



**IAS** INTERNATIONAL  
ACCREDITATION  
SERVICE®

ISO 9001:2015 Certified Organization



# ANNUAL REPORT | 2018





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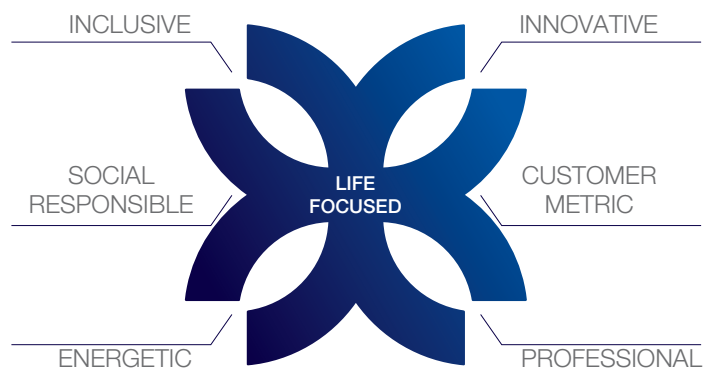
## MISSION

### OUR VISION

To bring world class financial services to Mongolia.

### OUR MISSION

Being a lifelong partner for our customers in providing value added financial solutions embracing the highest standards of triple bottom line mission: People, Planet, and Profit



Established in  
**2001**

Branches  
**21**

Employees  
**105**

Agents  
**139**

“Always together to ensure every moment of happiness”



## CEO'S GREETING

Dear colleagues, partners and valued customers,

Tenger Insurance's team delivered good performance in a year when the insurance industry had seen major disruptive events such as the change of ownership and initial public offerings of several insurance companies evidencing the consolidation of the saturating marketplace and increasing competition. In 2018, our assets expanded further by MNT 4.2 bln to MNT 23.5 bln with a 23% return on equity. The Company's gross premium rose by 19% to MNT 14.5 bln while net premium increased by 9.5% to MNT 8.5 bln. The net profit was MNT 1.9 bln which was 12.8% below the expectation due to higher operating expenditures from the business growth and increase in the insurance payouts.

We have continued considerable capacity building efforts, while ensuring our insurance services meet international standards including the quality and financial reliability of reinsurance protection. We have successfully launched fully integrated online insurance platform. Tenger Insurance successfully passed certification audit for ISO9001:2015 and is fully committed to providing insurance and claims service that cater the needs of our customers. For this purpose, we created customer experience management unit, and established a customer service center.

The key to sustainable development is Tenger Insurance's learning culture of providing appropriate learning options for certified actuaries, risk managers and other insurance professionals. We support our staff in obtaining international certifications.

The annual report is a perfect occasion to thank my team, all our partners and valued customers for supporting Tenger Insurance throughout the year.

Sincerely,  
Oybek Khalilov  
CEO



## COMPANY OVERVIEW

Tenger Insurance LLC was established in 2001, with the investment of Tenger Financial Group and Petrovis LLC. Tenger Insurance is one of the leading insurance companies, which steadily operates for a second decade in the Mongolian Insurance market and offers a complex risk management solution to its customers and has earned highest respect and trust of clients.

It is a leading insurer in the market, where the clients trust and rely on its commitment, transparency and good corporate governance, as well as reinsurance capacity.

Tenger Insurance will maintain its leading position in the Mongolian insurance market with its scale of cooperation and collaboration, transparent financial operations, high corporate social responsibility, and the best corporate governance practice.

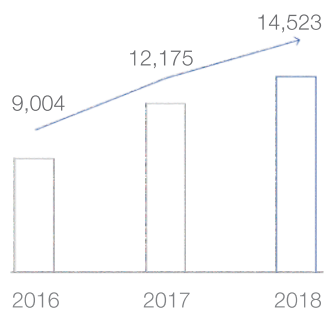
We deliver insurance services via our 21 outlets, 139 agents, and 23 broker partners, and by the branches of XacBank, Khan Bank and Mongolian National Investment Bank.

As of the last quarter of 2018, Tenger Insurance is providing insurance services to over 60 percent of the TOP-100 companies of Mongolia, and major domestic and international infrastructure and mining projects implemented in Mongolia.

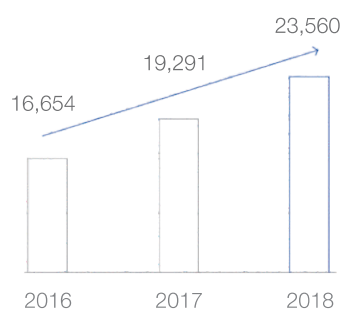


## FINANCIAL REMARKS

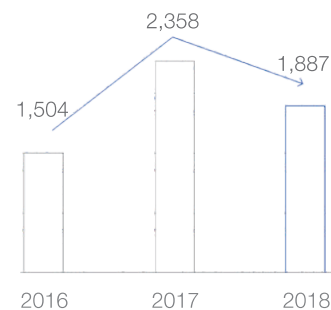
/MNT mln/



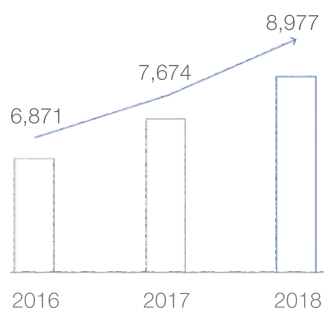
GROSS PREMIUM



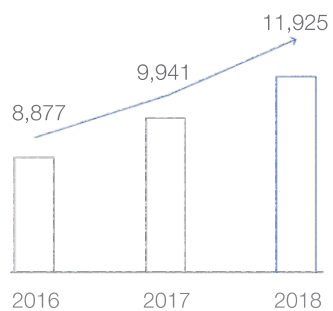
TOTAL ASSETS



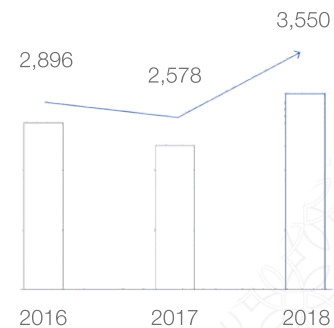
NET INCOME



EQUITY



RESERVE FUNDS



TOTAL NET CLAIM

## OPERATIONAL HIGHLIGHTS OF 2018



### ONLINE INSURANCE SYSTEM HAS BEEN LAUNCHED

Tenger Insurance has launched the complex online insurance system in October, 2018 first time in Mongolia. This online system also allows customers to register claims online besides purchasing insurance products. We were able to create 90% dynamic system with the assistance of 20 project team members within a year and a half of having worked with one of the biggest companies in information technology industry, IT Zone. On this project, Tenger Insurance invested in system development, data center equipment purchase and license fees, which contributed overall to the development of Mongolian insurance market.



### TENGER INSURANCE SIGNED AN EXCLUSIVE PARTNERSHIP AGREEMENT WITH THE AMERICAN INTERNATIONAL GROUP, FOR THE FIRST TIME

Tenger Insurance, which leads the market with its reinsurance treaty capability, signed an exclusive partnership agreement with the American International Group (AIG) to cooperate in the Mongolian market. AIG is the one of the top 10 insurance companies of the world, by its market value and provides insurance and financial services to 80% of the Fortune Global 500 and Forbes 2000 Companies. This exclusive cooperation agreement was signed by Mr.Oybek N.Khalilov, the CEO of the Tenger Insurance and by Mr.Tony McHarg, the Senior Vice President - Head of Multinational and Alternative Risk, Asia Pacific on behalf of AIG. The agreement in effect, the domestic and international companies operating in Mongolia will have an opportunity to access the international insurance services of the AIG group and obtain an unparalleled reinsurance protection.



### FIRE DAMAGE CLAIMS of 1.7 BILLION WAS PAID

An accidental fire incident in the Barmash Building damaged a large section of the property, in late November 2017. Since one of the tenants in the building was protected by a proper Commercial General Liability insurance, Tenger Insurance paid for the damages of 1.7 bil MNT to the property owner, after comprehensive loss assessment and negotiations, in 2018. In accordance with Tenger Insurance's risk management policy, this risk was 100% reinsured and claim was paid by reinsurer. It serves as a good lesson on the importance of purchasing liability insurance before running any business operations.





## TENGER INSURANCE CERTIFIED FOR ISO 9001: 2015 QUALITY MANAGEMENT STANDARDS

Tenger Insurance implemented the ISO 9001:2015 in its operations in 2018. We received Consultation by ProcessLogix and License from LMS Certification Limited which is recognized by International Accreditation Service in September, 2018. During the project period, each unit verified the business processes, assessed potential risks and evaluated the requirements and satisfaction of stakeholders. By introducing ISO standards into their practice, Mongolian companies would step closer

to the international benchmark of doing business.



## TENGER INSURANCE ORGANIZED THE ANNUAL FINANCIAL FORUM TOGETHER WITH AIG GROUP

Tenger Insurance has organized the annual Financial Forum for the third year for its clients and partners. This year the forum was organized together with AIG. Key speaker Mr. David Ho, the Financial Director of AIG Asia Pacific and other professionals from Finance and Insurance Industry exchanged their experience and discussed current situations of Mongolian macro economics, risks faced by top managements, global trends on corporate risk and cyber security issues. There were more than 100 organizations participating in the event. During the interview with the media, it was highlighted by CEO Mr. Oybek that the significance of this forum was to set up an international standards of insurance and to further develop corporate governance in Mongolia.



## TENGER INSURANCE SIGNED A COOPERATION AGREEMENT WITH THE "GENERAL CHINA CHAMBER OF COMMERCE IN MONGOLIA"

In 2018, Tenger Insurance signed a cooperation agreement with the "General China Chamber of Commerce in Mongolia". This partnership enable us to offer a comprehensive risk management solutions and provide high quality insurance products and efficient service for 500+ member companies of this very active organization.



## UNDERWRITING

The strategy of Tenger Insurance is to supply a wide range of products to clients in all business segments through our branches and variety of sales channels. We reach out to individuals as well as entities through each channel possible and strive to improve our accessibility. Through our sales channels we have provided insurance services to approximately 40,000 individuals and 1,800+ companies

Tenger Insurance aims to:

- › Provide better services to customers in more innovative and efficient ways;
- › Achieve financial and economic KPIs;
- › Introduce new insurance products;
- › Manage investments actively;
- › Create and introduce long term growth platforms.

We successfully took part in procurement tenders announced by multinational corporations and provided our insurance services. As the preferred risk management partner of top Mongolian and global organizations, we have consistently improved our product offerings to be on-par with global standards of insurance.





## REINSURANCE

Tenger Insurance cooperates with reputable international reinsurance companies and leads the Mongolian Insurance market in terms of reinsurance capacity. Our treaty reinsurance with USD 15 million limit is the highest coverage among those offered by industry peers and automatically protects any risk we insure through Property Damage insurance, Contractors' All Risk insurance, Cargo insurance, General Liability insurance, Employer's Liability insurance, Personal Accident insurance, Special Purpose Machinery and Heavy Trucks and most uniquely Professional Indemnity insurance. Having Professional Indemnity insurance risks protected under the treaty reinsurance has set apart Tenger Insurance's reinsurance capacity.

Our partner reinsurance companies have A + or higher rating from international credit rating companies Standard & Poor's, Moody's, Fitch Rating and A.M.Best and we cooperate with reinsurance brokers with many years of experience.

Tenger Insurance has been cooperating with Chubb since 2010 and American International Group / AIG / since 2014 and through our continued promotion of international insurance standards, we are now the Mongolian official partner of these respectable reinsurers. We contribute to the development of domestic insurance market through our successful partnerships, by insuring complex risks in all sectors and providing comprehensive risk management solutions and insurance education to Mongolian organizations.



# INSURANCE MARKET OVERVIEW

## SALES CHANNELS

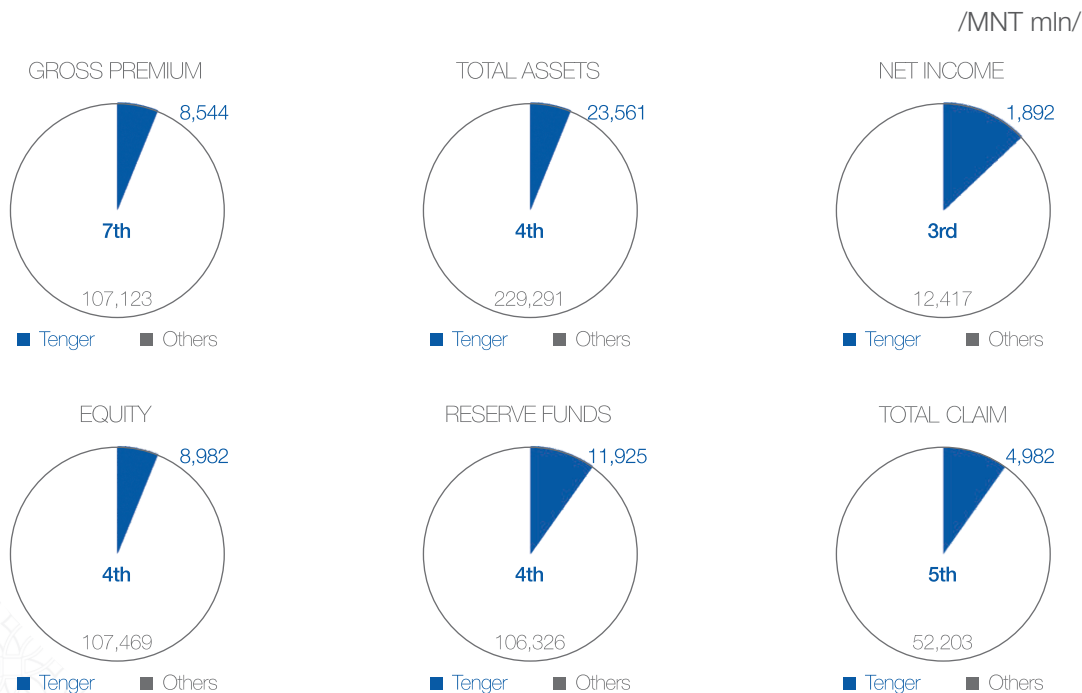
In 2018, the economic performance improved with intensive growth of insurance industry. Market net written premium increased by 29% with Regional Branches net premium growing by 24%, indicating increased sales in Vehicle Insurance, Compulsory Drivers' Liability Insurance and Accident Insurance each growing more than a 30%. Tenger Insurance's net premium increased by 19% due to increase in direct sales, partnership and regional branches.

## CLAIMS

2018 net claims rate increased by 30% or 701.4 mln MNT reaching 3.05 bln MNT. Accident, Health and Vehicle insurance claims severity increased, reaching loss ratio of 53%. Therefore, the Company's net loss ratio increased to 43%.

## PROFITABILITY

Even though the profitability is in the rank of top three among industry peers in Mongolia, net profit was 1.9 bln MNT which was 13% below the expectation due to higher operating expenditures from the business growth and increase in the insurance claims payouts. In 2018, our assets expanded further by 4.2 bln MNT to 23.5 bln MNT with a 23% return on equity. Combined ratio increased by 7.9 reaching 104%.



Source: FRC statistics





## HUMAN RESOURCE

### Delivering sustainable organizational performance

HR plays an instrumental role in securing the future success of Tenger Insurance. In doing so, the function is guided by its long-term vision of working in partnership to create an environment where employees can thrive and are enabled to deliver sustainable organizational performance. Specifically, three longer term strategic priorities have been identified for HR:

- To apply its human capital expertise more assertively to support the business in order to deliver results;
- To strengthen its role as control function for the company's human capital risks;
- To build capabilities of managers and staff.

Tenger Insurance is developing workforce management solutions to optimize the balance between supply and demand capabilities, and manage cost and employee base more efficiently.

One of the key aspects is enabling employees to develop the skills necessary to take up new roles within the organization, with the company supporting internal, cross career mobility opportunities and offering training and development as required.

### Developing employees and creating future leaders

In the first step towards implementation, talent reviews have been improved to help managers identify employees who have the skills, knowledge and abilities for their current roles and are prepared for new challenges.

In 2018 total investment in training was 118 mln MNT, 2770 hours training, an increase of 6 % over the previous year. We maintained a broad offering of programs, with overall attendance increasing by 25% compared to 2017.

In 2018, Tenger Insurance continued to strengthen its internal career mobility activities to drive greater career development and retention of employees.

We provided our staff with a wide range of benefits to support their personal and professional development. Tenger Insurance offers benefit programs focused on physical, financial well-being as well as healthy work-life balance. This is a key factor in attracting and retaining skilled employees. Our HR turnover was 10% in 2018.



## RISK MANAGEMENT

Taking risk is inherent to the insurance business, but such risk-taking needs to be made in an informed and disciplined manner, and within a pre-determined risk appetite and tolerance.

The mission of Tenger Insurance's risk management function is to build a sustainable competitive advantage by fully integrating risk management into daily business activities and strategic planning.

The Risk management framework is the company's main risk governance document; it sets the standards for effective risk management throughout the company. The document describes the risk management framework, identifies principal risk types and defines the appetite for risks at company level. The risk appetite is expressed as the tolerance to allow key ratios to deviate from their target levels under adverse scenarios. Also, it sets forth clear responsibilities for taking, managing, monitoring and reporting risks. Ongoing reports verify that requirements are met.

Tenger Insurance's risk management framework is based on the "Three Lines of Defense" concept which ensures that risk is managed in line with the risk appetite as approved by the Board of Directors.

The Business, claims and support functions have primary responsibility for the day-to-day management of risk and form the first line of defense. The risk management function belongs to the second line of defense and has the primary responsibility to align risk taking with strategic planning and challenging risk appetite and limits, and monitors risk exposure. The Internal audit function provides an ongoing independent and objective assessment of the effectiveness of internal controls, including financial and operational risk management and forms the third line of defense.

The Company regularly reports on its risk profile at Tenger Financial Group level. The Group has procedures to refer risk issues to senior management and the Board of Directors in a timely way. Tenger Financial Group's Chief Risk Officer (The Group CRO) bears primary overall responsibility for the Risk management function. The Group CRO is responsible for the management and control of risk on a consolidated level to ensure that Tenger Insurance's risk profile is consistent with its financial resources and the risk appetite. The CRO is also responsible for establishing and maintaining a robust organizational basis for the management of risk throughout the organization.



### Risk types

Tenger Insurance measures the following main types of risks that are associated with its business activities:

- **Insurance risk** - potential risk of inadequate assessment of the underwritten, loss resulting from inadequate premiums, insufficient reserves to cover insurance indemnities and catastrophic exposures;
- **Credit risk** - potential risk of financial expenses as a result of debtors' insolvency or unwillingness to meet its obligations, and as a result of change of credit ratings of the companies issuing bonds (in investment portfolio), partners and intermediaries;
- **Market risk** - potential risk of loss of earnings or economic value due to adverse changes in financial markets and / or prices;
- **Operational risk** - potential risk of loss resulting from inadequate or failed internal processes, people and systems or from the impact of external events, including legal risks;
- **Liquidity risk** - potential risk related to failure to quickly transform the company's assets to cash to perform its liabilities;
- **Compliance risk** - potential legal or regulatory sanctions, financial loss or damage to reputation and business value arising from the failure to comply with laws, regulations or standards of conduct;
- **Reputational risk** - potential risk of damage to the company, resulting in loss of earnings; and
- **Strategic risk** - potential loss arising from adverse business decisions, improper implementation of decisions or lack of responsiveness to industry changes.

Total insurance liabilities (reserves) of Tenger Insurance are tested for adequacy, taking into account the gross claims paid. This is done by evaluating insurance liabilities on actuarial back testing assumptions plus a risk margin, ensuring that the reserves remain adequate based on current assumptions.

## MANAGEMENT TEAM

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Chief Financial Officer  
**TUUL BALJIR**

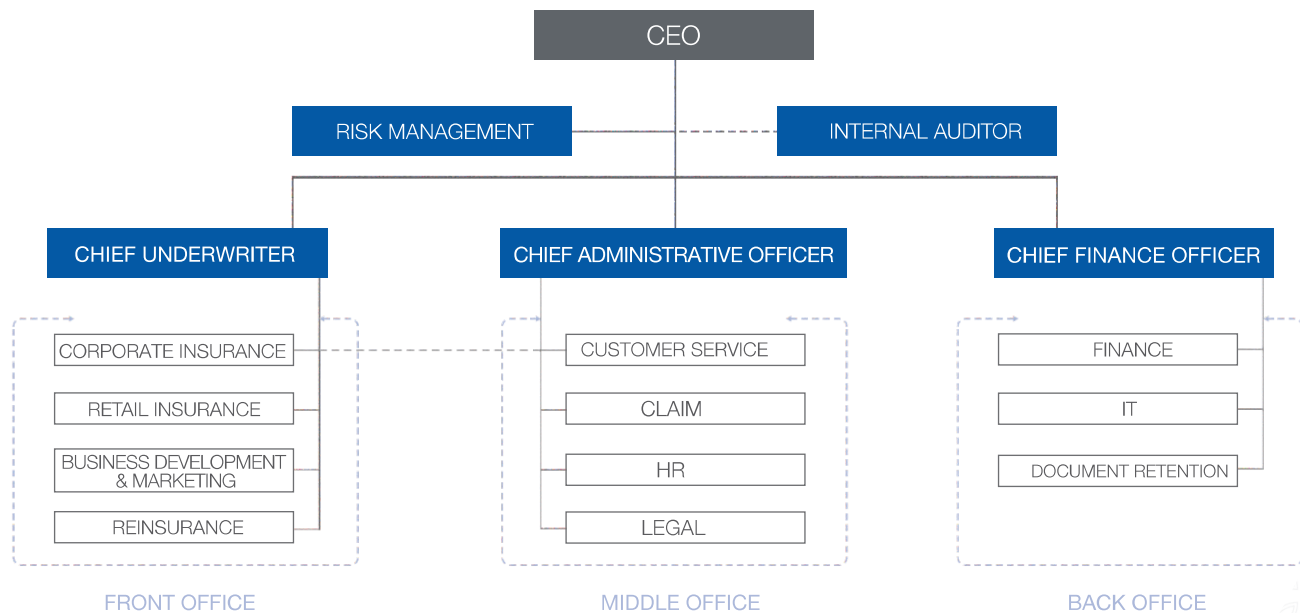
Chief Executive Officer  
**OYBEK N. KHALILOV**

Chief Administrative Officer  
**KHOSBAYAR CHULUUNBAATAR**

Chief Underwriter  
**ZAYA BOLORBOLD**



## COMPANY STRUCTURE

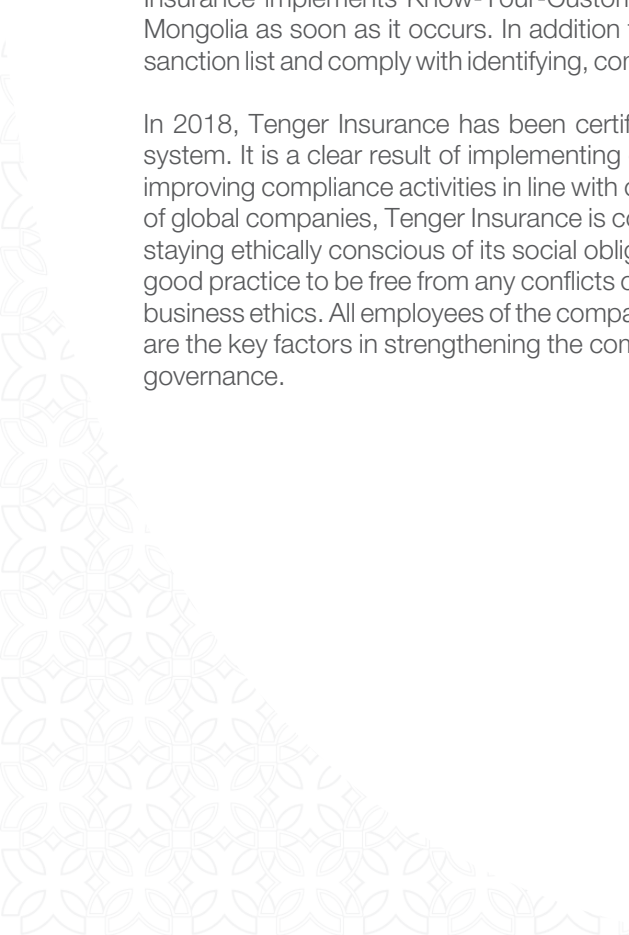


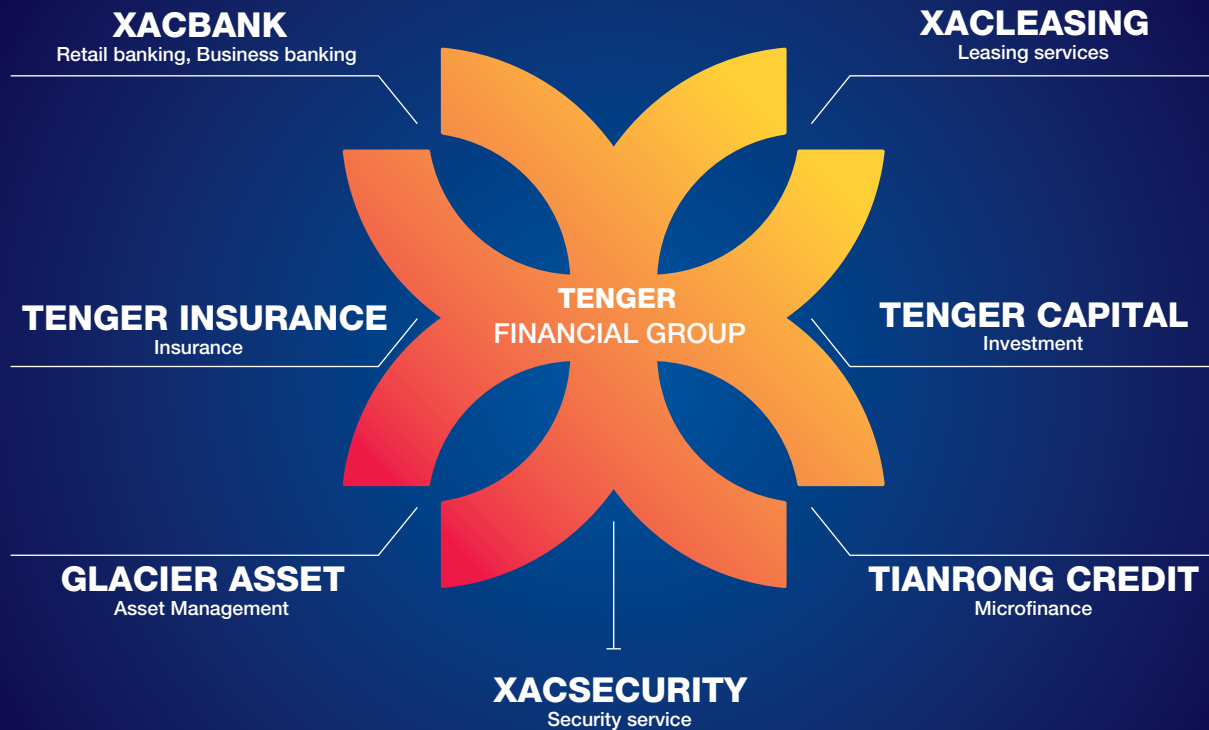


## COMPLIANCE

Tenger Insurance LLC comply with international standards, guidelines, recommendations as well as international treaties and the relevant laws and regulations of Mongolia. We promote Corporate transparency and adhere to the Code of Conduct in daily activities. We have developed a Compliance Policy that meets the requirements of Mongolian Laws, Whistle blowing Policy, Anti-Money Laundering and Anti-Terrorism Financing procedures. Tenger Insurance implements Know-Your-Customer requirements, and reports the suspicious transactions to Bank of Mongolia as soon as it occurs. In addition to refusing to provide insurance to the individuals and entities from UN sanction list and comply with identifying, communicating, and assessing risks of politically exposed persons.

In 2018, Tenger Insurance has been certified to meet the requirements of ISO 9001:2005 quality management system. It is a clear result of implementing compliance standards in the company. We are constantly focusing on improving compliance activities in line with changing legal and business environments. Adopting the best practices of global companies, Tenger Insurance is committed to the principles of transparency and fairness of business and staying ethically conscious of its social obligations by adhering to the Anti-Corruption Law of Mongolia. We have a good practice to be free from any conflicts of interest in making decisions that are inconsistent with law, justice, and business ethics. All employees of the company strictly follow to the Code of Conduct and the laws of Mongolia which are the key factors in strengthening the company's transparency and accountability while strengthening corporate governance.





## BOARD OF DIRECTORS



Chairman of the Board  
of Directors  
**BOLDOO MAGVAN**

Mr. Bold Magvan was appointed as the Chief Executive Officer since July 2014. Bold Magvan, has served a non-executive director on the Board of Directors of XacBank since 2009. Bold Magvan has been working as the CEO and executive director of TenGer Financial Group since January 2011. Prior to his current appointment, Mr. Bold worked for XacBank for 2 years as the CEO and for over 3 years as the President. Bold is a senior banking professional with more than 20-year expertise in public and private global financial institutions, including the World Bank and the International Monetary Fund. From 1996 to 2000, Bold was the Deputy Governor of the Bank of Mongolia (Central Bank). In his prior professional career, Bold Magvan served as Deputy Director at the Market Research Institute, CEO of the Mongolian Export-Import Bank, member of the boards of the International Investment Bank and the International Bank for Economic Cooperation in the Russian Federation and advisor for Da Afghanistan Bank (Central Bank), Islamic State of Afghanistan. Mr. Bold holds a Master's Degree in International Affairs with a major in economic policy management from the University, New York. Bold is the chairman of the boards of the Credit Information Bureau LLC and Development Solutions NGO in Mongolia. Bold has served as Vice President of the Mongolian Bankers Association since 2007 and was elected as President in December 2011. Bold has served the Honorary Consul of the Republic of Iceland in Mongolia since 2008.



Member of the Board  
of Directors  
**AMARTUVSHIN HANIBAL**

Amartuvshin Hanibal joined XacBank as President in July 2014 and he had worked as the Managing Director of Tenger Financial Group for 3 years. Amar has experience on project finance and leveraged finance for over 10 years and he was the Managing Director and Head of Risk Management Department at JSC Kazkommertsbank (KKB), the largest commercial bank in Kazakhstan. Prior to joining Kazkommertsbank, Amar has worked in ABN AMRO Bank in various global offices including London, Amsterdam and Chicago. As part of ABN AMRO Bank's Structured Debt Unit, Amar worked on several high-profile transactions in the oil and gas, power and telecom sectors in Europe. Amar has started his career at Cash Management Unit of ABN AMRO and transferred to the Risk Management Department. Amar holds a bachelor's degree in business administration from the European University of Brussels, Belgium and a MBA from the Harvard Business School, Boston, USA.



Member of the Board  
of Directors  
**OYBEK N. KHALILOV**

On September 14, 2015 Oybek joined Tenger Financial Group as the CEO, Member of the Board of Directors of Tenger Insurance LLC. Prior to that position for 20+ years Mr. Khalilov has worked in the private insurance market working in American International Group, Inc. He has spent five years from 1994 to 1999 with American International Group, Inc. in London/UK serving as the CEO of political risk JV. He was in charge of AIG general insurance operations in Central Asia and Caucasus from 2000 to 2015. His entire professional career is showcased by major contributions in taking companies to greater levels of financial, competitive, and operational performance. He has an in-depth knowledge of property, energy, casualty, and financial lines and accident insurance and political risk insurance products. Oybek was elected as a Chairman of Mongolian Insurance Association in 2016. For 20+ years Oybek have actively promoted American Chamber of Commerce and held positions of Board member in Uzbekistan, Kazakhstan and Mongolia. In November 2017 he was elected as a Chairman of the Board of Directors of American Chamber of Commerce in Mongolia.



Member of the Board  
of Directors

**TORSTEN KLEINE BUENING**

Torsten Kleine Buening was appointed as Chief Risk Officer at XacBank in January 2017. He is responsible for managing Credit, Market, Liquidity and Operational Risk and Compliance. He joined XacBank from Standard Chartered, where he served as Head, Governance for Enterprise Risk Management. Torsten is an experienced risk practitioner with 16 years of experience covering conventional and Islamic Finance in developed and emerging markets. His career spans across a diverse range of leadership roles for risk and capital management, risk governance and modelling in regional and multi-national financial institutions as well as start-ups and risk related roles in consulting. Further, Torsten drove projects and change initiatives including a Basel II implementation across 11 countries. Torsten draws his experience from engagements in US, Europe, Middle East and most recently Singapore; and holds a degree as Diplom Wirtschafts-Informatiker / Master of Science on Information Systems of Westfaelische Wilhelms-Universitaet Muenster / Germany.



Member of the Board  
of Directors

**GANTULGA DONROV**

D. Gantulga is the Chairman of the Board at Gerege Partners LLC, a professional financial advisory company. He joined the board at Tenger Insurance LLC as an independent member in July 2017. Gantulga is an actuary and started his professional career as an Actuarial analyst at Grant Thornton LLP in London City, United Kingdom. He currently serves as a Chairman of the Society of Actuaries of Mongolia. His professional background in the banking and financial sector include posts as an Independent member of the Monetary Policy Council at the Bank of Mongolia and National committee member at Deposit Insurance Corporation of Mongolia. Formerly, Gantulga worked as an Executive director of MJT LLC, a real estate investment company, and an Executive director of Gerege Estimate LLC, a valuation company. Gantulga is a graduate of the National University of Mongolia with a bachelor's and master's degree in mathematics, further he obtained an MBA degree from the Manchester Metropolitan University in Great Britain.

# INDEPENDENT AUDITOR'S REPORT

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Tenger Insurance LLC

### Opinion

We have audited the financial statements of Tenger Insurance LLC ("the Company"), which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at 31 December 2018, and of its financial performances and its cash flows for the year then ended in accordance with International financial Reporting Standards (IFRSs).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

The management of the company are responsible for the other information. The other information comprises the information included in the statement by executive, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of 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 IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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



## Auditor's Responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also

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

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



Norjinbat Shagdarsuren  
Director, CPA  
Deloitte Onch Audit XXXK  
26 March 2019

TENGER INSURANCE LLC  
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018  
(IN THOUSANDS OF MONGOLIAN TOGROGS)

	2018	2017
<b>ASSETS</b>		
Cash and cash equivalents	2,407,902	1,330,533
Term deposits	14,393,796	12,224,633
Government and corporate bond	937,138	1,248,547
Accounts and other receivables	1,237,877	1,420,784
Corporate income tax receivable	-	5,504
Deferred acquisition costs	622,829	495,920
Reinsurer's share of insurance contract liabilities	2,483,704	1,253,362
Prepayments and advances	177,776	164,482
Inventories	88,342	68,160
Deferred tax assets	15,546	3,630
Property, plant and equipment	1,148,583	1,025,236
Intangible assets	123,072	50,549
<b>Total assets</b>	<b>23,636,565</b>	<b>19,291,340</b>
<b>LIABILITIES AND OWNERS EQUITY</b>		
<b>Liabilities</b>		
Insurance contract liabilities	12,001,159	9,941,007
Accounts and other payables	2,646,087	1,676,761
Corporate income tax payable	7,275	-
<b>Total Liabilities</b>	<b>14,654,521</b>	<b>11,617,768</b>
<b>Owner's Equity</b>		
Share capital	5,000,000	4,250,000
Share premium	130,000	130,000
Retained earnings	3,852,044	3,293,572
<b>Total Liabilities and Owner's Equity</b>	<b>23,636,565</b>	<b>19,291,340</b>



TENGER INSURANCE LLC  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018  
(IN THOUSANDS OF MONGOLIAN TOGROGS)

	2018	2017
<b>Earned premiums, net of reinsurance</b>		
Gross earned premium	12,483,965	10,879,834
Premiums ceded to reinsurers	(4,271,568)	(3,763,505)
<b>Net premiums</b>	<b>8,212,397</b>	<b>7,116,329</b>
<b>Claims incurred, net of reinsurance</b>		
Claims expense	(5,407,720)	(5,089,832)
Claims ceded to reinsurers	1,857,354	2,511,713
<b>Net claims</b>	<b>(3,550,366)</b>	<b>(2,578,119)</b>
<b>Net underwriting result</b>	<b>4,662,031</b>	<b>4,538,210</b>
Finance and other income	2,466,021	2,272,600
Other (losses) and gains	(7,090)	48,973
Selling, general and administrative expenses	(4,998,764)	(4,267,026)
<b>Profit before taxation</b>	<b>2,122,198</b>	<b>2,592,757</b>
Income tax expense	(230,394)	(234,560)
<b>Net profit for the year</b>	<b>1,891,804</b>	<b>2,358,197</b>
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>1,891,804</b>	<b>2,358,197</b>







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