

**“INGOSSTRAKH” INSURANCE CLOSED JOINT-STOCK COMPANY**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**  
**AND**  
**INDEPENDENT AUDITOR’S REPORT**

**Bishkek 2020**

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**INDEPENDENT AUDITOR'S REPORT**  
**HLB Marka Audit LLC**  
**on the financial statements of**  
**"Ingosstrakh" Insurance Closed Joint-Stock Company**

**Shareholders and Board of Directors of "Ingosstrakh" ICJSC**

**Conclusion on audit of financial statements**

***Opinion***

We have audited the financial statements of "Ingosstrakh" ICJSC (hereafter referred to as the "Company"), including the Statement of financial position as of 31 December 2019, Statement of income or loss and other comprehensive income, Statement of cash flows, and Statement of changes in equity for the year then ended, and notes to the financial statements, including a summary on significant points of the accounting policies.

In our opinion, the accompanying financial statements, in all material respects, fairly present financial position of "Ingosstrakh" ICJSC as of 31 December 2019, its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs).

***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 "Ingosstrakh" ICJSC in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code, applied to our audit of the financial statements in the Kyrgyz Republic. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our opinion.

***Management's responsibility and those charged with the responsibility for the corporate management of "Ingosstrakh" ICJSC, for the financial statements***

The management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with the IFRSs as well as for maintaining internal control system which the management considers relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the ability of to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to cease its operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for the corporate management and overseeing the financial reporting process of the "Ingosstrakh" ICJSC.

***Auditor's responsibility 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 the International Standards on Auditing 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.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ✓ identify and assess the risk of material misstatement of financial statements, whether due to fraud or errors, design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ✓ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- ✓ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ✓ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists;
- ✓ concerning events or conditions that may cast significant doubt on "Ingosstrakh" ICJSC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause "Ingosstrakh" ICJSC to cease to continue as a going concern;
- ✓ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the officials responsible for the corporate management, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the officials responsible for the corporate management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **HLB MARKA AUDIT LLC**

*License registration No.0146 dated November 13, 2018, issued by the Public Service of Regulation and Supervision over the Financial Market under the Government of the Kyrgyz Republic;*


*Registration certificate No.4850-3301-000 issued by the Kyrgyz Republic Ministry of Justice dated October 11, 2019;*

*38, Professor Zima Street, Bishkek,*

*The Kyrgyz Republic, Telephone/fax: (312) 32-05-75*

  
**A.M. Asylbekova, Director**

*Qualified Auditor Certificate No.0461 dated August 7, 2019*

  
**L.G. Zalunina, Auditor, Audit Team Leader**

*Qualified Auditor Certificate No.00222 of 31.10.2011*

*Dip IFR (Rus.) Certificate No.1768245 of 09.12.2010*

*CAP - Certificate No.0007812 of 15.12.2007*

**24 March 2020**



**MANAGEMENT STATEMENT OF RESPONSIBILITY  
FOR PREPARATION AND APPROVAL OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

The statement below, which should be considered together with the description of obligations of independent auditors, accompanied the report of independent auditors, is made with the purpose to delimit obligations of auditors and the management in regard to the financial statements of «Ingosstrakh» Insurance company, previously «Ingosstrakh» ICJSC (hereinafter the «Company»). The management of the Company is responsible for preparing of the financial statements that fairly reflect, in all material respects, financial position as of 31 December 2019, financial performance, cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS).

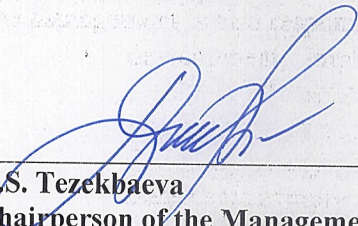
When preparing financial statements, the management is responsible for:

- selecting appropriate accounting principles and using those consistently;
- performing well-grounded measurements and calculations;
- compliance with IFRS requirements and disclosure of all material variances from IFRS in comments to financial statements;
- preparing financial statements allowing for assumption that the Company will continue its activity in the foreseeable future, except for cases when such an assumption is not legitimate;
- maintaining of accounting in accordance with the current legislation of the Kyrgyz Republic and IFRS.

The management is also responsible for:

- development, implementation and maintenance of effective and reliable internal control system in all subdivisions of the Company;
- maintenance of accounting system that permits to provide information on financial status of Company at any given time with a specified degree of accuracy and assure that the financial statements comply with IFRS requirements;
- taking measures within its terms of reference to assure the integrity of Company assets;
- revelation and prevention of any fraud or other abuse.

These financial statements for the year ended 31 December 2019 were approved by the management on 24 March 2020.

  
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**D.S. Tezekbaeva**  
**Chairperson of the Management Board**  
**«Ingosstrakh» ICJSC**

**24 March 2020**

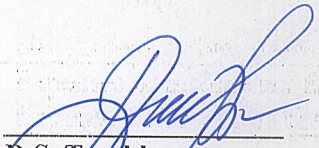


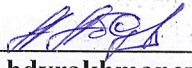
**Statement of profit or loss and other comprehensive income**

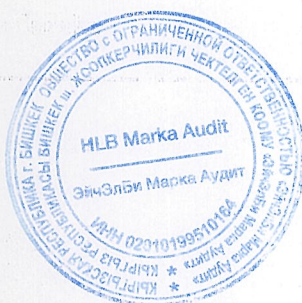
For the year ended 31 December 2019

(Amounts in tables are shown in the Kyrgyz som (KGS))

	Note	2019	2018
<b>Technical account on insurance, net of reinsurance</b>			
Earned insurance premiums	4	88,838,455	90,718,542
Losses incurred	5	(29,782,194)	(33,922,223)
Expenses on carrying out insurance operations	6	(13,012,129)	(13,408,619)
<b>Total technical account on insurance, net of reinsurance</b>		<b>46,044,132</b>	<b>43,387,700</b>
<b>Non-technical account</b>			
Administrative expenses	7	(42,181,701)	42,873,683
Other income /expenses from investing activities	8	20,808,553	20,177,071
Exchange rate difference	9	491,803	421,743
Other income		(138,946)	(74,635)
<b>Total non-technical account</b>		<b>(21,020,291)</b>	<b>(22,349,504)</b>
<b>Net income or loss before taxation</b>		<b>25,023,841</b>	<b>21,038,196</b>
Expenses of income tax from activities	22	2,260,419	1,941,866
<b>Net income or loss of the reporting year</b>		<b>22,763,422</b>	<b>19,096,330</b>
<b>Other comprehensive income</b>			
Revaluation of property	24	(2,954,664)	(3,096,510)
Income tax on earnings from revaluation of fixed assets	24	365,128	227,833
<b>Total other comprehensive income for the reporting period</b>		<b>(2,589,536)</b>	<b>(2,868,677)</b>

  
**D.S. Tezekbaeva**  
 Chairperson of the Management Board  
 «Ingosstrakh» ICJSC

  
**A.T. Abdyrakhmanov**  
 Chief Accountant  
 «Ingosstrakh» ICJSC






**Statement of financial position**

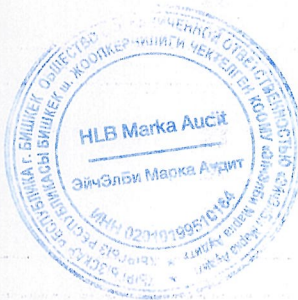
As of 31 December 2019

(Amounts in tables are shown in the Kyrgyz soms (KGS))

	Note	31 December 2019	31 December 2018 recalculated
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	18,575,148	19,192,493
Current financial assets	11	258,097,038	243,920,530
Receivables on insurance/reinsurance operations	12	32,202,217	13,405,518
Other assets	13	21,612,159	17,015,056
Deferred acquisition expenses	14	16,496,810	14,242,498
Insurance provisions - Reinsurers' share in provisions	15	327,600,218	252,074,602
Prepaid income tax		719,236	802,725
<b>Total current assets</b>		<b>675,302,826</b>	<b>560,653,422</b>
<b>Non-current assets</b>			
Fixed assets	16	50,847,163	53,943,426
Intangible assets	17	10,550,833	7,103,215
Long-term investments	18	5,558,090	5,404,375
<b>Total non-current assets</b>		<b>66,956,086</b>	<b>66,451,016</b>
<b>TOTAL ASSETS</b>		<b>742,258,912</b>	<b>627,104,438</b>
<b>Current liabilities</b>			
Accounts payable on insurance/reinsurance operations	19	39,783,377	9,177,965
Other liabilities	20	10,119,672	10,563,489
Deferred acquisition income	21	10,585,574	8,549,744
Insurance provisions	15	407,519,757	324,994,111
<b>Total current liabilities</b>		<b>468,008,380</b>	<b>353,285,309</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	22	3,456,839	4,103,036
<b>Total non-current liabilities</b>		<b>3,456,839</b>	<b>4,103,036</b>
<b>Total liabilities</b>		<b>471,465,219</b>	<b>357,388,345</b>
<b>Equity</b>			
Shareholder's equity	23	191,428,920	191,428,920
Other capital	24	56,601,351	59,190,888
Retained income / (uncovered loss)		22,763,422	19,096,285
<b>Total equity</b>		<b>270,793,693</b>	<b>269,716,093</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>742,258,912</b>	<b>627,104,438</b>

**D.S. Tezekbaeva**  
Chairwoman of the Management Board  
«Ingosstrakh» ICJSC

  
**A.T. Abdyrakhmanov**  
Chief Accountant  
«Ingosstrakh ICJSC



**“Ingosstrakh” ICJSC**

**Statement of changes in equity**

For the year ended 31 December 2019

(Amounts in tables are shown in the Kyrgyz soms (KGS))

	Authorized capital	Other capital	Retained income	Total equity
<b>As of 1 January 2019</b>	<b>191,428,920</b>	<b>59,190,887</b>	<b>19,096,285</b>	<b>269,716.092</b>
Revaluation of property with recognized deferred tax liabilities of revaluation	-	(2,589,536)	-	(2,589,536)
Profit for the reporting period	-	-	22,763,422	22,763.422
Dividends	-	-	(19,096,285)	(19,096,285)
<b>As of 31 December 2019</b>	<b>191,428,920</b>	<b>56,601,351</b>	<b>22,763,422</b>	<b>270,793.693</b>
<b>As of 1 January 2018</b>	<b>160,000,920</b>	<b>63,008,064</b>	<b>35,078,300</b>	<b>258,087.284</b>
Revaluation of property with recognized deferred tax liabilities from revaluation	-	(2,868,677)	-	(2,868,677)
Profit for the reporting period	-	-	19,096,330	19,096.330
Dividends	-	-	(34,920,000)	(34,920,000)
Issue of shares of profit distributable	31,428,000	-	-	31,428.000
Use of consumption fund / Profit constraints allocable	-	(948,499)	(158,345)	(1,106,844)
<b>As of 31 December 2018</b>	<b>191,428,920</b>	<b>59,190,888</b>	<b>19,096,285</b>	<b>269,716.093</b>

  
**D.S. Tezekbaeva**

**Chairperson of the Management Board**  
**«Ingosstrakh» ICJSC**

  
**A.T. Abdyrakhmanov**

**Chief Accountant**  
**«Ingosstrakh» ICJSC**





**Statement of cash flows**

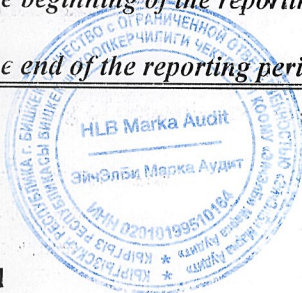
For the year ended 31 December 2019

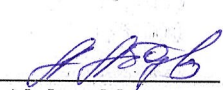
(Amounts in Tables are shown in the Kyrgyz soms (KGS))

	2019	2018
<b>Section I. Cash flows from operating activities</b>		
Insurance premiums on insurance and reinsurance contracts, received	234,136,161	215,379,011
Insurance premiums on contracts, transferred to reinsurance, paid	(106,381,911)	(107,073,554)
Payment under property insurance contracts accepted for reinsurance	(295,896)	
Payment on insurance and reinsurance contracts, paid	(30,985,881)	(14,269,277)
Insurance premiums received from reinsurers in connection with dissolution of insurance contracts	462,975	26,414
Return of insurance premiums received from insurer in connection with dissolution of insurance contracts	(1,269,595)	(318,905)
Reinsurers' share in payments on insurance and reinsurance contracts, received	4,081,887	1,978,933
Payment for acquisition expenses	(32,453,225)	(24,120,487)
Payment for expenses on losses settlement	(193,850)	(2,993,907)
Receipts of amounts on subrogation and recourse claims	619,135	1,068,099
Receipts for compensation of damages for direct compensation of losses	5,252,330	5,655,989
Payment of salary and other emoluments to employees	(27,729,318)	(28,783,977)
Payment for other administrative and operating expenses	(25,572,221)	(25,252,405)
Bank commissions paid off	(801,738)	(648,101)
Income tax paid	(2,458,000)	(2,141,608)
Other cash flows from operating activities	329,030	507,393
<b>Balance of cash flows from operating activities</b>	<b>16,739,883</b>	<b>19,013,618</b>
<b>Section II. Cash flows from investing activities</b>		
Cash inflows from sales of fixed assets	278,976	
Cash inflows from sales of investment property		217,837
Payments for acquisitions, creation, modernization, reconstruction and preparation of fixed assets for operation	(2,663,506)	(4,101,649)
Payments for acquisitions, creation of intangible assets	(1,715,192)	(12,789,609)
Interests received	20,651,624	18,065,625
Net cash flows on securities held to maturity	(16,670,618)	(17,277,015)
Payments less receipts from placement and closing of deposits and other funds deposited at banks	(4,119,701)	(7,949,260)
Inflows of income from investment property let on lease	155,000	72,169
<b>Balance of cash flows used in investing activities</b>	<b>(4,083,417)</b>	<b>(23,761,902)</b>
<b>Section III. Cash flows from financing activities</b>		
Payment of dividends	(19,096,285)	(3,492,000)
<b>Balance of cash flows provided by financing activities</b>	<b>(19,096,285)</b>	<b>(3,492,000)</b>
<b>Balance of cash flows for the reporting period</b>	<b>(6,439,819)</b>	<b>(8,601,525)</b>
Impact value of foreign currency exchange rates to som	(168,889)	(361,242)
<b>Balance of cash and cash equivalents at the beginning of the reporting period</b>	<b>19,192,493</b>	<b>27,794,018</b>
<b>Balance of cash and cash equivalents at the end of the reporting period</b>	<b>12,583,785</b>	<b>19,192,493</b>

  
D.S. Tezekbaeva

Chairperson of the Management Board  
«Ingosstrakh» ICJSC



  
A.T. Abdyrakhmanov  
Chief Accountant  
«Ingosstrakh» ICJSC

## 1. Background of the Company

The Insurance Close Joint Stock Company "Ingosstrakh" ICJSC, previously Close Insurance Joint Stock Company «Kyrgyzinstrakh», (the 'Company') is an assignee of Close Joint Kyrgyz and Russian Insurance Company on foreign insurance "Kyrgyzinstrakh", founded by the Resolutions No.508 of 31 October 1996 and No.539 of 15 November 1996 of the Government of the Kyrgyz Republic, based on the voluntary agreement through amalgamation of their contributions.

The Company is registered with the Ministry of Justice of the Kyrgyz Republic, Certificate of State Reregistration is No. 4336-3300-CJSC of 28 April 2018.

The Company is a legal entity in accordance with the current legislation of the Kyrgyz Republic and acts its activities in accordance with its Charter.

Founder/shareholder of the Company is "INVEST-POLIS", registered at the address: Russian Federation, Moscow, house 41 Lesnaya Street.

The main activities of the Company are insurance and reinsurance. Besides, the Company may perform other types of activities which are not prohibited by the current legislation of the Kyrgyz Republic.

To perform the insurance activities, the Company has licenses of the State Services for Regulation and Supervision over the financial market under the Government of the Kyrgyz Republic:

- on compulsory types of insurance;
- on voluntary types of insurance.

Types of insurance carried out by the Company are stated in licenses:

License on obligatory types of insurance, carried out by an insurance organization (Series «S» No. 0036 of 15 July 2016 with no fixed term basis) comprises rendering of the following services:

- Obligatory insurance of civil responsibility of hazardous cargo carriers;
- Obligatory insurance of civil responsibility of organizations operating dangerous production objects;
- Obligatory insurance of civil responsibility of an employer for inflicting harm to life and health at performing labor duties by him;
- Obligatory insurance of civil responsibility of a carrier to passengers;

License on voluntary personal insurance, carried out by an insurance organization (Series «S» No. 0065 of 25 July 2017 with no fixed term basis), comprises rendering of the following services:

- Voluntary medical insurance;
- Voluntary insurance of medical expenses when going abroad;
- Voluntary accident insurance.

License on voluntary property insurance, carried out by an insurance organization (Series «S» No. 0066 of 25 July 2017 with no fixed term basis), comprises rendering of the following services:

- Insurance of transport vehicles, civil responsibility and seats in means of transportation;
- Insurance of aviation risks;
- Complex and property insurance of banks;
- Insurance of baggage during trips abroad;
- Insurance of expenses arising resulting from the cancellation of a trip abroad or changes in terms of staying abroad;
- Insurance of transported cargos;
- Insurance of cars and equipment against breakdowns;
- Insurance of mobile equipment;
- Insurance against fire and other hazards;
- Construction and mounting insurance;
- Insurance of electronic equipment;

- Insurance of financial and crediting institutions (banks) against electronic and computer crimes;
- Insurance of financing risks.

License on voluntary property insurance, carried out by an insurance organization (Series «S» No. 0067 of 25 July 2017 with no fixed term basis), comprises rendering of the following services:

- Insurance of civil responsibility of haulers and forwarders;
- Insurance of responsibility to third parties at constructing and mounting works;
- Insurance of professional responsibility;
- Insurance of responsibilities of directors and heads of executing agencies;
- Insurance of civil responsibility;
- Insurance of civil and legal responsibilities of an employer.

License on incoming reinsurance on obligatory and voluntary types of insurance, carried out by reinsurance organization, (Series «S» No. 0068 of 25 July 2017 with no fixed term basis), comprises rendering of the following services:

- Insurance of transport vehicles, civil responsibility and seats in means of transportation;
- Insurance of aviation risks;
- Complex and property insurance of banks;
- Insurance of baggage during travels abroad;
- Insurance of expenses arising as a result of cancellation of a trip abroad or changes in terms of staying abroad;
- Insurance of transported cargos;
- Insurance of cars and equipment against breakdowns;
- Insurance against fire and other hazards;
- Construction and mounting insurance;
- Insurance of electronic equipment;
- Insurance of financial and crediting institutions (banks) against electronic and computer crimes;
- Insurance of financing risks;
- Insurance of civil responsibility of haulers and forwarders;
- Insurance of responsibility to third parties at constructing and mounting works;
- Insurance of professional responsibility;
- Insurance of responsibilities of directors and heads of executing agencies;
- Insurance of civil responsibility;
- Insurance of civil and legal responsibilities of an employer;
- Voluntary medical insurance;
- Voluntary insurance of medical expenses when going abroad;
- Voluntary accident insurance.

The Company has the following branches:

- Osh branch located in Osh;
- Issyk-Kul branch, located in Karakol.

Number of the Company employees is 31 (thirty-one), (as of 31 December 2018– 37 (thirty-seven) employees).

The Company's registered office is located at the address: Kyrgyz Republic, Bishkek, 219 Chui Avenue.

Profit generated from the economic activities is allocated by the shareholders of the Company according to an order established by him. The right to command the net profit rests exclusively with the shareholder of the Company.

### ***Relations with the State***



The State has its influence on the Company's operating activities through the State Service for regulation and supervision over the financial market under the Government of the Kyrgyz Republic through the issued licenses, established tariff rates on obligatory types of insurance in accordance with Resolution No.113 of 26 February 2010 and use of funds of insurance (technical) reserves, and also by establishing prudential guidelines in accordance with the current legislation of the Kyrgyz Republic.

## **2. Basic accounting estimations and professional judgments in the applied Accounting policy**

The accompanying financial statements of the Company has been prepared in accordance with the International Financial Reporting Standards (IFRS) and Provisions on formation procedure and presentation of financial reporting by insurance organizations (approved by Decree No.142, of 31 December 2008, of Service of supervision and regulation of financial market in the Kyrgyz Republic) for a calendar year from 1 January 2018 to 31 December 2018.

The accompanying financial statements have been prepared in accordance with the principle of evaluation at historical costs, except for the cases when otherwise is specified.

For the preparation of these financial statements in accordance with IFRS the management is required to make a number of estimates and assumptions affecting the reflected amounts of assets and liabilities as at the reporting date and reflected amounts of income and expenditures within the reporting period. Actual results could differ from those estimates. Below are presented main assumptions regarding future events, as well as other sources of uncertainty of estimates as of the reporting date, which bear a material risk causing the necessity to make material adjustments in carrying values of assets and liabilities within the following reporting period.

### ***Impairment of fixed assets***

At each reporting date, the Company shall review the assets to look for any indication that an asset may be impaired. If there is an indication that an asset may be impaired or that it is necessary to perform annual testing of assets, then the Company must calculate the asset's recoverable amount. The asset's recoverable amount is the higher of the fair value of an asset or a cash generating unit less costs to sell and its value in use. At that, this amount is calculated for an individual asset, except for cases when the asset generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. If the recoverable amount of an asset is less than its carrying amount, the carrying amount should be reduced to the recoverable amount. In measuring value in use, estimated future cash flows are reduced to their carrying amount using the pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to these assets. For the reporting period, the Company does not have assets exceeding their recoverable amounts.

### ***Useful life of fixed assets***

The Company reviews the remaining useful life of its fixed assets at least at the end of each reporting year. In case the expected useful life is different from previous estimates, the changes should be accounted as changes in accounting estimates in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates, and Errors".

### ***Taxation***

During the evaluating tax risks, the management considers as contingent liabilities the well-known spheres of non-observance of tax legislation, which the Company may not litigate or does not consider that it is able to litigate successfully, if the additional taxes would be accrued by the tax agencies. Such a statement may require material judgments and may be changed as a result of alterations introduced into the tax legislation and regulatory legal acts, determination of expected results in respect to expecting its solution tax judgment and current result of examination for compliance performing by the tax agencies.

### ***Deferred tax assets and liabilities***



Deferred tax assets and liabilities are estimated values, because their preparation is carried out under conditions of an uncertain outcome of events, which occurred in the past or, likely, will happen in the future, and may be a subject of special knowledge and professional judgments.

#### *Tax base of fixed assets*

Depreciated fixed assets with the taxable aims are recognized as the property owned by the taxpayer, put into operation, and which value exceeds 10,000 KGS. To the amortized fixed assets for the taxable aims are also equated the intangible assets, which values also exceed 10,000 KGS.

The fixed assets subject to the depreciation are classified according to 6 groups with different rates of depreciation. The revaluated costs are not included into the tax base in accordance with the requirements of the Tax Code of the Kyrgyz Republic.

To compute the tax depreciation of fixed assets, the Company uses a special formula, envisaged by the tax legislation, accounting a number of complete months when fixed assets were operated.

The fixed assets subject to depreciation for the tax purposes on each of a group define the tax cost of the group. An amount of tax costs of fixed assets groups comprises the tax base for fixed and intangible assets.

#### *Evaluation of insurance liabilities sufficiency*

The evaluation of insurance liabilities sufficiency is performed as of each reporting date. For this purpose, an estimated value of cash flows in operations with insurance contracts is used. Such a value is needed for revelation of necessity to increase the carrying value of insurance liabilities.

#### *Going concern*

As of 31 December 2019, on outcomes of financial and economic activities of the Company, gross profit was gained (from insurance activities) in the amount of 46,044,132, and net profit is in the amount of 22,763,422 KGS.

Performance of standards, characterizing its financial position, provides a basis to suppose that the Company does not have any intensions or necessity to liquidate or significantly reduce its volume of activities. The Company's management believes that the Company will continue its activity in the near future in accordance with continuity principle and in this connection it has prepared its financial reporting based on the principle of going concern. These financial statements do not include any adjustments which could be needed in case the Company will not be able to continue its operations on the principle of going concern.

### **3. Basic principles of Accounting policy**

#### *Functional currency and currency for reporting presentation*

Items of the Company's financial reporting are evaluated in the currency of the Kyrgyz Republic ("functional currency"). The Company's functional currency is the national currency of the Kyrgyz Republic – som (KGS). The Company's reporting currency is the Som. All amounts in the financial statements are expressed in thousands of soms.

Monetary assets and liabilities, expressed in foreign currency, are translated at an exchange rate effective as set up by the National Bank of the Kyrgyz Republic at the reporting date.

Non-monetary item, which are evaluated at fair value in foreign currency are translated at the exchange rates effective on the date of measurement of fair value.

Foreign currency exchange rates to the Som, fixed by the National Bank of the Kyrgyz Republic for the purpose of accounting, are shown in the following Table:

	31 December 2019	31 December 2018
Russian ruble	1.1250	1.0047
Euro	77.9803	80.0446
US dollar	69.6439	69.8500

### *Property, plant and equipment*

#### *Recognition and measurement*

Initial measurement of fixed assets is made at actual purchase cost (purchase cost of assets, comprising import duties and non-refundable taxes and fees, expenses directly related to creation, delivery, mounting, installation, and probing, insurance and other expenses directly related to bringing assets into operation).

After initial recognition as an asset, the fixed assets item is accounted at its historical cost less accumulated depreciation and accumulated impairment losses, except for categories of buildings and structures, which are accounted for at revaluated costs. The Company measures buildings and constructions at revaluated cost and changes in their fair values and they are recognized as a component of other comprehensive income. Office buildings are evaluated based on operations with the property having the similar character, location and conditions of objects. The Company has engaged an independent appraiser with the purpose to measure a fair value of investing property as of 31 December 2015. As of 31 December 2019 the property was reevaluated.

#### *Subsequent costs*

Costs related to a replaced significant component of a fixed asset and increase its carrying value in the case, if a probability that the Company will gain economic benefits in the future, in connection with the aforesaid component, is very high and it is possible to reliably evaluate it. A carrying value of the replaced component is written-off. Expenses on repair and maintenance of fixed assets items are recognized as a part of income or loss for the period when they are incurred.

#### *Depreciation*

Each significant component of fixed assets is depreciated using the straight-line method within the expected useful life, because such a method is more accurately reflect peculiarities of expected use of future economic benefits, included in an asset and amortized deductions are included in income or loss for the period.

The expected useful life periods of fixed assets in the reporting and comparative periods were as follows:

PPE groups	Useful life
Buildings, constructions	50 years
Transport vehicles	5 years
Furniture and accessories	From 3 to 5 years
Computers, office and other equipment	From 3 to 5 years

Depreciation methods, expected useful life and residual costs of fixed assets as of every reporting date at the end of each reporting period and they are adjusted in case of need.

Fixed assets are written off when retiring or in case in the future it is not expected that economic benefit will be received from the use or retirement of the fixed asset. Income or expenses arising as a result of writing off the asset (computed as a difference between net receipts from retirement or carrying cost of the asset) are included in the Statement of Income or Loss and other Comprehensive Income for the reporting year when the asset was written off.

In order to receive the lease payment from the operating lease, the property owned by the Company is measured at fair value.

#### *Intangible assets*

Intangible assets are accounted for at their cost values less any accumulated amortization and any impairment loss. At a moment of acquisition of intangible assets, they are measured at an acquisition cost. The acquisition cost comprises all costs incurred in connection with the purchase of the asset.

Intangible assets are amortized within their useful life and are evaluated subject to impairment only when there is an indicator that an intangible asset can be amortized.

Intangible assets comprise software. Their useful life is 5 years.

The intangible assets with the limited useful life have fixed useful life in accordance with the limitation.

### ***Classification of financial assets***

Loans and accounts receivable are non-derivative financial assets with fixed or determinable payments, except for those which the Company intends to sell in the nearest future. Trade accounts receivable, mainly having short-term character, are reflected in the amount of issued invoice less a provision for decrease of accounts receivable costs.

All other financial assets are included in a category of assets held for sale.

At their initial recognition financial assets are recognized at fair value plus, in case they are not investments, revaluated at fair value through income or loss, costs of transaction, directly attributable to acquisition of the financial asset.

Accounts receivable on other operations include amounts of debts on cash assets, paid out on account, amounts of accounts receivable on salary.

### ***Financial liabilities***

Financial liabilities within the scope of IAS 39 comprise trade accounts payable, loans and borrowings.

Liabilities on trade and other accounts payable are shown at their costs, which are fair values of payments in the future for received goods and services, irrespective of whether they were issued or not to the Company.

A financial liability is derecognized, if the liability is repaid, annulled or its effective term is expired.

If the existing financial liability is superseded by another liability to the same creditor, on different conditions, or if conditions of the existing liability was significantly changed, such a substitution or changes are accounted for as derecognition of initial liability and as a recognition of a new one, and the difference in carrying value is recognized on a statement of income or loss.

### ***Impairment of financial assets***

As of every reporting date the Company evaluates its financial asset or groups of financial assets for the purpose to identify objective evidences of its possible impairment

### ***Derecognition of financial assets and liabilities***

#### ***Financial assets***

A financial asset (or, where applicable -- a part of financial assets or a part of similar financial assets) is derecognized in financial statements, if a validity period for rights on receipt of cash flows from an asset is expired.

Impaired debts are written-off when they are measured as bad debts.

### *Financial liabilities*

A financial liability is derecognized, if the liability is repaid, annulled or its effective term is expired.

If an existing financial liability is superseded by another one to the same creditor on different conditions, or conditions of the existing liability were significantly changes, such a substitution or a change are accounted for as derecognition of initial liability and beginning of a new one, and the difference in their carrying values are recognized on a statement of income or loss and other comprehensive income.

### *Capital*

Ordinary shares are classified as the equity. External costs directly related to issuance of new shares, except for amalgamation of organizations, are shown as deductions from the amounts of receipts to capital. Any exceeding of fair value of received assets over nominal cost of issued shares is recognized as additional paid up capital.

### *Dividends*

All paid dividends refers to a component of the capital and, therefore, they are recognized as allocation of profit. Dividends are recognized as a liability and are deducted from the amount of the capital as of a reporting date in case that they were declared before the reporting date inclusive. Information on dividends is disclosed in reporting, if they were recommended before a reporting date, as well as they were recommended or declared after a reporting date, but before a date of approval of financial statements.

### *Employee benefits*

When defining a scope of a liability regarding short-term remunerations paid to employees the discounting is not applied, and corresponding expenses are recognized as workers fulfilled their labor obligations. As for the amounts expected to be paid within the short-term incentive payments plan or participation in profits, the liability is recognized if the Company has an effective legal and constructive liability on payment of a corresponding amount, arising as a result from fulfilled labor obligations by workers in the past, and it is possible to reliably evaluate the liability.

### *Pension plans*

Liabilities of paying fees to funds through which the pension plans with the fixed fees are fulfilled, including fees paid to the State Pension Fund of the Kyrgyz Republic, are recognized as expenses of emoluments paid to workers as a part of income or losses for those periods when the workers rendered corresponding services within the scope of their labor contracts. Accounts of fees, paid in advance, are recognized as an asset in those cases when the Company has a right to repay the fees paid by it or to decrease amounts of future payments of fees. When a worker retires, all pension payments are made by the pension fund mentioned above.

### *Cash assets*

Cash assets comprise cash on hand and funds on accounts at banks.

### *Statement of cash flows*

The Statement of cash flows is prepared using a direct method.

Operating, investing and financing operations, which do not require using cash and cash equivalents, were excluded out of the Statement of cash flows.

### *Insurance contract - classification*

Insurance contracts are defined as contract which stipulates transfer of insurance risk at signing a contract, or



those which at their concluding contain conditions having commercial contents, according to which a level of insurance risk can be material. An insurance risk is attributable to the uncertainty regarding the following aspects at concluding a contract: occurrence of insured event, a date of insurance event occurrence and amount of loss related to occurred insured event.

### ***Description of insurance products***

The Company offers insurance products covering all the widespread insurance risks. The Company provides insurance on the following lines:

- Car insurance;
- Voluntary medical insurance (VMI) and accident and health insurance;
- Insurance of property of individuals;
- Insurance of property and responsibility of legal entities;
- Obligatory insurance of responsibilities of owners of dangerous objects (OIRODO);
- Insurance of aviation risks;
- Cargo insurance;
- Insurance of transport operators;
- Insurance of travelers;
- Life insurance.

Insurance of the property and cars implies that the Company pays a compensation for a damage incurred on clients' property. Clients also receive compensations for a loss of profit because of impossibility to use insured property in their economic activities resulting from the occurrence of insured event (for example, a risk of damage incurred from disruption of production).

VMI is performed with the purpose to provide clients of the Company with paid medical services. Such contracts are classified as insurance if only the Company at a moment of conclusion a contract does not sure in probability, terms and amounts of cash flows related to these types of insurance.

Accident insurance is performed with the purpose to provide the Company's clients with financial security in case of their loss temporary or permanent working ability resulting from an accident and/or disease, as well as in case of death of an insured person provision of members of families of insured person or assigned beneficiary of that financial security.

Insurance of responsibility protects the Company's clients against injurious actions to third parties resulting from their activities. A risk of civil responsibilities protects the Company's clients against obligations arising as a result of life and/or health injury ("physical injury") or property injury of third parties ("Property injury"). The insurance objects are property interests of a policy holder, which do not contradict the laws of the Kyrgyz Republic, related with his/her obligation, arising as a result of injury incurred on third parties, in connection with activities performed by a policy holder, which is specified in his/her insurance contract. The Company performed obligatory insurance of civil responsibility of carriers (OICRC) and an owner of dangerous production object (ODPO). OICRC secures passengers at transporting by any kinds of transport (except for taxi cabs and metro) against risks of traumas on way, loss or damage of baggage, death of passengers. According ODPO as an object of insurance acts a civil responsibility of an owner of dangerous object, which can arise resulting from health injury, injury of property belongs to third parties and also injury of environment.

On aviation risks the Company accepts insurance of property interests of a policy holder, related to damage or complete destruction of insured objects, and also arising on the force of the Law obligation of a policy holder to indemnify life and health injury or injury of property belong to third parties, if such injury was incurred in the course of performed activities.

Cargo insurance – the Company accepts the insurance of property interest of a policy holder, related to ownership, use and disposal of cargo, resulting from its loss, destruction or damage.

In respect of insurance of travelers, the Company pays compensations in case of arising medical or other

unforeseen expenses of insured person during staying outside of its permanent residence.

### ***Insurance reserves***

Insurance reserves of the Company are formed and used in accordance with the current legislation of the Kyrgyz Republic.

Accruals and recognition of reserves of an insurance organization are recognized in accordance with Provisions on the order of calculating deductions into insurance (technical) reserves of insurance organizations in the Kyrgyz Republic, approved by the Resolution of the Government of the Kyrgyz Republic, No.500 of 5 August 2009.

Insurance reserves are classified as follows:

- Reserves for unearned premiums;
- Reserves for occurred, but not claimed losses;
- Reserve for claimed, but not settled losses.

Basis for financial soundness of an insurer is the availability of paid-in authorized capital and insurance reserves.

To ensure the accepted insurance liabilities, the Company, in an order and on conditions established by the legislation of the Kyrgyz Republic, forms insurance reserves for individual insurance, property insurance and responsibility insurance from received and left for own deduction the insurance fees needed for forthcoming insurance payments. The insurance reserves are not subject for withdrawal to the budget.

Formation of insurance reserves allows ensuring fulfillment of the Company's liabilities on insurance payments, based on concluded insurance contracts. The Company's insurance reserves on each kind of insurance policies are formed in that currency in which the insurance policy is produced.

Having available additional risks on concluded insurance contracts (reinsurance), the Company forms additional insurance (reinsurance) reserves covering risks on concluded insurance (reinsurance) contracts.

### ***Insurance reserves on insurance other than life insurance***

Insurance reserves on insurance other than life insurance are based on computation of total cost of all arising, but not settled losses at the end of a reporting period, both claimed and not claimed, including direct expenses of settled losses. The reserves are computed at a reporting date based on statistical data. The insurance reserves are not discounted. The insurance reserves are derecognized only when a liability is executed, or annulled, or its effective period is expired.

A part of accrued insurance gross premiums, referred to following periods, are reflected as a part of unearned premiums. A reserve of unearned premium is computed taking into account allocation of insurance risk during effective period of an insurance contract. The reserve is recognized when premiums are accrued and allocated during the effective period of an insurance contract in accordance with the intraperiod insurance risk allocation. Changes in the reserve of unearned premiums are reflected in profit or loss with the purpose to recognize the income in that period when the coverage of insurance risk is effective.

Differences arising from the revaluation of the provision are recognized in the subsequent period after the date the provision is estimated.

### ***Share of reinsurers in insurance reserves***

In the course of its activities the Company accepts and bears risks in reinsurance. A share of reinsurers in insurance reserves is measured taking into consideration conditions of both a reinsured direct contract and a reinsurance contract. Evaluation of impairment is performed regarding all shares of reinsurers in insurance

reserves. At arising objective circumstances, indicating their impairment, a corresponding impairment loss is recognized in income or loss.

### ***Order of recognition of income and expenses on insurance operations***

The Company recognizes its income in a form of insurance premium:

- As of a date of beginning of the insurance policy (a date of beginning of the insurance policy – by insurance contracts, concluded before the date of beginning of insurance effectiveness (a date of beginning of the insurance policy). If the Company receives the insurance premium earlier the date of beginning of the insurance policy validity period, the income in a form of insurance premium is recognized by the Company as of the date of the beginning of the insurance period;
- If the date of conclusion of the insurance contract is later the date of beginning of the insurance validity period (a date of beginning of the insurance policy), the Company recognizes the income as of the date of conclusion of the contract;
- At insurance on the general policy with the open date of beginning of bearing responsibility, the Company recognizes income in a form of insurance premiums as of a date of conclusion of relevant supplementary agreement to the general insurance policy (or a date of receipt of a corresponding package of documents from an insurer, etc.);
- On long-term insurance contracts the Company recognizes the income in the following way: in sum premium payable in the 1<sup>st</sup> insurance year as of a day defined in accordance with the sub-paragraphs a)-b) of the paragraph. Income in the form of an insurance premium for each subsequent insurance year is recognized on the start date of the next insurance year;
- On long-term insurance contracts, on which a premium was received as a lump sum figure in full – the income is recognized in total amount of the contractual premium;
- On long-term contracts that provide for the commencement of liability for certain risks after the termination of liability for other risks (for example, construction and installation risk insurance contracts that have a guarantee period), the Group recognizes income on the date when liability for each of the risks begins.

The Company recognizes income in a form of the insurance premium in the following amount:

- in the full premium under the insurance contract, regardless of whether the policyholder is provided with installments for the payment - under short-term insurance contracts;
- for long-term insurance and co-insurance contracts, income is recognized in the amount due in each insurance year in accordance with the payment schedule;
- in the amount of the premium payable for each individual shipment under general policies.

The Company recognizes income in the form of reinsurance premiums under incoming reinsurance contracts:

- at the start date of the reinsurance period - for contracts concluded before the start date of the reinsurance period;
- if the date of conclusion of the reinsurance contract is later than the date of the beginning of the reinsurance period, the Company recognizes income on the date of conclusion of the contract;
- for contracts with undefined (open) start dates, income is recognized on the date of the beginning of liability specified in the notice or on the date of signing the document by the reinsurer (broker), if it is later;
- the Company recognizes income under long-term reinsurance contracts in the following order: Income in the form of a reinsurance premium for the 1<sup>st</sup> insurance year is recognized on the date determined in accordance with subparagraphs (a)-(b) above. Income in the form of a reinsurance premium for each subsequent insurance year is recognized at the beginning of the next insurance year;

The Company recognizes income in the form of reinsurance premiums under incoming reinsurance contracts in the following amounts:

- in the full premium under an incoming reinsurance contract, regardless of whether the policyholder is granted installment payments – under short-term reinsurance contracts;

- on long-term reinsurance contracts without installments on premium payment, income is recognized in the full amount of the premium under the contract. If the contract defines a contribution for each year of reinsurance and sets the terms for payment of each annual contribution, the income is recognized in the amount of the premium due in the corresponding insurance year in accordance with the payment schedule.

The Company recognizes the gross reinsurance premium under the concluded outbound reinsurance contracts as an expense:

- at the start date of the reinsurance period – according reinsurance contracts concluded before the start date of the reinsurance period;
- if the date of conclusion of the reinsurance contract is later than the date of the beginning of the reinsurance period, the Company recognizes the expense on the date of conclusion of the contract;
- on contracts with an open date of liability, the Company recognizes an expense in the form of a gross reinsurance premium in the reporting period in which the premium under the reinsured insurance contract is recognized as income;
- on long-term reinsurance contracts, the Group recognizes the expense as a gross reinsurance premium under the reinsurance contract in the following order. The gross reinsurance premium expense for the first insurance year is recognized on the date determined in accordance with subparagraphs (a) to (c) above. The gross reinsurance premium expense for each regular insurance year is recognized on the start date of each regular reinsurance year;
- if the premium amount under the reinsurance contract is paid (in accordance with the terms of the contract) before the date when the reinsurer's liability under the contract begins, such payment is considered an advance payment, and the Company recognizes the expense on the date when the liability under the contract begins.

The Company recognizes the expense in the form of gross reinsurance premium under the concluded outbound reinsurance agreements in the following amounts:

- in the full amount of the premium specified in the contract / reinsurance slip, regardless of the availability of installments for payment of the premium – according to short-term contracts of outgoing optional reinsurance;
- in the amount determined taking into account the income recognized in the reporting period for reinsured contracts – according to long-term outgoing optional reinsurance contracts.

The Company recognizes the gross reinsurance premium under the outgoing obligatorily reinsurance contracts as an expense (in accordance with the terms of the contract) at the end of the reporting period in which the reinsurer is billed for premiums and losses, regardless of the time when the reinsurer's liability begins;

The Company recognizes the expense in the form of gross reinsurance premium under the outgoing obligatorily reinsurance contracts in the following amount set in the account (border) of premiums and losses – according to the outgoing obligatorily contracts.

#### ***Deferred expenses on concluded insurance contracts (deferred acquisition expenses)***

Expenses on concluded insurance contracts are capitalized and amortized evenly within a validity period of a corresponding contract.

Deferred expenses on concluded insurance contracts are accounted for within frameworks of examination of insurance reserves adequacy at each reporting date.

#### ***Investment revenue***

The interest incomes are reflected using an accrual principle with the applied effective interest rate. Discounts and premiums which are an integral part of the effective interest rate are amortized within the whole term of a financial instrument.



**Financial income** includes interests receivable, arising at accrual of interest income on deals generating interest income.

**Dividends include** dividends receivable, arising as a result of allocation of profit from an insurance organization, whose share instruments are owned by the reporting insurance organization.

### **Contingent assets and liabilities**

Contingent liabilities are reflected in financial reporting only in that case if recovery of such liabilities requires disposal of assets, which size can be measured with a specified degree of accuracy. Contingent assets are not reflected in financial statements, but they are subject to disclosure if there is a probability of inflow of economic benefits.

### **Taxes**

#### **Value added tax (VAT)**

Provision of insurance services, coinsurance and reinsurance, as well as services of brokers or agents, related to rendering of the services, are a supply exempted from VAT in accordance with the Tax Code of the Kyrgyz Republic. Besides its basic activities, the Company provides services of operating lease. The value added tax (VAT) connected with lease is paid to tax agencies according to the earlier of the two dates: the date of receiving payment for lease, or the date of submission of the tax invoice at the moment of supply. Refund of VAT for acquisitions is made on the date when the tax invoice from a supplier is received. Tax authorities allow paying the VAT on the net-basis. The VAT for sales and acquisitions, on which a settlement was not made at the date of balance sheet, is reflected there on the net-basis. Non-refundable VAT is written-off as expenses when arising.

#### **Sales tax**

Expenses and assets are recognized less the amount of sales tax, except for the cases when: - sales tax arising at purchasing of assets or services, are not refunded by the tax authorities: in this case the sales tax is recognized as a part of expenses incurred on a purchased asset or a part of the expense item; - accounts receivable and accounts payable are reflected taking into consideration the amount of sales tax.

A net amount of sales tax, refunding to or by the tax authorities, are included in accounts receivable and accounts payable, reflected on the Statement of financial position.

#### **Income tax**

Income tax comprises the amount of current taxes.

#### **Current income tax**

Tax assets and liabilities for the current and previous periods are measured on the amount expected to be indemnified from tax agencies or to be paid to tax agencies.

Tax rates and tax legislation applied for computation of that amount are rates and laws approved or actually adopted at the reporting date.

#### **Deferred income tax**

Deferred income tax is determined by liabilities method through determination of timing differences at the reporting date between the tax base of assets and liabilities and their carrying values for the purpose of financial statements.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, unused tax benefits and unused tax losses to the extent that it is probable that there will be taxable profit against which the deductible temporary differences, unused tax benefits and unused tax losses can be offset.

The carrying value of deferred tax assets on each of reporting date is reconsidered and decreased in that degree in which the achievement of sufficient taxable profit, which will allow using all or a part of deferred tax assets, is evaluated as unlikely.

Unrecognized deferred tax assets are reviewed as of each reporting date, and they are recognized to the extent, to which a significant probability that future taxable profit will allow using the deferred tax assets occurs.

Deferred tax assets and liabilities are evaluated at the tax rates, which as it is supposed, will be applied in that reporting year, in which such an asset will be realized, and the liability will be repaid on the basis of tax rates (and tax legislation), which as of the reporting date have come into force or actually effective.

Deferred income tax, referred to the items recognized directly in the capital, is recorded in as a part of the capital, but not in an item of income/loss.

Deferred tax assets and deferred tax liabilities are set off against each other, if there is a legally fixed right of setoff of current tax assets and liabilities, and deferred taxes relate to the same taxation body.

#### ***Short-term lease and lease of assets with low cost***

The Company applies the exemption from recognition regarding short-term leases to short-term leases contracts (i.e., contracts where the lease term is no more than 12 months at the start of the lease or the date of initial application and does not contain a purchase option). The Company also applies the recognition exemption to leases of low-value assets. Lease payments for short-term leases and leases of low-value assets are recognized as a lease expense on a straight-line basis over the lease term.

The Company maintains separate records of components of payments under lease agreements that are and are not leases. If the operating component is not explicitly stated in the lease agreements, an assumption is made about its share imputed to the cost of lease payments.

#### **4. New standards, interpretations and improvements to the effective standards and interpretations**

The accounting policy adopted when preparing the financial statements are consistent with those applied in the preparation of the Company's annual financial statements for the year ended 31 December 2018, with the exception of the new adopted standards, which became effective on 1 January 2019, the Company has not applied any other standards, interpretations or amendments that have been issued but are not yet effective.

The standards and interpretations are set out below as if they were applied for the first time in the financial statements for 2019 and resulted in corresponding changes to the accounting policy disclosed and other information provided in the notes to the financial statements, if applicable:

- **IFRS 16 "Leases";**
- **Interpretation IFRIC 23 "Uncertainty over Income Tax Treatments";**
- **Improvements to IFRS 9 "Prepayment Features with Negative Compensation";**
- **Improvements to IAS 28 «Long-term Investment in Associate and Joint ventures»;**
- **Improvements to IAS 19 "Plan Amendment, Curtailment or Settlement";**
  - **Annual Improvements to IFRSs**
    - IFRS 3 "Business Combinations" – previously held interests in a joint operation;
    - IFRS 11 "Join Arrangements" – previously held interests in a joint operation;
    - IAS 12 "Income Taxes" – tax consequences of payments on financial instruments, classified as an owner's capital;

- IAS 23 "*Borrowing Costs*" – costs on borrowings allowed for capitalization.

Not all of the above amendments affected the Company's financial statements.

The Company has applied IFRS 16 "*Leases*" for the first time. IFRS 16 "*Leases*" replaced IAS 17 "*Leases*", IFRIC 4 "*Determining whether an arrangement contains a lease*", SIC 15 "*Operating Lease – Incentives*" and SIC 27 "*Evaluating the Substance of Transactions in the Legal Form of a Lease*". The standard sets out principles for the recognition, measurement, presentation and disclosure of lease information and requires lessees to reflect most contracts using a unified accounting model.

The accounting treatment for a lessor in accordance with IFRS 16 "*Leases*" has not been changed significantly compared to IAS 17. Lessors will continue to classify leases using the same classification principles as in IAS 17, while distinguishing between two types of leases: operating and financial. Thus, the application of IFRS 16 "*Leases*" has not any impact on the lease contracts where the Company (Group) is a lessor.

The Company has applied IFRS 16 "*Leases*" starting from 1 January 2019. When switching to the standard, the Company decided to use a practical simplification that allows at the date of initial application to apply the standard only to contracts that were previously identified as lease agreements with the application of IAS 17 "*Leases*" and the interpretation to IFRIC 4. The Company also decided to use exemptions from recognition for leases that have a lease term of no more than 12 months at the start of the lease and that do not contain a purchase option, as well as for leases in which the underlying asset has a low value (leases of low-value assets).

In accordance with the modified retrospective approach, which does not require recalculation and presentation of comparative information, the Company applied IFRS 16 "*Leases*" on the date of initial application, as if it was applied on the date of commencement of the lease of effective lease contracts. As at 31 December 2018, the Company had no long-term lease obligations, the first application of the standard had no impact on the Company's retained earnings at 1 January 2019.

#### **Interpretation of IFRIC 23 "*Uncertainty over Income Tax Treatments*".**

The explanation considers the accounting procedure for income taxes in the context of uncertainty regarding tax interpretations, which affects the application of IAS 12 "*Income Taxes*". The explanation is not applied to taxes or fees that are not within the scope of IAS 12, and it does not contain special requirements for interest and penalties related to uncertain tax interpretations. In particular, the clarification addresses the following issues:

- does an enterprise consider uncertain tax interpretations separately;
- assumptions that the company makes regarding the verification of tax interpretations by tax authorities;
- how the company determines the taxable profit (tax loss), tax base, unused tax losses, unused tax benefits and tax rates;
- how the company considers changes in facts and circumstances.

**Improvements to IFRS 9 "*Financial Instruments*" - "*Prepayment Features with Negative Compensation*".** According to IFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are "solely payments for principal and interest on the outstanding portion of principal" (the "cash flow" criterion), and the instrument is held within the appropriate business model that allows such classification. Improvements to IFRS 9 clarify that a financial asset meets the "cash flow" criterion regardless of what event or circumstance leads to early termination of the contract, and regardless of which party pays or receives reasonable compensation for early termination of the contract. These amendments had no impact on the Company's financial statements.

#### **Improvements to IAS 19 – "*Plan Amendment, Curtailment or Settlement*":**

Improvements to IAS 19 consider the accounting procedure in cases where changes to the program, reduction of the program, or repayment of obligations under the program occur during the reporting period. The amendments clarify that if changes to the program, reduction of the program, or

repayment of program obligations occur during the annual reporting period, the organization must determine the cost of the current period's services for the remainder of the period after changes to the program, its reduction, or full repayment of program obligations, based on actuarial assumptions made by the Company. The organization must also determine the net amount of interest for the remainder of the period after changes to the program, its reduction or full repayment of program obligations, using the net liability (asset) of the defined benefit program, reflecting the rewards offered under the program and the program assets after this event, as well as the discount rate used to revalue this net liability (asset) of the defined benefit program.

**Improvements to IAS 28 – “Investments in Associate and Joint Ventures”.** The amendments clarify that an entity should apply IFRS 9 to long-term investments in an associate or joint venture that do not apply the equity method, but that are essentially part of the net investment in an associate or joint venture (long-term investments). This explanation is important because it implies that the expected credit loss model in IFRS 9 applies to such long-term investments. The improvements also clarify that when applying IFRS 9, an entity does not take into account losses incurred by an associate or joint venture, or losses from impairment of a net investment recognized as adjustments to a net investment in an associate or joint venture arising from the application of IAS 28, “*Investments in associates and joint ventures*”.

## **Annual Improvements to IFRSs, 2015 -2017 Cycle**

### **IFRS 3 “Business combinations”**

The amendments clarify that if an entity gains control of a business that is a joint operation, it must apply the requirements for a business combination that is carried out in stages, including revaluation of previously held interests in the assets and liabilities of the joint operation at fair value. At the same time, the acquirer must re-evaluate all previously held interests in joint operations.

### **IFRS 11 “Join Arrangements”**

A party that is a participant in joint operations, but does not have joint control, may obtain joint control over joint operations where the activity is a business, as defined in IFRS 3. The amendments explain that in such cases, previously held interests in this joint operation are not revalued.

### **IAS 12 “Income Taxes”**

The amendments clarify that the tax consequences for dividends are more related to past operations or events that generated distributable profits than to distributions between owners. Therefore, the entity must recognize tax consequences for dividends in profit or loss, other comprehensive income, or equity, depending on where the entity initially recognized such past transactions or events.

When these amendments are first applied, the organization must apply them to the tax consequences for dividends recognized on or after the beginning of the earliest comparative period.

### **IAS 23 “Borrowing costs”**

The amendments clarify that an organization should consider loans received specifically for the acquisition of a qualifying asset as part of loans for general purposes when almost all the work necessary to prepare the asset for its intended use or sale has been completed.

The organization must apply these amendments to borrowing costs incurred on or after the beginning date of the annual reporting period in which the organization first applies these amendments.

Entity must apply these amendments to borrowing costs incurred on or after the start date of the annual reporting period in which the organization first applies these amendments.

The newly adopted amendments did not affect the Company's financial statements.

#### 5. Earned insurance premiums, net insurance of reinsurance

	2019	2018
<i>Earned insurance premiums on operations of insurance, reinsurance, other than life insurance:</i>		
Insurance premiums on direct insurance contracts	576,745,973	499,301,520
Insurance premiums on contracts accepted for re-insurance, or insurance	4,732,039	2,140,833
Return of premiums	(15,741,252)	(75,800,643)
<i>Total Earned insurance premiums on operations of insurance, reinsurance, other than life insurance</i>	<i>565,736,760</i>	<i>425,641,710</i>
<i>Premiums, transferred in reinsurance contracts, other than life insurance</i>		
Premiums, transferred in reinsurance contracts, on insurance contracts, other than life insurance	(480,920,892)	(404,468,065)
Return of premiums, transferred in reinsurance	6,933,792	71,130,990
<i>Total Premiums, transferred in reinsurance contracts, other than life insurance</i>	<i>(473,987,100)</i>	<i>(333,337,075)</i>
<i>Total earned premiums, insurance and net reinsurance, other than life insurance</i>	<i>91,749,660</i>	<i>92,304,635</i>
<i>Changes in provision for unearned premiums</i>	<i>(74,023,651)</i>	<i>(42,548,647)</i>
<i>Changes in reinsurer's share in the provision for unearned premiums</i>	<i>71,112,446</i>	<i>45,962,554</i>
<i>Total earned premiums, net insurance and reinsurance, other than life insurance</i>	<i>88,838,455</i>	<i>90,718,542</i>

#### 6. Losses incurred – net reinsurance

	2019	2018
<b>Changes in reserves for losses:</b>		
Changes in reserves for losses	(8,501,994)	(31,874,401)
Changes in share of reinsurers in reserves for losses	4,413,169	9,430,852
<b>Total Changes in reserves for losses</b>	<b>(4,088,825)</b>	<b>(22,443,549)</b>
<b>Direct expenses, including:</b>		
Paid losses	(32,473,969)	(14,683,559)
Share of reinsurers in expenses	6,780,600	3,204,885
<b>Total losses incurred, net-reinsurance</b>	<b>(29,782,194)</b>	<b>(33,922,223)</b>

#### 7. Expenses of execution of insurance operations – net reinsurance

	2019	2018
<b>Acquisition works:</b>		
Expenses of payments for social deductions of brokers and insurance agents	(35,602,895)	(32,214,756)
Remunerations and bonuses on contracts transferred in reinsurance	(579,151)	(134,121)
<b>Total acquisition expenses</b>	<b>(36,182,046)</b>	<b>(32,348,877)</b>



Remunerations on life reinsurance contracts	23,191,642	18,300,856
<b>Total acquisition expenses /income - net</b>	<b>(12,990,404)</b>	<b>(14,048,021)</b>
<b>Changes in deferred acquisition expenses and income</b>		
On direct insurance	2,254,312	5,633,396
On outgoing insurance	(2,035,830)	(5,347,138)
<b>Changes in deferred acquisition expenses and income</b>	<b>218,482</b>	<b>291,258</b>
<b>Other income on insurance</b>	<b>3,268,982</b>	<b>832,302</b>
<b>Other expenses on insurance</b>	<b>(3,509,189)</b>	<b>(484,159)</b>
<b>Total expenses on execution of insurance operations – net reinsurance</b>	<b>(13,012,129)</b>	<b>(13,408,619)</b>

## 8. Administrative expenses

	2019	2018
Labor costs	18,234,577	20,255,741
Expenses of accruals of bonuses to management and quarterly bonuses	11,358,629	7,683,393
Expenses for deductions to the social fund	2,782,359	3,362,592
Expenses of depreciation of fixed assets	2,823,669	2,937,370
Expenses of computer maintenance - software	869,976	571,700
Expenses of payments for banking services	801,738	653,649
Expenses of advertisements	759,404	2,399,511
Expenses of lease payments	496,858	443,889
Travel expenses (international)	474,304	715,814
Expenses of maintenance of office	470,608	396,210
Expenses of amortization of intangible assets	416,119	416,119
Expenses of communications (communications, internet, telegraph)	385,137	448,492
Expenses of fuels and lubricants	370,305	418,306
Remunerations to auditors	233,580	389,300
Stationery	211,338	120,012
Hospitality expenses	205,782	292,794
Repair and technical maintenance of fixed assets	193,022	348,379
Travel expenses (local)	157,340	6,500
Expenses of training	142,186	82,590
Expenses of insurance	111,708	54,243
Operating and maintenance expenses	110,585	85,217
Other expenses on personnel	96,610	-
Expenses of consulting and information services	73,750	161,903
Expenses of mail service	55,700	52,444
Expenses of property tax	36,913	36,913
Expenses of transport tax	8,178	8,807
Expenses of other local taxes	3,180	-
Expenses of public relations (charitable works)	-	64,000
Expenses of acquisition of licenses and other agreements	-	9,000
Expenses of sales tax, not offsetting	-	3,068
Other general and administrative expenses	298,146	455,727
<b>Total administrative expenses</b>	<b>42,181,701</b>	<b>42,873,683</b>

## 9. Other income/expenses from investing activities

	2019	2018
Interest income on deposits	18,181,130	18,254,307
Interest income on state securities	2,114,843	1,793,200
Retirement of fixed assets	248,601	(34,564)
Premium on state securities	131,710	131,710

Income from investments in property	110,263	34,287
Adjustment of amortized cost of GKO	22,005	(1,868)
<b>Total</b>	<b>20,808,553</b>	<b>20,177,071</b>

#### 10. Foreign currency exchange rate difference

	2019	2018
Income from foreign currency exchange rate difference	7,343,870	28,482,829
Expenses from foreign currency exchange rate difference	(6,852,067)	(28,061,087)
<b>Total profit from exchange rate difference</b>	<b>491,803</b>	<b>421,743</b>

#### 11. Cash and cash equivalents

The cash assets are as follows:

	31 December 2019	31 December 2018
Cash on hand in national currency	387,331	287,034
Cash on hand in foreign currency	395,297	696,821
Cash in bank in national currency	9,833,424	16,200,532
Cash in bank in foreign currency in local banks	1,967,734	2,008,106
Cash equivalents	5,991,363	-
<b>Total cash and cash equivalents</b>	<b>18,575,148</b>	<b>19,192,493</b>

The cash equivalents are represented by notes BD004200115, with a nominal value of 10,000 soms, in the amount of 601 pcs., At a price of 9,968.99 soms at a rate of 4.00% per annum for 28 days with a repayment date of January 15, 2020.

The Statement of cash flows presents information on changes in the cash assets and cash equivalents.

#### 12. Current financial assets

	31 December 2019	31 December 2018
Deposits in bank	219,505,586	215,652,425
Debt securities (Treasury Bills, Notes, Obligations)	37,116,759	26,437,504
Interests receivable	1,474,692	1,830,601
<b>Total current</b>	<b>258,097,038</b>	<b>243,920,530</b>

As of 31 December 2019 the debt securities are presented as follows:

- the Treasury Bills with nominal values of 100 soms:

No. GTB	Quantity	Price	Rate	Period	Date of repayment
GD052190114	105,375	94.01	6.30%	364	14.01.2019
GD052190805	100,000	95.29	4.89%	364	05.08.2019
GD026200217	102,628	97.42	5.24%	182	17.02.2020
GD052200309	104,866	95.37	4.80%	364	09.03.2020
GD026200316	73,398	97.01	6.09%	182	16.03.2020
GD026200323	41,212	91.01	6.10%	182	23.03.2020
GD026200525	61,849	97	6.11%	182	25.05.2020

- Notes with nominal values of 100 soms:

No. Notes	Quantity	Price	Rate	Period	Date of repayment
BD026190619	717	9765.97	4.74%	182	19.06.2019

BD004190626	1004	9968.6	4.05%	28	26.06.2019
BD004190717	702	9973.63	3.40%	28	17.07.2019
BD004190724	705	9973.63	3.40%	28	24.07.2019
BD001191106	300	9992.71	3.75%	7	06.11.2019
BD001191113	300	9992.71	3.75%	7	13.11.2019
BD013191127	286	9893.71	4.25%	91	27.11.2019

Deposits in banks:

Bank	31 December 2019		31 December 2018	
	Amount of deposit	Rate, % annual	Amount of deposit	Rate, % annual
«Aiyl Bank» OJSC	37,259,487	3.0-4.0	45,053,250	3-3,5
«Bakai Bank» OJSC	24,042,189	3.5-5.0	6,237,325	3.5
«Optima Bank» OJSC	13,928,780	3.5-4.0	13,970,000	3,5
«Commercial Bank Kyrgyzstan» OJSC	8,775,131	3.25-3.5	12,293,600	3.25-3.5
ОАО «Halyk Bank Kyrgyzstan-Bishkek» OJSC	-	2.5-3.3	20,605,750	2,5-3,3
«Demir Kyrgyz International Bank» CJSC	-	-	3,492,500	1.5
<b>Total deposits in foreign currency (USD)</b>	<b>84,005,586</b>		<b>101,652,425</b>	
«Aiyl Bank» OJSC	49,000,000	11.0-14.0	61,000,000	11.0-14.0
«Bank "Bai Tushum» CJSC	37,500,000	12.0-14.0	14,000,000	12.5-14.0
«Bakai Bank» OJSC	22,000,000	12.0	-	-
«Demir Kyrgyz International Bank» CJSC	17,000,000	10.5	17,000,000	10.5
«KICB» CJSC	10,000,000	11.0-12.0	10,000,000	12.0
«KyrgyzKommertsbank» OJSC	-	-	12,000,000	14.0
<b>Total deposits in national currency</b>	<b>135,500,000</b>		<b>114,000,000</b>	
<b>Total deposits in commercial banks</b>	<b>219,505,586</b>		<b>215,652,425</b>	

### 13. Accounts receivable on insurance/reinsurance operations

	31 December 2019	31 December 2018
<b>Accounts receivable on insurance other than life insurance</b>		
Premiums receivable on risky property insurance contracts	17,052,529	6,275,799
Premiums receivable on risky contracts on responsibility insurance	8,871,428	3,418,495
Premiums receivable on personal insurance contracts	738,476	373,301
<b>Total Accounts receivable on other insurance than life insurance</b>	<b>26,662,433</b>	<b>10,067,595</b>
<b>Accounts receivable on reinsurance other than life reinsurance</b>		
Premiums receivable on responsibility insurance contracts, accepted for reinsurance	173,367	23,553
Premiums receivable from reinsurers in connection with dissolutions of property insurance contracts, transferred for reinsurance	9,729	10,436
Premiums receivable on property insurance contracts, accepted for reinsurance	-	35,302
Amounts of insurance compensations receivable on property insurance contracts, transferred for reinsurance	2,726,342	1,486,424
Amounts of insurance compensations receivable on personal insurance contracts, transferred for reinsurance	105,780	2,289
Amounts of insurance compensations receivable on responsibility insurance contracts, transferred for reinsurance	48,650	-
Premiums receivable from reinsurers in connection with dissolutions of responsibility insurance contracts, transferred for reinsurance	828,962	-
Premiums receivable from reinsurers in connection with dissolutions of property insurance contracts, transferred for reinsurance	131,372	367,447



<i>Total accounts receivable on reinsurance operations other than life insurance</i>	<i>4,024,202</i>	<i>1,925,451</i>
<i>Claims on compensations of losses on subrogation claim</i>	<i>1,515,582</i>	<i>1,412,472</i>
<b>Total accounts receivable on operations of insurance, reinsurance</b>	<b>32,202,217</b>	<b>13,405,518</b>

#### 14. Other assets

	31 December 2019	31 December 2018
<b>Other financial assets</b>		
Accounts receivable	63,070	60,208
<b>Total other financial assets</b>	<b>63,070</b>	<b>60,208</b>
<b>Other non-financial assets:</b>		
including:		
<b>Prepaid taxes</b>		
Prepaid payroll tax from non-residents	3,098,620	4,180,298
Prepaid sales tax	299,111	310,922
Prepaid tax on income of non-residents	232,926	241,726
Prepaid fees on social insurance	198,351	-
Prepaid VAT	56,885	59,022
Other local taxes	27,056	25,931
Prepaid property tax	17,226	4,763
Prepaid land tax	4,673	4,545
Prepaid transport tax	2,677	5,943
<b>Total taxes, paid in advance</b>	<b>3,937,525</b>	<b>4,844,150</b>
<b>Advances issued</b>		
Advanced payments on settlements of insurance events	5,870,413	5,605,845
Insurance services, prepaid	5,697,945	137,955
Prepaid inventory	3,290,083	4,198,792
Prepaid services	528,393	191,802
<b>Total advances issued</b>	<b>15,386,834</b>	<b>10,134,394.00</b>
<b>Inventory holdings:</b>	<b>2,145,696</b>	<b>1,947,049</b>
<b>Other receivables</b>	<b>79,034</b>	<b>29,255</b>
<b>Total other non-financial assets</b>	<b>18,996,493</b>	<b>15,954,848</b>
<b>Total other assets</b>	<b>21,612,159</b>	<b>17,015,056</b>

#### 15. Deferred acquisition expenses

	2019	2018
<b>Deferred acquisition expenses, related to insurance and reinsurance operations other than life insurance at the beginning of the reporting period</b>		
<b>Acquisition expenses deferred for the period</b>	<b>14,242,498</b>	<b>9,402,291</b>
Changes in the deferred acquisition expenses:	2,254,312	4,840,206
Acquisition expenses deferred for the period	16,569,538	26,129,238
Amortization of deferred acquisition expenses	(14,315,226)	(21,289,031)
<b>Deferred acquisition expenses, related to insurance and reinsurance operations other than life insurance at the end of the reporting period</b>	<b>16,496,810</b>	<b>14,242,498</b>

#### 16. Insurance reserves (share of reinsurers in reserves)

Reserves for insurance other than life insurance and share of reinsurers in reserves for insurance other than life insurance are presented in the table

	31 December 2019	31 December 2018
Reserves	407,519,757	324,994,111
Share of reinsurers in reserves	(327,600,218)	(252,374,602)
<b>Net reserves</b>	<b>79,919,538</b>	<b>72,919,509</b>

	31 December 2019		31 December 2018		
	Reserves	Share of reinsurers in reserves	Net reserves	Share of reinsurers in reserves	Net reserves
<b>Insurance reserves for unearned premium</b>					
Property	302,558,591	(275,922,572)	26,636,019	240,802,988	29,971,286
Obligatory	29,911,302	(14,720,491)	15,190,810	19,705,841	7,376,672
Responsibility	14,448,751	(11,059,984)	3,388,766	12,105,166	4,685,442
Personal	2,974,376	(1,098,883)	1,875,493	3,255,372	2,146,484
<b>Total insurance reserves for unearned premiums</b>	<b>349,893,019</b>	<b>(302,801,931)</b>	<b>47,091,088</b>	<b>275,869,368</b>	<b>44,179,883</b>
<b>Insurance reserves for incurred but not declared losses</b>					
Property	187,688	(33,958)	153,730	125,869	107,617
Obligatory	17,242,520	(6,948,226)	10,294,293	14,718,615	8,635,153
Responsibility	1,876,385	(1,105,100)	771,285	2,223,464	782,081
Personal	1,600,384	(504,296)	1,096,088	1,313,829	665,900
<b>Total Insurance reserves for incurred but not declared losses</b>	<b>20,906,977</b>	<b>(8,591,581)</b>	<b>12,315,396</b>	<b>18,381,777</b>	<b>10,190,751</b>
<b>Insurance reserves for declared but not settled losses</b>					
Property	32,791,492	(13,896,453)	18,895,039	28,909,711	17,174,267
Obligatory	2,630,000	(2,210,200)	419,800	850,000	430,000
Responsibility	922,893	(32,137)	890,756	736,291	734,148
Personal	375,376	(67,916)	307,460	246,964	210,459
<b>Total Insurance reserves for declared but not settled losses</b>	<b>36,719,761</b>	<b>(16,206,707)</b>	<b>20,513,054</b>	<b>30,742,967</b>	<b>18,548,874</b>
<b>Total reserves for insurance other than life insurance and a share of reinsurers in insurance reserves other than life insurance</b>	<b>407,519,757</b>	<b>(327,600,218)</b>	<b>79,919,538</b>	<b>324,994,111</b>	<b>72,919,509</b>



17. Fixed assets (Property, Plant and Equipment)

	Buildings	Equipment	Furniture	Transport vehicles	Office equipment	Equipment installable	Total
<b>Original cost</b>							
Balance as of 1 January 2019	48,561,359	8,584,564	1,586,175	2,554,941	656,939	-	61,943,978
Acquired in the current year	-	1,319,246	24,960	1,269,314	-	69,300	2,682,820
Revaluation	(3,908,336)	-	-	-	-	-	(3,908,336)
Retirement during the year	-	(62,229)	(20,000)	(750,167)	(6,431)	-	(838,827)
Balance as of 31 December 2019	44,653,023	9,841,581	1,591,135	3,074,088	650,508	69,300	59,879,635
<b>Accumulated depreciation</b>							
Balance as of 1 January 2019	35,944	4,754,302	1,415,336	1,622,375	172,595	-	8,000,552
Accrued depreciation for the year	(35,943)	(4,754,302)	(1,415,336)	(1,622,375)	(172,596)	-	(8,000,552)
Revaluation	(958,769)	(1,151,898)	(80,894)	(500,797)	(131,311)	-	(2,823,669)
Retirement during the year	953,672	-	-	-	-	-	953,672
Balance as of 31 December 2019	(41,040)	(5,843,971)	(1,476,230)	(1,373,005)	(298,226)	-	(9,032,472)
Carrying amount as of 31 December 2019	44,611,983	3,997,610	114,905	1,701,083	352,282	69,300	50,847,163
<b>Original cost</b>							
Balance as of 1 January 2018	53,791,020	5,080,940	1,588,165	2,299,468	248,059	-	63,007,652
Acquired in the current year	-	3,521,509	46,410	677,310	408,880	-	4,654,109
Revaluation	(5,229,661)	-	-	-	-	-	(5,229,661)
Retirement during the year	-	(17,885)	(48,400)	(421,837)	-	-	(488,122)
Balance as of 31 December 2018	48,561,359	8,584,564	1,586,175	2,554,941	656,939	-	61,943,978
<b>Accumulated depreciation</b>							
Balance as of 1 January 2018	(1,076,858)	(3,483,385)	(1,376,253)	(1,451,028)	(71,281)	-	(7,458,805)
Accrued depreciation for the year	(1,092,236)	(1,280,754)	(87,831)	(375,235)	(101,314)	-	(2,937,370)
Revaluation	2,133,150	-	-	-	-	-	2,133,150
Retirement during the year	-	9,837	48,748	203,888	-	-	262,473
Balance as of 31 December 2018	35,944	4,754,302	1,415,336	1,622,375	172,595	-	8,000,552
Carrying amount as of 31 December 2018	48,525,415	3,830,262	170,839	932,566	484,344	-	53,943,426

As of 31 December 2019 "Asia Otsenka" LLC revaluated the building of the Company.

Change in the cost:

Office premises (2,4 floor of the building at the address: 219 Chui Avenue, a facility at the Karakol, Bld.29, apt. 15 Tynystanova st.,) the cost decreased in the amount of 2,962,108 soms, the cost of container in Karakol increased in the amount of 7,444 soms.

#### 18. Intangible assets

	Software	License agreement	Incomplete development (in progress)	Total
<b>Original cost</b>				
Balance as of 1 January 2019	1,772,629	1,494,996	5,153,083	8,420,708
Acquired in the current year			3,863,738	3,863,738
Reclassification		(58,699)	58,699	-
Balance as of 31 December 2019	1,772,629	1,436,297	9,075,520	12,284,446
<b>Accumulated amortization</b>				
Balance as of 1 January 2019	(724,646)	(592,848)	-	(1,317,494)
Accrued amortization for the year	(237,127)	(178,992)	-	(416,119)
Balance as of 31 December 2019	(961,773)	(771,840)	-	(1,733,613)
Carrying amount as of 31 December 2019	810,856	664,457	9,075,520	10,550,833
<b>Original cost</b>				
Balance as of 1 January 2018	1,185,637	894,960	-	2,080,597
Acquired in the current year	586,992	600,036	5,153,083	6,340,111
Retirement during the year	1,772,629	1,494,996	5,153,083	8,420,708
Balance as of 31 December 2018	1,185,637	894,960	-	2,080,597
<b>Accumulated amortization</b>				
Balance as of 1 January 2018	(487,518)	(413,856)	-	(901,374)
Accrued amortization for the year	(237,126)	(178,993)	-	(416,119)
Balance as of 31 December 2018	(724,645)	(592,848)	-	(1,317,493)
Carrying amount as of 31 December 2018	1,047,984	902,148	5,153,083	7,103,215

#### 19. Non-current investments

	31 December 2019	31 December 2018
Non-current government securities	4,999,727	4,999,727
Premium of Treasury Bills	558,363	404,648
<b>Total Non-current investments</b>	<b>5,558,090</b>	<b>5,404,375</b>

Non-current government securities are presented by Government Treasury Bonds (Bills) of the Ministry of Finance of the Kyrgyz Republic, with nominal of 100 soms, 55,590 pieces in quantity, for a term of 5 years, purchased in 2015.

#### 20. Accounts payable on insurance/reinsurance operations

	31 December 2019	31 December 2018

### Accounts payable on life insurance and reinsurance other than life insurance

Accounts payable on payments of premiums under insurance contracts transferred in reinsurance	27,991,958	5,362,832
Prepayment of premiums under insurance contracts	7,933,368	1,325,983
Debts to insurance agents and brokers	1,372,812	1,415,031
Liabilities of return of received premiums on insurance contracts	982,623	422,519
Liabilities for recourse payments under property insurance contracts transferred to reinsurance	864,469	867,027
Accounts payable on insurance on direct compensation of losses	586,107	32,534
Other debts on insurance transactions	52,040	52,040
<b>Total Accounts payable on life insurance and reinsurance other than life insurance</b>	<b>39,783,377</b>	<b>9,177,965</b>

<b>Total accounts payable on operations of insurance reinsurance</b>	<b>39,783,377</b>	<b>9,177,965</b>
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### 21. Other liabilities

	31 December 2019	31 December 2018
<b>Other financial liabilities</b>		
Accounts payable	120,900	149,013
<b>Total Other financial liabilities</b>	<b>120,900</b>	<b>149,013</b>
<b>Taxes payable</b>		
Payroll tax on income of individuals payable	6,171	4,313
Tax on income of non-resident payable	0	15,304
Sales tax payable	(88)	70
<b>Total taxes payable</b>	<b>6,083</b>	<b>20,687</b>
<b>Accrued liabilities</b>		
Accrued bonuses to management	6,894,300	6,894,300
Provision for quarterly bonuses to personnel	2,267,671	1,779,855
Fees to social fund	475,867	608,406
Provision for vacations	373,555	1,325,883
Accrued salary	(18,704)	(214,656)
<b>Total accrued liabilities</b>	<b>9,992,689</b>	<b>10,393,788</b>
<b>Total other non-financial liabilities</b>	<b>9,998,772</b>	<b>10,414,475</b>
<b>Total other liabilities</b>	<b>10,119,672</b>	<b>10,563,489</b>

Flows of provisions for the reporting period are as follows:

	Provision for vacations		Provision for bonuses to management		Provision for quarterly bonuses	
	2019	2018	2019	2018	2019	2018
<b>Provision at the beginning of the year</b>	<b>1,325,883</b>	<b>847,556</b>	<b>6,894,300</b>	<b>6,331,500</b>	<b>1,779,855</b>	<b>-</b>
Accrued	1,536,626	1,675,945	6,894,300	5,903,537	3,704,153	1,779,855
Recovered	-	-	760,176	-	-	-
Used	(2,488,954)	(1,197,618)	(7,654,476)	(5,340,737)	(3,216,337)	-
<b>Provision at the end of the year</b>	<b>373,555</b>	<b>1,325,883</b>	<b>6,894,300</b>	<b>6,894,300</b>	<b>2,267,671</b>	<b>1,779,855</b>

### 22. Deferred acquisition income



	2019	2018
Deferred acquisition income, related to insurance and reinsurance operations other than life insurance at the beginning of the reporting period	8,549,744	4,185,589
Changes in deferred acquisition income:	2,035,829	4,364,155
Acquisition income, deferred on a period	15,856,733	20,298,464
Amortization of deferred acquisition income	(13,820,903)	(15,934,309)
<b>Deferred acquisition income, related to insurance and reinsurance operations other than life insurance at the end of the reporting period</b>	<b>10,585,574</b>	<b>8,549,744</b>
<b>Deferred acquisition income, related to insurance and reinsurance operations</b>	<b>10,585,574</b>	<b>8,549,744</b>

### 23. Income tax

	2019	2018
Current income tax		
Current income tax payments	2,541,489	2,548,740
Deferred income tax, related to arising and decreasing temporary differences	281,070	(706,8745)
<b>Expenses of income tax, reflected on statement of income or loss and other comprehensive income</b>	<b>2,260,419</b>	<b>1,941,866</b>

Verification of expenses of income tax and accounting profit multiplied by income tax rate, effective for the years ended 31 December 2019 and 31 December 2018:

	2019	2018
Accounting profit /loss before taxation, arising from ongoing activities	25,023,841	21,038,196
At the income tax rate of 10%	2,502,384	2,103,820
Tax consequences of expenses, not deductible for tax purposes	(241,965)	(161,954)
<b>Total income tax income at the rate of 10%</b>	<b>2,260,419</b>	<b>1,941,866</b>
<b>Expenses of income tax, reflected on statement of income or loss and other comprehensive income</b>	<b>2,260,419</b>	<b>1,941,866</b>

#### (a) Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are referred to the following items:

	Assets		Liabilities		Net amount	
	2019	2018	2019	2018	2019	2018
Fixed and intangible assets	-	-	(4,414,812)	(5,106,083)	(4,414,812)	(5,106,083)
Provision for bad debts	-	3,043	-	-	-	3,043
Provision for vacations	37,356	822,018	-	-	37,356	822,018
Provision for quarterly bonuses to personnel	920,618	177,986	-	-	920,618	177,986
<b>Tax assets/ (liabilities)</b>	<b>957,973</b>	<b>1,003,047</b>	<b>(4,414,812)</b>	<b>(5,106,083)</b>	<b>(3,456,839)</b>	<b>(4,103,036)</b>

#### (b) Flows of temporary differences during the year

For the reporting period:

	1 January 2019	Recognized as part of		31 December 2019
		Profit/loss	Capital	

Fixed and intangible assets	(5,106,083)	326,144	365,128	(4,414,812)
Provision for bad debts	3,043	(3,043)	-	-
Provision for quarterly bonuses to personnel	822,018	(784,663)	-	37,356
Provision for vacations	177,986	742,632	-	920,618
<b>Total</b>	<b>(4,103,036)</b>	<b>281,070</b>	<b>365,128</b>	<b>(3,456,839)</b>

For the previous period:

	1 January 2018	Recognized as part of		31 December 2018
		Profit/loss	Capital	
Fixed and intangible assets	(5,037,743)	(296,173)	227,833	(5,106,083)
Provision for bad debts	-	3,043	-	3,043
Provision for quarterly bonuses to personnel	-	822,018	-	822,018
Provision for vacations	-	177,986	-	177,986
<b>Total</b>	<b>(5,037,743)</b>	<b>706,874</b>	<b>227,833</b>	<b>(4,103,036)</b>

## 24. Shareholder's equity

	31 December 2019	31 December 2018
<b>Quantity of stocks, unless otherwise specified</b>		
Nominal cost of ordinary stocks (in soms)	1,080	1,080
Issued stocks at the beginning and at the end of the year	177,249	177,249
<b>Total shareholder's equity, in thousands of soms</b>	<b>191,428,920</b>	<b>191,428,920</b>

Each ordinary stock is vested with one vote. A holder of ordinary stocks has a right to receive dividends, as well as to receive funds at allocation of capital.

As of 31 December 2019 a composition of shareholders is presented in the following way:

	31 December 2019	31 December 2018
<b>In percentage, unless otherwise specified</b>		
JSC «Invest-Polis» - Russian Federation	100%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>

## Earnings per share

In 2019, the Company received a net profit/loss in the amount of 22,763,422 soms based on the outcomes of its operations.

Basic earnings per share is calculated as the ratio of net profit / loss attributable to the Company's shareholders to the weighted average number of ordinary shares outstanding during the period, net of repurchased own shares. The Company does not have instruments that are convertible into ordinary shares and potentially dilute earnings per share. Therefore, diluted earnings per share are equal to basic earnings per share.

	2019	2018
Net profit /loss belonging to shareholders	22,763,422	19,096,330
Weighted average number of ordinary shares outstanding (pcs)	177,249	165,290

Basic profit /loss per share (in soms per share)	128.43	11.5322
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## 25. Other capital

	Reserve for revaluation of assets	Reserve fund	Accumulation Fund	Total other capital
<b>As of 1 January 2019</b>	<b>42,468,323</b>	<b>16,000,000</b>	<b>722,565</b>	<b>59,190,888</b>
Recognition of deferred tax liabilities from revaluation of property	365,128			365,128
Revaluation of buildings	(2,954,664)			(2,954,664)
Reclassification of accumulation fund		722,565	(722,565)	-
<b>As of 31 December 2019</b>	<b>39,878,787</b>	<b>16,722,565</b>	<b>-</b>	<b>56,601,351</b>
<b>As of 1 January 2018</b>	<b>45,337,000</b>	<b>16,000,000</b>	<b>1,671,064</b>	<b>63,008,064</b>
Recognition of deferred tax liabilities from revaluation of property	227,833	-	-	227,833
Revaluation of buildings	(3,096,510)	-	-	(3,096,510)
Formation of accumulation fund by a decision made by shareholders' meeting	-	-	158,345	158,345
Formation of accumulation fund by a decision made by shareholders' meeting	-	-	(1,106,844)	(1,106,844)
<b>As of 31 December 2018</b>	<b>42,468,323</b>	<b>16,000,000</b>	<b>722,565</b>	<b>59,190,888</b>

The reserve fund is formed in accordance with the requirements of the Company's Charter.

By the annual General Meeting of "Ingosstrakh" ICJSC on April 25, 2019, a decision was made to close the consumer and social security funds, with the subsequent reclassification of these funds to the account of the Reserve Fund of "Ingosstrakh" ICJSC.

## 26. Related parties

Related party operations are regulated by IAS 24 "Related Party Disclosures". Parties are considered related if one of them has a possibility to control the other one and is under general control or can materially exert an impact on the financial and operating decisions made by the other party. When defining related parties, it should be taken into consideration a character of relations between the parties, but not only their legal form. Main heads and close relatives of their families are also related parties.

A composition of related parties was not changed for the reporting years and is presented in the following way:

Name	Country of registration	Relation of parties
"Invest-Polis" JSC	Russian Federation	Parent company

### *Transactions with leading officials and members of their families*

Key leading officials and members of their families do not have voting shares in the Company.

For the purpose of these financial statements the management of the Company and the Company itself are related parties.

For the years ended 31 December 2019 and 2018 the key members of management (Chairperson of the Management Board and her 2 Deputies) received the following emoluments:

	2019	2018
Expenses on salary	11,840,998	10,736,849
Bonuses		
Expenses on deductions to Social Fund	2,042,572	1,852,107

## 27. Contingent and possible liabilities and operating risks

### *Political and economic conditions in the Kyrgyz Republic*

The economy of the Kyrgyz Republic continues to manifest characteristics peculiar for developing countries. Among them, in particular, the non-convertibility of its national currency is observed beyond the Kyrgyz Republic and also a low level of liquidity of debt and equity securities in markets.

The future economic development and financial status of the Company may deteriorate resulting from continuing economic problems inherent for a developing country. The management is not able to predict neither a degree nor duration of economic difficulties or evaluate their impact, if any, on the financial reporting.

The future economic development and financial status of the Company may deteriorate resulting from continuing economic problems inherent for a developing country. The management is not able to predict neither a degree nor duration of economic difficulties or evaluate their impact, if any, on the financial reporting.

### *Tax legislation*

The taxation in the Kyrgyz Republic is subject to changes, inconsistent application, various interpretations, and enforcement. Non-observance of the Kyrgyz legislation and regulatory acts, as they are interpreted by the Kyrgyz authorities, can lead to the accruals of additional taxes, penalties and fines.

The Kyrgyz tax legislation and practices are undergoing frequent changes and, therefore, are subject to various interpretations which can have the retrospective impact.

The management of the Company believes that the appropriate provisions of the legislation were correctly interpreted by the Company, and that the position of the Company, occupied in a part of tax, currency and customs legislation, will be successfully defended in case of any disputes. According to the management, the Company will not incur material losses on current or potential tax cases, exceeding their provisions, formed in this financial reporting.

### *Litigation*

In the course of performing its routine economic activities the Company can be brought claims and actions to judicial bodies. The management of the Company believes that liabilities on such claims and actions, if any, cannot negatively affect the financial position or outcomes of the Company's future activities.

### *Insurance*

As of 31 December 2019 the company concluded an insurance contract with the company "Ayu Garant" CJSC IC (location of the insurer is in Bishkek).

No. of contract	Total limit of responsibility	Validity period of the contract	Premium rate	Object of insurance
<i>Insurance of ground transport vehicle:</i>				
STNo.1414-08/19	28,000	17.08.2019-	812 US dollars	Toyota



	USDollars	16.08.2020		CamryHiundayc reta, Honda Odyssey
STNo.1465-09/19	9,000 US dollars	25.09.2019- 24.09.2020	261 US dollars	Toyota Scion
<b>Insurance of civil responsibility of the employer for causing harm to the life and health of an employee in the performance of his/her labor (official) duties:</b>				
OSGORN0.180-03-19	25,272,412 som	06.03.2019- 05.03.2020	124,487 soms	34 people
<b>Insurance of auto and civil responsibility:</b>				
STNo.1414-08/19	15000 US dollars	17.08.2019- 16.08.2020	110 US dollars	Toyota Camry Hiundayc-eta, Honda Odyssey
ST No. №1465-09/19	10,000 US dollars	25.09.2019- 24.09.2020	70 US dollars	Toyota Scion
<b>Property insurance against fire and other hazards:</b>				
SINo.219-04/19	1,329,350 soms	29.04.2019- 28.04.2020	2,660 soms	Office in Karakol
SI No.226-05/19	7,820,512 soms	17.05.2019- 16.05.2020	15,641 soms	Office in Bishkek (2,4 floors)

As of 31 December 2019, the Company had no insurance coverage (other than as indicated above) for its assets and activities and for its public obligations and other risks subject to insurance. Since the absence of insurance does not in itself mean a decrease in the value of the asset or the occurrence of liabilities, provisions for undetermined losses were not provided for in the financial statements.

### **Insurance risk**

The main risk that the Company is exposed to under concluded insurance contracts is that the actual losses and payment of insurance compensation and their timing differ from the Company's expectations. This risk is affected by the frequency of losses/claims and their cost. Thus, the Company's goal in managing insurance risk is to ensure that reserves are sufficient to cover such possible liabilities.

Risk exposure is reduced through a careful approach to insurance risk acceptance, the use of reinsurance protection, and a careful approach to the loss settlement process. A consistent policy of evaluating all current and new claims, evaluating claims settlement procedures, and evaluating possible fraudulent claims is aimed at reducing insurance risk exposure.

The Company places risks in reinsurance, both under general agreements and optional placements. Insurance risks are covered by proportional reinsurance agreements. The Company's risk retention limits are different and depend on the insurance product and the insurance amount and are determined by the Company's reinsurance policy, but they must not exceed 20% of the total capital of the insurance company in accordance with the requirements established by the legislation of the Kyrgyz Republic.

Reinsurance of risks does not release the Company from its obligations to the policyholders and, consequently, the Company is liable for the reinsured part of insurance claims if the reinsurer is unable to fulfill its obligations under reinsurance agreements.

The Company constantly monitors the financial condition of reinsurers and checks reinsurance operations on a regular basis. The analysis of insurance reserves by major types of insurance is presented in Note 15.

### **Maximum exposure to insurance risk**

As of 31 December 2019:

<b>Total risky portfolio:</b>	<b>Total</b>	<b>Reinsured</b>	<b>Net</b>
Property	16,761,331,785	(5,998,880,646)	10,762,451,139
Obligatory	130,995,811,193	(15,891,994,162)	115,103,817,031
Responsibility	158,920,363,212	(10,656,248,905)	148,264,114,307
Personal	23,146,001,385	(13,753,354,023)	9,392,647,362
<b>Total</b>	<b>329,823,507,575</b>	<b>(246,300,477,736)</b>	<b>83,523,029,839</b>

### *Uncertainty in the estimation of future insurance payments*

Claims under insurance contracts are paid upon occurrence of the insured event. The Company is responsible for all insured events that occurred during the term of the insurance contract, including events that were reported after the expiration of the insurance contract.

The estimated cost of insurance compensation is based on the estimates of the Company's management and includes the costs of settling the claim. To assess the provision for losses that occurred but were not declared, the Company follows the recommendations of the body regulating insurance activities in the Kyrgyz Republic.

## **28. Financial risks management**

Due to the specifics of its business, the Company is exposed to financial risks, such as market risk (including currency risk and interest rate risk), liquidity risk and credit risk, which may have an impact on reducing the Company's net assets or reducing profit for distribution.

### *Credit risk*

Credit risk is the risk that one party may fail to meet its obligations under a financial instrument and, as a result, the other party may incur a financial loss. The maximum amount of this risk corresponds to the value of assets that may be lost.

Credit risk arises from cash and cash equivalents, deposits with banks, and open positions with corporate and retail customers, including outstanding receivables. For the Company, the main financial instruments exposed to credit risk are Bank deposits and accounts receivable. The Company's management regularly assesses such credit risk, taking into account the counterparty's financial position, credit history, and other factors.

Policies that reduce the credit risk to which the Company is exposed include:

- Determining the level of the Company's management, whose competence includes control over operating activities, approval and authorization of operations and activities. The appropriate level of management should approve and approve all operations within the established authorities.
- Cash and cash equivalents are placed only in those banks that, in the opinion of the Company, have a minimal risk of default.
- The Company places funds in corporate securities only of those issuers that, in the opinion of the Company, have a minimal risk of default.
- Insurance accounts receivable are estimated by the date of their occurrence at each reporting date and this analysis is taken into account when calculating the impairment provision.
- Reinsurance is placed with counterparties that have a good credit rating assigned by international rating agencies. As of each reporting date, the Company's management assesses the creditworthiness of reinsurance companies and reviews its reinsurance placement policy, including possible impairment of reinsurance assets.

Despite the fact that the current economic situation may affect the ability of buyers to repay debt, Management believes that the provision for reducing the value of assets is sufficient.

The maximum level of risk to which the Company is exposed as of 31 December 2019 and 2018 is as follows:

	31 December 2019	31 December 2018
<i>Credit risk related to the balance sheet positions:</i>		
Cash on settlement accounts	11,801,158	18,238,637
Accounts receivable on operations of insurance/reinsurance	32,202,217	13,435,518
Investments held to repayment	225,063,676	5,404,375
<b>Total maximum risk</b>	<b>269,067,051</b>	<b>37,018,530</b>

#### **Current risk**

Currency risk is a risk of that fair value of future cash flows on a financial instrument will be fluctuated due to changes in foreign currency exchange rates.

The Company is exposed to the currency risk, performing insurance operations, reinsurance, storage of cash assets, expressed in currency different from the Company's functional currency, to which EUR, US dollars and Russian rubles belong.

The Company's influence ability to the currency risk, in terms of contingent (nominal) values, was as follows:

	Currency			Total as of 31 December 2019
	US dollar, 1 US dollar =69.8500 soms	EUR, 1 EUR = 80.0446 soms	Rus. ruble, 1 Rus. ruble =1.0047 soms	
<b>ASSETS</b>	<b>Soms</b>			
Cash and cash equivalents	1,6212,118	2,345,889	16,098	18,575,148
Current financial assets				
Accounts receivable on operations of insurance/reinsurance	173,961,585	84,135,453		258,097,038
Other financial assets	4,040,512	27,290,868	870,837	32,202,217
Deferred acquisition expenses	63,070			63,070
Share of reinsurance and insurance provisions	16,496,810			16,496,810
Non-current investments	29,035,455	298,394,106	170,657	327,600,219
	5,558,090			5,558,090
<b>TOTAL ASSETS</b>	<b>245,367,640</b>	<b>412,166,316</b>	<b>1,057,592</b>	<b>658,592,592</b>
<b>LIABILITIES</b>				
Accounts payable on operations of insurance /reinsurance	4723,328	33,207,540	1,852,509	39,783,377
Other financial liabilities	120,900			120,900
Deferred acquisition revenues	10,585,574			10,585,574
Insurance (technical) provisions	84,813,281	322,072,467	634,009	407,519,757
<b>TOTAL LIABILITIES</b>	<b>100,243,083</b>	<b>355,280,007</b>	<b>2,486,518</b>	<b>458,009,608</b>
<b>TOTAL NET POSITION</b>	<b>145,124,557</b>	<b>56,886,309</b>	<b>(1,428,926)</b>	<b>200,582,984</b>



	Currency				Total as of 31 December 2018
	US dollar, 1 US dollar =69.8500 soms	EUR, 1 EUR = 80.0446 soms	Rus. ruble, 1 Rus. ruble =1.0047 soms		
	Soms				
ASSETS					
Cash assets	16,487,566	2,691,228	11,819	1,880	19,192,493
Current financial assets	142,268,104	101,652,426			243,920,530
Accounts receivable on operations of insurance/reinsurance	8,251,533	4,990,492	155,974	7,519	13,405,518
Other financial assets	60,208				60,208
Share of reinsurance and insurance provisions	28,014,580	222,532,531	1,527,491	-	252,074,602
Deferred acquisition expenses	14,242,498				14,242,498
Non-current investments	5,404,375				5,404,375
Other non-current assets					
TOTAL ASSETS	214,728,864	331,866,677	1,695,284,	9,399	548,300,224
LIABILITIES					
Accounts payable on operations of insurance /reinsurance	2,214,698	6,851,541	111,726	-	9,177,965
Other financial liabilities	102,023	46,990	-	-	149,013
Deferred acquisition revenues	8,549,744				8,549,744
Insurance (technical) provisions	83,161,927	236,835,296	4,996,864	-	324,994,111
Other non-current liabilities	94,028,416	243,733,827	5,108,590	-	342,870,833
TOTAL LIABILITIES					
	120,700,448	88,132,850	(3,413,306)	9,399	205,429,391
TOTAL NET POSITION	16,487,566	2,691,228	11,819	1,880	19,192,493

**Notes to the Financial statements**

For the year ended 31 December 2019

(Amounts in Tables are shown in the Kyrgyz soms (KGS))

The sensitivity analysis of the Company's net income and capital for the year to changes in foreign exchange rates (based on positions in effect as of 31 December 2019 and 2018, and a simplified scenario of a 10% decline or growth in the exchange rate of the US dollar, Euro, ruble to the som) is presented as follows.

		31 December 2019		31 December 2018	
	Change in the exchange rate	Impact on profit	Impact on capital	Impact on profit	Impact on capital
US dollar	10%	5,688,631	5,119,768	269,123	242,211
US dollar	(10%)	(5,688,631)	(5,119,768)	(269,123)	(242,211)
Euro	10%	(142,893)	(128,603)	1,182	1,064
Euro	(10%)	142,893	128,603	(1,182)	(1,064)

**Capital management**

The Company's capital management policy is to maintain a sufficiently high level of capital in order to ensure shareholder confidence and ensure business development.

The Company's activities in the field of insurance are subject to state regulation. Prudential requirements in terms of capital management of insurance companies include both requirements to the amount of the minimum paid-up capital, which ensures the right to conduct insurance activities, and requirements for maintaining the established level of equity adequacy.

The Company has met the requirements to the amount of paid-in capital for the implementation of voluntary and mandatory types of insurance and reinsurance in the following amounts:

	31 December 2019	31 December 2018
Requirements to the minimum amount of paid-in equity	150,000,000	150,000,000

The Company has met the established requirements for maintaining equity adequacy:

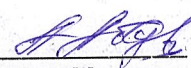
	31 December 2019	31 December 2018
Factual normative for equity adequacy	1.67	1.72
Regulative normative for equity adequacy	≥ 1	≥ 1

According to Resolution of the KR Government, No.292 of 1 June 2016, “On approval of minimal amounts of the authorized capital for insurance (reinsurance) organizations and insurance (reinsurance) brokers”, there were approved requirements to minimal amount of the authorized capital of an insurance organization carrying out its activities on voluntary and obligatory types of insurance and reinsurance, including accumulative life insurance – in the amount no less than 100,000,000 (one hundred million) soms till 1 January 2017, and from 1 July 2017 – no less than 150,000,000 (one hundred fifty million) soms.

**29. Events after the reporting date**

After the date of approval of these financial statements, no events occurred which would affect amounts in the provided financial statements.

  
D.S. Tezekbaeva  
Chairwoman of the Management Board  
«Ingosstrakh» CIJSC

  
A.T. Abdyrakhmanov  
Chief Accountant  
«Ingosstrakh» CIJSC

