9	7.4	8.5	9.1	29.1	35.3	41.5	136.8	18%	90%	90%
Donations	0.1	0.1	0.1	7.0	1.3	0.5	0.4	9.5	-25%	1%	1%
Kamurj*	-	-	-	1.0	1.5	0.2	0.2	3.0	-3%	1%	1%
CBA**	-	-	-	-	0.3	-	-	0.3	-100%	0%	0%
Asset Management	0.2	0.8	1.6	2.4	1.8	3.3	3.8	13.9	18%	8%	8%
Other Income	-	-	-	-	-	-	-	0.0	-100%	0%	0%
Total Income	6.2	8.3	10.2	19.5	34.0	39.3	46.0	163.4	17%	100%	100%
Compensations	0.4	0.4	0.8	8.0	44.5	16.8	16.0	87.0	-5%	98%	98%
Admin Expenses	-	-	-	-	-	0.2	0.3	0.6	26%	1%	2%
CapEx	-	-	-	-	0.1	0.0	0.0	0.1	-6%	0%	0%
OpEx	-	-	-	-	0.1	0.0	0.0	0.2	27%	0%	0%
Other	-	0.0	0.0	-	-	-	-	0.0		0%	0%
Total Expenses	0.4	0.4	0.8	8.0	44.7	17.1	16.3	87.9	-5%	100%	100%

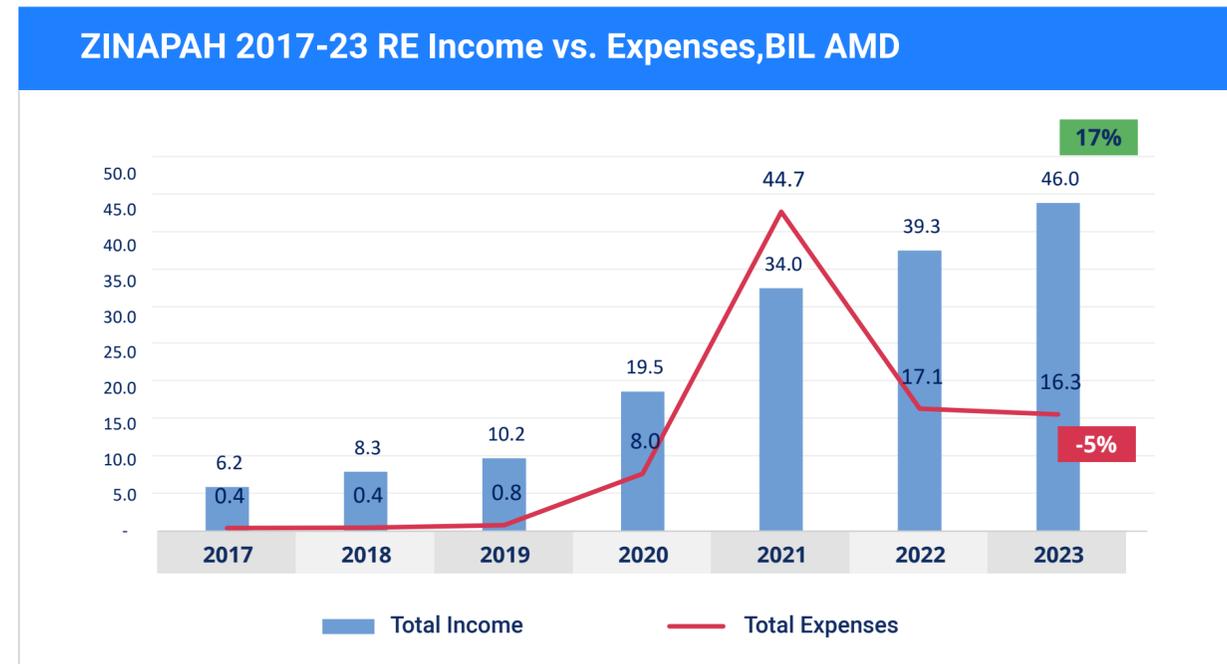
* - **Kamurj** – A program financed by the RA government to give compensation to servicemen who are severely injured or are missing in action before becoming ZINAPAH beneficiaries. For these veterans, compensation is provided for 27 months in the amount of 300,000 AMD.

** - **Central Bank of Armenia Contribution (CBA)** – All the expenses made during 2021 were financed by the Central bank of Armenia. The funding is regulated by law and has been previously approved by the CBA board.



ZINAPAH Operations for Fiscal Year (FY) 2017 – 2023 Rolling Estimate (RE)

ZINAPAH total income is estimated to grow by 17% and the total expenses are estimated to shrink by -5% for 2023 vs 2022.



Salary Range	up to 100,000 AMD		100,001-200,000 AMD		200,001-500,000 AMD		500,001-1,000,000 AMD		1,000,001 AMD and more		Total Dec 2022	
	# of Employees	Stamp Payment	# of Employees	Stamp Payment	# of Employees	Stamp Payment	# of Employees	Stamp Payment	# of Employees	Stamp Payment	# of Employees	Stamp Payment
000 000	0.222	333	0.198	595	0.183	1,006	0.065	556	0.038	574	0.707	3,063
December 2022 vs December PY	0%	0%	1%	1%	12%	12%	23%	23%	48%	48%	7%	15%

2023 is expected to have a stable income portion of 90% as in 2022, attributable to a mandatory payments explained by the following factors:

- Increase in the total number of employed population by 6%, 699K*
- Increase in number of companies by 12%, 64.1K*
- Increase in the average salary size by 21%, up to 250.1K* AMD
- Increase in the number of employees with salary range of 1 mln and above stamp payments by 48%, as per the State Revenue Committee official report:

On the contrary, the portion of donations is expected to decline by -25% which is an organic slowdown given that no investments were made to support the donor base, as well as the after-the-war organic declining trend.

*Source: Armstat.am, the comparison is done 2022 vs 2021 YTD October period



As of Q1 2023 vs PY results ZINAPAH recorded growth in income approximately by 24%, at about 11.8B AMD due to the strong increase in mandatory payments of 18%, asset management income growth of 173%, and despite the decline in donations by -53%. Total expenses increased by 7% to 3.9B AMD and the compensations increased by 7% as the monthly payments were the big chunk of the compensations.

In 2023 Q1, the portion of ZINAPAH income attributable to mandatory payments was 89%. The portion of income attributable to asset management increased to 10% with +6 pts, and the portion of donations income fell down to 1% in the mix, by -1 pts.

In Q1 2023 the ZINAPAH expenses increased by 7%. The administrative expense growth of 21% is lower than the projected budget of 33% for the year and the increase is explained by the increase in the service fee of the outsourcing services, staff headcount cut-related payments in Q1, and salary adjustment in general, as well as related to the stamp payment return in house service provision.

BIL, AMD	Q1 2022	Q1 2023	Q1'23 vs. Q1'22	Contr. to Mix Q1'22	Contr. to Mix Q1'23
(AMD)					
Mandatory Payments	8.9	10.5	18%	94%	89%
Donations	0.5	0.1	-53%	2%	1%
Kamurj*	-	0.1		0%	1%
CBA**	-	-		0%	0%
Asset Management	0.4	1.1	173%	4%	10%
Other Income	-	-		0%	0%
Total Income	9.5	11.8	24%	100%	100%
Compensations	3.6	3.9	7%	99%	98%
Admin Expenses	0.1	0.1	21%	1%	2%
CapEx	0.00	-	-100%	0%	0%
OpEx	0.00	0.01	59%	0%	0%
Total Expenses	3.7	3.9	7%	100%	100%

* - **Kamurj** - A program financed by the RA government to give compensation to servicemen who are severely injured or are missing in action before becoming ZINAPAH beneficiaries. For these veterans, compensation is provided for 27 months in the amount of 300,000 AMD.

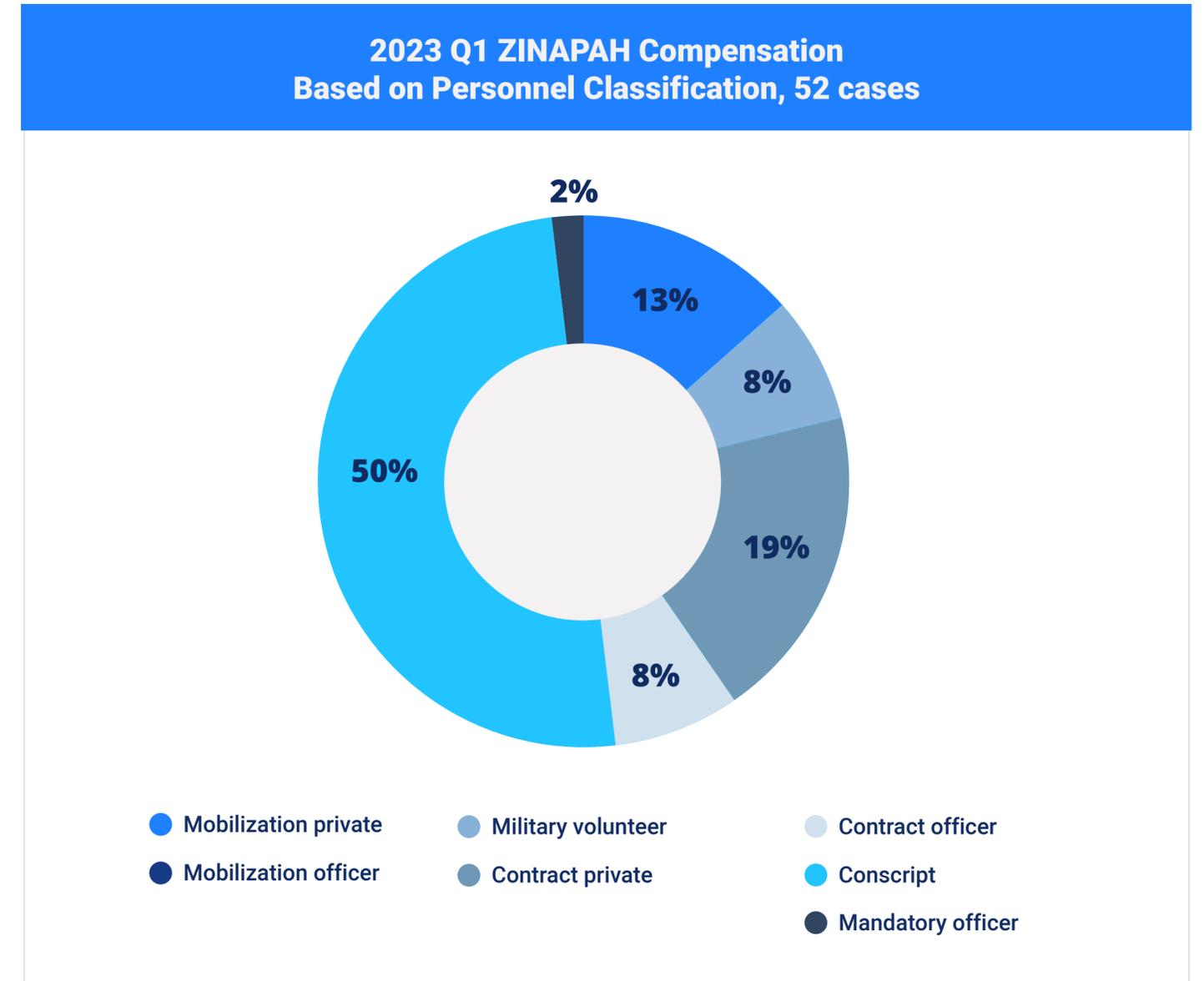
** - **Central Bank of Armenia Contribution (CBA)** - All the expenses made during 2021 were financed by the Central bank of Armenia. The funding is regulated by law and has been previously approved by the CBA board.

- ✔ **30% of mandatory payments** are expected in **2023**
- ✔ **4% of donations** are expected in **2023**
- ✔ **28% of the asset management income** is expected to be contributed in **2023**
- ✔ **18% of compensations** are expected to be paid in **2023**

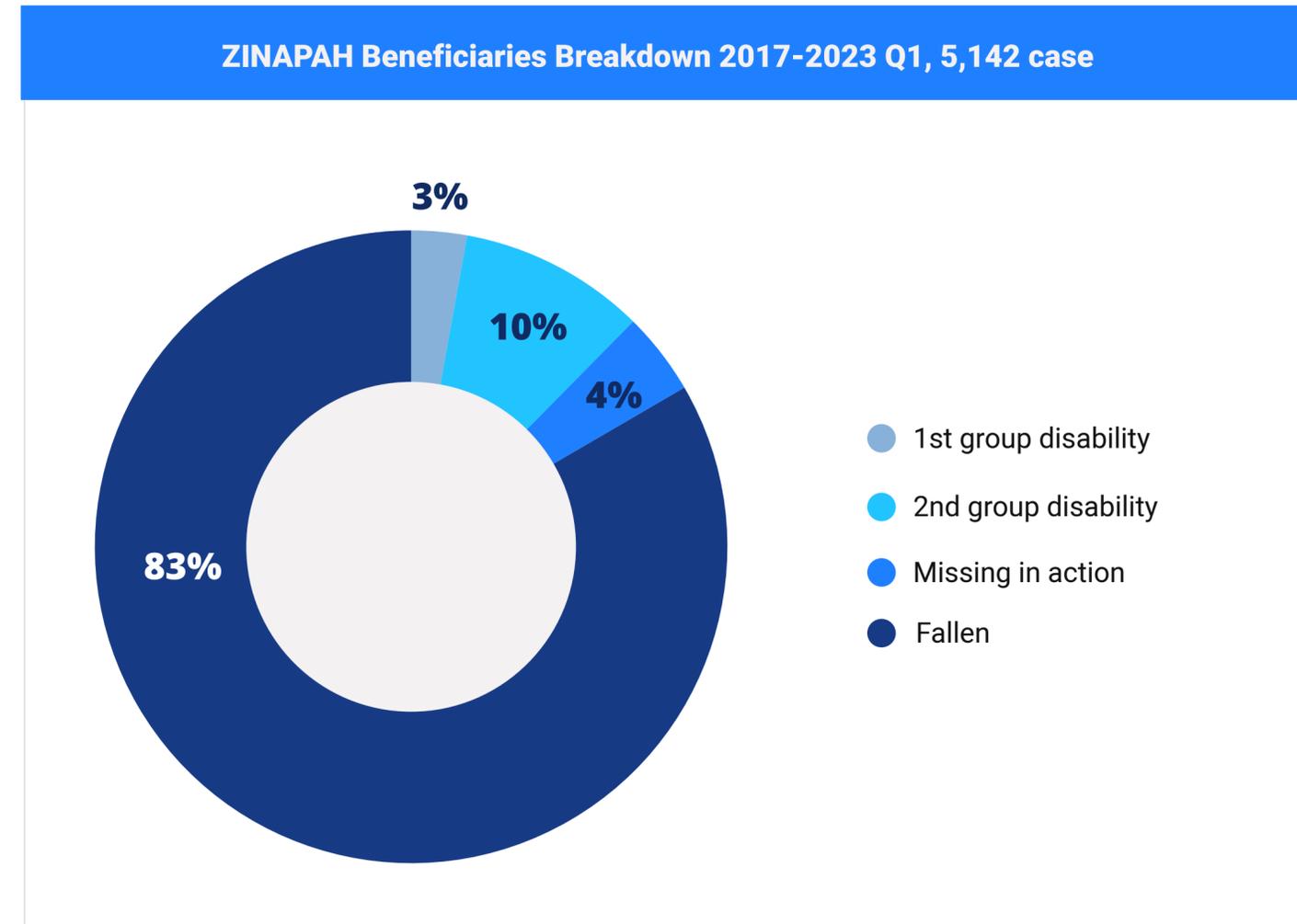
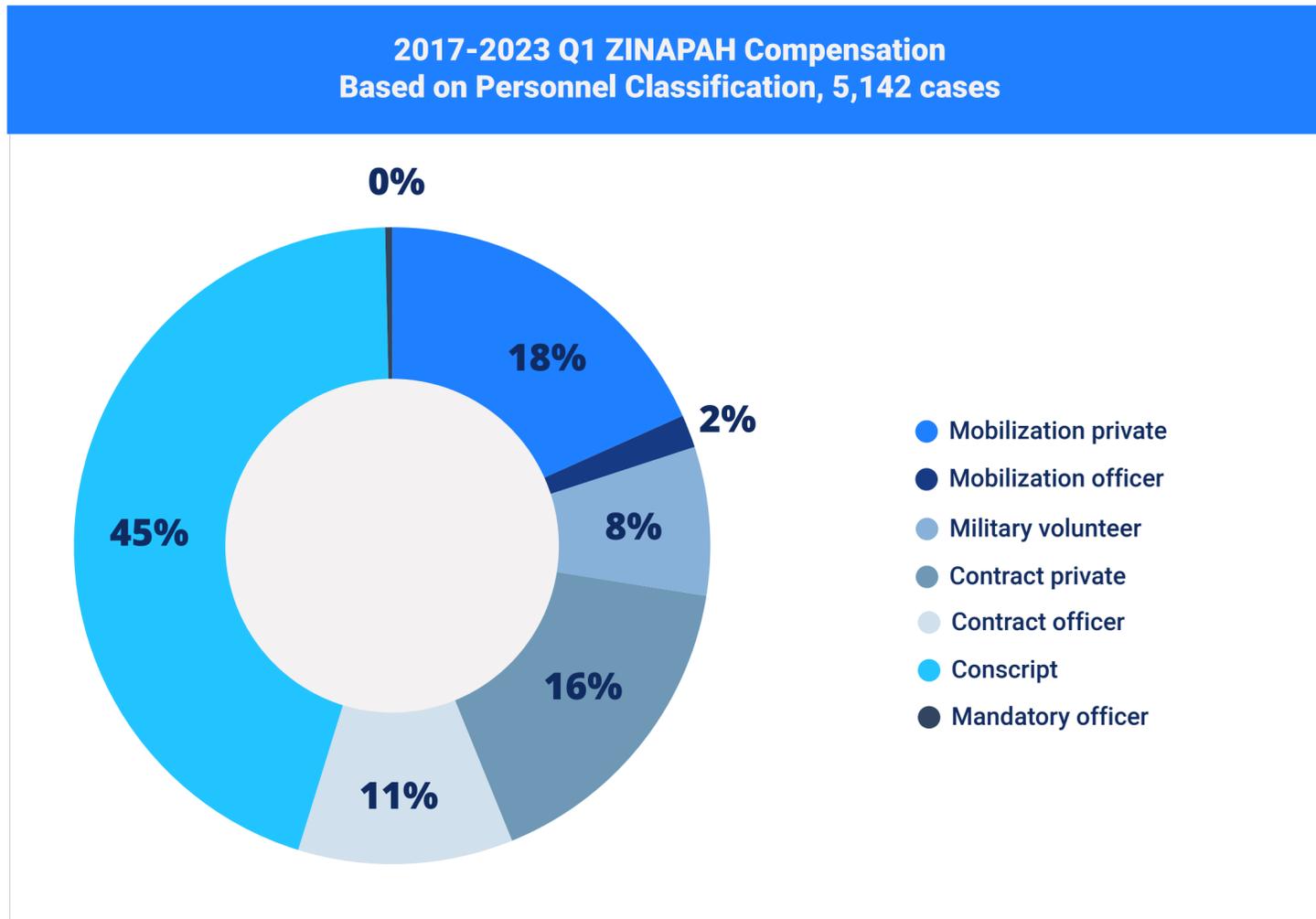
'000 000 AMD	2022	2023 RE	2017-2023 RE	% Contr. 2023
Mandatory Payments	35.27	41.53	136.79	30%
Donations	0.51	0.38	9.46	4%
Asset Management	3.26	3.84	13.91	28%
Compensations	16.85	16.01	87.00	18%

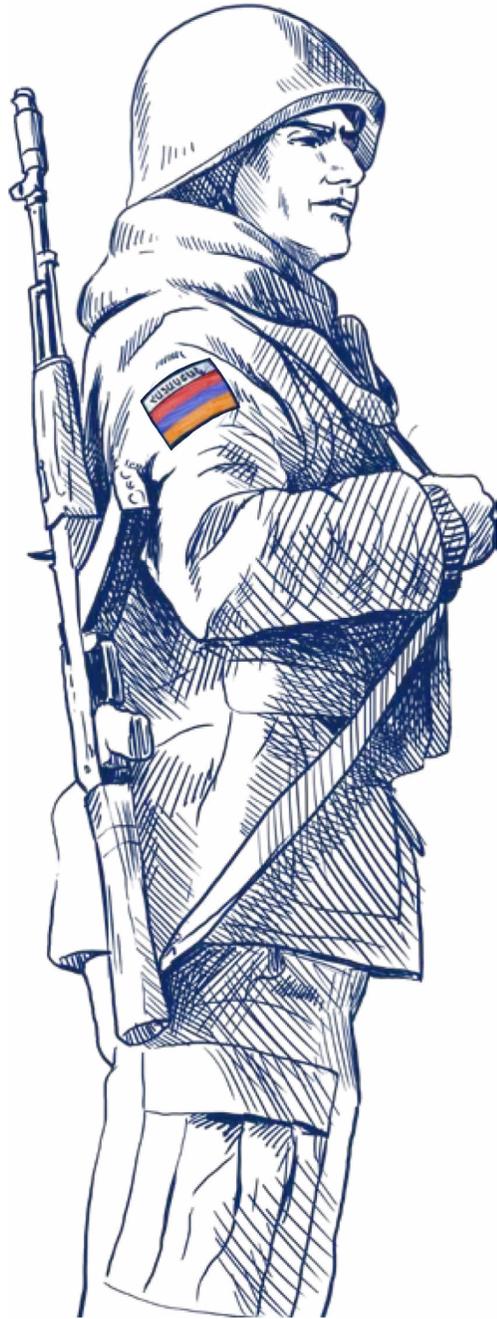
✔ From **2017-2023 Q1** ZINAPAH provided compensation to **5,142** beneficiaries. In 2023 Q1 there were **52** new cases.

✔ In **Q1 2023**, **52 new cases** were compensated below broken down by case type:



The **5,142** beneficiaries from **2017-2023 Q1** are broken down by personnel classification in the pie chart below. Notably, **45%** are conscripts, while **38%** are mobilized recruits, officers and volunteers.





2017-2023 Q1 IN SUMMARY

52

Beneficiary new cases in 2023 Q1, and
5,142 cases from 2017-2023 Q1

3.9

3.9 billion AMD compensation in 2023 Q1, and
74.9 billion AMD since 2017-2023 Q1 to those
fallen, missing, or eligible for disability insurance

18%

Mandatory Payment growth is expected as
of the end of 2023 compared to 2022



Donations to ZINAPAH for FY 2017 – 2023 Q1

From 2017 through 2023 Q1 ZINAPAH Donations totaled around 9.2 billion AMD. The total number of donations is almost 85K with an average donation size of 99K AMD. The biggest number of donations were being made during escalations.

Compared to 2022 Q1, donation volume decreased by -53% in 2023 Q1. The number of donations and average size also showed a decline by -53% and -1% respectively. It is explained by the post-war syndrome, as during the war the donations usually show a drastic increase which is reflected in 2020 results. The biggest chunk of the decline is also reported in Russian Rubles from Russia which is explained by the sanctions against Russia and the difficulties in the money transfer systems. The donations were made via bank transfers as well as via ZINAPAH website www.zinapah.am.

2017-2023 Q1 Donations, 000 000 AMD # of Donations



2017-2023 Q1 Donations by Currency										
Currency' 000 000	2017	2018	2019	2020	2021	2022	2022 Q1	2023 Q1	2017-2023Q1	2023 Q1 vs PY
AMD	94	89	113	4,380	766	301	75	35	5,744	-53%
USD		0.002	0.005	4.826	0.879	0.492	0.137	0.107	6	-22%
RR		0.08	0.08	115	6.52	0.46	0.44	-	122	-100%
EUR		0.0008	0.0004	0.80	0.1224	0.0341	0.010	0.007	1	-30%
2017-2023 Q1 Donations Converted to AMD										
# of Donations	94	95	115	6,976	1,290	508	173	81	9,159	-53%
Donations Average size	445	1,050	1,312	41,769	25,976	12,665	3,550	1,672	84,889	-53%
	0.21	0.09	0.9	0.17	0.05	0.04	0.05	0.05	0.099	-1%



ZINAPAH cooperates with various foundations, non-governmental and charitable organizations and private sector companies to support our servicemen and their families for the further development of their physical, educational, physical, psychological, and educational well-being. Considering the importance of maintaining a connection with beneficiaries, ZINAPAH team has taken steps for further development and social integration programs for its beneficiaries.

ZINAPAH continues to work on expanding the list of cooperating partner organizations and signs a Memorandum of Understanding (MOU) on cooperation with them. The goal is to unite, consolidate, and coordinate all public, private sector, NGO sector and charitable around the idea of supporting servicemen and their families.

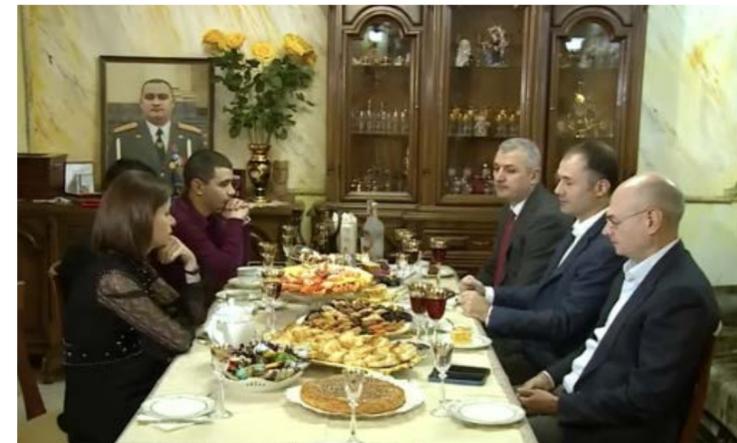
Vardanyan Family Charitable Fund Financial Support

On Armenian Army Day, January 28, the Vardanyan Family Charity Fund supported ZINAPAH beneficiary families of those deceased in the 44-day war, with minor children.

1,098 ZINAPAH beneficiary families received one-time financial aid in the amount of 330,000 AMD with a total budget of 30M AMD. The details of the project are as follows:

<https://www.youtube.com/watch?v=jzurq9Rbl74&t=2s>

<https://hraparak.am/post/ceb8331de2e19d9047e93a32e06bde4a?fbclid=IwAR3EcvCY7F0QWAWBwqGpsRKg2rs9oEMW6N2KPKjBFV2uRgNv5uDwbGoDFYE>



Karo Hovagimian Charity Foundation Financial Support

In January 2023 Karo Hovagimian Charity Foundation gave financial aid to 22 ZINAPAH beneficiaries from the funds raised at the Sweden Armenian Community Charity event. The financial support was given to ZINAPAH war-disabled beneficiaries from the regions of Artsakh, Shirak, Gegharkunik, Tavush, Kotayk, Armavir, and Lori, who have 3 or more minor children or are in a critical financial situation. Some 120,000 AMD was transferred to ZINAPAH beneficiaries directly to their bank accounts or through the cash transfer service of HayPost.

The financial support event is part of the MOU which was signed in 2021 between ZINAPAH and Karo Hovagimian Charity Foundation and we are looking forward to our future collaboration and events.

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www.karohovagimian.org

Canar Software Development Support to ZINAPAH Beneficiaries, in cooperation with Learning Mission

A Donation Agreement was signed by Karen Mamasakhlisov, President, Canar Software Deployment LLC and Zara Shahinyan, Director of Learning Mission NGO to donate.

6 computers and 4 monitors to ZINAPAH beneficiaries who have the potential but do not have the means to purchase a computer and make their learning process more efficient.





Համագործակցության
հուշագրի կնքում

Memorandum of Understanding with Artsakh Social Development Programs Fund (ASDPF)

On 17 January 2023, ZINAPAH signed an MOU with the Artsakh Social Development Programs Fund to provide social development activities for ZINAPAH beneficiaries.



Memorandum of Understanding with Armenian Educational Foundation

On 13 February 2023, ZINAPAH signed an MOU with the Armenian Educational Foundation (AEF). AEF will provide financial assistance to Armenian educational institutions and assist servicemen and their family members with an opportunity to get educated.

Ministry of Labor and Social Affairs, ZINAPAH and Enterprise Incubator Foundation joint Project on a digital unified platform

As per the 29 September 2022 MOU with the Ministry of Labor and Social Affairs and Enterprise Incubator Foundation on creating a unified digital public and private sector Cooperation online platform as a tool to bring together all those organizations that independently carry out different social, educational, recovery and other programs and give guidance to the services, education and training in accordance with the assessed needs of the beneficiaries - servicemen and their family members. The prototype of the platform was created and is being discussed with the participating parties to have the full technical solution and to proceed with the site preparation.



At its founding in 2017, ZINAPAH was managed by the Central Bank of Armenia (CB) on a volunteer basis and since 2021 ZINAPAH is migrating from the CBA to become an independent legal entity with its own infrastructure.



TEAM

- ZINAPAH Restructuring to focus on the ZINAPAH core competencies as a financial institution was completed beginning of March 2023 and currently is managed by a Team of 13 people, Donor Relations and Fundraising Manager recruitment
- Organizational Handbook Development
- Performance Development and Evaluation System pilot implementation with digital Teamflect system
- Governing body with 5 Board Members



OPERATIONS & OUTSOURCING

- Investment Policy Adoption
- Stress Scenario Planning
- ZINPAH re-branding planning
- Unified Platform for Beneficiaries
- Planning
- Audit 2022

OUTSOURCING MANAGEMENT

- HR management
- Accounting Services
- Customer Hot Line
- IT Security
- Legal Counsel



MIGRATION AND INFRASTRUCTURE

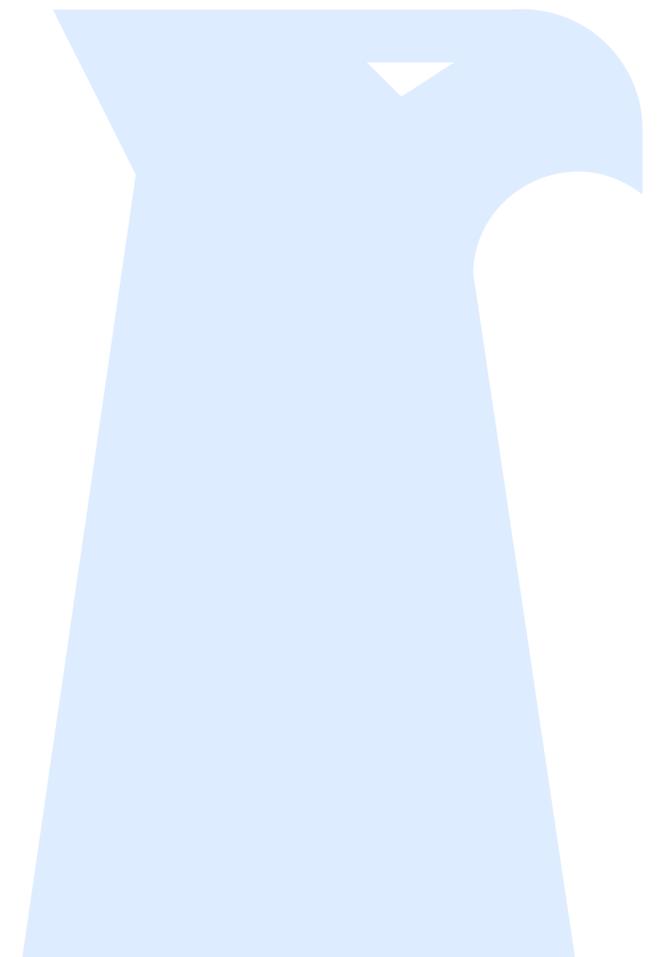
- Migration from CB Project
- ZINAPAH website (Infrastructure) development and service TOR finalization and Tender
- Business Process Redesign and Reengineering and Automation
- Mandatory Stamp Return Process Automation
- Compensation
- IT Security



LEGAL ISLATIVE AMENDMENTS

- Procurement Guidelines Development
- Stamp Return Regulation
- Executive committee
- ZINAPAH Law change to support the disability status change from second to third category.
- Beneficiary Compensation Case change BoT Decision
- Investment Executive Committee member change Decision

ZINAPAH Audit 2022 was carried out by **Grant Thornton CJSC**, and the financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”). They have been prepared under the assumption that the foundation operates on a going-concern basis. Auditor’s report will be published beginning of Q2, 2023. The financial part of 2022 Annual report will be adjusted based on 2022 Auditor results:





We would like to express our heartfelt thanks and gratitude to all the individuals and organizations/communities from Armenia and all over the world, who made their mandatory stamp payments and individual donations.

It is thanks to your support that ZINAPAH can fulfill its mission to take care of the servicemen and their families who sacrificed their lives and health for the security of Armenia and its borders.

united for our soldiers...



JOIN US



GET TO KNOW US

Learn more about ZINAPAH.
Visit the website,
follow us on social media.



SUPPORT US

Make your donation and support
the soldiers and their families
who made the ultimate
sacrifice for our Homeland.



SPREAD THE WORD ABOUT US

Spread the word about
our mission and the
work carried out.



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