Uzbekinvest International Insurance Company Limited

Annual Report and Financial Statements

For the year ended 31 December 2021

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Company Information
For the year ended 31 December 2021

DIRECTORS:	S U Umurzakov S A Vafaev H Mamadjonov S O Abdurashidov R B Khalikov
COMPANY SECRETARY:	K Hillery
REGISTERED OFFICE:	The AIG Building 58 Fenchurch Street London United Kingdom EC3M 4AB
INDEPENENT AUDITOR:	Mazars LLP 30 Old Bailey London EC4M 7AU United Kingdom
PRINCIPAL BANKERS:	Citibank N A Citigroup Centre Canada Square London E14 5LB
INVESTMENT CUSTODIAN:	Credit Suisse Paradeplatz 8, 8070 Zurich, Switzerland

Strategic Report
For the year ended 31 December 2021

The Directors present their Strategic Report of Uzbekinvest International Insurance Company Limited (the "Company" or "UIIC") for the year ended 31 December 2021.

Review of the Business

The results of the Company for the year, as shown on page 18 and page 19, show a loss on ordinary activities before tax of US$1,144,777 (2020: US$523,490 profit). At 31 December 2021, the total shareholders' funds of the Company, as shown on page 20, total US$52,066,672 (2020: US$52,925,255). The level of gross premiums written, as shown on page 18, was $311,303 (2020: US$390,591).

The Company offers a range of insurance policies designed to protect the business and assets of companies investing in or operating in the Republic of Uzbekistan. The policies written provide cover for investment and trade transactions against certain political risks and events in Uzbekistan. The investment covers include confiscation, expropriation and nationalisation. The trade covers include contract repudiation and wrongful calling of guarantees.

The above covers are sought by various industries and sectors, mainly concentrating in banking, commodities, energy, mining, agri-foods and transport.

Consistent with prior years, no claims have been notified in 2021. The Directors are of the view that no additional potential claims were incurred but not reported during the year. As a result, no reserve for outstanding claims or IBNR has been established.

Business Environment

Despite economic and social impacts of the Covid-19 pandemic during 2020, Uzbekistan continued to make progress in its reform agenda throughout 2021, particularly the restructuring of the strategic sectors in the economy such as oil and gas, mining, agri-foods, textile, and banking. As a result of the structural reforms, supported by robust external and fiscal buffers, access to external financing and diversified economy, Uzbekistan rebounded sharply in 2021 and the country was able to achieve 7.4 percent growth of GDP (in 2020 GDP's growth was 1.6 percent). (Source: The World Bank)

The global rating agencies have confirmed Uzbekistan's ratings for 2021 accordingly. Fitch Ratings has affirmed Uzbekistan's long-term foreign currency issuer default rating (IDR) at BB- with a stable outlook. S&P Global Ratings has confirmed the sovereign rating of Uzbekistan in foreign currency at BB- with a stable outlook. Moody's Investors Service ("Moody's") has affirmed Uzbekistan's long-term issuer and senior unsecured ratings at B1 and has changed the Government of Uzbekistan's rating outlook to positive from stable.

In 2021 the process of integration of Uzbekistan into the Global trade and economy has been continued and was very productive. The country was granted a beneficiary of the European Union's Generalized System of Preferences Plus (GSP+), opening prospects and new opportunities for investors and trade partners. World Trade Organization ("WTO") accession has continued to be an absolute priority and an integral part of the wide-ranging reform agenda for Uzbekistan. The negotiations with WTO during 2021 moved the Country to the next level, where the technical aspects of accession had been discussed. The International organization - the Cotton Campaign has made a historic decision to lift the global boycott on cotton from Uzbekistan, which will help the Country to re-enter world textile markets, as well as to allow hundreds of international brands and retailers, which joined the pledge not to source cotton from Uzbekistan twelve years ago, to return to the Uzbek cotton market.

Unfortunately, the Russia – Ukraine military conflict, started from February 2022, is expected to have a long impact on the global economic situation and put pressure on the Uzbekistan's economic growth too, due to a halving of remittances, record global oil and food prices, trade, investment, and banking disruptions. Nevertheless, the Government's focus is shifting to deeper structural reforms and economy modernization, including transformation and privatisation of large state-owned enterprises ("SOE's"), creation of larger and more competitive private sector by attracting private foreign direct investment ("FDI") into strategic sectors of the economy, diversification of foreign trade and widening logistic channels towards Asia and Europe.

Business Strategy

In general, we assume that 2022 will continue to be a year of uncertainty due to the conflict in Ukraine, which is causing economic and political instability, disruption in the world trade and investment flows, boost inflation significantly and a volatility in financial markets. Whilst there is uncertainty as to the future economic impact of this event on Uzbekistan, the Company does not have direct exposure from the conflict, so there is no need to amend the business strategy of the Company.

The business strategy of the Company was based on long-term perspectives and aimed to be an integral part of the national system for promotion of foreign trade and attracting FDI into Uzbekistan. The strategic goals of the Company remain unchanged, and the Company intends to continue offering insurance policies designed to protect the business and assets of foreign companies investing with or doing business in the Republic of Uzbekistan.

To support the above strategy and to operate the business in a cost-effective way, as well as to gain access to qualified professionals, the Company will continue to utilise outsourcing arrangements.

The Company, in close cooperation with the outsourcing service provider, will continue to provide more flexible underwriting and customer-oriented services, offer rates in line with the market whilst being loyal to business partners and complying with the regulatory environment. The Company will continue to coordinate with insurance brokers and business partners to adapt to the current market trends and business environment, whilst expanding cooperation with the banks that provide trade financing and investment project support in Uzbekistan.

Strategic Report
For the year ended 31 December 2021 (continued)

Key Performance Indicators

The Board monitors the progress of the Company in light of the following key performance indicators (KPIs). The Company does not have any key non-financial metrics to be monitored.

	2021	**2020**
	US$	**US$**
Gross Premiums Written (GPW)	311,303	390,591
Underwriting Loss (Balance on Technical Account - General Business)	(937,583)	(884,421)
Ratio of investment return to the value of invested assets	(0.64%)	2.62%
Return on capital employed (profit for the financial year before tax in relation to the closing equity shareholders' funds)	(2.20%)	0.99%

The level of Gross Premium Written has remained within the budgeted figures for 2021. The positive result of business production has mainly been supported by the company's activity in servicing trade financing projects. The level of underwriting result was negative and influenced by both growth of acquisition costs and increase of administrative expenditures, described in Note 6 of the Financial Statements.

The decrease of the investment return ratio reflects a sharp drop off in yields in the US Treasures and corporate bond markets, which started in 2020 due to impact of the Covid-19 pandemic and continued throughout 2021. The future growth of that indicator is under significant threat due to high volatility in financial markets caused by the Russia-Ukraine military conflict which started from February 2022.

Approach to risk

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management. Compliance with regulations, legal and monitoring of ethical standards is a high priority for the Company.

The Company's principal risks are reviewed by management on a regular basis and, if required, by the Board on an annual basis. Through this process the Company identifies the risks to which it is exposed, and assesses their impact on economic capital. This process, which is in line with Solvency II requirements, provides guidance in the management of the Company's capital requirements to ensure it has the financial strength and capital adequacy to support the growth of the business as well as meet the requirements of policyholders, regulators and rating agencies.

The Company conforms to a proper internal control framework which exists to manage financial risks and ensures that controls operate effectively.

Principal risks and uncertainties

In particular, the Company is vulnerable to various political or economic events within the Republic of Uzbekistan, which if triggered, could result in insurance claims.

The Company is not directly exposed to climate change risk, since the entity underwrites political risks, however it is aligned with our partner AIGUK in its approach to its priorities for Climate Aligned Underwriting which have been considered as part of the Climate Risk Plan 2022:

- Priority 1: Identify Climate Change Impacts and Opportunities to Clients and Industries.
- Priority 2: Determine how UW and Data Collection will Change to Capture Climate Impacts and Risk Factors.
- Priority 3: Medium Term Objective(s) for Your Team to Enhance Your Climate Underwriting Capabilities.

In addition, the Company is exposed to financial risks through its financial assets, financial liabilities and policyholder liabilities. The information on the use of financial instruments by the Company and its management of financial risk is disclosed in Note 4 of the Financial Statements. In particular, the Company's exposure to interest rate risk, currency risk, credit risk and liquidity risk are separately also disclosed in Note 4.

Going Concern

While the markets during the previous two years had been under pressure of the COVID-19 pandemic crisis, the year 2022 has even more severe impact from military conflict between Russia and Ukraine, started from 24 February. This conflict has triggered another wave of economic and political instability, disruption in the world trade and investment flows, boost inflation significantly and a volatility in financial markets. In such severe conditions, the Company has been continued closely monitoring its risks profile.
Investment Risk

During the pandemic crisis, as well as post-pandemic period, the Company's investment performance had been under very strong pressure of low interest rates conditions. The US Federal Reserve rates had decreased significantly from 2.5% down to 0.08% average. The cash flows in 2021 was not at the level of 2020 due to the above changes in conditions. Additionally, a large portion of the US treasuries and bonds in the portfolio had matured during 2021. Therefore, given the Company's conservative investment guidelines, as well as severe market volatility throughout 2021, it was impossible for the Company to achieve the investment yields as what was observed in years prior.

Strategic Report
For the year ended 31 December 2021 (continued)

In order to improve investment opportunities and stabilise investment income, the Company had amended its investment strategy by changing from a conservative Fixed Income allocation to Mixed Portfolio. This change has enabled the Company to continue a capital preservation approach with taking an average level of risk, while the investment horizon has been increased from 3 up to 7 years.

However, in 2022 there have been another severe negative impact to global economy in whole and investment markets in particular, caused by military conflict between Russia and Ukraine. Ongoing financial volatility and highly inflationary environment on the markets has constrained the Company's investment income forecast from 2.0% to a minimum of 1.0% on an annual reporting basis.

To minimize a risk of insufficient funds required to cover the operating expenses, as well as to prevent a liquidity risk, the Company will continue monitoring the appropriateness of investment strategy to market situation and conditions in close cooperation with the Company's asset manager and custodian – Credit Suisse AG.

It is also worth noting here that the Company has immediate access to new investment projects and a reliable source of funds to maintain a high capital adequacy and financial stability during the current market volatility

The Business Performance

In 2021 the underwriting guideline of UIIC regarding Uzbekistan has not changed, and we are operating in-line with our main strategy, aimed to create additional capacity for export-import and investment transactions in Uzbekistan through cooperation with the outsourcing partner. Our pricing policy regarding Uzbek risks has not changed and the insurance rates remain mostly at the same levels as in the last year.

During 2021 the Company received 22 formal enquiries (in 2020 - 34 enquiries). Most of enquires related to trade financing risks, as well as for the risks associated with investment projects backed by the Government and state-owned banks' guarantees. The market demonstrated an appetite for short-term and medium-term covers. As a result, the Company issued 4 new policies and extended one existing policy during 2021. We hope that 2022 will also be productive; as of Q2 we have already issued 5 new policies, while the number of enquires received was 15.

The Company had no claims or losses during the year of 2021 and first half year of 2022.

The underwriting results of YE2021 was negative, largely due to growth of admin expenses compared to the level of premiums, even though the company has no costs for incurred claims. A large portion of operating expenses were related to the consultancy and marketing services provided by international organizations, within the projects realised jointly with the Ministry of Investment and Foreign Trade of Uzbekistan and aimed to improve investment attractiveness of the country. Given the Company has already booked more new business and expects to have more premiums in 2022, while the admin expenses should be retained within the budget, the underwriting result should be back to positive numbers.

Section 172 Responsibilities

The Board is aware of the Directors' responsibilities under section 172(1)(a-f) of the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term
- the interests of the company's employees
- the need to foster the company's business relationships with suppliers, customers, and others
- the impact of the company's operations on the community and the environment
- the desirability of the company maintaining a reputation for high standards of business conduct
- the need to act as between members of the company

The Company has identified that its key stakeholders are its customers, employees, suppliers, brokers and other intermediaries, regulators, shareholder, the community, and the environment. For all these interactions, the Board will seek to have sufficient engagement with the relevant stakeholders to ensure their interests are considered in the wider decision-making process.

The Board sets a clearly defined long term strategy for success, focusing on five 'strategic pillars' which directly impact our key stakeholders:

Strategic Pillars

1. Underwriting Excellence
2. Profitable Growth
3. Operational Excellence
4. Differentiated Proposition
5. People

The Board receives quarterly performance reporting and dedicates time at the annual Board meeting (or at extraordinary Board meetings, if required) to discuss the progress against plan, to set the strategy and agree the annual business plan, and through that process ensures key internal and external factors are considered in determining UIIC's long-term strategy.

Strategic Report
For the year ended 31 December 2021 (continued)

For the 2021 reporting year, the Board is satisfied that it has effectively engaged with and paid due regard to the interests of key stakeholders. Below we set out our community of stakeholders and how each are engaged. The Board will continue to review and challenge how UIIC can continuously improve engagement with key stakeholders.

1. CUSTOMERS

UIIC has a trusted relationships with its customers and aims to ensure all customers are treated fairly and put at the heart of everything we do.

The Board regularly review the reports of the CEO on adherence to UIIC's service levels as well as those of the Regulators.

2. EMPLOYEES

We are committed to maintaining a skilled and engaged workforce driving a culture of alignment, accountability, and action. Our primary aim therefore is to implement a strategy that not only aligns to the business strategy to ensure we have the right people, in the right place, but strives to be an attractive, engaged and rewarding inclusive workplace, that will create the wide opportunities to improve the employee experience. To deliver on our vision, our priorities for 2022 will continue to focus on close collaboration with our outsourcing partner AIGUK in providing to our employees market leading Underwriting, Claims & Multinational capabilities and practices, through best-in-class professional and skills-based training. We continue to strive towards being the employer of choice for diverse talent across all levels of Uzbekinvest Group of organisations and enhance the employee experience. The importance of employee health and wellbeing remained a top priority in 2021. Staff are kept abreast and informed of progress through frequent virtual 'townhalls' and the cascade of information through the leadership team and the AIG Intranet site, as well as UIIC/Uzbekinvest EIIC websites and on-line meetings

COVID-19 response

For the majority of 2021, all staff worked remotely at times. We continued to support, develop and enable employees through various methods of employee engagement whether that be on-line meetings with the Board members or with the teams of outsourcing partner, through virtual 'townhalls' or check-in conversations.

Through the virtual 'townhalls' and other communications, staff were kept informed on relevant operational matters including staff welfare tools. Recognising the stress of working from home, balancing childcare and other family and carer commitments, our intranet hosted a range of specific tools for staff to promote health and wellbeing, engagement, and productivity. The Board was pleased to note that outsourcing partner introduced the Group-wide days off for all staff continued in 2021 where staff were encouraged to step away from work for the day.

Talent Management

We have an active involvement into our outsourcing partner's Talent Management Framework which seeks to identify talent both internally and externally and retain its current talent through a programme of training and development courses. The key elements of the framework are as following:

- **Talent Management Framework** - A framework designed to ensure UK functions are able to leverage talent processes throughout the year to enhance development, retention, and performance.
- **Talent Reviews and Succession Planning** - Work programme underway to ensure all functions have completed Talent Reviews and Succession plans for 2021.
- **Career Development Programme** - Giving employees of all grades an opportunity to study towards professional qualifications and other relevant qualifications to support their role and career path.
- **Engagement Initiatives (Global and Local)** - Working Productively from home campaign on 'Your Learning Journey' and Skills Forum webinars both to support the transition of working from home.
- **Early Careers**: AIG Advance Programme Development **–** A new school leaver apprenticeship programme aimed at supporting the talent pipeline.

3. SUPPLIERS

Our Procurement function is closely aligned with our outsourcing partner - AIG Europe Service Limited (AESL). This enables UIIC to leverage the strengths and scale of the wider AIG Group, whilst reacting quickly and appropriately to local demand. The Procurement function works to secure the best value for money for UIIC in any dealings with third party vendors (this is not just about price, but includes quality, flexibility, speed to deliver and innovation), to ensure that all transactions are carried out in accordance with AIG/UIIC governance policies; and to ensure that all material outsourcing engagements comply with local rules and regulations.

During 2021, UIIC continued to utilise the third-party management framework through the use of AESL's new tools and the data captured through those tools.

4. BROKERS AND INTERMEDIARIES

Our aim is to engage actively and regularly with key broker partners and other intermediaries to deliver profitable growth aligned to the objectives contained within our strategy and business plans. The key tenets of our Broker engagement are:

- Building the strategic partnerships aligned at line of business level.
- Increasing our focus on opportunities aligned to appetite and where we can differentiate the Company.
- Expanding access to distribution through key partnerships and products distribution channels & events.

Throughout 2021 we maintained high levels of engagement with our broking and outsourcing partners and customers reflective of the increased risks and opportunities presented by the developing market conditions such as COVID-19 impacts.

5. REGULATORS

UIIC maintains positive and constructive regulatory relationships with both regulators based on developing relationships of trust, maintaining a robust governance framework and ongoing communication. The CEO and the Board are fully engaged in the regulatory agenda and have regular interactions with both regulators. This is supported by a dedicated Regulatory Affairs team of

Strategic Report
For the year ended 31 December 2021 (continued)

our outsourcing partner whose role is to co-ordinate and manage regulatory relations, maintain ongoing open dialogue at all levels, ensure that regulatory requests are responded to effectively, identify emerging regulatory issues/changes and assist the Board and Executive management in their interactions with both regulators. There has been close engagement with both regulators over the past year on a range of issues.

6. SHAREHOLDER

We engage regularly with our shareholder through frequent and open dialogue on strategy and business planning, financial performance, and critical staff appointments. We consider it vital to the success of the Company to have an open two-way communication paying regard to the strategic direction and purpose of the UIIC and its long-term aspirations to deliver sustainable, profitable growth to its shareholder. We continue to maintain appropriate information flows and dialogue through the discussions at Board level at Board meetings and a regular dialogue with other senior Uzbekinvest and Ministry of Investment and Foreign Trade executives.

7. COMMUNITY AND THE ENVIRONMENT

UIIC has been committed to making a difference in the communities where we work, live, and serve our customers. We make financial contributions to organisations such as British-Uzbek Society (BUS), working with many charitable partnerships to support programmes that help create a more secure and safe future. We also put great focus on employee engagement, encouraging participation with memorable volunteer opportunities and communicating to employees the value of making a difference in their community, developing new skills and opportunities to expand networks.

We recognise our duty of care with respect to the environment and consequently will maintain as far as is reasonably practicable, to undertake its activities in such a way as to minimise any impact to the environment, whilst conducting our business. In support of our corporate social responsibility, we have committed to the following environmental objectives:

- Source new technology in order to reduce energy consumption and waste.
- Train all new staff on our environmental programme and empower them to contribute and participate in environmental initiatives.
- Source sustainable items from suppliers that can be 100% recycled at their end of life.
- Reduce, re-use and recycle waste with the target of 0% waste to landfill.
- Minimise environmental impact from the company activities as to avoid damage to the environment.
- Ensure we advise our employees and customers on the best options to reduce carbon emissions and waste, and to develop best practice in the way we work to reduce our impact on the environment.
- Comply with our legal obligations and with all other applicable statutory provisions and relevant codes of practice.

Solvency II

Note: The Company qualifies as a smaller insurer and has therefore taken advantage of the exemption to audit Solvency II results as granted by the PRA regulations.

The Solvency Capital Requirement (SCR) reflects a level of eligible own funds that enables the Company to absorb significant losses and that gives reasonable assurance to policyholders and beneficiaries that payments will be made as they fall due. The minimum capital requirements should ensure a minimum level below which the amount of resources should not fall. It is necessary that it is calculated in accordance with the standard formula, which is subject to a defined floor and cap based on the risk-based Solvency Capital Requirement.

The Company has maintained a strong capital position and thus safeguarded its solvency position. As at 31 December 2021 the unaudited ratio of eligible own funds for Solvency Capital Requirement (SCR) was 1,323% (2020: 2,432%). The below table provides an analysis of the unaudited Own Funds of the Company under Solvency II as reported in the Solvency and Financial Condition Report (SFCR).

	As at 31 December 2021 (unaudited) US $	As at 31 December 2020 (unaudited) US $
Basic Own Funds		
Ordinary share capital	50,000,000	50,000,000
Reconciliation reserve	2,096,338	3,492,214
Total basic own funds	52,096,338	53,492,214
Available and eligible own funds		
Total available own funds to meet the SCR	52,096,338	53,492,214
Total eligible own funds to meet the SCR	52,096,338	53,492,214
SCR	3,935,102	2,199,343
Ratio of eligible own funds to SCR	1.323.89%	2,432.19%

The Company is closely monitoring its solvency position and implementing immediate actions to reduce the risk of capital inadequacy if this should be required by the changes in business environment and legislation, or by volatility of investment markets due to ongoing pandemic crisis, or by other reasons that may impact financial stability of the Company.

Strategic Report
For the year ended 31 December 2021 (continued)

Future developments

The increased geopolitical risks caused by the Russia-Ukraine conflict will put pressure heavily on global economic conditions throughout 2022. Investment growth and world trade are also expected to slow, inflows of foreign direct investment will be subdued in 2022 and take time to recover.

However, Uzbekistan is not in direct exposure from this conflict in comparison with European countries, which are the most exposed. Moreover, the Country could benefit from high global commodity prices, such as gold, copper, and natural gas, which are one of the main export goods of the country.

The stable political, social, and economic situation in Uzbekistan reflects expectation of international experts that the country will be able to withstand the negative macroeconomic impact of the Russia-Ukraine conflict. Comparatively the strong fiscal and external buffer position will help the Uzbekistan economy to perform with positive economic growth in 2022.

In 2022 the Company targets to maintain its volume of business within the range of the previous 2-3 years. Our expectation is based on the following factors:

- Given the sanctions imposed on the Russian capital imports and banks, the Uzbek Government will increase volume of capital borrowings from the international capital markets via state-owned banks to fund strategic industrial projects and modernization of export-oriented productions, as well as to finance the public and private investment projects, and to cover budget deficit for 2022. This, in return, will create more business opportunities for foreign commercial banks and private investors and give the Company momentum to increase a book of business accordingly.

- The European Union's decisions to accept Uzbekistan as a beneficiary of the special free-trade regime under the Generalized System of Preferences Plus (GSP+) provides a favourable condition for Uzbek exporters. Lifting the global boycott on cotton from Uzbekistan will open the U.S. and Europe markets for goods from the Country, including Uzbek textiles. This could become another opportunity that enables the Company to increase a new business.

- Further progress in reforms that further open the economy and financial sector to more competition and productivity in sectors such as textiles, agri-food, mining, will point to stronger creditworthiness and investment attractiveness of Uzbekistan. Riding on this momentum, the Company can benefit by promoting its services among investors too.

- Close coordination and affiliation with the Ministry of Investment and Foreign Trade of Uzbekistan (MIFT) and the Ministry of Finance (MOF), as well as with the biggest Uzbek commercial bank – National Bank of Uzbekistan (NBU) allows the Company to be better positioned for the Uzbek market.

On behalf of the Board

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Hasan Mamadjonov
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Hasan Mamadjonov
Director
Date: 8th September 2022

Directors' Report
For the year ended 31 December 2021

The Directors present their report and the audited Financial Statements of Uzbekinvest International Insurance Company Limited (the Company) for the year ended 31 December 2021.

Going Concern

The Directors have considered all available information and as a consequence, the Directors are confident that the Company is well placed to manage its business risks and has adequate resources to continue in operational existence for a period of at least twelve months from the date these Financial Statements are signed. Accordingly, the Company continues to prepare its Financial Statements on a going concern basis.

Future Developments

Likely future developments in the business of the Company are discussed in the Strategic Report.

Principal Activity

The principal activity of the Company is the transaction of political risk insurance for foreign investors in infrastructure, natural resource development and industrial production in the Republic of Uzbekistan.

Directors' Indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. UIIC (AIG Building, 58 Fenchurch Street, London EC3M 4AB) purchased, and maintained throughout the financial year, Directors' and Officers' liability insurance in respect of itself and its Directors **.**

Dividends

No dividends were declared nor paid during 2021 (nil in 2020).

Corporate Citizenship

As being a partner of the AIG Group, the Company is committed to making a difference in the communities where we work and live, operating in accordance with AIG's Human Rights Statement[1].

Environmental Responsibilities

The Company acknowledges its environmental responsibilities and the impact that climate change has on our business and remains committed to playing a role in addressing these challenges. To that end, UIIC is intended to help future-proof our communities in a unified sustainability approach that supports our business strategy and addresses expectations from many of our key stakeholders including founder, regulators, clients and employees.

Events after the Reporting Year

As outlined in the Strategic Report and also Note 22.

Risk Management

The management of financial instruments is outlined in the Strategic Report.

Directors and Directors' interests

The Directors of the Company who were in office during the Company financial year were:

S U Umurzakov (Chairman)
S A Vafaev
H Mamadjonov
S O Abdurashidov
R B Khalikov

[1] AIGUK's Statement on Modern Trafficking and Human Rights is available on the website at www.aig.co.uk/content/dam/aig/emea/united-kingdom/documents/aiguk-modern-slavery-statement.pdf

Directors' Report
For the year ended 31 December 2021 (continued)

No director had a beneficial interest in the shares of the Company at any time during the year.

Disclosure of information to auditor

Each of the persons who is a Director at the date of this report confirms that:

- so far as each of them is aware, there is no information relevant to the audit of the Company's Financial Statements for the year ended 31 December 2021 of which the auditor are unaware; and

- the Directors have taken all steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor are aware of that information.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* (FRS 102), and applicable law).

Under Company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Independent Auditor

In accordance with Statutory Auditor and Third Country Auditors Regulations 2016 (SATCAR) which requires mandatory rotation of audit firms, the UIIC Board was presented with tendering documents and subsequently approved to appoint Mazars LLP to be the Company's auditor for the year ended 31 December 2021. Mazars have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be reappointed as auditor.

On behalf of the Board

DocuSigned by:

Hasan Mamadjonov

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Hasan Mamadjonov
Director

Date: 8th September 2022

Independent auditor's report to the members of Uzbekinvest International Insurance Company Limited

Opinion

We have audited the financial statements of Uzbekinvest International Insurance Company Limited (the 'company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and FRS 103 "Insurance Contracts" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our audit procedures to evaluate the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the company's ability to continue as a going concern;
- Obtaining an understanding of the process relating to the directors' going concern assessment;
- Making enquiries of the directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the company's future financial performance;
- Challenging the appropriateness of the directors' key assumptions in their cash flow forecasts by reviewing supporting and contradictory evidence in relation to these key assumptions and assessing the directors' consideration of severe but plausible scenarios. This included assessing the viability of mitigating actions within the directors' control;

- Conducting a retrospective review of the historical forecasts prepared by the directors;
- Considering the consistency of the directors' forecasts with other areas of the financial statements and our audit;
- Inspecting correspondence with relevant regulatory authorities to identify any factors that may cause a material uncertainty to the going concern assumption;
- Reviewed management's assessment of the impact of the Russia-Ukraine war on the company; and
- Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters in forming our opinion above, together with an overview of the principal audit procedures performed to address each matter and our key observations arising from those procedures.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key Audit Matter	**How our scope addressed this matter**
Valuation of the investment portfolio – risk of material misstatements *Refer to Note 1: "Financial Investments," Note 4b: "Financial Risk and Capital Management- Fair Value Estimation" and Note 13: "Financial Investments".* The entity's investment portfolio amounting to US$ 50.24 million, which comprises of debt and other fixed securities is a material balance and significant to the financial statements. These investments are included initially at fair value, which is taken to be their cost, and subsequently re-measured at fair value. As these investments are traded in active market, the re-measured fair values are calculated based on observable inputs. Although the investments are valued based on observable inputs, there is a risk that errors in valuation can have a significant impact on the numbers presented. We therefore determined that this was a key audit matter.	Our audit procedures included, but were not limited to: • understanding and evaluating management's process and controls around investment recording and valuation; • for all investments in the portfolio, comparing the company's investment holdings as at 31 December 2021 to independent confirmations received directly from the Company's custodian; • for all investments in the portfolio, comparing the market prices applied to independent pricing vendors and recalculating the investment valuations as at the year-end; • assessing the frequency of trading to identify any prices that have not changed and testing whether the listed price is a valid fair value to ensure appropriateness of fair value classification; • assessing the adequacy and completeness of the relevant disclosures within the financial statements. **Our observations** Based on the work performed and evidence obtained, we found that the valuation of investment portfolio as at 31 December 2021 to be reasonable.

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	US$788,840 (2020: US$529,000)
How we determined it	1.5% of Total Assets
Rationale for benchmark applied	In determining our materiality, we considered financial metrics which we believed to be relevant and concluded that total assets is the most relevant benchmark. Investments return is a key focus of the users of the shareholders in assessing the performance of the company. On this basis, we conclude that total assets is a key focus area as they drive the key performance indicators and provide a consistent and stable basis on which to determine materiality.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at US$473,300, which represents 60% of overall materiality. The primary factors we considered in determining the level of performance materiality include the fact that this is an initial audit engagement; our understanding of the company's control environment; the level and nature of errors detected in previous audits by the predecessor auditor and our expectation of the number of errors in the current year audit.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above US$23,670 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the company, its environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the statement of directors' responsibilities set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the company and the insurance sector in which it operates, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: laws and regulations of the Prudential Regulation Authority's ("PRA") and Financial Conduct Authority's ("FCA") .

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considering the risk of acts by the company which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of the directors, management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with relevant licensing or regulatory authorities including the PRA and FCA;
- Reviewing minutes of directors' meetings in the year; and
- Discussing amongst the engagement team the laws and regulations listed above and remaining alert to any indications of non-compliance.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the Companies Act 2006 and UK tax legislation.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to technical provisions and significant one-off or unusual transactions.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Addressing the risks of fraud through management override of controls by performing journal entry testing;
- Critically assessing accounting estimates impacting amounts included in the financial statements for evidence of management bias; and
- Considering significant transactions outside of the normal course of business. Our approach included reviewing board minutes, review of correspondences with regulators (where applicable), and substantively testing the transaction and related disclosure where considered material.

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the Board of directors on 3 September 2021, to audit the financial statements for the year ending 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement is 1 year, covering the year ended 31 December 2021.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

Our audit opinion is consistent with our additional report to the audit committee.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Leanne Finch (Sep 8, 2022 15:26 GMT+1)

Leanne Finch (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London
EC4M 7AU
Date: 8th September 2022

Statement of Comprehensive Income
For the year ended 31 December 2021

Technical Account - General Business	Note	2021 US$	2020 US$
Earned premiums			
Gross premiums written	3	311,303	390,591
Change in the gross provision for unearned premiums		32,567	(107,237)
Earned premiums		**343,870**	**283,354**
Net operating expenses	6	(1,112,042)	(1,167,774)
Total technical charges		**(1,112,042)**	**(1,167,774)**
Balance on the technical account for general business		**(768,172)**	**(884,420)**

The notes on pages 22 to 31 form an integral part of these Financial Statements.

Statement of Comprehensive Income
For the year ended 31 December 2021 (continued)

Non-Technical Account	Note	2021 US$	2020 US$
Balance on the general business technical account		**(768,172)**	**(884,420)**
Investment Return			
Investment income		891,144	1,123,589
Unrealised (losses)/gains on investments		(1,159,843)	405,553
Investment expenses and charges		(126,712)	(115,839)
Realised gains/(losses)		75,633	(15,983)
Total investment (loss)/income	10	**(319,778)**	**1,397,320**
Other (charges)/income	7	(56,827)	10,591
(Loss)/Profit on ordinary activities before tax		**(1,144,777)**	**523,491**
Tax on (loss)/profit on ordinary activities	11	286,194	(99,463)
(Loss)/Profit for the financial year	16	**(858,583)**	**424,027**
Total comprehensive (loss)/income for the year		**(858,583)**	**424,027**

All of the Company's activities arise from continuing operations.

The notes on pages 22 to 31 form an integral part of these Financial Statements.

Balance Sheet
As at 31 December 2021

	Note	2021 US$	2020 US$
ASSETS			
Investments			
Financial Investments	13	50,243,391	53,391,287
Debtors: amounts falling due within one year			
Arising out of direct insurance operations		708,968	436,128
Other debtors	14	17,881	115,454
		726,849	**551,582**
Debtors: amounts falling due after one year			
Deferred tax asset	11	286,194	0
Other assets			
Cash and cash equivalents		1,094,995	23,123
		1,094,995	**23,123**
Prepayments and accrued income			
Accrued interest		160,729	167,158
Deferred acquisition costs	15	33,861	43,852
Other prepayments and accrued income		170,255	459
		364,845	**211,469**
Total Assets		**52,716,274**	**54,177,462**
EQUITY AND LIABILITIES			
Capital and reserves			
Called up share capital	16	50,000,000	50,000,000
Profit and loss account	17	2,066,672	2,925,255
Shareholders' funds		**52,066,672**	**52,925,255**
Technical provisions			
Provision for unearned premiums		135,320	175,274
Creditors – amounts due within one year			
Arising out of direct insurance operations	18	205,593	137,695
Other creditors including taxation and social security	18	189,170	291,616
		394,763	**429,311**
Accruals and deferred income		119,519	647,622
Total Liabilities		**52,716,274**	**54,177,462**

The notes on pages 22 to 31 form an integral part of these Financial Statements. The Financial Statements on these pages were approved by the Board of Directors on 7th September 2022 and signed on its behalf by:

Hasan Mamadjonov
DocuSigned by:
Hasan Mamadjonov
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Director
Date: 8th September 2022

Statement of Changes in Equity
For the year ended 31 December 2021

	Note	Called-up Share Capital	Profit and Loss Account	Total Shareholders' Funds
		US$	US$	US$
Balance at 1 January 2020		50,000,000	2,501,228	**52,501,228**
Profit and Total comprehensive income for the financial year		0	424,027	**424,027**
Balance as at 31 December 2020		50,000,000	2,925,255	**52,925,255**
Loss and Total comprehensive loss for the financial year		0	(858,583)	**(858,583)**
Balance as at 31 December 2021	16, 17	**50,000,000**	**2,066,672**	**52,066,672**

The notes on pages 22 to 31 form an integral part of these Financial Statements.