



**Uzbekinvest International Insurance Company Limited**

**Annual Report and Financial Statements**

**For the year ended 31 December 2019**

**Uzbekinvest International Insurance Company Limited**  
Annual Report and Financial Statements For the Year Ended 31 December 2019

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**Uzbekinvest International Insurance Company Limited**  
Annual Report and Financial Statements For the Year Ended 31 December 2019

**Company Information**

For the year ended 31 December 2019

**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

**INDEPENDENT AUDITORS:** PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
7 More London Riverside  
London  
United Kingdom  
SE1 2RT

**PRINCIPAL BANKERS:** Citibank N A  
Citigroup Centre  
Canada Square  
London  
E14 5LB

**INVESTMENT ADVISORS:** Credit Suisse  
Paradeplatz 8,  
8070 Zurich,  
Switzerland

**Uzbekinvest International Insurance Company Limited**  
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**Strategic Report**  
**For the year ended 31 December 2019**

The Directors present their Strategic Report of Uzbekinvest International Insurance Company Limited (the "Company" or "UIC") for the year ended 31 December 2019

**Review of the Business**

The results of the Company for the year, as shown on page 14 and page 15, show a profit on ordinary activities before tax of US\$1,548,170 (2018: US\$358,113). At 31 December 2019, the total shareholders' funds of the Company, as shown on page 16, total US\$52,501,228 (2018: US\$51,247,210). The level of gross premiums written, as shown on page 14, was \$99,333 (2018: nil).

The Company offers a range of insurance policies designed to protect the business and assets of companies investing in or doing business in the Republic of Uzbekistan. The coverage provides 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 commodities, energy, mining, construction and transport.

Consistent with prior years no claims have been notified in 2019. 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.

The outbreak of Coronavirus (COVID-19) is treated as a post Balance Sheet event in these financial statements.

**Business Environment**

The processes of wide-scale socio-economic reforms in the Republic have continued during 2019. The country has shown a strong economic growth (e.g. GDP growth in 2019 was 5.5%, 2018: 5.1%) and notably improved its credit profile, as well as investment attractiveness. As recognition of positive changes and results of the reforming economy, the country's position in different international ratings and indices were confirmed and upgraded by international financial institutions and experts.

For the first time, the three global rating agencies assigned a long-term issuer rating to the Government of Uzbekistan. S&P's credit rating has recently been reviewed and affirmed Uzbekistan's foreign and local currency sovereign credit ratings to be BB-/B. Moody's credit rating was set at B1 and Fitch's credit rating was reported at BB-. All ratings are considered stable. According to a World Bank study titled "Doing Business 2020" the country, along with four other states, in the Europe and Central Asia region, were among the 20 economies where business climates improved the most. As per this study, Uzbekistan was ranked 69th globally with a score of 69.9 out of 100 in 2019, having moved up from 76th place in 2018.

In 2019 the Organization for Economic Cooperation and Development (OECD) credit risk rating for Uzbekistan was improved whereby the country rating was moved from Group 6 to Group 5. The scale consists of seven groups, Group 1 includes those countries with minimal risks and Group 7 includes the countries with higher risks.

In order to expand foreign trade opportunities, as well as to join the global commodity markets, Uzbekistan has re-started the process of joining the World Trade Organisation (WTO). This process, supported by strong economic growth and ongoing reforms, is expected to further improve credit rating and investment attractiveness of Uzbekistan in the longer term.

In 2020, the company's business activity will be driven by the above trends, as well as by the business and investment opportunities being created by the Government of Uzbekistan.

**Business Strategy**

In general, we believe that 2020 promises to be a year of uncertainty due to the outbreak of Coronavirus (COVID-19), which is causing significant economic instability, as well as disruption in the world business environment, many companies, including the insurance business, have been facing uncertainty and are trying to amend their business strategy.

The business strategy of the Company and its strategic partnership were established with a long-term perspective and were aimed at becoming an integral part of the national system for attracting foreign direct investment and the development of foreign trade. As the Uzbekistan Government is the ultimate owner of the Company's equity (while Uzbekinvest National Insurance Company is UIC immediate shareholder), the role of Company as a guaranty institution to protect foreign investors remains intact. Thus, the strategic goals of the Company have not changed 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 utilises outsourcing arrangements. While keeping ongoing control of the processes by the Board and the management, the Company transfers its operational risks to the outsourcing partner.

As foreign investments in Uzbekistan are growing we expect to see more activity. The Company will continue to maximise its efforts to obtain more business and increase its underwriting profit. The Company, in close cooperation with the outsourcing service provider, intends to provide more flexible underwriting and customer-oriented services. As well as this, the Company intends to offer rates in line with the market whilst following its marketing strategy. The Company aims to work closely with insurance brokers and business partners, whilst expanding cooperation with the banks that provide trade financing and investment project support in Uzbekistan.

In terms of the investment strategy, the Company will be following a capital preservation approach and will continue to keep the investment portfolio within strict investment guidelines. Our attitude toward the high-yield segment will become more positive once a clearer picture of the Coronavirus crisis and future economic growth emerges. In 2020 the Company's aim is to generate a minimum of 2.4% investment return on an annual reporting basis.

**Uzbekinvest International Insurance Company Limited**  
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**Strategic Report**  
**For the year ended 31 December 2019 (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.

	<b>2019</b>	<b>2018</b>
	<b>US\$</b>	<b>US\$</b>
Gross Premiums Written (GPW)	99,333	0
Underwriting Loss (Balance on Technical Account - General Business)	(307,187)	(276,438)
Ratio of investment return to the value of invested assets	3.51%	1.28%
Return on capital employed (profit for the financial year before tax in relation to the average equity shareholders' funds)	3.10%	0.72%

Although the level of Gross Premium Written has increased due to growth in the company's underwriting activity in servicing mainly trade projects, the level of underwriting result was negative and influenced by both growth of acquisition costs and increase of administrative expenditures.

The growth of the investment return ratio is a reflection of the general growth in yields in the US Treasuries market in 2019, as well as corporate bonds associated with the economic situation in the US zone and developed countries. The future growth of that indicator is under significant threat as high-yield bond markets will be deteriorated.

**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 monthly 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.

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.

**COVID-19**

The outbreak of Coronavirus (COVID-19) is causing significant disruption across the globe and has created uncertainty for many businesses, including the insurance business.

The Strategic Report outlines the Directors judgements in relation to the impact of COVID-19 in the following key areas: business continuity and operations, systems of governance, risk profile impact, investment risk and solvency of the company. The Strategic Report also addresses the principal risks and uncertainties to the company's overall business.

The Company is monitoring closely the situation and is following developments and advisories from different authorities, including the World Health Organization, UK and Uzbekistan Governments, and recommendations issued by our local business partner American International Group UK Limited ("AIG UK").

While the Coronavirus introduces a level of near-term uncertainty, the Company in general believes that the fundamental value drivers for the business remain intact and are supported by the risk management framework, the prudent investment policies and continuous assessment of exposures by the Company's management.

**Uzbekinvest International Insurance Company Limited**  
Annual Report and Financial Statements For the Year Ended 31 December 2019

**Strategic Report**  
**For the year ended 31 December 2019 (continued)**

Business Continuity and Operations

The Company's business model is based on outsourcing all services to our local business partner – AIG UK. The existing supplier relationship helps to set up a strong and reliable business continuity system and provides sufficient resources to support the Company's business operations in mid- and long term perspectives.

The outsourcing partner provides full support for the Company's communications and IT system, so the personnel of the Company has all facilities to continue its work remotely during the lockdown with no serious issues identified impacting the Company business operations. The Company is closely following developments and advisories from the Government, Centres for Disease Control and Prevention (CDC) and the World Health Organisation. The staff will return to the office in accordance with Government guidelines and recommendations, and in alignment with AIG's recommendations.

Systems of Governance

The infrastructure and framework for the Systems of Governance of UIIC remain robust and responsive in the COVID-19 environment. Where required the frequency of online meetings and reporting have been increased with key metric reporting on solvency and liquidity on up to a daily basis.

Risk Profile Impact

The Company continues to monitor its risk profile in the changing external environment. A key risk area includes fluctuations in the value of the investment portfolio and the capital inadequacy of the Company.

Investment Risk

The most critical impact of COVID-19 on the Company's investment portfolio has been that the US Federal Reserve has lowered interest rates significantly so that future cash flows will not be at the level of previous years due to these changes in conditions. This change may affect the investment return in the coming months and next year as the vast majority of the bond portfolio will be maturing from October this year, while within the current investment guidelines there is quite a limited possibility to reinvest the matured funds into the high-yield securities.

It should be noted; the Company's investment portfolio is investment grade and has benefitted greatly from the portfolio reallocation aimed to increase the allocation of US Treasuries while reducing the maturity period of the securities from 5 years to short-term ones with maturity up to 1 - 2 years. For the moment, the portfolio is liquid and there is very limited risk of counterparty defaulting, as counterparties are financial institutions with recognized financial standings and having adequate capital, confirmed by the global rating agencies. The assets are investment grade with 70% approximately in US Treasuries.

In order to reduce the risk of insufficient funds to cover general operating expenses and the liquidity risk due to sluggish business activity during the next years, the Company intends to continue to pay more attention to the investment return on assets. This will involve close cooperation with the Company's investment managing company - Dolfin Financial UK Limited, as well as constant monitoring of the appropriateness of investment guidelines and performance on a weekly basis. In addition to this, to strengthen the decision making process, a new Director with the banking and investment expertise has joined the Board as part of the risk-mitigating initiatives.

Impact on the Business

Although the market has experienced and may continue to experience volatility due to COVID-19, the underwriting guideline of UIIC has not changed, and the Company is operating in line with its main strategy, aimed to create additional capacity for trade and investment transactions in Uzbekistan through coordination with AIG UK. The Company's pricing policy, with regard to Uzbek risks, has amended slightly but not changed substantially, and the insurance rates remain mostly the same as market levels. Market demand is now showing a shift from medium-term to short-term covers. Medium and long-term enquiries were mainly for industrial and infrastructure projects and backed by bank or Export Credit Agency guarantees.

During the last year, 28 formal enquiries were received, including enquires for trade risks and for the risks associated with investment projects. Compared to enquiries in previous years, it should be observed that in the Uzbek economy the trade investment structure has changed, and a number of enquiries for trade credit transactions are gradually growing. During the first quarter of 2020 we have received 19 enquiries already. It is almost double the number of enquiries in 2019 for the same period. As a result, the Company issued 4 policies as of June 2020 and we hope that the remaining quarters of 2020 will also be productive.

The Company has been proactive in monitoring operational readiness, financial impact and continued customer service excellence

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 revised 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 2019 the unaudited ratio of eligible own funds for Solvency Capital Requirement (SCR) was 5,537% (2018: 3,219%). 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).

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**Strategic Report**  
**For the year ended 31 December 2019 (continued)**

**Solvency II (continued)**

	As at 31 December 2019 (unaudited) US \$	As at 31 December 2018 (unaudited) US \$
<b>Basic Own Funds</b>		
Ordinary share capital	50,000,000	50,000,000
Reconciliation reserve	2,893,420	1,190,396
<b>Total basic own funds</b>	<u>52,893,420</u>	<u>51,190,396</u>
<b>Available and eligible own funds</b>		
Total available own funds to meet the SCR	52,893,420	51,190,396
Total eligible own funds to meet the SCR	<u>52,893,420</u>	<u>51,190,396</u>
<b>SCR</b>	955,284	1,590,432
<b>Ratio of eligible own funds to SCR</b>	<u>5,536.93%</u>	<u>3,219%</u>

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 financial markets due to impact of COVID-19, and by other reasons that may impact financial stability of the Company.

***Future developments***

The extent and duration of the impact of COVID-19 on global and local economies, financial markets and sectors and specific industries in which the Company operates is uncertain at this point and has the potential to adversely affect the Company's business, results of operations or financial condition, the impact of which is still under assessment.

However, despite the threat of uncertainty on the market, the Company's future development mainly depends on revitalization of foreign investment flows, including Foreign Direct Investments (FDI), and trade activity with the Central Asia region, as well as further demand for political risk cover in the country of Uzbekistan in particular.

The Company forecasts to achieve Gross Premium Written growth for the amount of USD \$100-200k in 2020. In determining these forecasts the Company has taken the following prudent facts into consideration:

- The Company's targets are based on assumptions that the number of investment projects and volume of international trade within Uzbekistan will slow down, particularly due to the global threat of the COVID-19 epidemic.
- There is still a high probability that the selective approach and "wait-and-see" position of the foreign investors will be continued, therefore the above factors are going to constrain the intensive business growth in the mid-term.
- Highly competitive market and growing business appetite of rivals for covering the risks of Uzbekistan.
- Strict underwriting guidelines, as well as a moderate business appetite of the outsourcing service provider on acceptance of the Uzbekistan risks.
- At the same time, the Company is better positioned for the Uzbekistan market through close coordination and affiliation with an immediate government authority which is in charge of investment and trade development - Ministry of Investment and Foreign Trade of Uzbekistan (MIFT)

The Company's business activity continues to target foreign trade and project financing, agriculture, textile, transport, energy industries.

On behalf of the Board

*Hasan Mamadjonov*

Hasan Mamadjonov  
Director

8 September 2020

**Uzbekinvest International Insurance Company Limited**  
Annual Report and Financial Statements For the Year Ended 31 December 2019

**Directors' Report**  
**For the year ended 31 December 2019**

The Directors present their report and the audited Financial Statements of Uzbekinvest International Insurance Company Limited (the Company) for the year ended 31 December 2019.

***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.

***Dividends***

No dividends were paid during 2019 (nil in 2018).

***Directors and Directors' interests***

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

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

The details of Directors who were appointed or resigned at the date of the report included:

B B Ashrafkhanov	Resigned 5 June 2020
S O Abdurashidov	Appointed 5 June 2020
R B Khalikov	Appointed 5 June 2020
F A Saidakhmedov	Resigned 5 June 2020

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

***Disclosure of information to auditors***

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 2019 of which the auditors 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 auditors are aware of that information.



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**Directors' Report**  
**For the year ended 31 December 2019 (continued)**

***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 Auditors***

Under Article 41 (Transitional Provisions) of the guideline paper "Duration of the Audit Engagement" published by the Committee of European Auditing Oversight Bodies of 28th November 2019, a public interest entity ("PIE"), of which the Company is one, shall not enter into or renew an audit engagement with a given statutory auditor or audit firm after 17th June 2020, if that statutory auditor or audit firm has been providing audit services to that PIE for 20 years and more consecutive years at the date of entry into force of this regulation.

PricewaterhouseCoopers LLP has been the Company's auditors for over 20 years, and will be required to rotate off of the audit after the 2020 year-end audit.

**On behalf of the Board**

DocuSigned by:



69E445BDE594C6  
**Hasan Mamadjonov**  
**Director**

8 September 2020

**Uzbekinvest International Insurance Company Limited**  
Annual Report and Financial Statements For the Year Ended 31 December 2019

## ***Independent auditors' report to the members of Uzbekinvest International Insurance Company Limited***

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, Uzbekinvest International Insurance Company Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the directors.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the company.

We have provided no non-audit services to the company in the period from 1 January 2019 to 31 December 2019.

#### **Our audit approach**

##### *Overview*



- Overall materiality: \$525,012 (2018: \$512,472), based on 1% of net assets.
- The scope of our audit is driven by statutory and regulatory requirements in the UK. Our audit objective is to obtain sufficient relevant and reliable audit evidence to enable us to issue an opinion on the statutory financial statements.
- As part of our audit, we focused on balances and disclosures which represented a risk of material misstatement to the users of the financial statements for the year ended 31 December 2019.
- COVID-19 outbreak - subsequent event considerations.

##### *The scope of our audit*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

**Uzbekinvest International Insurance Company Limited**  
Annual Report and Financial Statements For the Year Ended 31 December 2019

*Capability of the audit in detecting irregularities, including fraud*

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Prudential Regulation Authority's regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the "Debt securities and other fixed income securities" financial statement line item. Audit procedures performed by the engagement team included:

- Reading key correspondence between the company and the Prudential Regulation Authority;
- Reading relevant board meeting minutes;
- Independently testing the valuation of "Debt securities and other fixed income securities", and confirming these investments with the investment custodian; and
- Identifying and testing journal entries with unusual characteristics, such as journals with unusual account combinations, unusual words, and journals that appear to be inappropriately duplicated.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

*Key audit matters*

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, 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, and any comments we make on the results of our procedures thereon, 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. This is not a complete list of all risks identified by our audit.

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p><b>COVID-19 outbreak - subsequent event considerations</b></p> <p>Since the balance sheet date, the outbreak of COVID-19 has resulted in a pandemic causing significant disruption across the globe. As of 31 December 2019, a very limited number of cases of COVID-19 had been identified. Since then the spread of the virus has been significant and the number of reported cases and deaths has increased significantly. This has been disruptive to financial markets and normal patterns of human behaviour.</p> <p>As described in the financial statements, the impact of COVID-19 is considered to be a non-adjusting post balance sheet event. Having assessed the heightened financial volatility and economic stress, management has prepared the financial statements on the basis that the company is a going concern.</p> <p>In considering the COVID-19 implications and whether the company can meet its obligations as they fall due, management has considered:</p> <ul style="list-style-type: none"> <li>• The implications on future underwriting and demand in Uzbekistan;</li> <li>• The impact on the company's investment portfolio;</li> <li>• The company's liquidity and capital solvency position; and</li> <li>• The operational resilience of the company.</li> </ul>	<p>Our work over this key audit matter included understanding and evaluating management's assessment and obtaining further evidence to corroborate their analysis. Key elements of our testing included the following procedures:</p> <ul style="list-style-type: none"> <li>• We assessed management's analysis of future underwriting and demand in Uzbekistan by inspecting insurance policies issued subsequent to year end. We also read public Uzbek news releases issued after year end to corroborate management's assessment of future Uzbek economic conditions;</li> <li>• We inspected third party investment summary reports dated after year end to assess management's expectations of future investment valuations;</li> <li>• We assessed management's analysis of future liquidity and solvency;</li> <li>• We made inquiries of management and their key outsourcing partner to understand the impact that COVID-19 has had on remote working and operations of the company; and</li> <li>• We inspected minutes of board meetings which took place after year end.</li> </ul> <p>From the evidence obtained we concluded that management's use of the going concern assumption for the company is appropriate and the disclosure of the post balance sheet event is appropriate.</p>

**Uzbekinvest International Insurance Company Limited**  
Annual Report and Financial Statements For the Year Ended 31 December 2019

*How we tailored the audit scope*

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

The company operates from the UK and as such, we performed all testing from the UK and brought balances and transactions representing a risk of material misstatement into scope. This included testing over the company's "Debt securities and other fixed income securities" balance, which represents the company's largest financial statement line item on the balance sheet.

*Materiality*

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 in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<b>Overall materiality</b>	\$525,012 (2018: \$512,472).
<b>How we determined it</b>	1% of net assets.
<b>Rationale for benchmark applied</b>	Consistent with the 2018 year-end audit, we believe net assets is still the primary measure used by the board and the users of the 2019 financial statements in assessing the performance of the company, and is a generally accepted auditing benchmark.

We agreed with the directors that we would report to them misstatements identified during our audit above \$26,251 (2018: \$25,624) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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**Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

**Uzbekinvest International Insurance Company Limited**  
Annual Report and Financial Statements For the Year Ended 31 December 2019

*Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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**Responsibilities for the financial statements and the audit**

*Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' Responsibilities set out on page 9, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

*Auditors' 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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

*Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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**Other required reporting**

**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

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**Appointment**

We were appointed by the directors on 13 September 1997 to audit the financial statements for the year ended 31 December 1997 and subsequent financial periods. The period of total uninterrupted engagement is 23 years, covering the years ended 31 December 1997 to 31 December 2019.



Mark Bolton (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
8 September 2020

**Uzbekinvest International Insurance Company Limited**  
Annual Report and Financial Statements For the Year Ended 31 December 2019

**Statement of Comprehensive Income**  
**For the year ended 31 December 2019**

<b>Technical Account - General Business</b>	<b>Note</b>	<b>2019 US\$</b>	<b>2018 US\$</b>
<b>Earned premiums, net of reinsurance</b>			
Gross premiums written		99,333	0
Net premiums written		99,333	0
Change in the gross provision for unearned premiums		(56,689)	1,189
Change in the net provision for unearned premiums		(56,689)	1,189
<b>Earned premiums, net of reinsurance</b>		<b>42,644</b>	<b>1,189</b>
Net operating expenses	6	(349,831)	(277,627)
<b>Total technical charges</b>		<b>(349,831)</b>	<b>(277,627)</b>
<b>Balance on the technical account for general business</b>		<b>(307,187)</b>	<b>(276,438)</b>

The notes on pages 18 to 28 form an integral part of these Financial Statements.

**Uzbekinvest International Insurance Company Limited**  
Annual Report and Financial Statements For the Year Ended 31 December 2019

**Statement of Comprehensive Income**  
**For the year ended 31 December 2019 (continued)**

<b>Non-Technical Account</b>	<b>Note</b>	<b>2019 US\$</b>	<b>2018 US\$</b>
<b>Balance on the general business technical account</b>		<b>(307,187)</b>	<b>(276,438)</b>
<b>Investment Return</b>			
Investment income	10a	1,270,341	1,199,931
Unrealised gains on investments	10b	422,996	31,535
Investment expenses and charges	10c	(110,157)	(223,083)
Realised gains/(losses)	10d	260,927	(350,391)
<b>Total investment income</b>	<b>10</b>	<b>1,844,106</b>	<b>657,992</b>
Other income / (charges)	7	11,251	(23,441)
<b>Profit on ordinary activities before tax</b>		<b>1,548,170</b>	<b>358,113</b>
<b>Tax on profit on ordinary activities</b>	<b>11</b>	<b>(294,152)</b>	<b>(50,178)</b>
<b>Profit for the financial year</b>	<b>16</b>	<b>1,254,018</b>	<b>307,935</b>
<b>Total comprehensive income for the year</b>		<b>1,254,018</b>	<b>307,935</b>

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

The notes on pages 18 to 28 form an integral part of these Financial Statements.



**Uzbekinvest International Insurance Company Limited**  
Annual Report and Financial Statements For the Year Ended 31 December 2019

**Balance Sheet**  
**As at 31 December 2019**

	Note	2019 US\$	2018 US\$
<b>ASSETS</b>			
<b>Investments</b>			
Debt securities and other fixed income securities	13	52,623,848	50,957,445
<b>Debtors: amounts falling due within one year</b>			
Arising out of direct insurance operations		124,813	25,414
Other debtors	14	29,996	110,040
		<b>154,809</b>	<b>135,454</b>
<b>Other assets</b>			
Cash at bank and in hand		41,038	190,815
		<b>41,038</b>	<b>190,815</b>
<b>Prepayments and accrued income</b>			
Accrued interest		235,174	257,278
Deferred acquisition costs		14,718	520
Other prepayments and accrued income		114	78
		<b>250,006</b>	<b>257,876</b>
<b>Total Assets</b>		<b>53,069,701</b>	<b>51,541,590</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Called up share capital	15	50,000,000	50,000,000
Profit and loss account	16	2,501,228	1,247,210
<b>Shareholders' funds</b>		<b>52,501,228</b>	<b>51,247,210</b>
<b>Technical provisions</b>			
Provision for unearned premiums		56,839	4
<b>Creditors – amounts due within one year</b>			
Arising out of direct insurance operations	17	31,792	6,954
Other creditors including taxation and social security	17	362,867	240,727
		<b>394,659</b>	<b>247,681</b>
<b>Accruals and deferred income</b>		116,975	46,695
<b>Total Liabilities</b>		<b>53,069,701</b>	<b>51,541,590</b>

The notes on pages 18 to 28 form an integral part of these Financial Statements. The Financial Statements on these pages were approved by the Board of Directors on 25<sup>th</sup> August 2020 and signed on its behalf by:

**Hasan Mamadjonov**

DocuSigned by:

*Hasan Mamadjonov*

Director BDE594C6...

8 September 2020



**Uzbekinvest International Insurance Company Limited**  
Annual Report and Financial Statements For the Year Ended 31 December 2019

**Statement of Changes in Equity**  
**For the year ended 31 December 2019**

	Note	Called-up Share Capital  US\$	Profit and Loss Account  US\$	Total Shareholders' Funds  US\$
<b>Balance at 1 January 2018</b>		50,000,000	939,275	<b>50,939,275</b>
Total comprehensive income for the financial year		0	307,935	<b>307,935</b>
<b>Balance as at 31 December 2018</b>		50,000,000	1,247,210	<b>51,247,210</b>
Total comprehensive income for the financial year		0	1,254,018	<b>1,254,018</b>
<b>Balance as at 31 December 2019</b>	15, 16	<b>50,000,000</b>	<b>2,501,228</b>	<b>52,501,228</b>

The notes on pages 18 to 28 form an integral part of these Financial Statements.