

**CLOSED INSURANCE JOINT-STOCK COMPANY
«INGOSSTRAKH»
FINANCIAL STATEMENTS, IN ACCORDANCE WITH
INTERNATIONAL STANDARDS
FINANCIAL REPORTING STANDARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

and

INDEPENDENT AUDITOR'S REPORT

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020.

The representation below, which should be considered together with the description of responsibilities, referenced to independent auditors, contained in the presented independent auditor's report, is made on purpose of separation the auditors and the management's duties in regard to the financial statement, presented by CLOSED INSURANCE JOINT STOCK COMPANY «INGOSSTRAKH» (hereinafter - the "Company")

The Project Management is responsible for preparation of the financial statements that presents fairly, in all material respects, the financial condition, results of operations, cash flows and changes in equity of the Company for the year ended December 31, 2020, in accordance with the International Financial Reporting Standards (IFRS),

In the process of preparation of the financial statements, management is responsible for:

- Selection of appropriate accounting principles and consistent application thereof;
- Use of reasonable estimates and calculations;
- Compliance with IFRS; and
- preparation of financial statements based on the assumption that the Company will continue to operate in the foreseeable future, unless such an assumption is inappropriate.

Management is also responsible for:

- Development, introduction and provision of effective and safe internal control system of the Company;
- Maintenance of the accounting system, able to provide anytime accurate information on the Company's financial status and assure compliance of financial statements with the IFRS requirements;
- Maintenance of accounting system in accordance with legislation and accounting standards of the Kyrgyz Republic;
- Taking measures for ensuring the Company's assets integrity within the terms of its reference; and
- Detection and prevention of fraud and other misuses.

These financial statements for the year 2020 ended December 31, were approved by the Company's Management on February 26, 2021.

Tezekbaeva D.S.

Chairman of the management board

March 01 2020

Bishkek, Kyrgyz Republic

Abdrahmanov A.T.

Chief Accountant



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**FOR SHAREHOLDERS OF
CIJSC «INGOSSTRAKH»**

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of the CIJSC «INGOSSTRAKH» (hereinafter as Company) that includes a statement of financial position, for the year ended December 31, 2020, statement of comprehensive income, cash flow statement, financial statement on changes in net assets for the year ended on the specified date, as well as a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statement, in all material respects gives a true and fair view on the Company's financial position for the year ended December 31, 2020 as well as the financial results of operations and cash flows for the period ended on the specified date, in accordance with International Financial Reporting Standards.

Basis for opinion

We have performed our audit in accordance with the International Standards on Auditing. Our responsibilities under those standards are described in the section Auditor's Responsibility for the Audit of the Financial Statements herein. We are independent in relation to the Company, as required by the Code of Ethics for Professional Accountants of the International Ethics Standards Boards for Accountants (Code of IESBA) and the ethical requirements applicable to our audit of the financial statements in Kyrgyz Republic, and we performed other ethical responsibilities of ours in compliance with those requirements and the Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Company's financial statements as of 31 December 2019 and for the year ended on the specified date and were audited by other auditors whose report of 24 March 2020 contained an unmodified opinion on those statements.

Key audit issues

Key audit matters are those in our professional judgement, were most relevant to our audit of annual consolidated financial statements for the current period. The matters have been considered in the context of our audit of the financial statements as whole and our opinion doesn't express a separate opinion on these matters.

Formation of insurance reserves

Key audit issue

Formation of insurance reserves

The company, in accordance with the adapted methodology and organization of calculations of insurance reserves, forms and maintains records of such technical reserves as the reserve of unearned premiums; reserve for reported but unsettled losses; reserve for incurred but unreported losses.

Insurance reserves constitute 56% of the total balance.

Computing the amount of insurance reserves requires complex and extensive mathematical calculations and the use of expert assessments and significant judgment.

Audit procedures

We evaluated the process of applying information technology related to the calculation of insurance reserves;

Investigated the usage of expert assessments by the relevant employees of the Company;

Analyzed the process of checking the adequacy of insurance obligations carried out by the Company;

We evaluated the completeness of the information disclosure, including quantitative and qualitative indicators related to the formation of insurance reserves according to our understanding of the business.

Responsibility of the Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS and for internal control system as management determines is necessary to enable preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternatives but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance about whether the financial statements are free of material misstatement whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high degree 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 errors 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 the audit in accordance with the International Standards on Auditing and requirements of the State Service for Regulation and Supervision of the Financial Market under the Government of Kyrgyz Republic, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

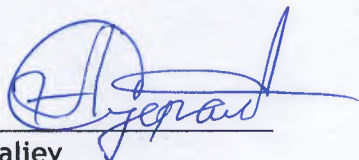
- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or errors; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting risk of material misstatement resulting from fraud is higher than the detection risk of material misstatement due to errors, since fraud can involve collusion, forgery, intentional omissions, misrepresentations of information or override of internal controls;
- Obtain understanding of the internal control system 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 appropriateness of disclosures prepared by management;
- Provide a conclusion on the legality of the assumptions of business continuity, and on the basis of the audit evidence obtained - a conclusion about whether there is a considerable uncertainty related to events or conditions that may result to considerable doubt as to the Company's ability to perform its operations continuously. If we conclude that a significant uncertainty exists, we should draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inappropriate, modify our opinion.
 - Our conclusions are based on audit evidence obtained prior to the date of our audit report. However, future events or conditions may lead to the Company's loss its ability to continue its business activities;
- Evaluate the overall presentation of the financial statements, its structure and content, including disclosures, we also evaluate whether the financial statements present the underlying transactions and events so as to ensure their fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit finding, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current period and, therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The task manager who has issued this independent auditor's report:



Atai Sueraliev

Certified Auditor of the Kyrgyz Republic
Auditor qualification certificate
Series A No. 0322 dated November 14, 2017



Mira Atakanova

Director of BDO Kyrgyzstan LLC
Certified Auditor of the Kyrgyz Republic
Auditor qualification certificate
No. 0022 Series A issued on 22.08.2011



March 05 2021

BDO KYRGYZSTAN LLC

License Series A No. 0022 of the State Service
for Regulation and Supervision of the Financial
Market under the Government of the Kyrgyz
Republic dated October 10, 2017.

STATEMENT OF COMPREHENSIVE INCOME (LOSS)

for the year ended December 31, 2020

	Notes	2020	2019
Technical result for insurance net reinsurance			
Premiums earned	6	72 040 783	88 838 455
Losses incurred	7	(3 456 023)	(29 782 194)
Expenses for insurance transactions	8	(10 568 971)	(13 012 129)
Total technical result for insurance net reinsurance		58 015 790	46 044 132
Non-technical result			
Administrative expenses	9	(41 346 227)	(42 181 701)
Other income/expense from investment activities	10	24 102 899	20 808 553
Income and expenses from exchange rate differences	11	14 539 940	491 803
Other expenses			(138 946)
Total non-technical result		(2 703 388)	(21 020 291)
Net profit or loss before tax		55 312 401	25 023 841
Income tax on profit from operations	25	(6 246 815)	(2 260 419)
Net profit or loss of the reporting year		49 065 587	22 763 422
Other comprehensive income			
Revaluation of property		15 861 357	(2 954 664)
Income tax on income from the revaluation of fixed assets		(1 600 684)	365 128
Total other comprehensive income for the reporting period		14 260 673	(2 589 536)


 Tezekbaeva D.S.

Chairman of the management board



 Abdrahmanov A.T.

Chief Accountant

STATEMENT OF FINANCIAL POSITION

for the year ended December 31, 2020

	Notes.	December 31, 2020	December 31, 2019
ASSETS			
Current assets			
Cash assets and cash equivalents	12	8 396 649	18 575 148
Short-term financial assets	13	315 987 997	258 097 038
Accounts receivable on Insurance/reinsurance operations	14	26 736 945	32 202 217
Other assets	15	13 451 135	21 612 159
Deferred acquisition for direct insurance	16	12 503 528	16 496 810
Reinsurer's share in insurance reserves	17	433 044 956	327 600 218
Income tax paid in advance	25	-	719 236
Total current assets		810 121 210	675 302 826
Long-term assets			
Fixed assets	18	63 579 421	50 847 163
Intangible assets	19	14 516 294	10 550 833
Long term investment	20	-	5 558 090
Investments in real estate	21	1 166 521	-
Total long-term assets		79 262 236	66 956 086
TOTAL ASSETS		889 383 446	742 258 912
Short-term liabilities			
Accounts payable on insurance / reinsurance operations	22	30 266 879	39 783 377
Other liabilities	23	10 970 670	10 119 672
Deferred acquisition income	24	10 849 492	10 585 574
Insurance reserves	17	496 289 173	407 519 757
Income tax payable	25	1 829 756	-
Total short-term liabilities		550 205 970	468 008 380
Long-term liabilities			
Deferred tax liabilities	25	5 057 522	3 456 839
Total long-term liabilities		5 057 522	3 456 839
Total liabilities		555 263 492	471 465 219
Equity capital			
Share capital	26	191 428 920	191 428 920
Other capital	27	70 862 025	56 601 351
Retained earnings		71 829 009	22 763 422
Total capital		334 119 954	270 793 693
TOTAL LIABILITIES AND CAPITAL		889 383 446	742 258 912

Tezekbaeva D.S.

Chairman of the management board



Abdrahmanov A.T.

Chief Accountant

STATEMENT OF CASH FLOW
for the year ended December 31, 2020

	2020	2019
Section I. Cash flows from operating activities		
Insurance premiums received under insurance and reinsurance contracts	213 436 371	234 136 161
Insurance premiums paid under contracts transferred to reinsurance	(127 337 042)	(106 381 911)
Payment under property insurance contracts accepted for reinsurance	(1 629 179)	(295 896)
Payments for insurance and reinsurance contracts, paid	(19 855 821)	(30 985 881)
Insurance premiums received from reinsurers in connection with the termination of insurance contracts	-	462 975
Refund of insurance premiums received from the insurer in connection with the termination of insurance contracts	(1 788 458)	(1 269 595)
Reinsurers' share in payments on insurance and reinsurance contracts obtained	10 303 369	4 081 887
Payment of acquisition costs	(26 210 794)	(32 453 225)
Payment of expenses for the regulation of losses	(20 646)	(193 850)
Receipts of amounts for subrogation and recourse claims	259 953	619 135
Receipts for payment of compensation for harm on direct damages	-	5 252 330
Payment of wages and other employee compensations	(20 926 589)	(27 729 318)
Payment of other administrative and operating expenses	(14 177 047)	(25 572 221)
Bank commissions paid	(730 044)	(801 738)
Income tax paid	(4 957 360)	(2 458 000)
Other cash flows from operating activities	(190 038)	329 030
The balance of cash flows from operating activities	6 176 676	16 739 883

Section II. Cash flows from investing activities


Sales from fixed assets	-	278 976
Income from sales of investment property	-	-
Payments in connection with the acquisition, creation, modernization, reconstruction and preparation for the use of fixed assets	(2 738 552)	(2 663 506)
Payments in connection with the acquisition, creation of intangible assets	(1 687 070)	(1 715 192)
Interest received	23 771 635	20 651 624
Net cash flows on securities held to maturity	43 992 787	(16 670 618)
Payments minus proceeds from placement and closing of deposits and other funds placed with banks	(73 797 599)	(4 119 701)
Income from the lease of investment property	94 987	155 000
The balance of cash flows from investing activities	(10 363 812)	(4 083 417)

Section III. Cash flows from financial activities

Dividends paid	-	(19 096 285)
The balance of cash flows from financial activities	-	(19 096 285)
The balance of cash flows for the reporting period	(4 187 136)	(6 439 819)
The magnitude of the impact of changes in the exchange rate of foreign currency in relation to the KGS	-	(168 889)
Balance of cash and cash equivalents at the beginning of the reporting period	12 583 785	19 192 493
Balance of cash and cash equivalents at the end of the reporting period	8 396 649	12 583 785


Tezekbaeva D.S.
 Chairman of the management board




Abdrahmanov A.T.
 Chief accountant

STATEMENT OF CHANGES IN EQUITY
for the year ended December 31, 2020

	Share capital	Other capital	Retained earnings	Total capital
As of January 1, 2019	191 428 920	59 190 887	19 096 285	269 716 092
Property revaluation with recognition of revaluation deferred tax liabilities	-	(2 589 536)	-	(2 589 536)
Profit for the reporting period	-	-	22 763 422	22 763 422
Dividends	-	-	(19 096 285)	(19 096 285)
As of January 1, 2020	191 428 920	56 601 352	22 763 422	270 793 694
Property revaluation with recognition of revaluation deferred tax liabilities	-	14 260 673	-	14 260 673
Profit for the reporting period	-	-	49 065 587	49 065 587
Dividends	-	-	-	-
As of December 31, 2020	191 428 920	70 862 025	71 829 009	334 119 954



Tezekbaeva D.S.

Chairman of the management board



Abdrahmanov A.T.

Chief accountant

NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Closed Insurance Joint Stock Company Ingosstrakh, formerly Closed Insurance Joint Stock Company Kyrgyzinstrakh (hereinafter referred to as the Company) is the legal successor of the Kyrgyz-Russian foreign insurance closed joint-stock company Kyrgyzinstrakh, established on the basis of Decrees of the Government of the Kyrgyz Republic No. 508 dated October 31, 1996, and No. 539 dated November 15, 1996, on the basis of a voluntary agreement by combining their contributions.

On April 28, 2018, the Company was re-registered with the Ministry of Justice of the Kyrgyz Republic. Certificate of state re-registration, series GPYU No. 0030111, Registration number 4336-3300-ZAO, OKPO code 21634281, TIN 01812199610174.

The shareholder of the Company is JSC "INVEST-POLIS", registered at the address: Russian Federation, Moscow city, st. Lesnaya, house 41.

The main activities of the Company are insurance and reinsurance. In addition, the Company may provide other types of activities not prohibited by the legislation of the Kyrgyz Republic.

For proving the insurance activities, the Company has a license from the State Service for Regulation and Supervision of the Financial Market under the Government of the Kyrgyz Republic.:

- for compulsory types of insurance;
- for voluntary types of insurance

The types of insurance performed by the Company specified in the licenses for implementation:

The license for the compulsory type of insurance performed by an insurance organization (Series "C" No. 0036 dated July 15, 2016, on an indefinite basis) consists of the following services

- Compulsory insurance of civil liability of shippers of dangerous goods;
- Compulsory insurance of civil liability of organizations operating dangerous production facilities;
- Compulsory insurance of the employer's civil liability for causing harm to the life and health of the employee during his labor duties;
- Compulsory insurance of the transporter's civil liability to passengers

License for voluntary personal insurance, performed by the insurance organization (Series "C" No. 0065 dated July 25, 2017 on an indefinite basis), consist of performing following services

- Voluntary health insurance;
- Voluntary insurance of medical expenses when traveling abroad;
- Voluntary accident insurance.

License for voluntary property insurance, performed by insurance organization (Series "C" No. 0066 dated July 25, 2017 on an unlimited basis), consists of the following services:

- Insurance of vehicles, civil liability and seats in the vehicle;
- Insurance of aviation risks;
- Complex property insurance of banks;
- Luggage insurance when traveling abroad;
- Insurance of expenses due to cancellation of travel abroad or changes of time staying abroad;
- Insurance of transported goods;
- Insurance of vehicles and equipment from breaking;
- Insurance of moveable equipment;
- Insurance from fire and other hazards;
- Construction-installation insurance;
- Insurance of electric equipment;
- Insurance of financial and credit institutions (banks) against electronic and computer crimes;
- Insurance of financial risks.

License for voluntary liability insurance performed by insurance company (Series "C" No. 0067 dated July 25, 2017 on an indefinite basis), consists of the following services:

- Civil liability insurance for road carriers and freight forwarders;
- Civil liability insurance to third parties during construction and installation work;
- Professional liability insurance;
- Liability insurance for directors and heads of executive bodies;
- Insurance of civil liability
- Employer's civil liability insurance.

License for incoming reinsurance on compulsory and voluntary types of insurance performed by reinsurance organization, (Series "C" No. 0068 dated July 25, 2017 on an indefinite basis) consists of the following services:

- Insurance of vehicles, civil liability and seats in the vehicle;
- Insurance of aviation risks;
- Complex property insurance of banks;
- Luggage insurance when traveling abroad;
- Insurance of expenses due to cancellation of travel abroad or changes of time staying abroad;
- Insurance of transported goods;
- Insurance of vehicles and equipment from breaking;
- Insurance from fire and other hazards;
- Construction-installation insurance;
- Insurance of electric equipment;
- Insurance of financial and credit institutions (banks) against electronic and computer crimes;
- Insurance of financial risks.
- Civil liability insurance for road carriers and freight forwarders;
- Civil liability insurance to third parties during construction and installation work;
- Professional liability insurance;
- Liability insurance for directors and heads of executive bodies;
- Insurance of civil liability;
- Employer's civil liability insurance;
- Voluntary medical insurance;
- Voluntary insurance of medical expenses when travelling abroad;
- Voluntary accident insurance.

The Company has a branch in Osh city.

The Company had 28 (twenty-eight) employees (as of December 31, 2019 - 31 (thirty-one) employees). The registered office of the Company is located at the following address: Kyrgyz Republic, Bishkek city, Chui Avenue, 219.

The profit received as a result of economic activity is distributed by the shareholder of the Company under the procedure. The right to dispose of the net profit belongs exclusively to the shareholder of the Company.

2. OPERATING ENVIRONMENT

In contrast to the more developed markets, emerging markets such as the Kyrgyz Republic, are exposed to various risks, including economic, political, social, legal and regulatory risks.

Experience shows that both potential and actual financial difficulties, along with an increase in the level of possible risks characteristic of investments in emerging economies, can negatively affect both the country's economy as a whole and its investment climate in particular.

These financial statements do not include any adjustments that would be necessary to resolve this uncertainty in the future. Possible adjustments can be made to the financial statements in the period when the need to reflect them becomes obvious and it becomes possible to estimate their values.

The State influences the Company's operating activities through the State Service for Regulation and Supervision of the Financial Market under the Government of the Kyrgyz Republic, through the provision of licenses, the establishment of tariff rates for mandatory types of insurance under Resolution No. 113 of February 26, 2010, and the use of insurance (technical) reserves, as well as the establishment of prudential standards following the legislation of the Kyrgyz Republic.

3. PRINCIPLES OF REPORTING

Basic principles of accounting

The present financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Committee and Interpretations issued by the International Financial Reporting Standards Interpretations Committee.

The current financial statements are presented in KGS, unless otherwise indicated. These financial statements have been prepared on the historical cost principle except for the valuation of certain financial instruments, which are recorded at fair value.

Functional and presentation currency

Items included in the interim financial statements of the Company are measured using the currency which best reflects the economic substance of the underlying events or circumstances concerning the Company (hereinafter the “functional currency”).

The functional and presentation currency of the current financial statement is the Kyrgyz Som («KGS»).

4. BASIC PRINCIPLES OF ACCOUNTING POLICY

The main accounting policies applied in the preparation of these financial statements are set out below.

The accounting policies are applied consistently unless otherwise disclosed in this note. Except additions to the changes in accounting policies resulting from the approval of IFRS 16 from 1 January 2018, the accounting policy and methods of calculation are consistent with those used in the previous financial year.

Transaction in foreign currency

Transactions in foreign currencies are translated to the respective functional currency at the foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at the reporting date of operations.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost and retranslated to the functional currency at the foreign exchange rate at the date of the transaction. Non-monetary assets and liabilities carried at fair value, and the estimated value of which is denominated in foreign currencies are translated into the functional currency at the exchange rate at the date of determination of fair value.

Foreign exchange differences arising from foreign exchange transfers of monetary assets and liabilities are recognized in profit or loss.

Exchange rate

Below are the official exchange rates at year end used by the Company in the preparation of financial statements:

	31.12.2020	31.12.2019
KGS / USD	82,6498	69,6439
KGS / EURO	101,3204	77,9803
KGS / RUB	1,1188	1,1250

Initial recognition of financial instruments

Financial instruments are initially recognized at fair value through profit or loss. All other financial instruments are initially recognized at fair value, including transaction costs.

The best evidence of fair value at initial recognition is the transaction price. Profit or loss on initial recognition is only recorded if there is a difference between the fair price and the transaction price, which can be evidenced by other observable current market transactions in the same instrument or valuation model, which as a baseline using only observable market data. After initial recognition, a reserve for expected credit losses is recognized for financial assets measured at amortized (depreciated) cost and investments in debt instruments measured at fair value through other comprehensive income, which results in the recognition of an accounting loss immediately after the initial recognition of the asset.

Purchases and sales of financial assets that must be delivered within the time limits set by law or business practices for a given market (purchases and sales "on standard terms") are reflected on the date of the transaction, that is, on the date when the Company undertakes to buy or sell the financial asset. All other acquisitions are recognized when the entity becomes a party to the contract in respect of the financial instrument.

Classification and Subsequent Measurement of Financial Assets

The Company classifies the financial assets by the following measurement categories:

- measured at fair value through profit or loss,
- measured at fair value through other comprehensive income and
- measured at amortized (depreciated) cost.

The classification and subsequent measurement of debt financial assets depend on:

- 1) the business model used by the Company to manage the asset; and
- 2) the cash flow characteristics of the asset.

The business model reflects the method used by the Company to manage the assets to generate cash flow: is the goal of the Company

- a) only receiving the contract cash flows from the assets ("hold the assets for the benefit of the cash flow provided by a contract") or
- b) the receipt of contractual cash flows and cash flows arising from the sale of assets ("hold assets for the benefit of the contract cash flows and sale");
- (c) If neither (a) nor (b) applies, financial assets are classified as "other" business models and measured at fair value through a profit or loss.

The business model is determined for a group of assets (at the portfolio level) based on all relevant evidence of activities that the Company intends to undertake in order to achieve the target set for the portfolio available at the date of valuation.

The factors considered by the Company in determining the business model include the purpose and composition of the portfolio, past experience of obtaining cash flows from the relevant assets, approaches to assessing and managing risks, methods of assessing the return on assets.

Classification and Subsequent Measurement of Financial Assets: Cash Flow Characteristics If the business model involves holding assets to collect contractual cash flows or to collect contractual cash flows and sales, the Company assesses whether the cash flows are solely payments of principal and interest ("Test for payments solely against principal and interest" or "SPPI test").

Financial assets with embedded derivatives are considered collectively to determine whether the cash flows from payments only for principal and interest. In making this assessment, the Company considers whether the contractual cash flows comply with the terms of the underlying loan agreement, i.e. the interest includes only the consideration of the credit risk, the time value of the money, other risks of the underlying loan agreement, and the profit margin.

If the terms of the agreement provided for exposure to risk or volatility that is not consistent with the terms of the underlying loan agreement, the relevant financial asset is classified and measured at fair value through profit or loss.

Assessment payments only for principal and interest are measured on initial recognition of the asset and are not subsequently revalued. However, if the contractual terms of the asset are modified, assessing the significance of the modification, the company is considering whether the contractual cash flows continue to meet the conditions of the underlying loan agreement.

Cash assets and equivalents

The Company considers cash, funds in banks and other financial institutions with an initial maturity of fewer than three months as cash and cash equivalents.

Cash and cash equivalents are reflected at amortized cost, as:

they are held to generate contractual cash flows and these cash flows are solely payments of principal and interest and not measured at fair value through profit or loss.

Loans issued

Based on its business model and cash flow characteristics, the Company classifies loans to customers into one of the following valuation categories:

Based on amortized cost: loans that are held for the contractual cash flows if the cash flows are solely payments of principal and interest, and not designated as at fair value through profit or loss are measured at amortized cost.

Fair value through profit or loss: loans that do not meet the criteria for the assessment at amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Company's financial statements do not include loans measured at fair value through other comprehensive income and through profit or loss. The impairment of loans measured at amortized cost is determined using a forward-looking model of expected credit losses.

Impairment of financial assets

The Company recognizes the impairment of loans issued as provisions for potential losses in accordance with regulatory requirements, considering the quality characteristics, the number of days overdue, collateral and guarantees, and other characteristics of financial assets.

Principle of measurement of fair value

The fair value of financial instruments is determined based on their quoted market prices at the reporting date, without deducting any transaction costs. If it is not possible to obtain quoted market prices, the fair value is determined using pricing models or discounted cash flow techniques. In the case of using discounted cash flow techniques means the estimated future cash flows are based on management's most likely forecast, and the discount rate is a market-related rate at the balance sheet date for an instrument with similar terms and conditions. In the case of using price models, the initial data is determined based on market indicators as of the reporting date. The fair value of non-exchange traded derivative financial instruments is determined as the amount that the Company would have received or paid upon termination of the contract at the reporting date, taking into account current market conditions and the creditworthiness of the counterparties to the transaction.

Modification of financial assets

In some cases, the Company renegotiates or otherwise modifies the contractual terms of financial assets. The Company assesses whether the modification of the contractual cash flows is material, taking into account, among other things, the following factors: the availability of new contractual terms that have a significant impact on the risk structure of the asset (for example, profit sharing or capital-based income), a significant change in the interest rate, a change in currency denomination, the inclusion of collateral or a credit quality improvement mechanism that has a significant impact on the credit risk associated with the asset, a significant extension

of the loan term in cases where the borrower is experiencing financial difficulties. If the modified terms differ significantly so that the rights to the cash flows of the original asset are considered expired, the Company does not recognize the original financial asset but recognizes the new asset at fair value. The date of renegotiation is the date of initial recognition for the purpose of calculating impairment, including to determine whether there has been a significant increase in credit risk. The company is also assessing whether the new loan meets the criteria for making payments solely for principal and interest. In a situation where the renegotiation of the terms was caused by the financial difficulties of the debtor and his inability to make the initially agreed payments, the Company assesses whether the modified loan is considered credit-impaired at initial recognition. The difference in the carrying amount is recognized in profit or loss for the period. Unless the terms of the modified asset differ materially, the modification does not result in derecognition.

The Company recalculates the gross carrying amount based on the revised cash flows by discounting the modified cash flows at the original effective interest rate (or the effective interest rate adjusted for credit risk for acquired or originated credit-impaired financial assets) and recognizes the modification gain or loss in profit or loss for the period.

Write-off of financial assets

Financial assets are written off in entire or in part when the Company has exhausted all practical possibilities for their recovery, and has concluded that the expectations regarding the recovery of such assets are unfounded.

The Company may write off financial assets that are still subject to enforcement measures when the Company attempts to recover the amounts owed under the contract in full, although it does not have reasonable expectations about their full recovery.

Derecognition of financial assets (except in cases caused by a material modification)

The Company derecognizes financial assets when:

- a) the assets are redeemed or the rights to cash flows from the assets have otherwise expired or
- b) the Company has transferred the rights to the cash flows from the financial assets or entered into a transfer agreement, and at the same time
 - a) has also transferred substantially all the risks and rewards of ownership of the assets, or
 - b) neither transferring nor retaining substantially all risks and rewards of ownership of the assets, but losing control in relation to these assets.

Control is retained if the counterparts does not have the practical ability to completely sell the asset to an unrelated third party without needing to impose restrictions on the sale.

Classification and Subsequent Measurement of Financial Liabilities: Measurement Categories

Financial liabilities are classified as subsequently measured at amortized cost, except for: financial liabilities measured at fair value through profit or loss: this classification applies to derivatives, financial liabilities held for trading (for example, securities short positions), contingent consideration recognized by the buyer in a business combination, and other financial liabilities identified as such at initial recognition; financial guarantee agreements and credit obligations.

An amortized cost is determined using the effective interest method.

The value of premiums and discounts, and the amount of the initial costs of transactions included in the carrying amount of the instrument and amortized based on the effective interest rate of the instrument.

Derecognition of financial liabilities (except for cases caused by a significant modification)

Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is fulfilled or terminated, or when it expires).

Derivative financial instruments

Derivative financial instruments include "swap" transactions, forward transactions, futures, in which various assets, groups of assets, or indices act as the underlying asset.

Derivative financial instruments are initially measured at fair value at the date of the transaction and are subsequently remeasured at fair value.

All derivative financial instruments are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivative financial instruments are recognized immediately in profit or loss.

Offset

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position only when there is a statutory right to offset the reported amounts and an intention to either offset or both realize the asset and settle the liability. The right to set-off in question

- 1) it should not depend on possible future events and
- 2) must be legally enforceable under the following circumstances:
 - (a) in the course of the ordinary course of business,
 - (b) in the event of default and
 - (c) in the event of insolvency or bankruptcy.

Security received as property for non-payments

Collateral received in the ownership of non-payments represents the financial and non-financial assets received by the Company in the settlement of overdue loans.

These assets are initially recognized at fair value when acquired and included in non-current assets held for sale, other financial assets or inventories within other assets depending on their nature, as well as the intentions of the Company in respect of recovery of these assets and are subsequently remeasured and accounted for in accordance with the accounting policies for these categories of assets.

Fixed assets

Owned assets Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. In the event that an item of property, plant and equipment consists of several components with different useful lives, such components are accounted for as separate items of property, plant and equipment. Costs of minor repairs and maintenance are considered as incurred. The costs for replacement of major components are capitalized, followed by reversal of the replaced component. At the end of each reporting period management assesses whether there is any indication of impairment of fixed assets.

If any indication of impairment exists, management estimates the recoverable amount, which is determined as the higher of the asset's fair value less costs to sell and its value in use.

The book value is reduced to recoverable amount and the impairment loss is recognized in profit or loss for the year (in the amount of the excess impairment over the previous revaluation surplus recognized in equity).

An impairment loss recognized for an asset in prior years is reversed if there has been a change in the estimates used to determine value in use or fair value less costs to sell.

profits and losses from the disposal, determined by comparing the proceeds with the book value, are recognized as other operating income and expenses in profit or loss for the year.

Depreciation and amortization

Depreciation on property, plant and equipment is charged on a straight-line basis over their estimated useful lives and recognized in profit or loss. Depreciation is charged from the date of purchase of the object, and for objects of fixed assets built by economic means - from the moment the construction of the object is completed and its readiness for operation. No depreciation is charged on land plots.

Intangible assets

The Company's intangible assets, other than goodwill, have a certain useful life and include software. Depreciation is charged on a straight-line basis over the estimated useful life and is recognized in profit or loss. Depreciation is charged from the date of purchase. The useful life of 5 years.

Assets in the form of the right to use and lease obligations

From 1 January 2019, the lease is recognized as a right-of-use asset and a corresponding liability on the date the leased asset is available for use by the Company.

Each lease payment is apportioned between the liability and the finance charge. Finance costs are recognized in profit or loss over the lease term to provide a constant periodic interest rate on the remaining lease liability for each period.

Asset in the form of the right of use is amortized straight-line basis over the shorter of the terms, the useful life of the asset and the lease term. Right-of-use assets are disclosed in the line "Fixed assets and right-of-use assets" in the statement of financial position, lease liabilities are disclosed in the line "Other liabilities" in the statement of financial position.

Financial expenses are disclosed in the line "Interest expense calculated at the effective interest rate" in the income statement, the amortization of right-of-use assets is disclosed in the "Administrative expenses" line in the statement of comprehensive income.

The total cash outflow from lease obligations is disclosed in Note 16.

Assets and liabilities arising from leases are initially measured at their present value. Lease liabilities include the net present value of the following lease payments:

fixed payments (including direct fixed payments), less any incentive lease payments due under cancellable and non-cancellable operating leases;

variable rental payments that depend on the price index or the interest rate;

amounts expected to be paid by the lessee under the liquidation value guarantees;

the price of the purchase option, if the lessee has sufficient confidence in this option, and

Payment of penalties for early termination of the lease, if the lease term reflects the potential execution by the lessee of an option for early termination of the lease.

Lease payments are discounted using the lessee's additional borrowing rate, which is the rate that the lessee will have to pay to raise the funds necessary to obtain an asset of similar value in a similar economic environment with similar conditions.

Assets in the form of rights of use are measured at cost, which includes the following components:

the amount of the historical cost of the lease liability;

any lease payments made on or before the commencement date of the lease, less any lease incentive payments received;

any initial direct costs incurred by the lessee and estimated restoration costs.

Payments related to short-term leases and leases of low value assets are recognized on a straight-line basis as an expense in profit or loss.

A short-term lease is a lease with term of twelve months or less.

Assets held for sale and disposal groups

Non-current assets and groups of assets, the value of which is recovered principally through a sale within one year rather than through further use, are classified as held for sale.

Reclassification of assets requires following:

- (a) the assets are ready for immediate sale in their current condition;
- (b) the management of the Company approved the current program to find a buyer and started its implementation;
- (c) there is active marketing to sell the assets at a reasonable price;
- (d) the sale is expected to occur within one year, and
- (e) no significant change or cancellation of the sales plan is expected.

Immediately before being classified as held for sale, assets are remeasured in accordance with the Company's accounting policies.

accordingly, the assets are measured at the lower of their book value and fair value fewer costs to selling. Property, plant and equipment held for sale are not amortized.

Non-financial assets

Non-financial assets, other than deferred taxes, are assessed at each reporting date to determine whether there is any indication of impairment. The recoverable amount of non-financial assets is the higher of their fair value less the costs to sell and their value in use. In determining value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market estimates of the time value of money and the risks inherent in the asset.

For an asset that does not generate cash inflows that are largely independent of the cash from other assets, the recoverable amount is determined for the group of cash-generating assets to which the asset belongs. An impairment loss is recognized when the book value of an asset or a group of cash-generating assets exceeds its recoverable amount. All impairment losses on non-financial assets are recognized in profit or loss and are reversed only if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss on an asset is reversed to the extent that the carrying amount of the asset does not exceed the carrying amount

(net of depreciation and amortization) that would have been incurred if the impairment loss had not been recognized.

Share capital

The contributions of the Company's members are recorded as equity.

Additional paid in capital

The excess of contributions over the share capital recognized as additional paid-in capital.

Taxation

The financial statements reflect tax expenses in accordance with the requirements of the legislation, using tax rates and legislative norms that have been accepted or, in fact, have been adopted at the end of the reporting period.

Income tax expense/income includes current tax expense/income and deferred tax expense/income and is recognized in profit or loss for the year unless it should be recognized in other comprehensive income or directly in equity therefore it relates to transactions that are also recognized in this or another period in other comprehensive income or directly in equity.

Current tax is calculated on the basis of the amounts of income tax expected to be paid to the tax authorities or reimbursed by the tax authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if the financial statements are approved before the relevant tax returns are filed. Other tax expenses, with the exception of income tax, are recorded as administrative expenses.

Deferred income tax is calculated using the balance sheet liability method for deferred tax losses and temporary differences arising between the tax bases of assets and liabilities and their book value in the financial statements.

The following temporary differences are not taken into account in the calculation: differences related to the recognition of goodwill and differences related to assets and liabilities, the initial recognition of which does not affect either accounting or taxable profit; and temporary differences related to investments in subsidiaries and associates, if the parent company has the ability to control the timing of the realization of these differences and it is likely that these temporary differences will not be realized in the foreseeable future.

Deferred tax balances are determined using the tax rates that are accepted or substantially accepted at the end of the reporting period and that are expected to apply in the period when the temporary differences are reversed or the deferred tax losses are utilized. Deferred tax assets and liabilities are offset. Deferred tax assets for all deductible temporary differences and

deferred tax losses are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible amounts can be used.

Insurance contract-classification

Contracts of insurance are defined as settlements, which transfer of material insurance risks after signing a contract or those, which contain the commercial conditions, the level of insurance risk of which may become substantial. Insurance risk is associated with uncertainty regarding the following aspects of signed contract: an occurrence of the insured event, the date of occurrence of the insured event and the amount of loss associated with the occurred insured event.

Description of insurance products

The Company offers insurance products that cover all common insurance risks.

The Company provides insurance in the following main areas

- auto insurance;
- voluntary health insurance (hereinafter referred to as "VHI") and insurance against accidents and diseases;
- property insurance of individuals;
- insurance of property and liability of legal entities;
- compulsory liability insurance of owners from hazardous objects (hereinafter - «OSOPO»);
- Insurance of aviation risks;
- cargo insurance;
- insurance of transport operators;
- travel insurance;
- life insurance.

Property insurance and auto insurance consist of compensation payment for damages of property caused to the client's property, Clients also receive compensation for the loss of income due to the inability to use the insured property in their economic activities as a result of the occurrence of an insured event (for example, the risk of damage from an unnecessary delay in business processes).

VHI is implemented in order to provide the Company's clients with paid medical services. Such contracts are qualified as insurance only if the Company at the time of conclusion of the contract is not sure of the probability, timing and amount of cash flows associated with this type of insurance. Accident insurance is implemented in order to provide the Company's clients financial security in case of loss of temporary or permanent work capacity by the insured person as a result of an accident and / or illness and also in the event of the death of the insured person, providing

the family members of the insured person or the beneficiaries appointed by him with financial protection.

Liability insurance protects the Company's clients from the risk of harm as a result of their activities to third parties. The risk of civil liability of the Company's clients may be insured for obligations arising from harm to life and / or property of third parties ("physical damage") or damage to property of third parties ("property damage"). Object of insurance is a property interest of the insured related to its obligation and which is not contrary to the legislation of the Kyrgyz Republic, arising as a result of causing harm to third parties in connection with the activities by the insured, specified in the insurance contract. The Company provides civil liability insurance for the transporter and the owner of hazardous vehicle (except for passengers of taxi and metro) from the risk of injury on the way, loss or damage of baggage, death of passengers. According to OSOPO, the object of insurance is the civil liability of the owner of a hazardous object, which may arise as a result of an accident as a result of harm to health, property of third parties, as well as the environment.

Under the aviation risk insurance contracts, the Company accepts the insured's property interests related to damage or total loss of insurance facilities, as well as the insurer's legal obligations to compensate for the harm to life, health, or (property of third parties, if such harm was caused during the course of the activity.

Cargo insurance - The Company accepts the insured's property interests related to the ownership, use and disposal of the cargo, due to its loss, death or damage.

As part of the Travel Insurance, the Company pays compensation in the event of medical or other unforeseen expenses of the insured person while outside the place of permanent residence.

Insurance reserves

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

The accrual and recognition of the reserves of the insurance organization are reflected in accordance with the Regulation on the calculation of the standards of deductions to insurance (technical) reserves of insurance organizations of the Kyrgyz Republic, approved by the Government of the Kyrgyz Republic on August 5, 2009, No. 500.

Insurance reserves are classified as:

- Reserve for unearned premiums;
- Reserve for past, but not declared losses;
- Reserve for declared but unresolved losses.

The basis of the financial stability of insurers is their paid statutory capital and availability of insurance reserves.

In order to ensure the insurance obligations accepted, the Company, in accordance with the conditions established by the legislation of the Kyrgyz Republic, forms the insurance from premiums received and left on its own disposal, the necessary insurance reserves for the upcoming insurance, personal insurance and liability insurance. Insurance reserves are not subject to withdraw to the budget

The formation of insurance reserves allows ensuring the fulfillment of the Company's obligations on insurance payments, based on concluded insurance contracts. The Company's insurance reserves are formed for each type of insurance and in the currency in which the insurance is made.

In the presence of additional risks under concluded insurance (reinsurance), Company forms additional reserves covering risks under concluded insurance contracts (reinsurance).

Insurance reserves other than life insurance

Insurance reserves other than life insurance are based on the estimated total value of all losses incurred but not settled at the end of the reporting period, both claimed and non-existent, including the direct cost of settlement of losses. Reserves are calculated on the reporting date based on statistics. Insurance reserves are not discounted. Recognition of insurance reserves is terminated only when the obligation is fulfilled, or canceled, or its validity has expired.

Part of the accrued insurance gross premiums related to subsequent periods is reflected in the unearned premium. The reserve of the unearned premium is calculated taking into account the distribution of insurance risk during the insurance contract. The reserve is recognized at the time of the premium and is distributed during the contract in accordance with the distribution of the insurance risk within the period. The change in the unearned premium reserve is reflected in the form of income or loss in order to recognize the income during the period in which the insurance risk coverage is valid.

The differences that occur when the reserve size is revalued are recognized in the subsequent period estimate date.

The share of reinsurers in insurance reserves

In the course of its activities, the Company accepts and transfers risks to reinsurance. The share of reinsurers in insurance reserves is estimated on the basis of the terms of both the reinsured direct contract and the reinsurance contract. Depreciation is assessed for all reinsurers' shares

in insurance reserves. If there is an objective circumstance indicating their impairment, the corresponding loss from impairment is recognized as part of the profit or loss.

Procedure for recognition of income and expenses on insurance operations

The company recognizes income in the form of insurance premium:

- on the start date of the insurance period (the beginning of the insurance period) - under the insurance contracts concluded before the start date of the insurance (start date of the insurance period). If the Company receives an insurance premium earlier than the start date of the insurance, the Company recognizes the income in the form of an insurance premium at the date of the beginning of the insurance period;
- If the date of the insurance contract is later than the start date of the insurance (the start date of the insurance period), the Company recognizes the income at the date of the contract;
- In the case of insurance under the general policy with an open date of the beginning of liability, the Company recognizes the income in the form of insurance premium on the date of signing the corresponding additional agreement to the general policy (or the date of receipt of the relevant package of documents from the insurer, etc.).
- Under long-term insurance contracts, the Company recognizes income in the following order. Income in the form of insurance premium for the 1st insurance year is recognized on the date defined by subparagraphs a)- b) of this paragraph. Income in the form of insurance premium for each subsequent insurance year is recognized at the start of the next insurance year.
- for long-term contracts, the premium for which is received in once and full - the income is recognized in the full amount of the bonus under the contract.
- Under long-term contracts providing for the condition of starting liability for one risk after the termination of liability for other risks (e.g., construction risk insurance contracts with a warranty period), the group recognizes the income on the date of the beginning of liability for each of the risks.

The company recognizes the income in the form of insurance premium in the following amounts:

- In full premiums under the insurance contract, regardless of the insurer's provision of installments on payment - on short-term insurance contracts;
- under long-term insurance and co-insurance contracts, income is recognized in the amount payable in each insurance year in accordance with the payment schedule;
- in the amount of the premium for each individual shipment under the general policies.

The company recognizes income in the form of a reinsurance premium on the contracts of incoming reinsurance in the following amounts

On the beginning date period of reinsurance under the agreement signed before the date of signing of the contract;

- If the date of the reinsurance contract is later than the start date of the reinsurance period - the Company recognizes the income on the date of the contract;
- On contracts with unspecified (open) start dates, income is recognized as the beginning date of liability specified in the notice or on the date of signing of the document by the reinsurer (broker), if later;
- Under long-term insurance contracts, the Company recognizes income in the following order. Income in the form of insurance premium for the 1st insurance year is recognized on the date defined by subparagraphs a)- b) above. Income in the form of insurance premium for each subsequent insurance year is recognized at the start of the next insurance year.

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

- in full premium under the contract of incoming reinsurance, regardless of the provision of installments to the insurer on payment - on short-term reinsurance contracts;
- under long-term reinsurance contracts without installments on payment of premium 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 of payment of each annual contribution - the income is recognized in the amount of the premium due to be paid in the relevant insurance year in accordance with the payment schedule.

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

- at the start date of the reinsurance period- under the contracts of reinsurance concluded before the start date of the reinsurance;
- If the date of the reinsurance contract is later than the start date of the reinsurance period, the Company recognizes the expense on the date of the contract;
- under contracts with an open date of liability, the Company recognizes the 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;
- for long-term reinsurance contracts, the Group recognizes the expense in the form of the reinsurance gross premium under the reinsurance contract in the following order. An

expense in the form of a gross reinsurance premium for the first insurance year is recognized on the date determined in accordance with subparagraphs (a) to (c) above. The expense in the form of the reinsurance gross premium for each regular insurance year is recognized at the start date of each regular reinsurance year;

- if the amount of the premium under the reinsurance contract is paid (according to the terms of the contract) before the date of the reinsurer's liability under the contract, such payment is considered an advance payment, and the Company recognizes the expense on the date of the contract liability.

The Company recognizes the expense in the form of a gross reinsurance premium for concluded outgoing reinsurance contracts in the following amounts:

- the full amount of the premium specified in the contract/reinsurance slip, regardless of the availability of installments for the payment of the premium - for short-term contracts of outgoing optional reinsurance;
- in the amount defined in view of the income recognized in the reporting period on reinsured contracts - on long-term contracts of outgoing optional reinsurance.

The company recognizes the reinsurance gross premium under the contracts of outgoing obligatory reinsurance as an expense (according to the terms of the contract) at the end of the reporting period, in which the reinsurer is billed premiums and losses, regardless of the timing of the beginning of the reinsurer's liability.

The Company recognizes the expense in the form of a gross reinsurance premium under the outgoing obligatory reinsurance contracts in the following amount set in the account (bordero) of premiums and losses-under the outgoing obligatory reinsurance contracts.

Deferred insurance contract costs (deferred acquisition costs)

The costs of concluding into insurance contracts are capitalized and amortized on a straight-line basis over the term of the relevant contract.

Deferred costs for the conclusion of insurance contracts are accounted for within the adequacy of insurance reserves at each reporting date.

Key accounting estimates and judgments in the application of accounting policies

The Company's current financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and in accordance with the Regulation on the formation and reporting of financial statements by insurance organizations (approved by the Kyrgyz Financial Market Supervision and Regulatory Service as of December 31, 2008 No. 142) for the calendar year from January 1, 2019 to December 31, 2019.

These financial statements have been prepared in accordance with the principle of initial value valuation, except where otherwise stated.

The preparation of financial statements in accordance with IFRS requires management to develop estimates and assumptions that affect the reflected amounts of assets and liabilities as of the reporting date and reflect the amounts of income and expenditure reflected during the reporting period. Actual results may differ from these estimates. The following are key assumptions regarding future events, as well as other Sources of Uncertainty estimates for the reporting date, which carry a significant risk of the need to make significant adjustments to the book value of assets and liabilities during the next reporting period.

Impairment of fixed assets

At each reporting date, the Company evaluates the asset for signs of possible impairment. If such indications occur, or if it is necessary to perform an annual impairment test on the asset, the Company evaluates the recoverable amount of the asset. The recoverable amount of an asset is the higher the fair value of the asset of the cash-generating unit, less the costs to sell and its value in use. However, this amount is determined for an individual asset, unless the asset generates cash inflows that are largely not dependent on those generated by other assets or groups of assets. If the book value of an asset exceeds its recoverable amount then the asset is considered impaired and its value is written off to the recoverable amount. In assessing the cost of use, the estimated future cash flows are adjusted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value and risks associated with these assets. During the reporting period, the Company has no assets exceeding their recoverable amount.

Timeline of useful service of fixed assets

The Company estimates the remaining useful life of fixed assets at least at the end of each reporting year. If the expectations differ from the previous estimate, the changes are counted as changes in accounting estimates in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Taxation

In assessing tax risks, management considers as possible liabilities known areas of non-compliance with tax laws that the Company cannot dispute or does not believe that it will be able to successfully appeal if additional taxes are accrued by the tax authorities. Such a determination requires significant judgment and may change as a result of changes in tax laws and regulations, the definition of the expected results of pending tax proceedings, and the

current result of the compliance review performed by the tax authorities.

Deferred tax assets and liabilities present estimate values since the preparation of reports in the context of an uncertain outcome of events that have occurred in the past or are likely to occur in the future and are subject to special knowledge and professional judgment.

Tax base of fixed assets

The property that is owned by the taxpayer, put into operation, and the value of which exceeds 10,000 KGS, is recognized as a depreciable fixed asset for tax purposes. Intangible assets, the value of which also exceeds 10,000 KGS, are also equated to amortized fixed assets for tax purposes.

Fixed assets subject to depreciation are classified into 6 groups with different depreciation rates. The revalued value is not included in the tax base in accordance with the requirements of the Tax Code of the Kyrgyz Republic.

To calculate the tax depreciation of the Company's fixed assets, a special formula provided for by the tax legislation is used, taking into account the number of full months of operation of the fixed assets.

Fixed assets that are subject to depreciation for tax purposes for each group determine the tax value of the group. The amount of the tax values of groups of fixed assets compile the tax base of fixed assets and intangible assets.

Assessment of the adequacy of insurance liabilities

The adequacy of insurance liabilities is assessed on each reporting date. This uses the estimated value of cash flow in transactions with insurance contracts. Such an assessment is necessary to identify the need to increase the book value of insurance liabilities.

The principle of continuity

According to the results of the Company's financial and economic activities, as of December 31, 2020, gross profit (from insurance activities) was 58,015,790 KGS, net profit - 49,065,587 KGS.

Compliance with the standards that characterize the financial condition suggests that the Company has no intention or need to liquidate or significantly reduce the scale of operations. Management believes that the Company will continue to operate and operate for the foreseeable future and has therefore prepared these financial statements on a going concern basis. These financial statements do not include any adjustments that might be necessary if the Company is unable to continue operating continuously.

5. CHANGES IN INTERNATIONAL FINANCIAL REPORTING STANDARDS

a) New standards, interpretations and amendments, effective from 1 January 2020

New standards that affect the Company's operations, which were adopted in the annual financial statements for the year ended 31 December 2020, and which resulted in changes in the Company's accounting policies, include:

- Amendment to IFRS 16 "Lease Assignments related to the COVID-19 pandemic"; and
- Amendments to IAS 1 and IAS 8 "Determination of Materiality"

The impact of the amendment to IFRS 16 "Lease Assignments related to the COVID-19 pandemic" on the Company's financial statements was not observed.

The amendment to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" is related to the determination of the materiality of information. According to the new definition, information is material if its omission, misstatement, or unclear presentation can reasonably be expected to influence the decisions made by the main users of the financial statements based on these financial statements, which provide financial information about a particular reporting entity.

It is expected that other new and amended standards and clarifications issued by the IASB, which will be applied for the first time in the next annual financial statements, will not have an impact on the Company, since they are either not related to the Company's activities or require accounting that complies with the Company's current accounting policy.

b) New standards, interpretations and amendments that have not yet entered into force

The IASB has issued a number of standards, amendments to standards and interpretations that will become effective in future reporting periods, and the Company has decided not to adopt them ahead of schedule. The most significant of these are the following (which will take effect from the period beginning on January 1, 2021):

Amendments to IFRS 9, IAS 39 and IFRS 7, 4, 16 "Basic Interest Rate Reform-Phase 2"

The Company is currently assessing the impact of these new accounting standards and amendments.

d) Other standards

IFRS 17 «Insurance Contracts»

- Since the publication of IFRS 17 "Insurance Contracts" in 2017, the IASB has conducted a comprehensive program of interaction with stakeholders: insurance companies, auditors and regulatory authorities. As a result, the Board identified the challenges faced by insurance companies in the process of implementing the standard. At the end of June 2020, the Board published Amendments to IAS 17, which are aimed at achieving three main objectives:
 - Reduce the costs required for the transition to IFRS 17:
 - Exclusion of certain types of contracts from the scope of IAS 17;
 - Simplified presentation of assets and liabilities related to insurance contracts in the statement of financial position;
 - The impact of accounting estimates made in previous interim financial statements.
 - Quality improvement of disclosed information:
 - Recognition and allocation of acquisition cash flows
 - Changes in the recognition of reinsurance contract of compensations in the income statement
 - Distribution of the margin for the investment services provided by the insurance contract (CSM);
 - The possibility of reducing financial risk for incoming reinsurance contracts and non-performing financial instruments.
 - Assisting in transition to IAS17:
 - Postponement of the effective date of IAS 17 for insurance companies until 1 January 2023;
 - Simplified accounting for loss settlement obligations under the contracts arising prior to the date of transition to IAS 17;
 - Facilitating the use of techniques to reduce financial risk;
 - The possibility of defining an investment contract with the terms of discretionary participation at the time of transition to the new standard, rather than at the time of the contract

The Company currently assesses the impact of IFRS 17 accounting and amendments.

The Company does not expect any other standards issued by (IASB) to have a significant impact on the Company.

6. PREMIUMS EARNED

	2020	2019
Earned insurance premiums on operations of insurance, reinsurance, other than life insurance:		
Insurance premiums on direct insurance contracts	623 819 691	576 745 973
Insurance premiums on contracts accepted for re-insurance, on insurance	2 114 755	4 732 039
Return of premiums	(23 885 409)	(15 741 252)
Total Earned insurance premiums on operations of insurance, reinsurance, other than life insurance	602 049 037	565 736 760
Premiums, transferred in reinsurance contracts, other than life insurance		
Premiums, transferred in reinsurance contracts, on insurance contracts, other than life insurance	(553 317 864)	(480 920 892)
Return of premiums, transferred in reinsurance	14 457 680	6 933 792
Total Premiums, transferred in reinsurance contracts, other than life insurance	(538 860 185)	(473 987 100)
Total earned premiums, insurance and net reinsurance, other than life insurance	63 188 852	91 749 660
Changes in provision for unearned premiums	(109 270 958)	(74 023 651)
Changes in reinsurer's share in the provision for unearned premiums	118 122 888	71 112 446
Total earned premiums, net insurance and reinsurance, other than life insurance	72 040 783	88 838 455

7. LOSSES INCURRED

	2020	2019
Change in losses reserves:		
Change in loss reserve	20 501 541	(8 501 994)
Change in the share of reinsurers in the reserve of losses	(12 678 151)	4 413 169
Total change in losses reserves	7 823 390	(4 088 825)
Direct expenses, including:		
Paid losses	(21 253 092)	(32 473 969)
The share of reinsurers in expenses	9 973 679	6 780 600
Total losses, net reinsurance	(3 456 023)	(29 782 194)

8. EXPENSES ON INSURANCE OPERATIONS

	2020	2019
Acquisition works:		
Expenses for social contributions to brokers and insurance agents	(25 699 454)	(35 602 895)
Rewards and bonuses under contracts transferred to reinsurance	(199 121)	(579 151)
Total acquisition expenses	(25 898 575)	(36 182 046)
Life reinsurance rewards	19 851 446	23 191 642
Total acquisition expenses /income - net	(6 047 129)	(12 990 404)
Changes in deferred acquisition expenses and income		
On direct insurance	(3 993 282)	2 254 312
On outgoing insurance	(263 918)	(2 035 830)
	(4 257 200)	218 482
Changes in deferred acquisition expenses and income		
Other income on insurance	109 402	3 268 982
Other expenses on insurance	(374 044)	(3 509 189)
Total expenses on execution of insurance operations - net reinsurance	(10 568 971)	(13 012 129)

9. ADMINISTRATIVE EXPENSES

	2020	2019
Labor costs	18 544 158	18 234 577
Provision costs for annual bonuses	5 815 408	11 358 629
Personnel Quarterly Bonus Costs	4 857 043	-
Expenses for contributions to the social fund	2 708 876	2 782 359
Rental expenses	316 310	496 858
Expenses for payment of bank services	771 068	801 738
Advertising costs	992 091	759 404
Operating and maintenance costs	57 279	110 585
Stationery costs	135 697	211 338
Communication costs (communications, internet, telegraph)	428 324	385 137
Postal service costs	48 284	55 700
Insurance costs	127 380	111 708
Repair and maintenance of fixed assets	335 834	193 022
Fuel costs	270 676	370 305
Computer expenses - software	1 363 912	869 976
Expenses for the maintenance of computer equipment and office equipment	6 800	-
Hospitality expenses	77 265	205 782
Auditor remuneration	272 510	233 580
Training costs	7 100	142 186
Consulting costs for information services	59 950	73 750
Other local tax expenses	12 400	3 180

Land tax expenses	4 799	-
Property tax expenses	42 892	36 913
Transport tax expenses	6 405	8 178
Travel expenses (local)	25 042	157 340
Travel expenses (international)	33 471	474 304
Office maintenance costs	403 811	470 608
Fines and penalties, to the budget	23 162	-
Depreciation expense for property, plant and equipment	3 034 907	2 823 669
Amortization expense on intangible assets	318 793	416 119
Other general and administrative expenses	244 584	298 146
Other personnel costs	-	96 610
Total administrative expenses	41 346 227	42 181 701

10. OTHER INCOME/EXPENSE FROM INVESTMENT ACTIVITIES

	2020	2019
Interest income on deposits	21 472 354	18 181 130
Interest income on government securities	2 492 320	2 114 843
Retirement of fixed assets	(1 313)	248 601
State securities award	100 910	131 710
Income from real estate investments	32 975	110 264
Adjustment of the depreciated cost of GCO	(24 818)	22 005
Other income	30 471	-
Total income/expense from investment activities	24 102 899	20 808 553

11. INCOME AND EXPENSE FROM EXCHANGE RATE DIFFERENCES

	2020	2019
Income from foreign currency exchange rate difference	124 995 040	7 343 870
Expenses from foreign currency exchange rate difference	(110 455 100)	(6 852 067)
Total profit from exchange rate difference	14 539 940	491 803

12. CASH AND CASH EQUIVALENTS

	December 31, 2020		December 31, 2019	
	KGS	Currency	KGS	Currency
Cash on hand in the national currency	105 718		387 331	
Cash on hand in foreign currency	112 491		395 297	
Euro	5 780	57,05	10 038	128,73
US Dollar	106 711	1 291,12	385 258	5 531,83
Cash in the bank in the national currency	3 777 403		9 833 423	
Cash in the bank in foreign currency in local banks	4 401 037		1 967 734	
Euro	1 301 946	12 849,79	6 060	77,71
Russian Ruble	15 805	14 127,15	1 043	927,15
US Dollar	3 083 286	37 305,42	1 960 631	28 152,23
Cash equivalents			5 991 363	
Total cash and cash equivalents	8 396 649		18 575 148	

As of January 1, 2020, the funds are represented by notes BD004200115, nominal value of 10,000 KGS, in the amount of 601 pieces, at a price of 9,968.99 KGS at a rate of 4% per annum for 28 days with a maturity date of January 15, 2020.

13. SHORT TERM FINANCIAL ASSETS

	December 31, 2020	December 31, 2019
Deposits in bank	264 259 944	219 505 586
Debt securities (Treasury Bills, Notes, Obligations)	50 008 514	37 116 759
Interests receivable	1 719 539	1 474 693
Total short-term investments	315 987 997	258 097 038

Debt securities as of December 31, 2020 are:

- State Treasury bills (GKV) with a face value of 100 KGS:

No.	Quantity	Price	Amount	Rate	Period	Redemption date
GD052210222	106 000	94,28	9 993 680	6%	364	22.02.2021

- Notes with nominal values of 10000 KGS:

No.	Quantity	Price	Amount	Rate	Period	Redemption date
BD013210331	1 012	9 887,53	10 006 180	4,5%	91	31.03.2021
BD013210310	2 023	9 887,53	20 002 473	4,5%	91	10.03.2021
BD013210221	1 012	9 887,53	10 006 180	4,5%	91	11.02.2021
	4 047	29 663	40 014 834			

Deposits in banks:

Name of Bank	December 31, 2020			December 31, 2019		
	Deposit amount (KGS)	Deposit amount (USD)	Rate, % annual	Deposit amount (KGS)	Deposit amount (USD)	Rate, % annual
«Aiyl Bank» OJSC	59 697 951	722 300	4,0-5,0	37 259 487	535 000	3,0-4,0
«Bakai Bank» OJSC	28 532 033	345 216	5,0	24 042 189	345 216	3,5-5,0
«Optima Bank» OJSC	16 529 960	200 000	4,0	13 928 780	200 000	3,5-4,0
«Commercial Bank Kyrgyzstan» OJSC	-	-	-	8 775 131	126 000	3,25-3,5
Total deposits in foreign currency (USD)	104 759 944	1 267 516	-	84 005 586	1 206 216	-
«Aiyl Bank» OJSC	58 000 000	-	11,0	49 000 000	-	11,0-14,0
«Bank "Bai Tushum» CJSC	37 500 000	-	12,0-13,0	37 500 000	-	12,0-14,0
«Bakai Bank» OJSC	22 000 000	-	12,0	22 000 000	-	12,0
«Demir Kyrgyz International Bank» CJSC	2 000 000	-	11,0	17 000 000	-	10,5
«KICB» CJSC	30 000 000	-	11,0	10 000 000	-	11,0-12,0
«KyrgyzKommertsbank» OJSC	10 000 000	-	11,0	-	-	-
Total deposits in national currency	159 500 000	-	-	135 500 000	-	-
Total deposits in commercial banks	264 259 944	-	-	219 505 586	-	-

14. ACCOUNTS RECEIVABLES ON INSURANCE/REINSURANCE TRANSACTION

	December 31, 2020	December 31, 2019
Accounts receivable on insurance other than life insurance		
Premiums receivable on risky property insurance contracts	19 026 387	17 052 529
Premiums receivable on risky contracts on responsibility insurance	1 407 726	8 871 428
Premiums receivable on personal insurance contracts	2 054 718	738 476
Total receivables on insurance transactions other than life insurance	22 488 831	26 662 433
Receivables on reinsurance other than life reinsurance		
Premiums for receiving liability insurance contracts accepted into reinsurance	146 131	173 367
Premiums to receive from reinsurers in connection with the termination of life insurance contracts transferred to reinsurance	-	9 729
Amounts of insurance reimbursement to receive under property insurance contracts transferred to reinsurance	1 745 942	2 726 342
Amount of insurance reimbursement to receive under personal insurance contracts transferred to reinsurance	217 506	105 780
Amounts of insurance reimbursement to receive under liability insurance contracts transferred to reinsurance	29 800	48 650
Premiums to receive from reinsurers in connection with the termination of liability insurance contracts transferred to reinsurance	-	828 962
Premiums to receive from reinsurers in connection with the termination of property insurance contracts transferred to reinsurance	608 509	131 372
Total receivables on reinsurance operations other than life insurance	2 747 889	4 024 202
Claims for damages in sub-state claims	1 500 226	1 515 582
Total receivables on insurance/reinsurance operations	26 736 945	32 202 217

15. OTHER ASSETS

	December 31, 2020	December 31, 2019
Other financial assets		
Accounts receivable	-	63 070
Total other financial assets	-	63 070
Other non-financial assets:		
including:		
Prepaid taxes		
Prepaid payroll tax from non-residents	-	3 098 620
Prepaid sales tax	259 166	299 111
Prepaid tax on income of non-residents	85 985	232 926
Prepaid fees on social insurance	577 390	198 351
Prepaid VAT	54 820	56 885
Other local taxes	17 821	27 056
Prepaid property tax	12 244	17 226
Prepaid land tax	2	4 673
Prepaid transport tax	2 678	2 677
Total taxes, paid in advance	1 010 106	3 937 525
Advances issued		
Advanced payments on settlements of insurance events	6 606 818	5 870 413
Insurance services, prepaid	82 127	5 697 945
Prepaid inventory	2 725 830	3 290 083
Prepaid services	792 927	528 393
Total advances issued	10 207 702	15 386 834
Inventory holdings:	2 160 277	2 145 696
Other receivables	73 050	79 034
Total other non-financial assets	13 451 135	21 549 089
Total other assets	13 451 135	21 612 159

16. DEFERRED ACQUISITION DIRECT INSURANCE

	December 31, 2020	December 31, 2019
Deferred acquisition expenses related to insurance and reinsurance transactions other than life insurance at the beginning of the reporting period	16 496 810	14 242 498
acquisition expenses deferred for the period		
Changes in deferred acquisition expenses:	(3 993 282)	2 254 312
acquisition expenses deferred for the period	12 448 383	16 569 538
Amortization of deferred acquisition expense	(16 441 665)	(14 315 226)
Deferred acquisition expenses related to insurance and reinsurance operations other than life insurance at the end of the reporting period	12 503 528	16 496 810

17. THE SHARE OF REINSURER IN INSURANCE RESERVES

	December 31, 2020	December 31, 2019
Reserves	496 289 173	407 519 757
The share of reinsurers in reserves	(433 044 956)	(327 600 218)
Reserves on a net basis	63 244 217	79 919 538

	2020			2019		
	Reserves	Share of insurers in reserves	Reserves on a net basis	Reserves	Share of insurers in reserves	Reserves on a net basis
Insurance reserves for unearned premium						
Property	432 239 023	(406 113 085)	26 125 939	302 558 591	(275 922 572)	26 636 019
Obligatory	19 019 947	(10 755 649)	8 264 298	29 911 302	(14 720 491)	15 190 811
Responsibility	3 584 387	(1 547 762)	2 036 625	14 448 751	(11 059 984)	3 388 767
Personal	4 320 619	(2 508 323)	1 812 296	2 974 376	(1 098 883)	1 875 493
Total insurance reserves for unearned premiums	459 163 977	(420 924 819)	38 239 158	349 893 019	(302 801 931)	47 091 088
Insurance reserves for incurred but not declared losses						
Property	11 001 032	(3 807 255)	7 193 776	187 688	(33 958)	153 730
Obligatory	1 099 906	(211 700)	888 206	17 242 520	(6 948 226)	10 294 294
Responsibility	624 497	(26 889)	597 608	1 876 385	(1 105 100)	771 285
Personal	200 140	(12 128)	188 013	1 600 384	(504 296)	1 096 088
Total Insurance reserves for incurred but not declared losses	12 925 575	(4 057 971)	8 867 603	20 906 977	(8 591 581)	12 315 396
Insurance reserves for declared but not settled losses						
Property	21 880 692	(7 614 510)	14 266 182	32 791 492	(13 896 453)	18 895 039
Obligatory	1 120 000	(423 400)	696 600	2 630 000	(2 210 200)	419 800
Responsibility	798 650		798 650	922 893	(32 137)	890 756
Personal	400 280	(24 255)	376 025	375 376	(67 916)	307 460
Total Insurance reserves for declared but not settled losses	24 199 622	(8 062 166)	16 137 456	36 719 761	(16 206 707)	20 513 054
Total reserves for insurance other than life insurance and a share of reinsurers in insurance reserves other than life insurance	496 289 173	(433 044 956)	63 244 217	407 519 757	(327 600 218)	79 919 538

18. FIXED ASSETS

	Buildings	Equipment	Office staff	Furniture and accessories	Vehicles	Total
Initial cost						
December 31 2019 year	44 653 022	9 841 581	719 808	1 591 135	3 074 088	59 879 634
Purchased this year	-	392 502	619 220	61 920	-	1 073 642
Reclassification	(943 983)	-	-	-	-	(943 983)
Revaluation / Modernization	15 638 819	-	-	-	-	15 638 819
Disposal	870 077	-	35 000	-	-	905 077
December 31 2020 year	58 477 782	10 234 083	1 304 028	1 653 055	3 074 088	74 743 035
Accumulated depreciation						
December 31 2019 year	(41 040)	(5 843 971)	(298 226)	(1 476 230)	(1 373 005)	(9 032 471)
Accrued depreciation for the year	(890 597)	(1 381 912)	(186 942)	(71 947)	(503 509)	(3 034 907)
Written-off depreciation	(870 077)	-	(33 687)	-	-	(903 764)
December 31 2020 year	(61 560)	(7 225 883)	(451 481)	(1 548 177)	(1 876 513)	(11 163 615)
Book value						
As of December 31 2019 year	44 611 982	3 997 611	421 582	114 904	1 701 083	50 847 163
As of December 31 2020 year	58 416 222	3 008 200	852 547	104 878	1 197 574	63 579 421

19. INTANGIBLE ASSETS

	Software	License agreement	Incomplete development	Total
Initial cost				
Balance as of 1 January 2019	1 772 629	1 494 996	5 153 083	8 420 708
Purchased this 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
Purchased this year	-	-	4 284 254	4 284 254
Reclassification	-	-	-	-
Balance as of 31 December 2020	1 772 629	1 436 297	13 359 774	16 568 700
Accumulated amortization				
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
Accrued amortization for the year	195 673	123 120	-	318 793
Balance as of 31 December 2020	1 157 446	894 960	-	2 052 406
Book value				
As of 31 December 2019 year	810 856	664 457	9 075 520	10 550 833
Book value				
As of 31 December 2020 year	615 183	541 337	13 359 774	14 516 294

20. LONG-TERM INVESTMENTS

	December 31, 2020	December 31, 2019
Debt government securities	-	4 999 727
Premium Treasury Bills	-	558 363
Total long-term investment	-	5 558 090

Long-term investments as of December 31, 2019 are represented by Government Treasury Bonds (Bills) of the Ministry of Finance of the Kyrgyz Republic, with nominal of 100 KGS, 56,590 pieces in quantity, for a term of 5 years, purchased in 2015 and repaid in 2020.

21. INVESTMENTS IN REAL-STATE

	Real estate investment
Balance as of January 1, 2020	-
Purchased this year	-
Reclassification	943 983
Revaluation	222 538
Balance as of December 31, 2020	1 166 521
Book value as of December 31, 2020	1 166 521

22. ACCOUNTS PAYABLE OF INSURANCE / REINSURANCE OPERATIONS

	December 31, 2020	December 31, 2019
Accounts payable on life insurance and reinsurance other than life insurance		
Accounts payable on payments of premiums under insurance contracts transferred in reinsurance	18 943 269	27 991 958
Prepayment of premiums under insurance contracts	2 398 879	7 933 368
Debts to insurance agents and brokers	226 771	1 372 812
Liabilities of return of received premiums on insurance contracts	7 214 991	982 623
Liabilities for recourse payments under property insurance contracts transferred to reinsurance	1 025 907	864 469
Accounts payable on insurance on direct compensastion of losses	405 022	586 107
Other debts on insurance transactions	52 040	52 040
Total accounts payable on life insurance and reinsurance other than life insurance	30 266 879	39 783 377
Total accounts payable on operations of insurance reinsurance	30 266 879	39 783 377

23. OTHER LIABILITIES

	December 31, 2020	December 31, 2019
Other financial liabilities		
Accounts payable	193 960	120 900
Total other financial liabilities	193 960	120 900
Taxes payable		
Payroll tax on income of individuals payable	10 120	6 171
Tax on income of non-resident payable	178 666	-
Sales tax payable	-	(88)
Total taxes payable	188 786	6 083
Accrued liabilities		
Accrued bonuses to management	6 894 300	6 894 300
Provision for quarterly bonuses to personnel	2 373 290	2 267 671
Fees to social fund	385 331	475 867
Provision for vacations	941 802	373 555
Accrued salary	(6 799)	(18 704)
Total accrued liabilities	10 587 924	9 992 689
Total other non-financial liabilities	10 776 710	9 998 772
Total other liabilities	10 970 670	10 119 672

The flows on reserves during the reporting period amounted to:

	Vacation reserves		Provision for bonuses to management		Provision for quarterly bonuses	
	2020	2019	2020	2019	2020	2019
Reserves at the beginning of the year	373 555	1 325 883	6 894 300	6 894 300	2 267 671	1 779 855
Accrued	1 989 888	1 536 626	5 815 408	6 894 300	4 857 043	3 704 153
Recovered	-	-	-	760 176	-	-
Used	(1 421 641)	(2 488 954)	(5 815 408)	(7 654 476)	(4 751 424)	(3 216 337)
Reserves at the end of the year	941 802	373 555	6 894 300	6 894 300	2 373 290	2 267 671

24. DEFERRED ACQUISITION INCOME

	December 31, 2020	December 31, 2019
Deferred acquisition income, related to insurance and reinsurance operations other than life insurance at the beginning of the reporting period	10 585 574	8 549 744
Changes in deferred acquisition income:	263 918	2 035 830
Acquisition income, deferred on a period	12 217 459	15 856 733
Amortization of deferred acquisition income	(11 953 541)	(13 820 903)
Deferred Acquisition income related to insurance and reinsurance other than life insurance at the end of the reporting period	10 849 492	10 585 574

25. INCOME TAX

	2020	2019
Current income tax	6 238 993	2 541 489
Deferred income tax associated with the occurrence and reduction of temporary differences	7 822	(281 070)
Expenses of income tax, reflected on statement of income or loss and other comprehensive income	6 246 815	2 260 419

Reconciliation between income tax expense and accounting profit multiplied by the income tax rate in the years ended 31 December 2020 and 31 December 2019:

	2020	2019
Accounting profit / loss before tax arising from continuing operations	55 312 401	25 023 841
At the income tax rate of 10%	5 531 240	2 502 384
Tax consequences of expenses that are not deductible for tax purposes	715 575	(241 965)
Total at the income tax rate of 10%	6 246 815	2 260 419
Income tax expense reflected in the statement of comprehensive income	6 246 815	2 018 454

A) Recognized deferred tax assets and liabilities

	Assets		Liabilities		Net value	
	2020	2 019	2020	2 019	2020	2 019
Property, plant and equipment and intangible assets	-	-	(6 015 496)	(4 414 812)	(6 015 496)	(4 414 812)
Doubtful debt reserve	-	-	-	-	-	-
Vacation reserves	37 355	37 355	-	-	37 355	37 355
Reserve for quarterly employee bonuses	920 618	920 618	-	-	920 618	920 618
	957 973	957 973	(6 015 496)	(4 414 812)	(5 057 523)	(3 456 839)

B) Flows of temporary differences during the year

For the reporting period:

	January 1, 2020	Recognized as part of Profit/loss	Capital	December 31, 2020
Property, plant and equipment and intangible assets	(4 414 812)	-	(1 600 684)	(6 015 496)
Doubtful debt reserves	-	-	-	-
Vacation reserves	37 355	-	-	37 355
Reserve for quarterly employee bonuses	920 618	-	-	920 618
Total	(3 456 839)	-	(1 600 684)	(5 057 523)

For the previous period:

	January 1, 2020	Recognized as part of Profit/loss	Capital	December 31, 2020
Property, plant and equipment and intangible assets	(5 106 084)	326 144	365 128	(4 414 812)
Doubtful debt reserve	3 043	(3 043)	-	-
Vacation reserves	822 018	(784 663)	-	37 355
Reserve for quarterly employee bonuses	177 986	742 632	-	920 618
Total	(4 103 037)	281 070	365 128	(3 456 839)

26. SHARE CAPITAL

	December 31 2020 year	December 31 2019 year
<i>Nominal value of ordinary shares (KGS)</i>	1,080	1,080
Issued stocks	177 249	177 249
Total share capital	191 428 920	191 428 920

Each ordinary share is entitled to one vote, the holder of ordinary shares is entitled to receive dividends, as well as to receive funds in the distribution of capital.

As of 31 December 2020, the shareholders' composition was as follows:

Name	December 31, 2020	December 31, 2019
JSC «Invest-Polis» - Russian Federation	100%	100%

Earnings per share

In 2019, the Company received a net profit/loss in the amount of 22,763,422 KGS 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.

	2020	2019
Net income attributable to shareholders	49 065 587	22 763 422
Weighted average number of common shares in circulation(p.)	177 249	177 249
Basic earnings per share	276,82	128,43

27. OTHER CAPITAL

	Asset revaluation reserve	Reserve Fund	Savings fund	Total other capital
As of January 1, 2018	42 468 323	16 000 000	722 565	59 190 888
Recognition of deferred tax liabilities from property revaluation	365 128	-	-	365 128
Revaluation of buildings	(2 954 664)	-	-	(2 954 664)
Reclassification of the savings fund	-	722 565	(722 565)	-
As of January 1, 2019	39 878 787	16 722 565	-	56 601 352
Recognition of deferred tax liabilities from property revaluation	(1 600 684)	-	-	(1 600 684)
Revaluation of buildings	15 861 357	-	-	15 861 357
As of December 31, 2020	54 139 460	16 722 565	-	70 862 025

28. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are regulated by IAS 24 Related Party Disclosures. Parties are considered related if one of them has the ability to control the other, is under common control, or can have a significant influence on the financial and operational decisions made by the other party. When determining related parties, the nature of the relationship between the parties is taken into account, and not only their legal form.

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 years ended December 31, 2020 and 2019, key management (Chairman of the Board and Vice-Chairman of the Board of Directors of 2 people) received the following remunerations:

	December 31, 2020		December 31, 2019	
	The value of deals for 2020	Balance of receivables/ (creditor) debt as of 31.12.2020	The value of deals for 2019	Balance of receivables/ (creditor) debt as of 31.12.2019
Wages and salaries	6 071 592	-	11 840 998	164
Bonuses	4 959 837	-	-	-
Contributions to the social fund	1 902 921	134 866	2 042 572	71 380
	12 934 350	134 866	13 883 570	71 544

29. CONTINGENT FINANCIAL LIABILITIES

Political and economic conditions in the Kyrgyz Republic

The Kyrgyz economy continues to be particularly in character to developing countries. Among other things, such characteristics include the lack of freely convertible national currency outside the country and the low level of liquidity of debt and equity securities in the markets.

The Company's financial condition and future activities may deteriorate as a result of the continuing economic problems inherent in 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 statements.

Taxation

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.

Legal proceedings

In the normal course of business, the Company may be subject to claims and lawsuits to the judicial authorities. The Company's management believes that the liability for such claims if they arise, will not have a material negative impact on the financial position or results of future operations of the Company.

Contract No.	The total limit is responsible-	The term of the contract	Premium rate	Object of insurance
Ground transport insurance				
CTC №0010673	7 368 816,30	14.06.2019 - 13.06.2020	232 343,42	BMW X7 xDrive40i c plate number 01KG991AG

The Pervomaisky district court of the city of Bishkek decided to refuse to satisfy the claim of the LLC Auto center "Estokada" to the CIJAS "Ingosstrakh" for the recovery insurance compensation in the amount of 7 368 816.30 KGS.

30. RISK MANAGEMENT POLICY

Risk management plays an important role in the Company's operations. The main risks inherent in the Company's activities include:

- Insurance risk;
- Credit risk;
- Foreign exchange risk

In order to ensure an effective and efficient risk management policy, the Company has defined the basic principles of risk management, the main purpose of which is to protect the Company from existing risks and allow it to achieve its planned indicators. These principles are used by the Company in the management of the following risks:

Insurance risk

The main risk that the Company is exposed to under the insurance contracts concluded is that the actual losses and the payment of insurance compensation, and their timing, differ from the Company's expectations. This risk is affected by the frequency of losses/claims filed and their cost. Thus, the purpose of the Insurance Risk Management Company is to ensure that the 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 17.

Maximum exposure to insurance risk

As of December 31, 2020

Total risky portfolio:	Total	Reinsured	Net
Property	209 357 056 830	(175 398 150 476)	33 958 906 354
Obligatory	19 832 969 100	(17 301 295 057)	2 531 674 043
Responsibility	64 469 677 370	(28 208 803 404)	36 260 873 966
Personal	3 400 050 320	(1 727 551 721)	1 672 498 599
Total	297 059 753 620	(222 635 800 657)	74 423 952 963

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.

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

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 banking 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 management of the Company, which is responsible for controlling operations, approving and authorizing operations and activities. The appropriate level of management should approve all operations within the established authorities.
- Cash and its equivalents are placed only in those banks, which, according to the Company, have a minimum risk of default
- The Company places funds in corporate securities only for those issuers, which, according to the Company, have a minimum risk of default.
- Insurance accounts for receipt are assessed on the timing of its occurrence as of each reporting date and this analysis is taken into account when calculating the reserve for impairment.
- Reinsurance is placed with counterparties with 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 policy, including the possible impairment of reinsurance assets.

Although the current economic situation may have an impact on the ability of buyers to repay the debt, management believes that the reserve for lower value is sufficient.

The maximum level of risk to which the Company is exposed as of December 31, 2020, is as follows:

	December 31, 2020	December 31, 2019
<i>Credit risk related to the balance sheet positions:</i>		
Cash on settlement accounts	8 178 440	11 801 158
Accounts receivable of insurance/reinsurance operations	26 736 945	32 202 217
Investments held to repayment	264 259 944	225 063 676
Total maximum risk	299 175 329	269 067 051

Foreign exchange risk

Foreign exchange risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates

The Company is exposed to currency risk by providing its services using the foreign currency other than its functional currency which includes: USD EURO RUB

The Company's exposure to currency risk, based on notional (nominal) values, was as follows:

	In currency				Total as of 31 December 2020 year
	KGS 1,0000	USD 82,6498	EUR 101,3204	RUR 1,1188	
ASSETS					
Cash and cash equivalents	3 883 121	3 189 997	1 307 726	15 805	8 396 649
Short-term financial assets	211 013 215	104 974 782	-	-	315 987 997
Accounts receivables on insurance/reinsurance transactions	4 840 779	21 707 981	188 185	-	26 736 945
Other assets	-	-	-	-	-
Deferred acquisition expenses	12 503 528	-	-	-	12 503 528
Reinsurers share in insurance reserves	18 824 404	413 306 286	914 266	-	433 044 956
Long-term investments	-	-	-	-	-
TOTAL ASSETS	251 065 047	543 179 046	2 410 177	15 805	796 670 075
LIABILITIES					
Accounts payable, total	8 225 536	20 313 781	1 727 562	-	30 266 879
Other financial liabilities	180 157	13 803	-	-	193 960
Deferred acquisition revenues	10 849 492	-	-	-	10 849 492
Insurance (technical) reserves	59 681 459	422 566 420	14 041 294	-	496 289 173
TOTAL LIABILITIES	78 936 644	442 894 004	15 768 856	-	537 599 504
TOTAL NET POSITION	172 128 403	100 285 042	(13 358 679)	15 805	259 070 571

	In currency				Total as of 31 December 2019 year
	KGS 1,0000	USD 82,6498	EUR 101,3204	RUR 1,1188	
ASSETS					
Cash and cash equivalents	16 212 118	2 345 889	16 098	1 043	18 575 148
Short-term financial assets	173 961 585	84 135 453	-	-	258 097 038
Accounts receivables on insurance/reinsurance transactions	4 040 512	27 290 868	870 837	-	32 202 217
Other assets	63 070	-	-	-	63 070
Deferred acquisition expenses	16 496 810	-	-	-	16 496 810
Reinsurers share in insurance reserves	29 035 455	298 394 106	170 658	-	327 600 219
Long-term investments	5 558 090	-	-	-	5 558 090
TOTAL ASSETS	245 367 640	412 166 316	1 057 593	1 043	658 592 592
LIABILITIES					
Accounts payable, total	4 723 328	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) reserves	84 813 281	322 072 467	634 009	-	407 519 757
TOTAL LIABILITIES	100 243 083	355 280 007	2 486 518	-	458 009 608
TOTAL NET POSITION	145 124 557	56 886 309	(1 428 925)	1 043	200 582 984

The analysis of the sensitivity of the Company's net income and capital for the year to the change in exchange rates (based on the positions in force as of December 31, 2020 and 2019, and the simplified scenario of a 10% decline or growth of the US dollar, euro, against the KGS) is presented as follows:

	Changes in exchange rate	December 31 2020 year		December 31 2019 year	
		Impact on profit	Impact on capital	Impact on profit	Impact on capital
USD	10%	10 028 504	9 025 654	5 688 631	5 119 768
USD	(10%)	(10 028 504)	(9 025 654)	(5 688 631)	(5 119 768)
EUR	10%	(1 335 868)	(1 202 281)	(142 893)	(128 603)
EUR	(10%)	1 335 868	1 202 281	142 893	128 603

31. MANAGEMENT CAPITAL

The Company's capital management policy is to maintain a sufficiently high level of capital to ensure the confidence of shareholders and the development of the business

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 for the amount of minimum paid-up capital, which ensures the right to conduct insurance activities, as well as requirements for maintaining a set level of capital adequacy.

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

	December 31 2020 year	December 31 2019 year
Minimum requirements to paid-up capital	150 000 000	150 000 000

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

	December 31 2020 year	December 31 2019 year
Actual capital adequacy ratio	2.02	1.67
Regulatory capital adequacy ratio	≥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 operating its activities on voluntary and obligatory types of insurance and reinsurance, including accumulative life insurance - in the amount no less than 150,000,000 (one hundred fifty million) KGS

32. SEGMENT REPORTING

The activities of the Companies are exclusively commercial insurance and are concentrated in the Kyrgyz Republic.

33. EVENTS AFTER THE REPORTING PERIOD

The Company applies IAS 10 "Events after the Reporting Date" to account for and disclose events that occurred after the reporting date.

The Company's management reviews events occurring after the reporting date and before the date of approval of the financial statements in order to determine the materiality of these events and whether they should be reflected or disclosed in the Company's financial statements.

The outbreak of the COVID-19 coronavirus infection poses a serious threat to world health. It has prevented the movement of people and goods around the world. However, many states remove restrictions on individuals and companies, as a result of which the impact on the financial activities of the Company may be insignificant. There are no events requiring adjustments or disclosures in the financial statements as of 31 December 2020.


Tezekbaeva D.S.

Chairman of the management board




Abdrahmanov A.T.

Chief Accountant