



Uzbekinvest International Insurance Company Limited

Annual Report and Financial Statements

For the year ended 31 December 2022

Uzbekinvest International Insurance Company Limited
Annual Report and Financial Statements For the Year Ended 31 December 2022

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Uzbekinvest International Insurance Company Limited
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Company Information

For the year ended 31 December 2022

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 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

Uzbekinvest International Insurance Company Limited
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Strategic Report
For the year ended 31 December 2022

The Directors present their Strategic Report of Uzbekinvest International Insurance Company Limited (the "Company" or "UIIC") for the year ended 31 December 2022.

Review of the Business

The results of the Company for the year, as shown on page 17 and page 18, show a loss on ordinary activities before tax of US\$4,979,269 (2021: US\$1,144,777). The level of gross premiums written, as shown on page 18, was \$303,170 (2021: US\$311,303). The key driver of the loss before tax in 2022 was the negative investment return caused by an increase in inflation and following a decrease in market value of investment portfolio assets. At 31 December 2022, the total shareholders' funds of the Company, as shown on page 19, total US\$48,331,138 (2021: US\$52,066,672).

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 in implementation of projects in various industries, mainly in banking, energy, mining, agri-foods, and transport sectors of Uzbekistan.

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 international rating agency Moody has announced an increase in the sovereign credit rating 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.

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.

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 American International Group UK Limited ("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.

Company Registered Number: 02997845

Uzbekinvest International Insurance Company Limited
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Strategic Report

For the year ended 31 December 2022 (continued)

To minimize a risk of insufficient funds required to cover the operating expenses, as well as to prevent a liquidity risk, the Company has amended its investment strategy from fixed income to mixed portfolio. This change of strategy will allow the Company to maintain real-time capital preservation, as well as to achieve long-term capital growth. From the prospect of risk assessment, it involves investing in average level of risk assets that prioritize stability and security over high returns.

In general, the Company will continue with a conservative investment strategy that focuses on protecting the initial investment and minimizing the risk of loss.

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.

	2022	2021
	US\$	US\$
Gross Premiums Written (GPW)	303,170	311,303
Underwriting Loss (Balance on Technical Account - General Business)	(727,719)	(768,172)
Ratio of investment return to the value of invested assets	(9.38%)	(0.64%)
Return on capital employed (profit for the financial year before tax in relation to the closing equity shareholders' funds)	(10.30%)	(2.20%)

Business Performance

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.

When it came to investment returns in 2022, 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. The change in portfolio resulted in some realised losses.

Consistent with prior years, no claims have been notified in 2022, as well as no claims or losses reported 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, no reserve for outstanding claims or IBNR has been established.

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 Combine, 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.

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, based on the initial risk assessment conducted by the AIGUK Political Risk Management Team, which exists to manage financial risks and ensures that controls operate effectively. A limit of up to \$10m per risk for up to a period of 5 years has been agreed.

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

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Strategic Report

For the year ended 31 December 2022 (continued)

investment strategy based on the market conditions and constant monitoring by an Executive Management of the financial transactions between UIIC and outsourcing business partner. Further information about our risk management framework is provided in Note 4 of the Financial Statements.

The Company has determined there are no material risks or uncertainties that impact the going concern assumption of UIIC.

Going Concern

The Directors have been provided with a comprehensive review of the going concern of the company by way of utilising the existing metrics and also incorporating those recommended by the regulator.

Having reviewed the internal metrics and external factors, the Company continues to maintain a stable position. There have been no material uncertainties identified in relation to any events, conditions nor the significant judgements exercised during the reporting period. The analysis has also included an assessment of retrospective data, assumptions and estimates used in previous going concern assessments and this has proven to stand true.

Based on this assessment, the Board concluded that no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern have been identified. As such, the UIIC 2022 Financial Statements have been prepared on a going concern basis.

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.

For the 2022 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 2023 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 2022. 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 EIC websites and on-line meetings

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Strategic Report

For the year ended 31 December 2022 (continued)

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 2022, 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 2022 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..

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 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 Industry, Investment and Trade's 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.

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Strategic Report
For the year ended 31 December 2022 (continued)

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

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 Company has maintained a strong capital position and thus safeguarded its solvency position. As at 31 December 2022 the unaudited ratio of eligible own funds for Solvency Capital Requirement (SCR) was 1,254% (2021: 1,324%). 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 2022	As at 31 December 2021
	(unaudited) US \$	(unaudited) US \$
Basic Own Funds		
Ordinary share capital	50,000,000	50,000,000
Reconciliation reserve	(1,536,674)	2,096,338
Total basic own funds	48,463,326	52,096,338
 Available and eligible own funds		
Total available own funds to meet the SCR	48,463,326	52,096,338
Total eligible own funds to meet the SCR	48,463,326	52,096,338
SCR	3,863,129	3,935,102
Ratio of eligible own funds to meet SCR	1,254.51%	1,323.89%

The Company will continue to take appropriate steps to ensure continuous strong 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 highly inflationary situation on the markets, or by other reasons that may impact financial stability of the Company.

Future developments

The Company's 2023 Business Plan and budgeting process covers a 2-year strategy. 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.

UIC achieved the budgeted target for Gross Premium in 2022 despite not achieving the investment income target due to high level of instability and low rates on the investment markets. 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.

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Strategic Report
For the year ended 31 December 2022 (continued)

- 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.

On behalf of the Board

DocuSigned by:

Hasan Mamadjonov

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Hasan Mamadjonov
Director

Date: 27th July 2023

Uzbekinvest International Insurance Company Limited
Annual Report and Financial Statements For the Year Ended 31 December 2022

Directors' Report

For the year ended 31 December 2022

The Directors present their report and the audited Financial Statements of Uzbekinvest International Insurance Company Limited (the Company) for the year ended 31 December 2022.

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 2022 (nil in 2021).

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. While the Company has minimal exposure to environmental risk, environmental responsibility of the Company includes various sustainability initiatives, which are aimed at reducing energy consumption, participating in green programs, promoting recycling efforts, and utilising eco-friendly production processes. From the business perspective, the Company is dedicated to support the "green" projects that are primarily aimed at reducing gas emissions or supporting the use of renewable energy.

Events after the Reporting Year

There are none to report as outlined in the Strategic Report.

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
Company Registered Number: 02997845

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Directors' Report
For the year ended 31 December 2022 (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 2022 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), FRS 103 "Insurance Contracts" (United Kingdom Generally Accepted Accounting Practice) 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

The UIIC Board approved the reappointment of Mazars LLP as external auditors for the Company for the year ending 31 December 2022 and the intention is to reappoint Mazars as auditors for the 2023 year end.

On behalf of the Board

DocuSigned by:



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Hasan Mamadjonov
Director

Date: 27th July 2023

Uzbekinvest International Insurance Company Limited
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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 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the 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 2022 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 against the requirements of applicable financial reporting standards.

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

Uzbekinvest International Insurance Company Limited
Annual Report and Financial Statements For the Year Ended 31 December 2022

Independent auditor's report to the members of Uzbekinvest International Insurance Company Limited. (continued)

This matter, 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
<p>Valuation of the investment portfolio – risk of material misstatements</p> <p><i>Refer to Note 1: "Financial Investments," Note 4b: "Financial Risk and Capital Management- Fair Value Estimation" and Note 13: "Financial Investments".</i></p> <p>The entity's investment portfolio amounting to US\$ 45.55 million, which comprises of debt and other fixed securities is a material balance and significant to the financial statements.</p> <p>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 an active market, the re-measured fair values are calculated based on observable inputs. There is a residual risk however, that errors in valuation can have a significant impact on the numbers presented. We therefore determined that this was a key audit matter.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtained an understanding of and evaluated management's process and controls around investment recording and valuation; • For all investments in the portfolio, we confirmed the company's investment holdings as at 31 December 2022 to independent confirmations received directly from the Company's custodian; • We agreed the market prices applied to independent pricing vendors and recalculated the investment valuations as at the year-end for all investments in the portfolio; • Assessed 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; • Assessed the adequacy and completeness of the relevant disclosures within the financial statements against the requirements of applicable financial reporting standards; <p>Our observations</p> <p>Based on the work performed and evidence obtained, we found the valuation of the investment portfolio as at 31 December 2022 to be reasonable.</p>

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\$734,740 (2021: US\$788,840)
How we determined it	1.5% of Total Assets (2021: 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\$514,320 (2021: US\$473,300), which represents 70% (2021: 60%) of overall materiality. The primary factors we considered in determining the level of performance materiality include our understanding of the company's control environment; the level and nature of errors detected in our previous audit 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\$22,040 (US\$23,670) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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Independent auditor's report to the members of Uzbekinvest International Insurance Company Limited. (continued)

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.

Uzbekinvest International Insurance Company Limited
Annual Report and Financial Statements For the Year Ended 31 December 2022

Independent auditor's report to the members of Uzbekinvest International Insurance Company Limited. (continued)

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the company and its industry, 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 ("PRA") and Financial Conduct Authority ("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 UK tax legislation, and the Companies Act 2006.

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; deferred tax assets 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 2 years, covering the years ending 31 December 2021 to 31 December 2022.

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 Board of Directors.

Uzbekinvest International Insurance Company Limited
Annual Report and Financial Statements For the Year Ended 31 December 2022

Independent auditor's report to the members of Uzbekinvest International Insurance Company Limited. (continued)

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 \(Jul 27, 2023 16:33 GMT+1\)](#)

Leanne Finch (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London
EC4M 7AU
27 July 2023

Uzbekinvest International Insurance Company Limited
Annual Report and Financial Statements For the Year Ended 31 December 2022

Statement of Comprehensive Income
For the year ended 31 December 2022

Technical Account - General Business	Note	2022 US\$	2021 US\$
Earned premiums			
Gross premiums written	3	303,170	311,303
Change in the gross provision for unearned premiums		50,429	32,567
Earned premiums		353,599	343,870
Net operating expenses	6	(1,081,319)	(1,112,042)
Total technical charges		(1,081,319)	(1,112,042)
Balance on the technical account for general business		(727,719)	(768,172)

The notes on pages 21 to 30 form an integral part of these Financial Statements.

Uzbekinvest International Insurance Company Limited
Annual Report and Financial Statements For the Year Ended 31 December 2022

Statement of Comprehensive Income
For the year ended 31 December 2022 (continued)

Non-Technical Account	Note	2022 US\$	2021 US\$
Balance on the general business technical account		(727,719)	(768,172)
Investment Return			
Investment income		894,546	891,144
Unrealised losses on investments		(3,511,306)	(1,159,843)
Investment expenses and charges		(130,454)	(126,712)
Realised (losses)/gains		(1,506,683)	75,633
Total investment (loss)		(4,253,898)	(319,778)
Other income/(charges)	7	2,348	(56,827)
Loss on ordinary activities before tax		(4,979,269)	(1,144,777)
Tax on loss on ordinary activities	10	1,243,736	286,194
Loss for the financial year	15	(3,735,534)	(858,583)
Total comprehensive loss for the year		(3,735,534)	(858,583)

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

The notes on pages 21 to 30 form an integral part of these Financial Statements.

Uzbekinvest International Insurance Company Limited
Annual Report and Financial Statements For the Year Ended 31 December 2022

Balance Sheet
As at 31 December 2022

	Note	2022 US\$	2021 US\$
ASSETS			
Investments			
Financial Investments	11	45,551,310	50,243,391
Debtors: amounts falling due within one year			
Arising out of direct insurance operations		406,501	708,968
Other debtors	12	12,073	17,881
		418,574	726,849
Debtors: amounts falling due after one year			
Deferred tax asset	10	1,529,930	286,194
Other assets			
Cash and cash equivalents		1,276,029	1,094,995
		1,276,029	1,094,995
Prepayments and accrued income			
Accrued interest		201,185	160,729
Deferred acquisition costs	13	19,605	33,861
Other prepayments and accrued income		871	170,255
		221,661	364,845
Total Assets		48,997,504	52,716,274
EQUITY AND LIABILITIES			
Capital and reserves			
Called up share capital	14	50,000,000	50,000,000
Profit and loss account	15	(1,668,862)	2,066,672
Shareholders' funds		48,331,138	52,066,672
Technical provisions			
Provision for unearned premiums		78,307	135,320
Creditors – amounts due within one year			
Arising out of direct insurance operations	16	272,898	205,593
Other creditors including taxation and social security	16	121,697	189,170
		394,595	394,763
Accruals and deferred income		193,464	119,519
Total Liabilities		48,997,504	52,716,274

The notes on pages 21 to 30 form an integral part of these Financial Statements. The Financial Statements on these pages were approved by the Board of Directors on 27th July 2023 and signed on its behalf by:

Hasan Mamadjonov

DocuSigned by:

Hasan Mamadjonov

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Director

Date: 27th July 2023

Uzbekinvest International Insurance Company Limited
Annual Report and Financial Statements For the Year Ended 31 December 2022

Statement of Changes in Equity
For the year ended 31 December 2022

	Note	Called-up Share Capital	Profit and Loss Account	Total Shareholders' Funds
		US\$	US\$	US\$
Balance at 1 January 2021		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		50,000,000	2,066,672	52,066,672
Loss and Total comprehensive loss for the financial year		0	(3,735,534)	(3,735,534)
Balance as at 31 December 2022	14, 15	50,000,000	(1,668,862)	48,331,138

The notes on pages 21 to 30 form an integral part of these Financial Statements.