Uzbekinvest International Insurance Company Limited

Own Risk Solvency Assessment 2022

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1. EXECUTIVE SUMMARY

Uzbekinvest International Insurance Company Limited ('the Company') plays an integral part in stimulating trade and investment flow into Uzbekistan by offering a range of insurance services aimed to protect the business and assets of foreign companies investing or doing business in the Republic of Uzbekistan. The insurance policies issued by the Company provide cover for investment transactions and trade financing projects against certain political risks in Uzbekistan, such as CEN (confiscation, expropriation, and nationalization), CR (contract repudiation) and WCG (wrongful calling of guarantees) risks.

The Company's products and services are in stable demand by foreign companies involved into implementation of projects in various industries, mainly in banking, energy, mining, agri-foods, and transport sectors of Uzbekistan.

Consistent with prior years, no claims have been notified in 2022, as well as no claims or losses reported up to date in 2023. The Directors are of the view that no additional potential claims were incurred but not reported during the year 2022. As a result, as per the local GAAP accounting results no reserve for outstanding claims or IBNR has been established.

This Own Risk and Solvency Assessment (ORSA) provides details of the Company's current and forward-looking risk profile as at Year End 2022 ("Y/E 2022"). The ORSA process and this report have been developed to draw together the suite of risk management activity carried out at the entity to ensure the most material risks the firm faces are identified, assessed, monitored, managed and mitigated.

This report specifically highlights to the entity's senior management the set of current and emerging risks faced by the Company and the steps being taken to address these.

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 ethical standards is a high priority for the Company. The Risk Register is reviewed internally by the Company on a constant basis and by the Board on an annual basis. The Company conforms to a proper internal control framework which exists to manage financial risks and ensures that controls operate effectively.

Through this process the Company identifies the risks to which it is exposed and assesses their impact on economical capital. This process is risk based to manage the Company's capital requirements and ensure it has the financial strength and capital adequacy to support the growth of the business and to meet the requirements of policyholders, regulators and business partners.

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. In particular, the Company is exposed to interest rate risk, credit risk and liquidity risk.

The principal risks and uncertainties of the Company is financial and insurance risk through its financial assets, financial liabilities and policyholder liabilities. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations as they fall due. The major components of financial risk are market risk, credit risk and liquidity risk. The Company primarily faces interest rate risk due to the nature of its investments.

The Company's overall risk management programme focuses on the risks of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company is prudent in its approach to investment and this is reflected in the agreements it has with its investment manager. The Company advocates capital preservation and therefore requires investment in high quality, fixed interest bonds. There are regular investment meetings, and the Company reviews the monthly investment reports provided by the investment manager as a mean of actively managing its exposure to identified investment positions.

Insurance Risk

Insurance Risk refers to fluctuation in timing, frequency, and severity of insured events relative to the expectations of the time of expectations of the time of underwriting. Insurance risk can also refer to fluctuations in the timing and amount of claims settlements and reserves.

Insurance Risk is historically the single most significant risk area within the Company. It is split between four principal key risks (failure of pricing, ineffective strategy, failure to manage risk aggregation) which are all managed through the application of controls by both an outsourcing partner and the Board review of each enquiry and policy issued.

Market Risk

The Company's Market Risk profile is managed through the "Investment Strategy & Guidelines" set by Portfolio Management Agreement with the asset managing company Credit Suisse AG. The document set out investment guidelines for both the entity's technical reserves and surplus assets. As at Y/E 2022, no reserve for outstanding claims or IBNR has been established. The Company has a low tolerance for Market Risk with a focus on minimising credit and currency exposures. The Company holds a diversified and prudent investment portfolio consisting of high-rated (A-AAA) government bonds, corporate bonds, fiduciary short-term deposits and cash at banks.

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.

2. ENTITY OVERVIEW

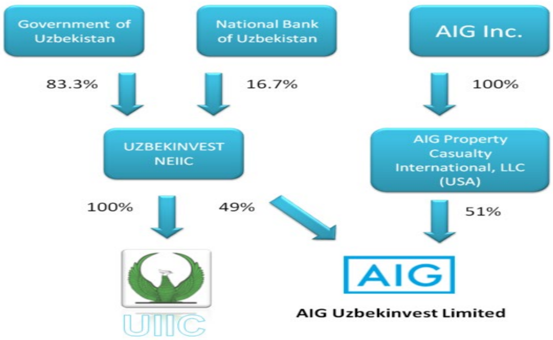
2.1 Organisational Overview

The immediate parent undertaking is Uzbekinvest National Export-Import Insurance Company. The ultimate parent undertaking and controlling party is Uzbekinvest National Export-Import Insurance Company, a company incorporate in the Republic of Uzbekistan.

The Company depends on AIG Uzbekinvest Limited who acts as its agent for business development and also manages the outsourcing arrangements with AIG UK Services Limited such as accounting, actuarial, claims, company secretary, risk management and underwriting. The investment managers and custodian of the asset portfolio is outsourced to Credit Suisse AG respectively.

The Company has two employees as per the organisation chart below. The Chief Executive Officer manages the operations and outsourcing activities of the Company and also sits on the Board of Directors. The Service Manager of Investment projects reports directly to the Chief Executive Officer.

The governance structure has been designed to ensure that the Chief Executive Officer is able to provide the appropriate levels of oversight to business development and outsourcing arrangements.



2.2 Business Overview

Uzbekinvest International Insurance Company Limited (the Company) was set up in November 29, 1994 to offer political risk insurance to potential and existing investors, thereby removing many of the uncertainties of investing in an unknown market. The main objective of the company is to offer political risk insurance to encourage new foreign investment in the infrastructure, natural resource development and industrial production in Uzbekistan.

2.3 Line of Business Overview

The Company writes one line of business - political risk. For Solvency II purposes, political risk falls under credit and suretyship insurance line of business. Premium levels are low and are expected to remain relatively consistent in the short term.

Consistent with prior years no claims have been notified in 2022. 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 Company intends to continue offering insurance policies designed to protect the business and assets of foreign companies investing or doing business in the Republic of Uzbekistan.

The target list and potentials of the Company is based on the projects that cover agriculture sector, textile, transport, oil & gas industries, energy sector, auto and machinery, as well as the trade credit facilities between Uzbek state-owned and foreign commercial banks.

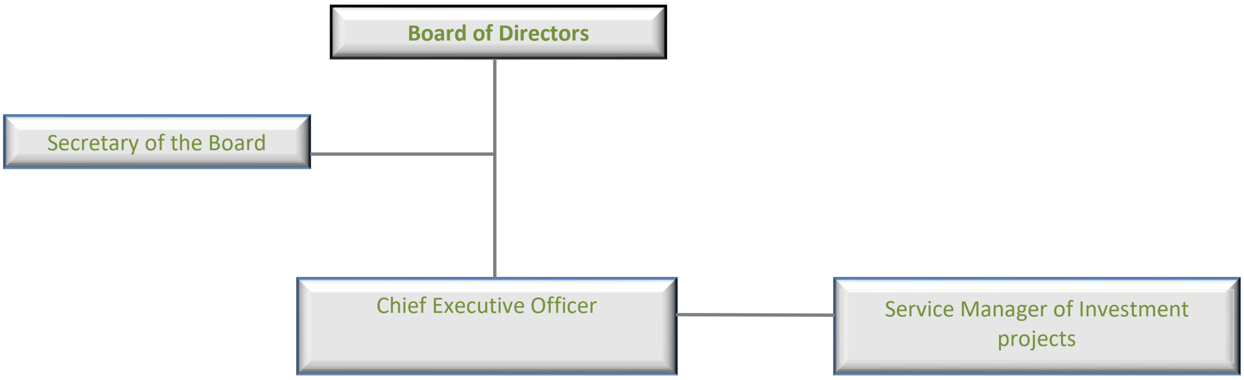
2.4 Distribution Overview

The Company transacts political risk insurance for foreign investors in infrastructure, natural resource development and industrial production, as well as for foreign commercial banks providing trade credit facilities for the state-owned banks in the Republic of Uzbekistan.

All business insured by the Company is accepted on its behalf by an underwriting agency – AIG Uzbekinvest Limited, established for this purpose. The use of such an agency enables the company to be established in a cost-effective way and to employ the considerable world-wide resources of AIG to assist in the production of business. Underwriting process, claim handling and other insurance issues are affected in the United Kingdom. AIG Uzbekinvest Limited is a member company of AIG UK.

2.5 Governance Structure

Organisation chart



The governance structure of the Company for year 2021/22:

1. **Chief Executive Officer**
   - Mr. Hasanjon Mamadjonov
2. **Service Manager of Investment Projects**
   - Mr. Mirkobul Miromonov
3. **Secretary of the Board**
   - Ms. Kate Hillery
4. **Board of Directors**
   - Mr. Sardor Umurzakov (Chairman)
   - Mr. Shukhrat Vafaev,
   - Mr. Hasan Mamadjonov
   - Mr. Rustam Khalikov
   - Mr. Shahruh Abdurashidov

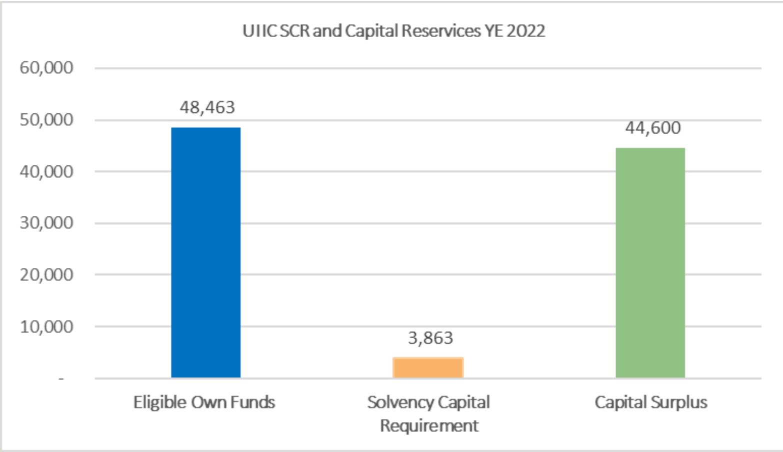
3. Solvency & Capital Assessment

The ratio of eligible own funds for SCR and MCR calculated using the standard formula as of 31 December 2022 amounts to 1,254% and 1,811% respectively. The Company is steadfast in its approach in maintaining a strong capital position and thus safeguarding the solvency level.

The Company advocates capital preservation. The Company identifies the risks to which it is exposed and assesses their impact on own funds over the business planning period. This process is risk based to manage the Company's capital requirements and ensure it has the financial strength and capital adequacy to support the growth of the business.

	Actual Y/E 2022 USDk
SCR	3,863
MCR	2,677
Ratio of eligible own funds to SCR	1,324%
Ratio of eligible own funds to MCR	1,789%

Based on Y/E 2022, UIIC's capital resources stand at USD 48,463k. This capital position delivers surplus capital of USD 44,600k over the Solvency Capital Requirement of USD 3,863k.



3.1 Solvency Capital Requirement (SCR)

The SCR is the amount of funds that the Company is required to hold in line with the Solvency II Directive. The SCR calculation is a formula based figure calibrated to ensure that all quantifiable risks are taken into account.

The assessment of the SCR using the standard formula approach is based on a modular approach consisting of; non-life, market, and counterparty default risks with associated sub-modules. These are aggregated in the standard formula using correlation matrices, both at the sub-module and the main module level. The operational risk component and adjustments for risk absorbing effect of future profit sharing and deferred taxes are then allowed for, to give the overall SCR.

The table below highlights the capital requirements for each risk module:

	Actual Y/E 2022 USD k
Market risk	3,718
Counterparty default risk	301
Non-life underwriting risk	151
Diversification	(324)
Intangible asset risk	-
Basic Solvency Capital Requirement	**3,852**
Operation Risk	11
Loss-absorbing capacity of technical provisions	-
Loss-absorbing capacity of deferred taxes	-

Diversification effect due to RFF in SCR aggregation for article 304	-
Solvency Capital Requirement	**3,863**

3.2 Minimum Capital Requirement (MCR)

The Company uses the Standard Formula to calculate its Minimum Capital Requirement (MCR). The amount of the MCR for the reporting period is USD 2,677k.

	Actual Y/E 2022 USD k
Linear MCR	36
SCR	3,863
MCR cap	1,738
MCR floor	966
Combined MCR	966
Absolute floor of the MCR	2,677
Minimum Capital Requirement	**2,677**

4. Risk Profile & Assessment of Risk Exposure

This section of the ORSA details the major risks to which UIIC is exposed. In each case the business activity which drives the risk set out, alongside the risk management and mitigation UIIC has implemented to control the risk and finally a forward looking assessment of the risk area is provided in line with the business plan.

The Company believes that a strong, effective and embedded risk management framework is crucial to maintaining successful business operations and delivering sustainable, long-term profitability.

The Company's Solvency Capital Requirement (SCR) is calculated using the Standard Formula.

Capital Requirement for each risk module (Standard Formula)	Standard Formula USD K	SCR Components
Counterparty default risk	301	8%
Market risk	3,718	96%
Non-life underwriting risk	151	4%
Diversification	(324)	(8%)
Operational Risk	11	0%
Solvency Capital Requirement	**3,863**	**100%**

4.1 Risk Profile

The Company's Risk Management Framework supports the identification, measurement, management, monitoring and reporting of the three major risk groupings the Company is exposed to, including:

- Underwriting Risk;
- Market Risk;
- Counterparty Default Risk;
- Operational Risk.

The major risk areas to which UIIC is exposed are detailed below:

Risk Category	Risk Type	Drivers of Risk
Insurance Risk	Premium Risk	Premium risk arises from the failure of pricing, product or strategy. It encompasses the risk of loss due to the potential timing, frequency and severity of covered loss events differing from that assumed at the time of underwriting and pricing a risk.
	Reserve Risk	Reserve risk arises from adverse reserve development through failing to set sufficient cash reserves or through failing to adopt a robust and consistent reserve strategy offered to insureds and countries. It represents the difference between the actual versus expected variability in the timing or amount (size/severity and count/ frequency) of loss costs including indemnity, legal and loss adjustment expenses.
	Catastrophe Risk	Man Made Catastrophe Risk arises from failure to manage risk aggregation or accumulation that may result in increased exposure to man-made catastrophe losses (e.g. terrorism, explosion, systemic financial losses, latent disease, pandemic etc).
Market Risk	Interest Rate Risk	The potential financial loss arising from the reduction in the value of the investment portfolio and liabilities due to changes in the level of interest rates.
	Currency Risk	The potential financial loss arising from the change in value of currency exchange rates or from closing out a currency position at a loss due to adverse movements in exchange rates.
	Spread Risk	The potential financial loss due to the increase in the spread that an asset trades at relative to a comparable government bonds hence a decrease in the asset's market value.
Liquidity Risk	Liquidity Risk	Liquidity risk refers to the ability to generate sufficient cash resources to meet the Company's payment obligations. It is defined as unencumbered cash and assets that can be monetized in a short period of time at a reasonable cost in both normal and stressed market conditions.

Risk Category	Risk Type	Drivers of Risk
Credit Risk	Credit Risk	Credit Risk concentration is associated with any single exposure or group of exposures with the potential to produce large losses to threaten the Company's core operations. It may arise in the form of single name concentration.
Operational Risk	Operational Risk	Operation Risk SF-SCR is mainly driven by premiums.

The following sections detail UIIC's current and future exposure to each of the above risk areas and sets out the risk processes and controls which have been implemented to manage and maintain the firm's risk profile within appetite.

4.2 Insurance Risk

Insurance Risk encompasses the risks stemming from UIIC's underwriting activity. UIIC's Insurance Risk exposure is broadly split into the following areas:

- Premium Risk – covers the risk of loss to UIIC due to the potential timing, frequency and severity of covered loss events differing from that assumed at the time of underwriting and pricing of a risk. It also contemplates the risk that reserves set aside for the current accident year will not be high enough to cover future claims and that all expenses are appropriately included.

  For illustration purposes, please refer to the sub-module components of the Non-Life Underwriting Risk.

- Reserve Risk - represents the difference between the actual versus expected variability in the timing or amount (size/severity and count/ frequency). Reserves are subject to a high level of management judgment and are estimated based on both internal experience and external factors which are both subject to change.

  For illustration purposes, please refer to the sub-module components of the Non-Life Underwriting Risk.

- Catastrophe Risk – the UIIC portfolio has some exposure to man-made catastrophes. Historic performance for the book has been stable with no notified claims.

4.3 Market Risk

Description and Sources of Risk

Market Risk quantifies the adverse impact on the Company due to broad, systemic movements in one or more market risk factors. The Market Risk component of SF-SCR is driven by risks inherent within the Company's assets and liabilities portfolio:

Market Risk	Standard Formula, USD k
Spread risk	2,282
Currency risk	-
Interest rate risk	2,935
Concentration risk	-
Diversification within market risk module	(1,499)
Market Risk	**3,718**

- Interest Rates – Interest rate risk is the potential for loss due to a change in interest rates. Interest rate risk is measured in terms of impact on both assets (fixed income investments) and liabilities (discounted technical provisions).

Interest Rate Risk is driven by exposures to fixed income securities. For illustration purposes, please refer to the sub-module components of the Non-Life Underwriting Risk.

- Foreign Exchange Rates – Changes in foreign exchange rates can affect the valuation of a broad range of balance sheet and income statement items.

  Foreign Exchange risk is mainly driven by exposure of the Company's assets and liabilities denominated in foreign currencies. For illustration purposes, please refer to the sub-module components of the Non-Life Underwriting Risk.

- Credit Spreads – Credit spread risk is the potential for loss due to a change in the spread that an asset trades at relative to the risk free rate.

  For illustration purposes, please refer to the sub-module components of the Non-Life Underwriting Risk.

As can be seen from the table below, UIIC's investment portfolio is focused towards high quality, liquid assets.

Asset Type	Actual Y/E 2022 USD k
Short Term Investments and Cash at Bank	1,277
Structured Products	0
Government and Corporate Bonds	45,749

Risk Management and Mitigation

UIIC's risk profile is managed through the "Investment Strategy & Guidelines" set by Portfolio Management Agreement with the asset managing company Credit Suisse AG. The document sets out investment guidelines for the entity's assets. In line with the prudent investment approach most of the bonds have investment grade A or greater which is highlighted in the below rating overview. In both cases asset allocation is limited to highly liquid sovereign bonds, short term deposits or cash denominated in USD.

Bonds – Investment Grade	Actual Y/E 2022 USD K	% of Portfolio
AAA	6.687	14.6%
AA	3,343	7.3%
A	16.992	37.1%
BBB	15,445	33.8%
NR	3,282	7.2%
Total	**45,749**	**100%**

Forward Looking Assessment of Risk

No change to the UIIC asset allocation thresholds and limits are expected moving forward.

4.4 Liquidity Risk

The company has a large portfolio of very liquid and marketable assets in relation to the size of the liability on the balance sheet. UIIC's asset portfolio is predominantly composed of government bonds, corporate bonds, short term deposits and cash at bank.

Description and Sources of Risk

Liquidity refers to the ability to generate sufficient cash resources to meet our payment obligations. It is defined as cash and unencumbered assets that can be monetized in a short period of time at a reasonable cost. Liquidity risk is defined as the risk that our financial condition will be adversely affected by the inability or perceived inability to meet our short-term cash, collateral or other financial obligations.

Risk Management and Mitigation

UIIC has very limited exposure to liquidity risk due to the previously articulated investment portfolio the Company holds and detailed in the "Investment Policy and Guidelines". Considering the investment portfolio, the Board of Directors believe that the Company is likely to face minimal liquidity risk, taking into account the investment portfolio.

UIIC's investment portfolio is made up of a combination of cash at bank, short term deposits, government bonds and corporate bonds, all of which could be realized within a short period of time.

Forward Looking Assessment of Risk

UIIC will continue to manage its liquidity risk profile through holding a conservative and liquid investment portfolio.

4.5 Credit Risk

UIIC's most material credit risk concentration relates to type 2 exposure of Cash at Bank on the balance sheet that amounts to USD 1,277k as at 31st December 2022.

Counterparty Listing	Standard Formula, USD K
Credit Suisse	1,256
Citi Bank	21
Total	**1,277**

Description and Sources of Risk

Credit risk is defined as the risk that our counterparties are unable or unwilling to repay their contractual obligations when they become due. Credit risk may also result from a downgrade of counterparty's credit ratings.

UIIC's primary sources of credit risk stem from our reinsurance arrangements, broker receivables and banking counterparties (cash at bank).

Risk Management and Mitigation

Alongside controlling UIIC's Market and Liquidity risk, the entity's "Investment Strategy & Guidelines" also sets out the approved list of banking counterparties and custodians the firm can utilise.

The Company's maximum exposure to Credit risk is generally reflected in the carrying amount of financial assets in the financial statements. The impact of possible netting of assets and liabilities to reduce potential credit risk is insignificant.

Forward Looking Assessment of Risk

Given the size of the investment portfolio, counterparty credit risk remains one of the most material contributor to the SF SCR.

4.6 Operational Risk

Description and Sources of Risk

Operational Risk is defined as the risk of Loss or other adverse consequences resulting from inadequate or failed internal processes, people, systems, or from external events.

Operation Risk SF-SCR amounts to USD 11k which is mainly driven by premiums.

Operational Risk	Standard Formula, USD K
Operational risk	11

Risk Management and Mitigation

The Board of Directors believe that the Company is likely to face minimal liquidity risk, taking into account the level of gross written premium.

5. Conclusion

Business Environment

Uzbekistan has continued demonstrating commitment to a comprehensive reform agenda of the Government that has been maintained through two significant successive crises in the recent years. Despite the coronavirus pandemic and the military conflict between Russia and Ukraine, real GDP growth, fiscal and external indicators have remained strong, reflecting the resilience of the economy and improved policy effectiveness in recent years. In particular, Uzbekistan's GDP grew by 5.7 percent in 2022 (in 2021 GDP's growth was 7.4 percent). and this indicator is expected to moderate to 5.1 percent in 2023 and accelerate gradually in the medium term. (Source: The World Bank).

Further progress is expected on reforms during 2023, including IPOs of large state-owned enterprises and bank privatizations, the privatisation of smaller state-owned enterprises and the separation of state-owned large monopolies, such as gas and electricity companies, which will lead to further increases in productivity and competitiveness, as well as further improvement of investment attractiveness of the economy for foreign investors.

As a result of continued progress and positive changes in the economy, the global rating agencies have updated the Uzbekistan's ratings for 2022 accordingly. Fitch Ratings has affirmed Uzbekistan's Long-Term Foreign-Currency (LTFC) Issuer Default Rating (IDR) at "BB-", with a stable outlook. S&P Global Ratings has affirmed the "BB-" Foreign Currency Long-Term credit rating of Uzbekistan with a stable outlook, while the Iinternational rating agency Moody has announced an increase in the sovereign credit ratingg of Uzbekistan from B1 to Ba3 (similar to "BB-" from S&P and Fitch), and also changed the outlook from "positive" to "stable".

The integration of Uzbekistan into the Global trade and economy continued during 2022 and so far, the Country has been granted with a great support from other International Financial Institutions and Organization on this way. The Government is projecting an increase in exports to the EU to benefit from the grant of the Generalised Scheme of Preferences (GSP+) to Uzbekistan, opening prospects and new opportunities for foreign investors and trade partners of Uzbekistan as well.

Uzbekistan demonstrated strong commitment to the World Trade Organisation (WTO) accession as well. The negotiations held with WTO during 2022-2023 moved the country to the next level, where members expressed their support for Uzbekistan's ambition to secure WTO membership while underlying the importance of bringing its trade regime into full conformity with WTO requirements.

The Company's business performance for 2023 will be driven by the above trends. The Company strongly believes that the improved economy will result in more investment opportunities and thus increase the demand for political risk cover.

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

Appropriate governance structures are in place which continue to monitor and assess risks and uncertainties. The risks considered by the UIIC Board of Directors and Executive Management include, but are not limited to: Insurance, Market, Liquidity, Operational, and Business & Strategy Risk. The primary governance framework looks down to the principal business writing and investment holding in UIIC. This includes a Board approval of each enquiry on insurance risk received, as well as reviewing and amending investment strategy based on the market conditions and constant monitoring by an Executive Management of the financial transactions between UIIC and outsourcing business partner.

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 adequacy of the Company.

Investment Risk

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 nocked down the Company's investment return forecast from 2.0% to actual negative result (9.38%) on an annual reporting basis.

The Company's investment portfolio has been heavily impacted by the negative trends on the bond markets. Particularly, high inflation was a dominant force driving the markets down. A surge of inflation led the US Federal Reserve to an unprecedented series of interest-rate increases, reducing the bond market, resulting in stocks having a prolonged decline in price which continued to the end of the year. However, due to continued growth of US Federal Reserve rates in 2023, the Company has amended its investment strategy by increasing a proportion of the US Treasuries and Sovereign Bonds in its portfolio, while reducing investment in equities and corporate bonds with lower investment rates to improve the investment opportunities.

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.

Along with the above changes and conditions, an extraordinary situation has arisen with Credit Suisse, a provider of custodian and asset management services to the Company. Due to turmoil in financial markets around the world, Credit Suisse has been the subject of media comment and speculation that the bank could face insolvency and financial collapse. However, a timely decision by the Swiss regulators, followed by a merger with UBS, helped Credit Suisse to withstand these scandals. Following the completion of the merger, Credit Suisse continued to operate as usual, in close cooperation with UBS, and without any impact to customers. This situation did not have any impact on the Company's portfolio management process and performance.

The Business Performance

In 2022 the underwriting guideline of UIIC regarding Uzbekistan didn't changed, and we continued 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 strategy regarding Uzbek risks has been in line with the market demand and the insurance rates have remained mostly at the same levels as in the last year.

The level of Gross Premium Written (GPW) has remained within the budgeted figures for 2022. During the reporting period a stable result of business production was mainly driven by the Company's activity in servicing both trade financing projects and syndicated term loan facility. The level of underwriting result was reduced comparing to 2021, however it has remained negative due to both growth of acquisition costs and administrative expenditure. It should be noted here there has been a significant reduction in Other Prepayments compared to the prior year, this is following the release of prepaid amounts in relation to the Expo 2022 Dubai.

During 2022, the Company received 24 formal enquiries (in 2021 - 22 enquiries). Four enquires related to trade financing projects of the state-owned banks NBU and Asakabank, as well as one associated with the syndicated term loan facility provided by the biggest company of Uzbekistan - Navoi Mining and Metallurgical Combinate, have been approved and bound.

The remaining enquiries related to some investment projects and other Uzbek commercial bank transactions which have been refused due to non-compliance with the underwriting guidelines. In general, the market continues to demonstrate a good appetite for short-term and medium-term Uzbek risks. As a result, the Company has issued 4 new policies and extended one existing policy during 2022. We hope that 2023 will also be productive; in the first quarter of 2023 we have already issued 2 non-binding indicative offers for trade financing projects, while the number of enquires received was 10.

Business Strategy

The Company continues to embed its strategic mission as an integral part of the national system for promotion of foreign trade and attracting Foreign Direct Investments (FDI) into Uzbekistan.

To support the above strategy the Company will continue to use outsourcing arrangements with the local business partner AIG UK. In close cooperation with the outsourcing service provider, through the existing planning and budgeting process, the Company has targeted to increase both quality and quantity of business portfolio while aligning investment and business resources to maximise the impact of the strategic priorities.

The Company continues to be one of a highly valued and reliable partner for AIG UK to support their business portfolio of the Uzbek risks and projects through the reinsurance arrangements existing between the companies whilst being a loyal to other business partners and complying with the regulatory environment.

To adapt to current market trends and business environment, the Company will continue to work closely with the local business partner whilst expanding cooperation with the foreign and Uzbek banks which provide trade financing and investment project support in Uzbekistan.

The Company's Investment portfolio will remain as a key matter of monitoring and control by both Executive and Board with discretionary management of the assets by portfolio managers from Credit Suisse AG.
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 with a conservative investment strategy focused on the capital preservation. Following the market situation and conditions, the Company will adjust the strategy in due order.

Future Developments

The vision of the business remains committed to being the specialised insurer for foreign companies investing with or having business in the Republic of Uzbekistan, differentiating our value to customers through a unique and tailored underwriting and claims capabilities of our local outsourcing partner AIG UK, as well as client servicing excellence.

During 2023 we expect that the Company will continue to face adverse market forces including the fallout of the Russia - Ukraine conflict, global political uncertainty, and economic recession, as well as a highly competitive London market.

In line with prior years, the vision for the Company is to remain the niche-market insurer in the UK marketplace, with the target to maintain its volume of business within the range of GPW $300-350K per annum. Our expectation is based on the following factors:

- The Uzbek Government continues process of implementation of economic and political reforms to improve investment attractiveness of Uzbekistan for foreign investors.

- Further integration of Uzbekistan into the global trade and economy through WTO accession, as well as more prospects and new opportunities for investors and trade partners granted by a status of beneficiary within the EU's Generalized System of Preferences Plus (GSP+) trade regime. Lifting the global boycott on cotton from Uzbekistan will open the European and American markets for textile goods from Uzbekistan as well.

- Within the official visits of the President of Uzbekistan during 2022-2023 to Europe, to Germany and France in particular, many agreements on new trade, investment, and technological projects have been signed. These projects are aimed at co-operation in the fields of green energy, mining, chemical, pharmaceutical industries, modernisation of transport infrastructure, and other priority areas. The German commercial banks, (KfW Bank, Deutsche Bank, Commerzbank and Landesbank and others) have agreed to provide full-scale partnership support to German companies operating in Uzbekistan.

- The company retains close coordination and affiliation with the Ministry of Investment, Industry and Trade of Uzbekistan (MIIT) and the Ministry of Finance (MOF), as well as with the biggest Uzbek commercial bank – National Bank of Uzbekistan (NBU) that gives the Company a better position on the Uzbek market to provide services to foreign investors and business partners.

In general, the Company will continue to make sure that the framework and procedures used are robust and that its risk management measures are adequate to the nature, scale and complexity of the risks it is exposed to.