JSC JV "UZBEKLEASING INTERNATIONAL A.O."

International Financial Reporting Standards
Financial Statements and
Independent Auditors` Report

Year ended 31 December 2020

CONTENTS

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Independent Auditors' Report

To the Shareholders and Supervisory Board of the Joint-Stock Company Joint Venture “UZBEKLEASING INTERNATIONAL A.O.”

Opinion

We have audited the financial statements of JSC JV “UZBEKLEASING INTERNATIONAL A.O.” (the “Company”), which comprise the statement of financial position as at 31 December 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 *Auditors' 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Uzbekistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements of the Company as at and for the year ended 31 December 2019 were audited by other auditors who expressed an unmodified opinion on those statements on 24 September 2020.

Other matter

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary USD amounts accompanying the financial statements, which are presented solely for the convenience of users as described in Note 3, do not form part of the financial statements.

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 IFRS, 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists 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 auditors' 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 auditors' 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.

The engagement partner on the audit resulting in this independent auditors' report is Andrey Kim.

Sanjarbek Saidov
General Director
Audit Organisation "KPMG Audit" LLC

Andrey Kim
Engagement partner

Audit Organisation "KPMG Audit" LLC
Tashkent, Uzbekistan
25 June 2021

	Note	31 December 2020 UZS'000	31 December 2019 UZS'000	31 December 2020 USD'000	31 December 2019 USD'000
ASSETS					
Cash and cash equivalents	6	8,369,996	7,442,266	799	710
Due from banks	7	4,922,622	22,491,422	470	2,147
Lease receivables	8	387,415,333	395,492,694	36,978	37,749
Equipment for leasing	9	62,156,468	28,534,277	5,933	2,724
Prepayments to vendors for leasing equipment	10	32,350,033	12,811,311	3,088	1,223
Deferred income tax asset	25	3,558,026	1,913,365	340	183
Premises and equipment		1,096,730	1,323,632	105	126
Other assets	11	10,677,435	14,247,443	1,019	1,360
TOTAL ASSETS		**510,546,643**	**484,256,410**	**48,732**	**46,222**
LIABILITIES					
Borrowings	12	367,513,726	344,306,998	35,078	32,863
Lease liabilities	13	4,489,752	5,615,455	429	536
Bonds	14	4,186,475	-	400	-
Advances from lessees	16	12,581,004	4,710,546	1,201	450
Trade payables	17	6,498,752	14,496,785	620	1,384
Other liabilities	18	1,623,051	2,995,647	156	287
TOTAL LIABILITIES		**396,892,760**	**372,125,431**	**37,884**	**35,520**
EQUITY					
Share capital	19	9,113,589	9,113,589	870	870
Additional paid in capital	19	25,714,969	25,714,969	2,454	2,454
Retained earnings		78,825,325	77,302,421	7,524	7,378
TOTAL EQUITY		**113,653,883**	**112,130,979**	**10,848**	**10,702**
TOTAL LIABILITIES AND EQUITY		**510,546,643**	**484,256,410**	**48,732**	**46,222**

Approved for issue and signed on "25" June 2021.

Mustafaev Z.B.
Chief Executive Officer

Sagdullaeva Z.M..
Chief Accountant

The notes set out on pages 8 to 55 form an integral part of these financial statements.

	Note	2020 UZS'000	2019 UZS'000	2020 USD'000	2019 USD'000
Interest income on leases	20	84,648,957	73,108,089	8,080	6,978
Interest expense on leases	20	(1,408,112)	(1,229,518)	(134)	(117)
Other interest expense	21	(38,484,330)	(31,171,812)	(3,673)	(2,975)
Provision for credit loss allowance of lease receivables	20	(6,384,946)	(4,261,893)	(609)	(407)
Other operating income	22	2,448,852	19,280,666	234	1,840
Administrative and other operating expenses	23	(18,685,489)	(34,620,504)	(1,783)	(3,304)
Release of / (Provision for) credit loss allowance of other assets		569,556	(66,467)	54	(6)
Foreign exchange (losses) / gains, net		(7,688,234)	3,589,046	(735)	343
Profit before income tax		**15,016,254**	**24,627,607**	**1,434**	**2,352**
Income tax expense	25	(3,193,127)	(2,866,077)	(305)	(274)
Profit and total comprehensive income for the year		**11,823,127**	**21,761,530**	**1,129**	**2,078**

The notes set out on pages 8 to 55 form an integral part of these financial statements.

	Note	Share capital UZS'000	Additional paid-in capital UZS'000	Retained earnings UZS'000	Total equity UZS'000	Share capital USD'000	Additional paid-in capital USD'000	Retained earnings USD'000	Total equity USD'000
Balance as at 1 January 2019		**9,113,589**	**25,714,969**	**63,070,294**	**97,898,852**	**870**	**2,454**	**6,019**	**9,343**
Profit for the year		-	-	21,761,530	21,761,530	-	-	2,078	2,078
Total comprehensive income for 2019		-	-	21,761,530	21,761,530	-	-	2,078	2,078
Dividends declared	24	-	-	(7,529,403)	(7,529,403)	-	-	(719)	(719)
Balance as at 31 December 2019		**9,113,589**	**25,714,969**	**77,302,421**	**112,130,979**	**870**	**2,454**	**7,378**	**10,702**
Profit for the year		-	-	11,823,127	11,823,127	-	-	1,129	1,129
Total comprehensive income for 2020		-	-	11,823,127	11,823,127	-	-	1,129	1,129
Dividends declared	24	-	-	(10,300,223)	(10,300,223)	-	-	(983)	(983)
Balance as at 31 December 2020		**9,113,589**	**25,714,969**	**78,825,325**	**113,653,883**	**870**	**2,454**	**7,524**	**10,848**

The notes set out on pages 8 to 55 form an integral part of these financial statements.

	Note	2020 UZS'000	2019 UZS'000	2020 USD'000	2019 USD'000
Cash flows from operating activities					
Interest income received on lease receivables		78,862,419	73,108,089	7,527	6,978
Interest paid		(37,078,120)	(31,171,812)	(3,539)	(2,975)
Other operating income received		968,296	15,820,927	92	1,510
Administrative and other operating expenses paid		(8,476,988)	(20,057,400)	(809)	(1,914)
Staff costs paid		(10,806,982)	(10,980,808)	(1,032)	(1,048)
Income tax paid		(4,737,077)	(2,523,672)	(452)	(241)
Cash flows from operating activities before changes in operating assets and liabilities		18,731,548	24,195,324	1,787	2,310
Changes in:					
Due from banks		17,568,800	(10,074,128)	1,677	(962)
Lease receivables		21,971,713	(39,788,422)	2,097	(3,798)
Equipment for leasing		(33,622,191)	(10,782,126)	(3,209)	(1,029)
Prepayments made to vendors for leasing equipment		(6,691,050)	16,513,909	(639)	1,576
Other assets		5,361,033	(7,642,056)	512	(729)
Advance received from lessees		7,520,584	119,650	718	11
Trade payables		(8,679,173)	2,621,191	(828)	250
Other liabilities		512,642	(533,021)	49	(51)
Net cash from/used in operating activities		**22,673,906**	**(25,369,679)**	**2,164**	**(2,422)**
Cash flows from investing activities					
Purchase of property and equipment		(144,420)	(1,233,944)	(14)	(118)
Loans issued to employees		(1,392,077)	(2,208,950)	(133)	(211)
Repayment of loans to employees		-	247,073	-	24
Net cash used in investing activities		**(1,536,497)**	**(3,195,821)**	**(147)**	**(305)**
Cash flows from financing activities					
Dividends paid		(10,300,223)	(7,529,403)	(983)	(719)
Repayment of lease liabilities		(1,191,157)	(2,333,848)	(114)	(223)
Proceeds from borrowings		94,008,900	147,014,381	8,973	14,032
Repayment of borrowings		(106,856,677)	(111,907,379)	(10,199)	(10,681)
Proceeds from bonds		4,000,000	-	382	-
Net cash (used in)/from financing activities		**(20,339,157)**	**25,243,751**	**(1,941)**	**2,409**
Effect of exchange rate changes on cash and cash equivalents		129,478	172,316	13	17
Net increase/decrease in cash and cash equivalents		927,730	(3,149,433)	89	(301)
Cash and cash equivalents at the beginning of the year	6	7,442,266	10,591,699	710	1,011
Cash and cash equivalents at the end of the year	6	8,369,996	7,442,266	799	710
Non-cash transactions					
Borrowing from AKA AUSFUHRKREDIT-GESEIISCHAFT		12,994,415	-	1,240	-
Lease liabilities issued by KDB Bank Uzbekistan (UzKDB)		-	5,437,148	-	519

1 Introduction

These financial statements of Joint Stock Company Joint Venture "Uzbek Leasing International A.O." (the "Company") have been prepared in accordance with International Financial Reporting Standards ("IFRS") for the year ended 31 December 2020.

The Company was incorporated and domiciled in the Republic of Uzbekistan. The Company is a joint stock company limited by shares and was established on 20 March 1996 in accordance with the Decree of the Cabinet of Ministers of Uzbekistan dated 5 January 1995.

The shareholders of the Company are as follows:

	31 December 2020	31 December 2019
National Bank for Foreign Economic activity of Uzbekistan (National Bank of Uzbekistan - NBU)	41.6%	41.6%
Uzbek-Oman Investment Company LLC	38.7%	38.7%
Malayan Banking Berhad	19.7%	19.7%
Total	**100%**	**100%**

Principal activity. The Company's principal activity is providing leases to entities within the Republic of Uzbekistan. The Company had 59 employees as at 31 December 2020 (31 December 2019: 60 employees).

Registered address and place of business. The Company's registered address and principal place of business is: 88A, Amir Temur street, Tashkent, 100084, Republic of Uzbekistan.

2 Operating environment of the Company

Republic of Uzbekistan. The Uzbekistan economy continues to display characteristics of an emerging market, including but not limited to, a currency that is not freely convertible outside of the country and a low level of liquidity in debt and equity markets. Also, the financial sector in Uzbekistan is particularly impacted by local political, legislative, fiscal and regulatory developments.

Economic stability in Uzbekistan is largely dependent upon the effectiveness of economic measures undertaken by the Government of Uzbekistan, together with other legal, regulatory and political developments, all of which are beyond the Company's control.

The Company's financial position and operating results will continue to be affected by future political and economic developments in Uzbekistan including the application and interpretation of existing and future legislation and tax regulations, which greatly impact Uzbek financial markets and the economy overall. Management is taking necessary measures to ensure sustainability of the Company's operations. However, the future effects of the current economic situation are difficult to predict, and management's current expectations and estimates could differ from actual results.

Uzbekistan experienced the following key economic indicators in 2020:

- Inflation: 11.1%[1] (2019: 15.2%);
- GDP growth: 1.6%[1] (2019: 5.5%);
- Official exchange rates: 31 December 2020: USD 1 = UZS 10,476.92[2] (31 December 2019: USD 1 = UZS 9,507.56);
- Refinancing rate of the Central Bank of Uzbekistan ("CBU") – 15.0%[2] (2019: 16.0%).

3 Significant accounting policies

Basis of preparation. These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

[1] *Source: The State Committee of the Republic of Uzbekistan on Statistics (www.stat.uz)*
[2] *Source: Central Bank of Uzbekistan (www.cbu.uz)*

3 Significant Accounting Policies (Continued)

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Foreign currency translation. The functional currency of the Company, being the currency of the primary economic environment in which the entity operates, is the national currency of the Republic of Uzbekistan, Uzbekistan Soums ("UZS"). These financial statements are presented in Uzbek Soums ("UZS"), unless otherwise stated.

Foreign currency monetary assets and liabilities are translated into the functional currency at the official exchange rate of the CBU at the end of the respective reporting period. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities into the functional currency at year-end official exchange rates of the CBU are recognised in profit or loss. Translation at year-end rates does not apply to non-monetary items that are measured at historical cost.

At 31 December 2020 the principal rates of exchange used for translating foreign currency balances were USD 1 = UZS 10,476.92 and EUR 1 = UZS 12,786.03 (2019: USD 1 = UZS 9,507.56 and EUR 1 = UZS 10,624.70). Exchange restrictions and controls exist over the conversion of UZS into other currencies. At present, the UZS is not a freely convertible currency outside of the Republic of Uzbekistan.

Convenience translation into United States Dollar (USD) amounts

In addition to presenting the financial statements in UZS, supplementary information in USD has been presented for the convenience of users of the financial statements.

All amounts in the financial statements, including comparatives, are translated from UZS to USD at the closing exchange rate at 31 December 2020.

Financial instruments - key measurement terms. *Fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the quantity held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees, are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

3 Significant Accounting Policies (Continued)

Amortised cost ("AC") is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument.

The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount, which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate. For assets that are purchased or originated credit impaired ("POCI") at initial recognition, the effective interest rate is adjusted for credit risk, i.e. it is calculated based on the expected cash flows on initial recognition instead of contractual payments.

Financial instruments – initial recognition. Financial instruments at FVTPL are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognised for financial assets measured at AC and investments in debt instruments measured at FVOCI, resulting in an immediate accounting loss.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date on which the Company commits to deliver a financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets – classification and subsequent measurement – measurement categories. The Company classifies financial assets in the following measurement categories: FVTPL, FVOCI and AC. The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

Financial assets – classification and subsequent measurement – business model. The business model reflects how the Company manages the assets in order to generate cash flows – whether the Company's objective is: i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows",) or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Company undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Company in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed, and how the assets' performance is assessed.

Financial assets – classification and subsequent measurement – cash flow characteristics. Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Company assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

3 Significant Accounting Policies (Continued)

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

Financial assets – reclassification. Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The Company did not change its business model during the current and comparative period and did not make any reclassifications.

Financial assets impairment – credit loss allowance for ECL. The Company assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and FVOCI and for the exposures arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt instruments measured at AC are presented in the statement of financial position net of the allowance for ECL. For debt instruments at FVOCI, changes in amortised cost, net of allowance for ECL, are recognised in profit or loss and other changes in carrying value are recognised in OCI as gains less losses on debt instruments at FVOCI.

The Company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to Note 26 for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company's definition of credit impaired assets and definition of default is explained in Note 26. For financial assets that are purchased or originated credit-impaired ("POCI Assets"), the ECL is always measured as a Lifetime ECL. Note 26 provides information about inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Company incorporates forward-looking information in the ECL models.

Financial assets – write-off. Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. Indicators that there is no reasonable expectation of recovery include bankruptcy of the counterparty, final decision of the court that eliminates outstanding amount due from counterparty and significant delays in payments. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets – derecognition. The Company derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the Company has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership, but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose restrictions on the sale.

Financial liabilities – measurement categories. Financial liabilities are classified as subsequently measured at AC, except for financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition.

Financial liabilities – derecognition. Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

3 Significant Accounting Policies (Continued)

An exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

Cash and cash equivalents. Cash and cash equivalents are items which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents include placements with banks with original maturities of less than three months. Funds restricted for a period of more than three months on origination are excluded from cash and cash equivalents. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Due from banks. Amounts due from banks are recorded when the Company advances money to counterparty banks. Amounts due from banks are carried at AC when: (i) they are held for the purposes of collecting contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Lease receivable. Where the Company is a lessor in a lease which transfers substantially all the risks and rewards incidental to ownership to the lessee, the assets leased out are presented as a lease receivable and carried at the present value of the future lease payments. Lease receivables are initially recognised at commencement using a discount rate determined at inception (the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease).

The difference between the gross receivable and the present value represents unearned finance income. This income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return. Incremental costs directly attributable to negotiating and arranging the lease are included in the initial measurement of the lease receivable and reduce the amount of income recognised over the lease term. Finance income from leases is recorded within interest income on lease in profit or loss for the year.

Inception of the lease. The inception of the lease is considered to be the date of the lease agreement, or the date of commitment, if earlier. For purposes of this definition, a commitment shall be in writing, signed by the parties involved in the transaction, and shall specifically set forth the principal terms of the transaction.

Commencement of the lease term. The commencement of the lease term is the date from which the lessee is entitled to exercise its right to use the leased asset. It is the date of initial recognition of the lease.

Unguaranteed residual value. Unguaranteed residual value is that portion of the residual value of the leased asset, the realisation of which by the lessor is not assured or is guaranteed solely by a party related to the lessor.

Lease classification. A lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Equipment for leasing. Equipment for leasing represents equipment purchased to be subsequently transferred into leasing and is stated at cost. If there is a difference between cost and fair value of the equipment at the date of inception of the lease, a gain or loss is recognised when the equipment is reclassified into lease receivables on the date of commencement of the lease term.

3 Significant Accounting Policies (Continued)

Prepayments. Prepayments are carried at cost less provision for impairment. Any advances made to suppliers, for an equipment to be subsequently transferred to lessee, after the date of the inception of the lease and before the date of commencement of the lease term are recorded as "Prepayments to vendors for lease equipment". Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. The prepayments in foreign currency to purchase non-financial assets are recognised at the exchange rate prevailing on their recognition date with no subsequent revaluations.

Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year.

Repossessed collateral. Repossessed collateral represents non-financial assets acquired by the Company in settlement of overdue leases. The assets are initially recognised at fair value when acquired and included in premises and equipment, other financial assets, investment properties or inventories within other assets depending on their nature and the Company's intention 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.

Property and equipment. Premises and equipment are stated at cost less accumulated depreciation and provision for impairment, where required.

Costs of minor repairs and maintenance are expensed when incurred. Cost of replacing major parts or components of premises and equipment items are capitalised and the replaced part is retired.

At the end of each reporting date the management assess whether there is any indication of impairment of premises and equipment. If any such indication exists, the management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in the statement of profit or loss and other comprehensive income. An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.

Gains and losses on disposals determined by comparing proceeds with carrying amount are recognised in profit or loss for the year (within other operating income or expenses).

Depreciation. Depreciation on items of property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

Category of property and equipment	**Useful lives in years**
Office equipment:	
Furniture and equipment	7-15
Computer equipment	5
Vehicles	*5*
Other	*7-15*

The residual value of an asset is the estimated amount that the Company would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. The residual value of an asset is nil if the Company expects to use the asset until the end of its physical life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Impairment of non-financial assets. Impairment losses are recognised in profit or loss when there is an indication that a non-financial asset may be impaired after the initial recognition. The following criteria are used to determine that there is objective evidence that an impairment loss has occurred:

- evidence is available of obsolescence or physical damage of an asset;
- a vendor does not refund prepayments/advances for goods and/or services in case of termination of a procurement contract due to non-delivery of goods and/or provision of services by the vendor within agreed contractual terms;
- the value of repossessed equipment and building significantly decreases as a result of deteriorating market conditions; and

3 Significant Accounting Policies (Continued)

- market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

Borrowings. Borrowings are recorded initially at fair value less transaction costs incurred. Subsequently, borrowings are stated at AC using the effective interest method.

Lease liabilities. Where the Company is a lessee in a lease which transferred substantially all the risks and rewards incidental to ownership to the Company, the assets leased are capitalised in premises and equipment at the commencement of the lease at the lower of the fair value of the leased asset, and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of future finance charges, are included in lease liabilities. The interest cost is charged to profit or loss for the year over the lease period using the effective interest method. The assets acquired under leases are depreciated over their useful life, or the shorter lease term if the Company is not reasonably certain that it will obtain ownership by the end of the lease term. The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Advances from lessees. Payments received by the Company from the lessee before the commencement of the lease term are recorded as advances from lessees. Such amounts are adjusted against lease receivables on the date of commencement of the lease term.

Trade payables. Trade payables are accrued when the counterparty has performed its obligations under the contract and are carried at AC.

Share capital. Shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

Dividends. Dividends are recorded in equity in the period in which they are declared. Dividends declared after the reporting date and before the financial statements are authorised for issue are disclosed in the subsequent events note. The statutory accounting reports of the Company are the basis for profit distribution and other appropriations. Uzbekistan legislation identifies the basis of distribution as the statutory retained earnings.

Income taxes. Income taxes are provided for in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within administrative and other operating expenses.

Deferred income tax is provided using the balance sheet liability method for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax balances are measured at tax rates enacted or substantively enacted at the reporting date, which are expected to apply to the period when the temporary differences will reverse. Deferred tax assets for deductible temporary differences are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

3 Significant Accounting Policies (Continued)

Income and expense recognition. Interest income and expense are recorded in the statement of profit or loss and other comprehensive income for all debt instruments on an accrual basis using the effective interest method. This method defers, as part of interest income or expense, all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fees integral to the effective interest rate include origination fees received or paid by the Company relating to the creation or acquisition of a financial asset or issuance of a financial liability, for example fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents.

Commitment fees received by the Company to originate leases at market interest rates are integral to the effective interest rate if it is probable that the Company will enter into a specific lending arrangement and does not expect to sell the resulting leases shortly after origination.

Other fee and commission income are recognised at a point in time when the Company satisfies its performance obligation, usually upon execution of the underlying transaction. The amount of fee or commission received, or receivable represents the transaction price for the services identified as distinct performance obligations. All other income and expense items are generally recorded on an accrual basis by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Staff costs and related contributions. Wages, salaries, contributions to the Uzbekistan state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Company. The Company has no legal or constructive obligation to make pension or similar benefit payments beyond the payments to the statutory defined contribution scheme.

Presentation of statement of financial position in order of liquidity. The Company does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in order of their liquidity. Refer to Note 26 for analysis of financial instruments by expected maturity. The following table provides information on amounts expected to be recovered or settled before and after twelve months after the reporting period for items that are not analysed in Note 26.

	2020			**2019**		
	Amounts expected to be recovered or settled		**Total**	**Amounts expected to be recovered or settled**		**Total**
In thousands of UZS	**Within 12 months after the reporting period**	**Beyond 12 months after the reporting period**		**Within 12 months after the reporting period**	**Beyond 12 months after the reporting period**	
ASSETS						
Equipment for leasing	62,156,468	-	62,156,468	28,534,277	-	28,534,277
Prepayments to vendors for leasing equipment	32,350,033	-	32,350,033	12,811,311	-	12,811,311
Deferred income tax asset	-	3,558,026	3,558,026	-	1,913,365	1,913,365
Property and equipment	-	1,096,730	1,096,730	-	1,323,632	1,323,632
Other non-financial assets	7,255,486	-	7,255,486	10,714,409	-	10,714,409
LIABILITIES						
Other non-financial liabilities	1,363,625	-	1,363,625	2,492,956	-	2,492,956

3 Significant accounting policies (Continued)

	2020			2019		
	Amounts expected to be recovered or settled		Total	Amounts expected to be recovered or settled		Total
In thousands of USD	Within 12 months after the reporting period	Beyond 12 months after the reporting period		Within 12 months after the reporting period	Beyond 12 months after the reporting period	
ASSETS						
Equipment for leasing	5,933	-	5,933	2,724	-	2,724
Prepayments to vendors for leasing equipment	3,088	-	3,088	1,223	-	1,223
Deferred income tax asset	-	340	340	-	183	183
Property and equipment	-	105	105	-	126	126
Other non-financial assets	-	692	692	1,023	-	1,023
LIABILITIES						
Other non-financial liabilities	131	-	131	239	-	239

4 Critical accounting estimates, and judgements in applying accounting policies

The Company makes estimates and assumptions that affect the amounts recognised in the financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

ECL measurement. Measurement of ECLs is a significant estimate that involves determination of methodology, models and data inputs. Details of ECL measurement methodology are disclosed in Note 26. The following components have a major impact on credit loss allowance: definition of default, SICR, probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD"), as well as models of macro-economic scenarios. The Company regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

The Company used supportable forward-looking information for measurement of ECL, primarily an outcome of its own macro-economic forecasting model. The most significant forward-looking assumptions that correlate with ECL level and their assigned weights were on GDP figures.

Significant increase in credit risk ("SICR"). In order to determine whether there has been a significant increase in credit risk, the Company compares the risk of a default occurring over the life of a financial instrument at the end of the reporting date with the risk of default at the date of initial recognition. The assessment considers relative increase in credit risk rather than achieving a specific level of credit risk at the end of the reporting period. The Company considers all reasonable and supportable forward-looking information available without undue cost and effort, which includes a range of factors, including behavioural aspects of particular customer portfolios. The Company identifies behavioural indicators of increases in credit risk prior to delinquency and incorporated appropriate forward-looking information into the credit risk assessment, either at an individual instrument, or on a portfolio level. Refer to Note 26.

Deferred income tax asset recognition. The recognised deferred tax asset represents income taxes recoverable through future deductions from taxable profits, and is recorded in the statement of financial position. Deferred income tax assets are recorded to the extent that realisation of the related tax benefit is probable. The future taxable profits and the amount of tax benefits that are probable in the future are based on a medium-term business plan prepared by management and extrapolated results thereafter. The business plan is based on management expectations that are believed to be reasonable under the circumstances.

5 New accounting pronouncements

A number of new standards and amendmends to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following new and amended standards are not expected to have a significant impact on the Company's financial statements.

- COVID-19-Related Rent Concessions (Amendment to IFRS 16).
- Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Onerous Contracts-Cost of Fulfilling a Contract (Amendments to IAS 37)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Reference to Conceptual Framework (Amendments to IFRS 3).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.

6 Cash and cash equivalents

	2020 UZS'000	2019 UZS'000	2020 USD'000	2019 USD'000
Current account in USD	32,275	166,786	3	16
Current account in UZS	8,280,211	7,250,412	791	692
Current account in EUR	57,510	25,068	5	2
Total cash and cash equivalents	**8,369,996**	**7,442,266**	**799**	**710**

For the purpose of ECL measurement cash and cash equivalents balances are included in Stage 1. The ECL for these balances represents an insignificant amount, therefore the Company did not recognise any credit loss allowance for cash and cash equivalents. Refer to Note 26 for the ECL measurement approach.

The credit quality of cash and cash equivalents balances, was as follows:

Financial institution	Rating	2020 UZS'000	2019 UZS'000	2020 USD'000	2019 USD'000
Neither past due nor impaired					
National Bank of Uzbekistan	Moody's B2	7,995,123	6,838,372	763	652
UzKDB Bank	S&P BB	374,408	601,706	36	58
Asaka Bank	Moddy's B3	-	1,384	-	-
JSC Sanoat Qurilish Bank	S&P BB-	365	804	-	-
Tenge Bank	Moddy's B3	100	-	-	-
Total cash and cash equivalents		**8,369,996**	**7,442,266**	**799**	**710**

Geographical, currency and interest rate analysis of cash and cash equivalents are disclosed in Note 26. Information on cash and cash equivalents held with related parties is disclosed in Note 29.

7 Due from banks

	2020 UZS'000	2019 UZS'000	2020 USD'000	2019 USD'000
Restricted cash by letter of credit in EUR	4,922,622	3,867,391	470	369
Restricted cash by letter of credit in USD	-	18,624,031	-	1,778
Total due from banks	**4,922,622**	**22,491,422**	**470**	**2,147**

Restricted cash represents a cash cover for letters of credit issued by National Bank of Uzbekistan under import contracts to acquire equipment for leasing.

For the purpose of ECL measurement due from banks balances are included in Stage 1. The ECL for these balances represents an insignificant amount, therefore the Company did not recognise any credit loss allowance for due from banks balances. Refer to Note 26 for the ECL measurement approach.

The credit quality of due from banks balances, was as follows:

Financial institution	Rating	2020 UZS'000	2019 UZS'000	2020 USD'000	2019 USD'000
Neither past due nor impaired					
National Bank of Uzbekistan	Moody's B2	4,922,622	22,491,422	470	2,147
Total due from banks		**4,922,622**	**22,491,422**	**470**	**2,147**

Geographical, currency and interest rate analysis of due from banks are disclosed in Note 26 and Note 29.

8 Lease receivables

	2020 UZS'000	2019 UZS'000	2020 USD'000	2019 USD'000
Lease receivables	404,735,116	404,336,509	38,631	38,593
Less credit loss allowance	(17,319,783)	(8,843,815)	(1,653)	(844)
Total lease receivables, net	**387,415,333**	**395,492,694**	**36,978**	**37,749**

As at 31 December 2020 there are 428 (31 December 2019: 409) lease contracts, which expire over the next 1-5 years. The normal contractual lease arrangements of the Company include the following main terms and conditions:

- Lease term (1-5 years);
- Finance income computed using effective interest rate method;
- Lessee is required to make payments in advance of lease period of one or three months depending on a level of credit risk of a lessee. These advance lease payments are treated as advances from lessees and recognised as Company's liability until the commencement date of those leases;
- Lessee insures risks related to the leased assets such as damage caused by various reasons, theft and other with an insurer approved by the Company and keeps it insured throughout the term of the lease. Insurance fees are paid by the Lessee;
- The Company is entitled to possession of the equipment if certain terms of the agreement are not fulfilled;
- Initial direct costs are initially borne by the Company and are reimbursed by lessees prior to the inception of the lease; and
- Lessee is entitled for the option to be the first to purchase leased equipment upon expiry of the lease period. In that case the sale value of the equipment after the lease period should not exceed 10% of the monthly rentals.

The Company holds title to the leased assets during the lease term.

Economic sector risk concentrations within the customer lease portfolio are as follows:

	2020			2019		
	Amount UZS'000	Amount USD'000	%	Amount UZS'000	Amount USD'000	%
Construction materials production	76,106,016	7,266	18.8%	65,583,930	6,260	16.2%
Construction	73,005,498	6,968	18.0%	69,092,310	6,595	17.1%
Medicine	49,824,483	4,756	12.3%	54,018,338	5,156	13.4%
Paper production and printing	37,034,823	3,535	9.2%	43,171,228	4,121	10.7%
Chemical	34,126,275	3,257	8.4%	29,149,424	2,782	7.2%
Agriculture	27,636,003	2,638	6.8%	29,107,668	2,778	7.2%
Trade	19,396,490	1,851	4.8%	17,235,835	1,645	4.3%
Food production and processing	18,589,049	1,774	4.6%	23,942,392	2,285	5.9%
Transport	16,870,713	1,610	4.2%	18,144,585	1,732	4.5%
Textile	12,887,468	1,230	3.2%	16,590,501	1,584	4.1%
Oil & gas industry	9,181,965	876	2.3%	13,224,745	1,262	3.3%
Business and other services	3,745,272	357	0.9%	8,493,575	811	2.1%
Tourism & catering	646,597	62	0.2%	2,467,266	235	0.6%
Pharmaceutical	212,676	20	0.1%	497,724	48	0.1%
Carpet production	-	-	0.0%	659,015	62	0.2%
Other	25,471,788	2,431	6.2%	12,957,973	1,237	3.1%
Total lease receivables (before credit loss allowance)	**404,735,116**	**38,631**	**100%**	**404,336,509**	**38,593**	**100%**

8 Lease receivables (Continued)

The following table discloses the changes in the credit loss allowance and gross carrying amount for financial lease receivables carried at amortised cost between the beginning and the end of the reporting period:

	Credit loss allowance				Gross carrying amount			
In thousands of UZS	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**
Financial lease receivables at 1 January 2020	**5,696,834**	**412,427**	**2,734,554**	**8,843,815**	**385,631,102**	**6,483,365**	**12,222,042**	**404,336,509**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(471,068)	471,068	-	-	(18,182,355)	18,182,355	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(1,895,463)	(325,835)	2,221,298	-	(129,733,039)	(5,400,121)	135,133,160	-
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	522,543	(21,926)	(500,617)	-	2,042,126	(267,272)	(1,774,854)	-
- partially cured (from Stage 3 to Stage 2)	-	57,732	(57,732)	-	-	57,732	(57,732)	-
New originated	1,295,332	163,695	1,156,688	2,615,715	55,477,470	4,719,663	5,828,947	66,026,080
Changes to ECL measurement model assumptions and repayments	(1,709,978)	693,100	4,718,193	3,701,315	(55,572,610)	(5,988,969)	(18,807,490)	(80,369,069)
Unwinding of discount on present value of ECLs	-	-	2,091,022	2,091,022	-	-	-	-
Total movements with impact on credit loss allowance charge for the period	**(2,258,634)**	**1,037,834**	**9,628,852**	**8,408,052**	**(145,968,408)**	**11,303,388**	**120,322,031**	**(14,342,989)**
Movements without impact on credit loss allowance charge for the period:								
FX and other movements	12,736	4,043	51,137	67,916	8,838,416	664,386	5,238,794	14,741,596
At 31 December 2020	**3,450,936**	**1,454,304**	**12,414,543**	**17,319,783**	**248,501,110**	**18,451,139**	**137,782,867**	**404,735,116**

8 Lease receivables (Continued)

	Credit loss allowance				Gross carrying amount			
In thousands of USD	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**
Financial lease receivables at 1 January 2020	**543**	**39**	**262**	**844**	**36,809**	**619**	**1,165**	**38,593**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(45)	45	-	-	(1,735)	1,735	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(181)	(31)	212	-	(12,383)	(515)	12,898	-
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	50	(2)	(48)	-	195	(26)	(169)	-
- partially cured (from Stage 3 to Stage 2)	-	6	(6)	-	-	6	(6)	-
New originated or purchased	124	16	110	250	5,295	450	556	6,301
Changes to ECL measurement model assumptions and repayments	(164)	66	450	352	(5,304)	(572)	(1,795)	(7,671)
Unwinding of discount on present value of ECL	-	-	200	200	-	-	-	-
Total movements with impact on credit loss allowance charge for the period	**(216)**	**100**	**918**	**802**	**(13,932)**	**1,078**	**11,484**	**(1,370)**
Movements without impact on credit loss allowance charge for the period:								
FX and other movements	2	-	5	7	841	64	503	1,408
At 31 December 2020	**329**	**139**	**1,185**	**1,653**	**23,718**	**1,761**	**13,152**	**38,631**

8 Lease receivables (Continued)

The following table discloses the changes in the credit loss allowance and gross carrying amount for financial lease receivables carried at amortised cost between the beginning and the end of 2019:

	Credit loss allowance				Gross carrying amount			
In thousands of UZS	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**
Financial lease receivables								
at 1 January 2019	**2,652,602**	**811,285**	**1,118,037**	**4,581,924**	**304,915,289**	**17,068,447**	**5,995,591**	**327,979,327**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(247,248)	247,248	-	-	(7,321,768)	7,321,768	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(115,706)	-	115,706	-	(10,575,010)	-	10,575,010	-
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	1,137,999	(710,636)	(427,363)	-	13,602,438	(12,171,206)	(1,431,232)	-
- partially cured (from Stage 3 to Stage 2)	-	13,696	(13,696)	-	-	1,129,411	(1,129,411)	-
New originated	2,881,701	125	142,055	3,023,881	171,997,272	2,239	1,416,523	173,416,034
Changes to ECL measurement model assumptions and repayments	(553,664)	50,709	1,799,816	1,296,861	(74,529,431)	(6,867,295)	(3,204,439)	(84,601,165)
Total movements with impact on credit loss allowance charge for the period	**3,103,082**	**(398,858)**	**1,616,518**	**4,320,742**	**93,173,501**	**(10,585,083)**	**6,226,451**	**88,814,869**
Movements without impact on credit loss allowance charge for the period:								
FX and other movements	(58,850)	-	(1)	(58,851)	(12,457,688)	1	-	(12,457,687)
At 31 December 2019	**5,696,834**	**412,427**	**2,734,554**	**8,843,815**	**385,631,102**	**6,483,365**	**12,222,042**	**404,336,509**

8 Lease receivables (Continued)

	Credit loss allowance				Gross carrying amount			
In thousands of USD	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**
Financial lease receivables at 1 January 2019	**253**	**77**	**107**	**437**	**29,104**	**1,629**	**572**	**31,305**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(24)	24	-	-	(699)	699	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(11)	-	11	-	(1,009)	-	1,009	-
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	109	(68)	(41)	-	1,298	(1,162)	(137)	(1)
- partially cured (from Stage 3 to Stage 2)	-	1	(1)	-	-	108	(108)	-
New originated or purchased	275	-	14	289	16,417	-	135	16,552
Changes to ECL measurement model assumptions and repayments	(53)	5	172	124	(7,113)	(655)	(306)	(8,074)
Total movements with impact on credit loss allowance charge for the period	**296**	**(38)**	**155**	**413**	**8,894**	**(1,010)**	**593**	**8,477**
Movements without impact on credit loss allowance charge for the period:								
FX and other movements	(6)	-	-	(6)	(1,189)	-	-	(1,189)
At 31 December 2019	**543**	**39**	**262**	**844**	**36,809**	**619**	**1,165**	**38,593**

8 Lease receivables (Continued)

The credit loss allowance for lease receivables from customers recognised in the period is impacted by a variety of factors, details of ECL measurement are provided in Note 26. Below, main movements in the table are described:

- Transfers between Stage 1, 2 and 3 are due to balances experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;
- Impact on the measurement of ECL due to changes to model assumptions, including changes in PDs, EADs and LGDs in the period, arising from update of inputs to ECL models;
- Unwinding of discount due to the passage of time because ECL is measured on a present value basis;
- Foreign exchange translations of assets denominated in foreign currencies and other movements; and
- Write-offs of allowances related to assets that were written off during the period.

The following table contains an analysis of the credit risk exposure of lease receivables from customers measured at amortised cost and for which an ECL allowance is recognised. The carrying amount of lease receivables from customers below also represents the Company's maximum exposure to credit risk on these lease receivables.

The credit quality of lease receivables from corporate customers carried at amortised cost is as follows at 31 December 2020:

In thousands of UZS	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**
Lease receivables				
Non overdue	222,231,104	6,032,416	52,998,457	281,261,977
Less than 30 days overdue	26,270,006	4,687,892	39,468,478	70,426,376
31 to 90 days overdue	-	7,730,831	7,919,002	15,649,833
91 to 365 days overdue	-	-	35,440,995	35,440,995
Over 365 days overdue	-	-	1,955,935	1,955,935
Gross carrying amount	**248,501,110**	**18,451,139**	**137,782,867**	**404,735,116**
Credit loss allowance	(3,450,936)	(1,454,304)	(12,414,543)	(17,319,783)
Carrying amount	**245,050,174**	**16,996,835**	**125,368,324**	**387,415,333**

In thousands of USD	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**
Lease receivables				
Non overdue	21,211	576	5,059	26,846
Less than 30 days overdue	2,507	447	3,767	6,721
31 to 90 days overdue	-	738	756	1,494
91 to 365 days overdue	-	-	3,383	3,383
Over 365 days overdue	-	-	187	187
Gross carrying amount	**23,718**	**1,761**	**13,152**	**38,631**
Credit loss allowance	(329)	(139)	(1,185)	(1,653)
Carrying amount	**23,389**	**1,622**	**11,967**	**36,978**

8 Lease receivables (Continued)

The credit quality of lease receivables from corporate customers carried at amortised cost is as follows at 31 December 2019:

In thousands of UZS	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**
Lease receivables				
Non overdue	385,631,102	923,233	4,715,197	391,269,532
Less than 30 days overdue	-	5,179,906	4,229,281	9,409,187
91 to 275 days overdue	-	380,226	3,276,563	3,656,789
Over 365 days overdue	-	-	1,001	1,001
Gross carrying amount	**385,631,102**	**6,483,365**	**12,222,042**	**404,336,509**
Credit loss allowance	(5,696,834)	(412,427)	(2,734,554)	(8,843,815)
Carrying amount	**379,934,268**	**6,070,938**	**9,487,488**	**395,492,694**

In thousands of USD	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**
Lease receivables				
Non overdue	36,809	88	450	37,347
Less than 30 days overdue	-	494	404	898
91 to 275 days overdue	-	37	311	348
Over 365 days overdue	-	-	-	-
Gross carrying amount	**36,809**	**619**	**1,165**	**38,593**
Credit loss allowance	(543)	(39)	(262)	(844)
Carrying amount	**36,266**	**580**	**903**	**37,749**

The extent to which collateral and other credit enhancements mitigate credit risk for financial assets carried at amortised cost that are credit impaired, is presented by disclosing collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed carrying value of the asset ("over-collateralised assets") and (ii) those assets where collateral and other credit enhancements are less than the carrying value of the asset ("under-collateralised assets").

8 Lease receivables (Continued)

The effect of collateral at 31 December 2020 is presented for all leases, whether impaired or not, as follows:

	Over-collateralised assets		Under-collateralised assets	
In thousands of UZS	Carrying value of assets	Fair value of collateral	Carrying value of assets	Fair value of collateral
Lease receivables collateralised by:				
- equipment	113,828,061	113,828,061	28,568,973	24,036,408
- motor vehicle	126,000,172	126,000,172	2,160,233	1,817,505
- non-residential real estate	110,452,137	110,452,137	23,725,540	19,961,402
Total lease receivables	**350,280,370**	**350,280,370**	**54,454,746**	**45,815,315**

As at 31 December 2020 the Company held collateral in the amount of UZS 133,891,587 thousand as security for financial assets that are credit-impaired.

	Over-collateralised assets		Under-collateralised assets	
In thousands of USD	Carrying value of assets	Fair value of collateral	Carrying value of assets	Fair value of collateral
Lease receivables collateralised by:				
- equipment	10,865	10,865	2,727	2,294
- motor vehicle	12,026	12,026	206	173
- non-residential real estate	10,542	10,542	2,265	1,905
Total lease receivables	**33,433**	**33,433**	**5,198**	**4,372**

The effect of collateral at 31 December 2019 is presented for all leases, whether impaired or not, as follows:

	Over-collateralised assets		Under-collateralised assets	
In thousands of UZS	Carrying value of assets	Fair value of collateral	Carrying value of assets	Fair value of collateral
Lease receivables collateralised by:				
- equipment	106,676,392	106,676,392	29,740,031	29,740,031
- motor vehicle	144,298,982	144,298,982	5,986,175	5,986,175
- non-residential real estate	94,166,449	94,166,449	23,468,480	23,468,480
Total lease receivables	**345,141,823**	**345,141,823**	**59,194,686**	**59,194,686**

	Over-collateralised assets		Under-collateralised assets	
In thousands of USD	Carrying value of assets	Fair value of collateral	Carrying value of assets	Fair value of collateral
Lease receivables collateralised by:				
- equipment	10,182	10,182	2,839	2,839
- motor vehicle	13,773	13,773	571	571
- non-residential real estate	8,987	8,987	2,241	2,241
Total lease receivables	**32,942**	**32,942**	**5,651**	**5,651**

The Company obtains collateral valuation at the time of granting loans and generally updates it every two to three years, depending on the significance of the loan exposure. The values of collateral considered in this disclosure are after a valuation haircut of 20-50% applied to consider liquidity and quality of the pledged assets.

8 Lease receivables (Continued)

Reconciliation between gross investment in leases and the present value of minimum lease payments receivables at 31 December 2020 and 2019 are as follows:

In thousands of UZS	Due in 1 year	Due between 2 and 5 years	Due after 5 years	Total
Lease payments receivable at 31 December 2020	**236,592,899**	**301,876,496**	**-**	**538,469,395**
Unearned finance income	(74,052,651)	(59,681,628)	-	(133,734,279)
Credit loss allowance	(3,659,936)	(13,659,847)	-	(17,319,783)
Present value of lease payments receivable at 31 December 2020	**158,880,312**	**228,535,021**	**-**	**387,415,333**
Lease payments receivable at 31 December 2019	**189,744,397**	**363,526,415**	**-**	**553,270,812**
Less unearned finance income	(18,793,402)	(130,140,901)	-	(148,934,303)
Less impairment loss provision	(4,398,242)	(4,445,573)	-	(8,843,815)
Present value of lease payments receivable at 31 December 2019	**166,552,753**	**228,939,941**	**-**	**395,492,694**

In thousands of USD	Due in 1 year	Due between 2 and 5 years	Due after 5 years	Total
Lease payments receivable at 31 December 2020	**22,582**	**28,813**	**-**	**51,395**
Unearned finance income	(7,068)	(5,696)	-	(12,764)
Credit loss allowance	(349)	(1,304)	-	(1,653)
Present value of lease payments receivable at 31 December 2020	**15,165**	**21,813**	**-**	**36,978**
Lease payments receivable at 31 December 2019	**18,111**	**34,698**	**-**	**52,809**
Less unearned finance income	(1,794)	(12,422)	-	(14,216)
Less impairment loss provision	(420)	(424)	-	(844)
Present value of lease payments receivable at 31 December 2019	**15,897**	**21,852**	**-**	**37,749**

Geographical, currency, maturity and interest rate analysis of lease receivables are disclosed in N

9 Equipment for leasing

Equipment for leasing represents equipment purchased for leasing purposes and yet to be transferred to the lessees.

	2020 UZS'000	2019 UZS'000	2020 USD'000	2019 USD'000
Equipment at 1 January (at cost)	**28,534,277**	**17,752,151**	**2,724**	**1,694**
Equipment acquired during the year	110,569,362	173,182,926	10,553	16,531
Equipment transferred to leases	(76,947,171)	(162,400,800)	(7,344)	(15,501)
Equipment at 31 December (at cost)	**62,156,468**	**28,534,277**	**5,933**	**2,724**

At 31 December 2020, the outstanding balance of equipment for leasing mainly consisted of carbonated drink filling line, equipment for the production of plastic preforms, equipment for the production of a biological product, air compressor and other equipment on lease projects.

10 Prepayments to vendors for leasing equipment

	2020 UZS'000	2019 UZS'000	2020 USD'000	2019 USD'000
Foreign vendors	23,315,387	7,116,182	2,225	679
Domestic vendors	9,034,646	5,695,129	863	544
Total prepayments to vendors for leasing equipment	**32,350,033**	**12,811,311**	**3,088**	**1,223**

11 Other assets

	2020 UZS'000	2019 UZS'000	2020 USD'000	2019 USD'000
Other financial assets				
Loans to employees	3,286,345	3,133,982	314	299
Claims receivables	11,567	1,263,684	1	121
Other	419,113	-	40	-
Less: credit loss allowance	(295,076)	(864,632)	(28)	(83)
Total other financial assets	**3,421,949**	**3,533,034**	**327**	**337**
Other non-financial assets				
Prepaid taxes and other contributions	3,006,811	1,695,842	287	162
Repossessed assets	1,978,115	7,527,062	189	718
Prepaid expenses	1,947,387	1,363,643	186	130
Prepayment to suppliers	632,200	109,316	59	10
Other	281,078	714,724	27	69
Less: Provision for impairment of other assets	(590,105)	(696,178)	(56)	(66)
Total other non-financial assets	**7,255,486**	**10,714,409**	**692**	**1,023**
Total other assets	**10,677,435**	**14,247,443**	**1,019**	**1,360**

Loans to employees are long term loans provided to Company's employees at the interest rate of 14%-16% (31 December 2019: 14-16%). At 31 December 2020 no collateral was obtained for loans to employees and no provision was recorded (31 December 2019: no collateral was obtained for loans to employees and no provision was recorded).

11 Other assets (Continued)

Geographical, currency and maturity analysis of other assets are disclosed in Note 26. The information on related party balances is disclosed in Note 29.

12 Borrowings

Borrowing were provided by the following parties:

	2020 UZS'000	2019 UZS'000	2020 USD'000	2019 USD'000
Asian Development Bank	104,932,378	95,359,847	10,016	9,102
National Bank of Uzbekistan	122,070,316	87,806,522	11,651	8,381
KDB Bank Uzbekistan	44,091,653	32,350,084	4,208	3,088
AKA AUSFUHRKREDIT-GESEIISCHAFT	31,234,908	23,736,996	2,981	2,266
Islamic Corporation of Development of Private Sector	22,436,070	41,158,237	2,141	3,928
Uzbek-Oman Investment Company LLC	20,285,156	24,178,959	1,937	2,308
European Bank for Reconstruction and Development	14,497,398	18,910,221	1,384	1,805
International Finance Corporation	7,400,847	20,241,132	706	1,932
Asia Power	565,000	565,000	54	53
Total borrowings	**367,513,726**	**344,306,998**	**35,078**	**32,863**

The Company's borrowings are denominated in currencies as follows:

Borrowings denominated in:	2020 UZS'000	2019 UZS'000	2020 USD'000	2019 USD'000
-US Dollars	180,278,066	176,843,247	17,207	16,879
-Uzbek Soums	156,000,752	143,726,755	14,890	13,718
-EURO	31,234,908	23,736,996	2,981	2,266
Total borrowings	**367,513,726**	**344,306,998**	**35,078**	**32,863**

As at 31 December 2020 loan facilities borrowed comprised the following:

- In accordance with loan agreement dated 3 March 2017 between Ministry of Finance of the Republic of Uzbekistan and Asian Development Bank (ADB), ADB issued a loan to the Republic of Uzbekistan for the purpose of the project named "Small Business Finance Project" provided that the Republic of Uzbekistan issues a sub-loan to the Company based on the project agreement dated 3 March 2017 between ADB and the Company and a sub-loan agreement dated 17 May 2017 between Ministry of Finance of the Republic of Uzbekistan and the Company. Borrowings under the sub-loan agreement amounts to USD 10 million. The repayment of the principal loan amount is to be commenced in November 2021 and is payable in 20 equal instalments of USD 500 thousand. The interest rate on this loan facility is at LIBOR + 1% per annum. Though the interest rate on this borrowing is lower than the average market rate, based on the Company`s assessment the interest rate of the borrowing from ADB reflects a market rate, as the direct purpose of this borrowing is financing of new leases. The Company must comply with financial covenants as stipulated in Note 27.

- Borrowings from National Bank of Uzbekistan are credit lines with a credit limit to the amount equivalent to USD 20 million, currency equivalent of UZS 209,538,400 thousand (a t FX rate as at 31 December 2020), which was obtained for financing purchases of lease objects. The credit line can be drawn both in UZS and USD. The loan term does not exceed three years for each individual project. The repayment of the loan principal is in equal monthly instalments. The interest rate on this loan facility ranges between 14%-22% per annum for UZS denominated credit lines and 8% per annum for USD denominated credit lines.
- Borrowings from KDB Bank Uzbekistan are UZS and USD denominated loans, which were obtained for financing purchases of lease objects. The loan term does not exceed three years for each individual project. The repayment of the loan principal is in equal monthly instalments. The interest rate on this loan facility ranges between 15%-20% per annum for UZS denominated loans and 8% per annum for USD denominated loans.
- Borrowings from Aka Ausfuhrkredit-Gesellschaft on the basis of loan agreement signed in June 2017 constitutes EUR 3,607 thousand. The repayment of the principal loan amount commenced in March 2018 and is payable in 10 equal instalments of EUR 361 thousand. The interest rate on this loan facility is fixed at CIRR + 0.9% per annum. Maturity date of the loan is September 2022.

12 Borrowings (Continued)

- Borrowings from Aka Ausfuhrkredit-Gesellschaft on the basis of loan agreement signed in March 2020 constitutes EUR 1,446 thousand. The repayment of the principal loan amount will begin after six months from the starting point and is payable in 10 equal instalments of EUR 144 thousand. The interest rate on this loan facility is fixed at EURIBOR +1.85 % per annum. Due to the fact that the goods have not arrived fully, the loan term has not been determined yet.
- Borrowing from Islamic Corporation for the Development of Private Sector on the basis of Murabaha facility agreement signed in May 2017 constitute USD denominated loan facility totalling USD 7 million. The repayment period does not exceed three years for each individual project. The mark up rate on this Murabaha facility is 9% per annum. The loan is to be repaid fully in 2021. The Company must comply with financial covenants as stipulated in Note 27.
- Borrowings from Uzbek-Omon Investment Company LLC (UOIC) on the basis of loan agreement signed in December 2019 constitutes UZS 20 billion which is payable in December 2022. The interest rate on this loan facility is 22% per annum.
- Borrowing from European Bank for Reconstruction and Development on the basis of loan agreement signed in May 2019 constitutes USD denominated loan facility totalling USD 5 million. The repayment of the principal loan amount commenced in May 2020 and is payable in 13 equal quarterly instalments of USD 385 thousand. The interest rate on this loan facility is 12.3% per annum. The Company must comply with financial covenants as stipulated in Note 27.
- Borrowings from International Finance Corporation on the basis of loan agreement signed in April 2017 constitutes USD 5 million. The repayment of the principal loan amount commenced in June 2018 and is payable in 7 equal instalments of USD 714 thousand. The interest rate on this loan facility is fixed at 9.69% per annum. The Company must comply with financial covenants as stipulated in Note 27.
- Borrowing from OOO Asia Power on the basis of loan agreement signed in December 2019 constitutes UZS 565 million. The loan term has been extended till December 2021. The loan is interest free.

Geographical, currency, maturity and interest rate analysis of borrowings are disclosed in Note 26. The information on related party balances is disclosed in Note 29.

13 Lease liabilities

Lease liabilities at 31 December 2020 and 2019 were as follows:

	2020 UZS'000	2019 UZS'000	2020 USD'000	2019 USD'000
Lease liabilities	4,489,752	5,615,455	429	536
Total financial lease liabilities	**4,489,752**	**5,615,455**	**429**	**536**

Lease liability is due to KDB Bank Uzbekistan on the basis of lease agreement signed in 2019. The lease facility is for the period of three years with annual interest rate of 20%. Principal and interest are payable on a monthly basis.

The asset received under this lease agreement was subsequently subleased to a third party under lease. The sublease arrangement is appropriately accounted as lease receivable (Note 8).

14 Bonds

As at 31 December 2020, the Company has UZS bonds issued amounting to UZS 4,186,475 thousand with 18%-20% interest rate with maturity from one to three years.

15 Reconciliation of liabilities arising from financing activities

The table below sets out an analysis of net debt and the movements in the Company's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing in the statement of cash flows.

15 Reconciliation of liabilities arising from financing activities (Continued)

	Note	Liabilities from financing activities	
		Borrowings, lease liabilities and bonds UZS'000	**Borrowings, lease liabilities and bonds USD'000**
Liabilities from financing activities at 1 January 2019	**12,13, 14**	**286,078,656**	27,306
Net cash flows		32,773,154	3,128
Lease liabilities issued by KDB Bank Uzbekistan		5,437,148	519
Interest paid		(31,171,812)	(2,975)
Interest accrued		31,171,812	2,975
Foreign exchange adjustments		25,565,795	2,440
Correction in borrowing accounts - non-cash transaction		67,700	6
Liabilities from financing activities at 31 December 2019	**12,13, 14**	**349,922,453**	**33,399**
Net cash flows from borrowings		(12,847,777)	(1,226)
Repayment of lease liabilities issued by KDB Bank Uzbekistan		(1,191,157)	(114)
Bonds issued		4,000,000	382
Interest paid		(37,078,120)	(3,539)
Interest accrued		38,484,330	3,673
Foreign exchange adjustments		21,905,809	2,092
Borrowing in a form of non-cash transaction		12,994,415	1,240
Liabilities from financing activities at 31 December 2020	**12,13, 14**	**376,189,953**	**35,907**

16 Advances from lessees

	2020 UZS'000	2019 UZS'000	2020 USD'000	2019 USD'000
Advances from lessees as				
- Lease prepayments	6,632,333	3,410,036	633	325
- Equipment cost prepayments	5,948,671	1,300,510	568	125
Total advances from lessees	**12,581,004**	**4,710,546**	**1,201**	**450**

Advances from lessees represent part of equipment cost and lease payments for leases which had not commenced as at the year end. According to the Company's policy on issue of a new lease, lessees must deposit certain amounts with the Company prior to commencement of the lease. On commencement of the lease, these deposits are adjusted against lessee's future lease payments.

17 Trade payables

	2020 UZS'000	2019 UZS'000	2020 USD'000	2019 USD'000
Trade payables for lease equipment and services	6,454,158	14,495,949	616	1,384
Trade payables for other services and products	44,594	836	4	-
Total trade payables	**6,498,752**	**14,496,785**	**620**	**1,384**

Trade payables mainly consist of amounts payable for purchased leased equipment to foreign suppliers on lease objects.

18 Other liabilities

	2020 UZS'000	2019 UZS'000	2020 USD'000	2019 USD'000
Other financial liabilities				
Other payables	259,426	502,691	25	48
Total other financial liabilities	**259,426**	**502,691**	**25**	**48**
Other non-financial payables				
Tax payable	695,701	108,518	66	12
Salary related tax payable	638	370,909	1	35
Salary payables	667,286	2,013,529	64	192
Total other non-financial liabilities	**1,363,625**	**2,492,956**	**131**	**239**
Total other liabilities	**1,623,051**	**2,995,647**	**156**	**287**

19 Share capital

Authorized and paid in capital at 31 December 2020 consisted of 6,023,522 shares with a nominal value of UZS 1,513 per share, issued and fully paid in UZS (2019: 6,023,522 shares with a nominal value of UZS 1,513 per share, issued and fully paid in UZS). Additional paid in capital is attributed to National Bank of Uzbekistan and Uzbek-Oman Investment Company LLC after 1,316,761 additional shares were purchased in 2015 by both parties.

	Number of outstanding shares in thousands	Issued share capital UZS'000	Additional paid in capital UZS'000	Total share and paid in capital UZS000
As at 31 December 2019	**6,024**	**9,113,589**	**25,714,969**	**34,828,558**
As at 31 December 2020	**6,024**	**9,113,589**	**25,714,969**	**34,828,558**

	Number of outstanding shares in thousands	Issued share capital USD'000	Additional paid in capital USD'000	Total share and paid in capital USD'000
As at 31 December 2019	**6,024**	**870**	**2,454**	**3,324**
As at 31 December 2020	**6,024**	**870**	**2,454**	**3,324**

Dividends declared during 2020 and 2019 are disclosed in Note 24. In accordance with the Charter of the Company, ownership is in direct proportion to the percentage of charter capital contributed.

20 Interest income and interest expenses on leases

	2020 UZS'000	2019 UZS'000	2020 USD'000	2019 USD'000
Interest income on leases				
Interest income - UZS denominated leases	53,806,982	41,656,607	5,136	3,976
Interest income - USD denominated leases	24,219,722	24,576,520	2,312	2,346
Interest income - EUR denominated leases	6,622,253	6,874,962	632	656
Total interest income on leases	**84,648,957**	**73,108,089**	**8,080**	**6,978**

Interest expenses on leases				
Interest expenses - UZS denominated leases	(647,682)	(485,137)	(62)	(46)
Interest expenses - USD denominated leases	(615,359)	(684,515)	(59)	(65)
Interest expenses - EUR denominated leases	(145,071)	(59,866)	(13)	(6)
Total interest expenses on leases	**(1,408,112)**	**(1,229,518)**	**(134)**	**(117)**
Provision for credit loss allowance	(6,384,946)	(4,261,893)	(609)	(407)

Interest expenses on leases include interest accrued on advances received from lessees before lease commencement.

21 Other interest expense

	2020 UZS'000	2019 UZS'000	2020 USD'000	2019 USD'000
National Bank of Uzbekistan	18,241,042	13,751,584	1,741	1,313
Uzbek-Oman Investment Company LLC	5,202,636	449,096	497	43
KDB Bank Uzbekistan - loans	3,257,218	2,635,527	311	252
Islamic Corporation for Development of	2,582,943	3,596,537	247	343
European Bank for Reconstruction and Development	2,179,364	724,645	208	69
Asian Development Bank	2,153,308	3,059,116	206	292
International Finance Corporation	1,930,355	2,875,968	184	275
AKA AUSFUHRKREDIT-GESEIISCHAFT	1,420,184	1,927,976	136	184
KDB Bank Uzbekistan - lease liabilities	991,061	1,349,716	95	129
WORLD WORK XUSUSIY BANDLIK AGENTLIGI	-	271,261	-	26
Uzbek Industrial Construction Bank	-	530,386	-	49
Other	526,219	-	48	-
Total other interest expenses	**38,484,330**	**31,171,812**	**3,673**	**2,975**

The information on related party transactions is disclosed in Note 29.

22 Other operating income

	2020 UZS'000	2019 UZS'000	2020 USD'000	2019 USD'000
Revenue from sale of excavators	-	15,236,428	-	1,454
Gain on disposal of equipment for lease	1,064,776	3,394,860	102	324
Gain on disposal of property and equipment	-	203,175	-	19
Other income	1,384,076	446,203	132	43
Total other operating income	**2,448,852**	**19,280,666**	**234**	**1,840**

Gain on disposal of equipment for lease mostly consists of gains realised from disposal of lease equipment to lessees.

23 Administrative and other operating expenses

	2020 UZS'000	2019 UZS'000	2020 USD'000	2019 USD'000
Wages and salaries	10,080,444	11,538,589	962	1,101
Rent expense	2,282,651	1,801,010	218	172
Representative and office expenditure	999,984	1,315,012	95	126
Bank charges	972,801	1,553,759	93	148
Depreciation	371,322	467,076	35	45
Professional service	294,887	401,025	28	38
Vehicle maintenance	285,932	377,700	27	36
Advertising and marketing	274,165	234,941	26	22
Supervisory board remuneration	248,036	227,058	24	22
Charity	177,503	159,983	17	15
Business trip expenses	129,728	329,257	12	31
Insurance	106,051	127,034	10	12
Utilities	75,455	57,413	7	5
Taxes	64,059	29,778	6	3
Communication	45,464	51,458	4	5
Training	29,826	45,287	3	4
Cost of sales of excavators	-	13,972,472	-	1,334
Loss on disposal of assets	-	608,239	-	58
Other expenses	2,247,181	1,323,413	216	127
Total administrative and other operating expenses	**18,685,489**	**34,620,504**	**1,783**	**3,304**

24 Dividends

	2020 UZS'000	2019 UZS'000	2020 USD'000	2019 USD'000
Dividends payable at 1 January	-	-	-	-
Dividends declared during the year	10,300,223	7,529,403	983	719
Dividends paid during the year	(10,300,223)	(7,529,403)	(983)	(719)
Dividends payable at 31 December	-	-	-	-
Dividends per share declared during the year	**1,710**	**1,250**	**0.16**	**0.12**

All dividends are declared and paid in UZS or in USD equivalent on the transaction date.

25 Income taxes

(a) Components of income tax

Income tax expense is comprised of the following:

	2020 UZS'000	2019 UZS'000	2020 USD'000	2019 USD'000
Current tax	4,837,788	3,550,860	462	339
Deferred tax benefit	(1,644,661)	(684,783)	(157)	(65)
Income tax expense for the year	**3,193,127**	**2,866,077**	**305**	**274**

(b) Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate

The income tax rate applicable to the income of the Company in 2020 is 15% (2019: 12%). A reconciliation between the expected and the actual taxation charge is provided below.

25 Income taxes (Continued)

	2020 UZS'000	2019 UZS'000	2020 USD'000	2019 USD'000
Profit before tax	**15,016,254**	**24,627,607**	**1,434**	**2,352**
Theoretical tax charge at statutory rate (2020: 15%; 2019:12%)	2,252,438	2,955,313	215	282
Non-deductible expenses	614,430	293,437	59	28
Change in tax rate from 12% to 15% (2019: from 14% to 12%)	326,259	(382,673)	31	(36)
Income tax expenses for the year	**3,193,127**	**2,866,077**	**305**	**274**

(c) Deferred taxes analysed by type of temporary difference

Differences between IFRS and statutory taxation regulations in Uzbekistan give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below.

	1 January 2020 UZS'000	Credited/ (charged) to profit or loss UZS'000	31 December 2020 UZS'000	1 January 2020 USD'000	Credited/ (charged) to profit or loss USD'000	31 December 2020 USD'000
Provision for credit loss allowance	1,047,383	865,708	1,913,091	100	83	183
Deferral of lease origination fee income	857,453	38,670	896,123	82	4	86
Deferral of loan origination fee expense	(448,129)	150,320	(297,809)	(43)	14	(29)
Accrual of interest on leases using effective interest rate method	298,570	613,963	912,533	29	58	87
Other	158,088	(24,000)	134,088	15	(2)	13
Net deferred tax asset	**1,913,365**	**1,644,661**	**3,558,026**	**183**	**157**	**340**

	1 January 2020 UZS'000	Credited/ (charged) to profit or loss UZS'000	31 December 2020 UZS'000	1 January 2020 USD'000	Credited/ (charged) to profit or loss USD'000	31 December 2020 USD'000
Provision for credit loss allowance	391,483	655,900	1,047,383	37	63	100
Deferral of lease origination fee income	543,141	314,312	857,453	52	30	82
Deferral of loan origination fee expense	(545,536)	97,408	(448,129)	(52)	9	(43)
Accrual of interest on leases using effective interest rate method	794,059	(495,489)	298,570	76	(47)	29
Other	45,436	112,652	158,088	5	10	15
Net deferred tax asset	**1,228,583**	**684,783**	**1,913,365**	**118**	**65**	**183**

26 Financial risk management

The risk management function within the Company is carried out with respect to financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk. The primary function of financial risk management is to establish risk limits and to ensure that any exposure to risk stays within these limits. The operational and legal risk management functions are intended to ensure the proper functioning of internal policies and procedures in order to minimise operational and legal risks.

Credit risk. The Company takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Company's leasing and other transactions with counterparties giving rise to financial assets and off-balance sheet credit-related commitments.

The Company's maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the statement of financial position.

Credit risk management. Credit risk is the single largest risk for the Company's business; management therefore carefully manages its exposure to credit risk.

The estimation of credit risk for risk management purposes is complex and involves the use of models, as the risk varies depending on market conditions, expected cash flows and the passage of time. The assessment of credit risk for a portfolio of assets entails further estimations of the likelihood of defaults occurring, the associated loss ratios and default correlations between counterparties.

Limits. The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one lease, or groups of leases. Such risks are monitored on a revolving basis and are subject to an annual, or more frequent, review.

The Company has Supervisory Board is responsible for approving leases above a certain credit limit for individual borrowers:

- Leases of USD 600,000 (or its equivalent in other hard currencies) or less are approved by the resolution of General Director and the Credit Committee of the Company.
- Leases greater than USD 600,000 (or its equivalent in other hard currencies) are approved by the Supervisory Board, subject to the recommendation of the General Director and the Credit Committee of the Company.

Lease applications originated by the Credit Department are passed on to the Credit Committee for approval of the credit limit. Exposure to credit risk is also managed, in part, by obtaining collateral and corporate and personal guarantees. In order to monitor credit risk exposures, regular reports are produced by the Monitoring and Risks Department's officers based on a structured analysis focusing on the customer's business and financial performance. Any significant exposure from customers with deteriorating creditworthiness is reported to, and reviewed by, Credit Committee. The Company does not use formalised internal credit ratings to monitor exposure to credit risk.

The Company's Monitoring and Risks Department reviews aging analysis of outstanding leases and follows up on past due balances. Management, therefore, considers it appropriate to provide ageing and other information about credit risk as disclosed in Note 8.

Credit risk grading system. For measuring credit risk and grading financial instruments by the amount of credit risk, the Company applies two approaches – an age-based rating system or risk grades estimated by external international rating agencies (Standard & Poor's - "S&P", Fitch, Moody's). Age-based ratings and external credit ratings are mapped on an internally defined master scale with a specified range of probabilities of default.

The age-based rating system is designed internally. The Company applies age-based rating systems for measuring credit risk for the following financial assets: leases, loan to other companies, and other financial assets.

The rating models are regularly reviewed by the Credit Committee, backtested on actual default data and updated, if necessary. Despite the method used, the Company regularly validates the accuracy of ratings estimates and appraises the predictive power of the models.

External ratings are assigned to counterparties by independent international rating agencies, such as S&P, Moody's and Fitch. These ratings are publicly available. Such ratings and the corresponding range of probabilities of default ("PD") are applied for the following financial instruments: cash and cash equivalents, due from the banks balances, and restricted cash.

26 Financial risk management (Continued)

Expected credit loss (ECL) measurement. *ECL* is a probability-weighted estimate of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). An ECL measurement is unbiased and is determined by evaluating a range of possible outcomes. ECL measurement is based on four components used by the Company: Probability of Default ("PD"), Exposure at Default ("EAD"), Loss Given Default ("LGD") and Discount Rate.

EAD is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest, and expected drawdowns on committed facilities. The EAD on credit related commitments is estimated using Credit Conversion Factor ("CCF"). CCF is a coefficient that shows the probability of conversion of the commitment amounts to an on-balance sheet exposure within a defined period. PD is an estimate of the likelihood of default to occur over a given time period. LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD. The expected losses are discounted to present value at the end of the reporting period. The discount rate represents the effective interest rate ("EIR") for the financial instrument or an approximation thereof.

Expected credit losses are modelled over instrument's lifetime period. The lifetime period is equal to the remaining contractual period to maturity of debt instruments, adjusted for expected prepayments, if any.

Management models *Lifetime ECL,* that is, losses that result from all possible default events over the remaining lifetime period of the financial instrument. The *12-month ECL,* represents a portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting period, or remaining *lifetime period* of the financial instrument if it is less than a year.

The ECLs that are estimated by management for the purposes of these financial statements are point-in-time estimates, rather than through-the-cycle estimates that are commonly used for regulatory purposes. The estimates consider *forward looking information,* that is, ECLs reflect probability weighted development of key macroeconomic variables that have an impact on credit risk.

The ECL modelling does not differ for Purchased or Originated Credit Impaired ("POCI") financial assets, except that (a) gross carrying value and discount rate are based on cash flows that were recoverable at initial recognition of the asset, rather than based on contractual cash flows, and (b) the ECL is always a lifetime ECL. POCI assets are financial assets that are credit-impaired upon initial recognition.

For purposes of measuring PD, the Company defines default as a situation when the exposure meets one or more of the following criteria:

- The borrower is more than 90 days past due on its contractual payments.
- Restructuring of the receivables due to deterioration of the financial position of the borrower, which includes following restructuring terms:
  - Provision of deferral of interest repayment for a period exceeding 90 days and/or;
  - A change in the repayment schedule of the principal debt, in which the total payments in the next 12 months are reduced by more than 50% compared to the original repayment schedule and/or;
  - Extension of the loan agreement by more than 12 months in comparison with the original maturity and/or;
  - Amendments to the repayment schedule of the body or interest and/or interest rate, as a result of which the present value of contractual cash flows under a modified contract, is more than 10% lower than the present value of cash flows under the original terms of the contract.
- Initiation of a bankruptcy or bankruptcy of a debtor.
- Presence of an event of impairment (default) at the reporting date, which affected the classification of other financial instruments of the debtor in the Company as Stage 3.
- Initiation/presence of legal proceedings on the borrower's debt to the Company (Company being both as a plaintiff and a defendant).

For purposes of disclosure, the Company fully aligned the definition of default with the definition of credit-impaired assets. The default definition stated above is applied to all types of financial assets of the Company (except for those to be assessed based on external ratings and/or assessed through simplified method of testing).

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of

26 Financial risk management (Continued)

the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis that considers the likelihood of a financial instrument returning to default status after curing by using different possible definitions of cures.

The assessment whether or not there has been a significant increase in credit risk ("SICR") since initial recognition is performed on an individual basis and on a portfolio basis. For lease receivables and other financial assets, SICR is assessed either on a portfolio basis or an individual basis, depending on the significance threshold. The criteria used to identify a SICR are monitored and reviewed periodically for appropriateness by the Company's monitoring department. The presumption, being that there have been significant increases in credit risk since initial recognition when financial assets are more than 30 days past due, has not been rebutted.

The Company decided not to use the low credit risk assessment exemption for investment grade financial assets. Hence, even assets of an investment grade are assessed whether there has been a SICR.

The Company considers a financial instrument to have experienced an SICR when one or more of the following quantitative, qualitative or backstop criteria have been met.

For lease receivables and other financial assets:

- 30 days past due;
- award of risk grade "Special monitoring";
- SICR based on relative threshold based on external ratings. The following thresholds are used for external ratings: decrease of rating by 2 notches, which corresponds to approximate increase of PD by 2.5 times.

The level of ECL that is recognised in these financial statements depends on whether the credit risk of the borrower has increased significantly since initial recognition. This is a three-stage model for ECL measurement. A financial instrument that is not credit-impaired on initial recognition and its credit risk has not increased significantly since initial recognition has a credit loss allowance based on 12-month ECLs (Stage 1). If a SICR since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired and the loss allowance is based on lifetime ECLs. If a financial instrument is credit-impaired, the financial instrument is moved to Stage 3 and loss allowance is based on lifetime ECLs. The consequence of an asset being in Stage 3 is that the entity ceases to recognise interest income based on gross carrying value and applies the asset's effective interest rate to the carrying amount, net of ECL, when calculating interest income.

If there is evidence that the SICR criteria are no longer met, the instrument is transferred back to Stage 1. If an exposure has been transferred to Stage 2 based on a qualitative indicator, the Company monitors whether that indicator continues to exist or has changed.

ECL for POCI financial assets is always measured on a lifetime basis. The Company therefore only recognises the cumulative changes in lifetime expected credit losses.

The Company has three approaches for ECL measurement: (i) assessment on an individual basis; (ii) assessment on a portfolio basis: ratings based aging of overdue are estimated on an individual basis but the same credit risk parameters (e.g. PD, LGD) will be applied during the process of ECL calculations for the same credit risk ratings; and (iii) assessment based on external ratings. The Company performs an assessment on a portfolio basis for lease receivables, loan to employees and other financial assets.

ECL assessment on an individual basis is performed by weighting the estimates of credit losses for different possible outcomes against the probabilities of each outcome. The Company defines at least two possible outcomes for each assessed financial assets, one of which leads to a credit loss even if the probability of such a scenario may be very low. Individual assessment is primarily based on the expert judgement of experienced officers from the Monitoring department. Expert judgements are regularly tested in order to decrease the difference between estimates and actual losses.

26 Financial risk management (Continued)

In general, ECL is the sum of the multiplications of the following credit risk parameters: EAD, PD and LGD, that are defined as explained above, and discounted to present value using the instrument's effective interest rate. The ECL is determined by predicting credit risk parameters (EAD, PD and LGD) for each future year during the lifetime period for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has been repaid or defaulted in an earlier month). This effectively calculates an ECL for each future period, that is then discounted back to the reporting date and summed up. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The key principles of calculating the credit risk parameters. The EADs are determined based on the expected payment profile, that varies by product type. EAD is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis for amortising products. This will also be adjusted for any expected overpayments made by a borrower.

Two types of PDs are used for calculating ECLs: 12-month and lifetime PD. An assessment of a 12-month PD is based on the latest available historic default data and adjusted for supportable forward-looking information when appropriate. Lifetime PDs represent the estimated probability of a default occurring over the remaining life of the financial instrument and it is a sum of the 12 months PDs over the life of the instrument.

LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by the type of counterparty, type and seniority of the claim, and the availability of collateral or other credit support. The 12-month and lifetime LGDs are determined based on the factors that impact the expected recoveries after a default event. The approach to LGD measurement can be divided into three possible approaches:

- measurement of LGD based on the specific characteristics of the collateral;
- calculation of LGD on a portfolio basis based on recovery statistics; or
- individually defined LGD depending on different factors and scenarios.

The Company calculates LGD based on specific characteristics of the collateral, such as projected collateral values, historical discounts on sales and other factors for loans secured by real estate, cash and liquid securities. LGD is calculated on a collective basis based on the latest available recovery statistics for the remainder of the lease portfolio.

Principles of assessment based on external ratings. Certain exposures have external credit risk ratings, and these are used to estimate credit risk parameters PD and LGD from the default and recovery statistics published by the respective rating agencies.

Forward-looking information incorporated in the ECL models. The assessment of SICR and the calculation of ECLs both incorporate supportable forward-looking information. The Company identified certain key economic variables that correlate with developments in credit risk and ECLs. Forecasts of economic variables (the "base economic scenario") are provided by the Company's monitoring team and provide the best estimate of the expected macro-economic development over the next three years.

In addition to the base economic scenario, the Company's Monitoring department also provides other possible scenarios along with scenario weightings. The number of scenarios and their attributes are reassessed at each reporting date. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking into account the range of possible outcomes of which each chosen scenario is representative.

The Company regularly reviews its methodology and assumptions to reduce any difference between the estimates and the actual loss of credit. Such backtesting is performed at least once a year.

The results of backtesting the ECL measurement methodology are communicated to Company's Management and further steps for tuning models and assumptions are defined after discussions between authorised persons.

Management periodically assesses the financial performance of lessees by monitoring debts outstanding and analyzing their financial reports.

The Company's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Company since the prior period.

26 Financial risk management (Continued)

Market risk. The Company takes on exposure to market risks. Market risks arise from open positions in (a) currency, and (b) interest rates, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a quarterly basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Currency risk. The Company takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. To minimise foreign currency fluctuation risks related to lease receivables, the Company concludes lease contracts denominated in USD and EURO, which lease payments should be settled in UZS by using interbank exchange rate on the date of payment.

The table below summarises the Company's exposure to foreign currency exchange rate risk at 31 December 2020 and 2019:

	31 December 2020			**31 December 2019**		
In thousands of UZS	**Monetary financial assets**	**Monetary financial liabilities**	**Net balance sheet position**	**Monetary financial assets**	**Monetary financial liabilities**	**Net balance sheet position**
US Dollars	114,161,197	(159,935,858)	(45,774,661)	160,575,627	(193,310,380)	(32,734,753)
Euros	46,987,040	(35,155,275)	11,831,765	48,714,587	(24,808,560)	23,906,027
Total	**161,148,237**	**(195,091,133)**	**(33,942,896)**	**209,290,214**	**(218,118,940)**	**(8,828,726)**

	31 December 2020			**31 December 2019**		
In thousands of USD	**Monetary financial assets**	**Monetary financial liabilities**	**Net balance sheet position**	**Monetary financial assets**	**Monetary financial liabilities**	**Net balance sheet position**
US Dollars	10,896	(15,266)	(4,370)	15,327	(18,451)	(3,124)
Euros	4,485	(3,355)	1,130	4,649	(2,368)	2,281
Total	**15,381**	**(18,621)**	**(3,240)**	**19,976**	**(20,819)**	**(843)**

The above analysis includes only monetary assets and liabilities. Non-monetary assets are not considered to give rise to currency risk.

The following table presents sensitivities of profit or loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the Company, with all other variables held constant:

	2020	**2019**
In thousands of UZS	**Impact on profit or loss and equity**	**Impact on profit or loss and equity**
US Dollars strengthening by 14% (2019: 14%)	(5,447,185)	(4,582,865)
US Dollars weakening by 14% (2019: 14%)	5,447,185	4,582,865
Euro strengthening by 12% (2019: 12%)	1,206,840	2,868,723
Euro weakening by 12% (2019: 12%)	(1,206,840)	(2,868,723)

	2020	**2019**
In thousands of USD	**Impact on profit or loss and equity**	**Impact on profit or loss and equity**
US Dollars strengthening by 14% (2019: 14%)	(520)	(437)
US Dollars weakening by 14% (2019: 14%)	520	437
Euro strengthening by 12% (2019: 12%)	115	274
Euro weakening by 12% (2019: 12%)	(115)	(274)

26 Financial risk management (Continued)

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Company.

Interest rate risk. The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. Management monitors on a daily basis and sets limits on the level of mismatch of interest rate repricing that may be undertaken.

Financing of lease receivables is primarily provided by the Company's capital and borrowings from the International and domestic financial institutions. Interest rates of international and domestic financial institutions are either fixed or linked to LIBOR and EURIBOR. The effective interest rate on the leases remains fixed for the lease term. As a result, the Company is exposed to fair value interest rate risk.

The table below summarises the Company's exposure to interest rate risks. The table presents the aggregated amounts of the Company's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual interest repricing or maturity dates:

In thousands of UZS	**Demand and less than 1 month**	**From 1 to 3 months**	**From 3 to 12 months**	**From 12 months to 5 years**	**From 5 to 10 years**	**More than 10 years**	**Total**
31 December 2020							
Total financial assets	35,798,493	24,947,028	112,836,663	230,547,716	-	-	404,129,900
Total financial liabilities	51,550,185	47,732,159	79,896,486	158,727,245	52,384,600	5,238,460	395,529,135
Net interest sensitivity surplus	**(15,751,692)**	**(22,785,131)**	**32,940,177**	**71,820,471**	**(52,384,600)**	**(5,238,460)**	**8,600,765**
31 December 2019							
Total financial assets	47,997,023	30,123,738	119,741,455	231,097,200	-	-	428,959,416
Total financial liabilities	31,093,413	21,065,975	89,830,660	165,843,287	47,537,800	14,261,340	369,632,475
Net interest sensitivity surplus	**16,903,610**	**9,057,763**	**29,910,795**	**65,253,913**	**(47,537,800)**	**(14,261,340)**	**59,326,941**

In thousands of UZS	**Demand and less than 1 month**	**From 1 to 3 months**	**From 3 to 12 months**	**From 12 months to 5 years**	**From 5 to 10 years**	**More than 10 years**	**Total**
31 December 2020							
Total financial assets	3,418	2,381	10,770	22,005	-	-	38,574
Total financial liabilities	4,921	4,556	7,626	15,150	5,000	500	37,753
Net interest sensitivity surplus	**(1,503)**	**(2,175)**	**3,144**	**6,855**	**(5,000)**	**(500)**	**821**
31 December 2019							
Total financial assets	4,581	2,875	11,429	22,058	-	-	40,943
Total financial liabilities	2,968	2,011	8,574	15,829	4,537	1,362	35,281
Net interest sensitivity surplus	**1,613**	**864**	**2,855**	**6,229**	**(4,537)**	**(1,362)**	**5,662**

26 Financial risk management (Continued)

At 31 December 2020, if interest rates at that date had been 200 basis points lower (2019: 200 basis points lower) with all other variables held constant, profit for the year would have been UZS 535,000 thousand (USD 51 thousand) (2019: UZS 2,034,983 thousand (USD 194 thousand)) higher, mainly as a result of lower interest expense on variable interest liabilities.

If interest rates had been 200 basis points higher (2019: 200 basis points higher), with all other variables held constant, profit would have been UZS 535,000 thousand (USD 51 thousand) (2019: UZS 2,034,983 thousand (USD 194 thousand)) lower, mainly as a result of higher interest expense on variable interest liabilities.

The Company monitors interest rates for its financial instruments. The table below summarises interest rates at the respective reporting date based on reports reviewed by key management personnel.

The sign "-" in the table above means that the Company does not have the respective assets or liabilities in the corresponding currency.

	2020			2019		
In % yield p.a.	**UZS**	**USD**	**Euro**	**UZS**	**USD**	**Euro**
Assets						
Lease receivables	3%-68%	9%-32%	9%-26%	14%-81%	6%-77%	9%-29%
Other financial assets	14%-16%	-	-	14%-16%	-	-
Liabilities						
Borrowings:						
Loan from National Bank of Uzbekistan	14%-22%	8%	-	14%-22%	8%	-
European Bank for Reconstruction and Development	-	12.3%	-	-	12.3%	-
Loan from AKA AUSFUHRKREDITGESEIISCHAFT	-	-	EURIBOR +1.85%, 0.9%+ CIRR	-	-	EURIBOR +1.85%, 0.9%+ CIRR
Financing from Islamic Corporation of Development of Private Sector	-	9%	-	-	7%-9%	-
Loan from International Finance Corporation	-	9.69%	-	-	10%	-
Lease liabilities from KDB Bank Uzbekistan	20%	-	-	-	12-21%	-
Loan from KDB Bank Uzbekistan	15%-20%	8%	-	8%-20%	-	-
Loan from Uzbek-Omon Investment Company	22%	-	-	20%-22%	-	-

26 Financial risk management (Continued)

Geographical risk concentrations. The geographical concentration of the Company's assets and liabilities at 31 December 2020 is set out below:

In thousands of UZS	Uzbekistan	OECD	Non-OECD	Total
Assets				
Cash and cash equivalents	8,369,996	-	-	8,369,996
Due from banks	4,922,622	-	-	4,922,622
Lease receivables	387,415,333	-	-	387,415,333
Other financial assets	3,421,949	-	-	3,421,949
Total financial assets	**404,129,900**	**-**	**-**	**404,129,900**
Non-financial assets	**106,416,743**	**-**	**-**	**106,416,743**
Total assets	**510,546,643**	**-**	**-**	**510,546,643**
Liabilities				-
Borrowings	186,447,125	45,732,306	135,334,295	367,513,726
Lease liabilities	4,489,752	-	-	4,489,752
Advances from lessees	12,581,004	-	-	12,581,004
Trade payables	44,594	-	6,454,158	6,498,752
Other financial liabilities	259,426	-	-	259,426
Bonds	4,186,475	-	-	4,186,475
Total financial liabilities	**208,008,376**	**45,732,306**	**141,788,453**	**395,529,135**
Non-financial liabilities	**1,363,625**	**-**		**1,363,625**
Total liabilities	**209,372,001**	**45,732,306**	**141,788,453**	**396,892,760**
Net balance sheet position	**301,174,642**	**(45,732,306)**	**(141,788,453)**	**113,653,883**

26 Financial risk management (Continued)

In thousands of USD	Uzbekistan	OECD	Non-OECD	Total
Assets				
Cash and cash equivalents	799	-	-	799
Due from banks	470	-	-	470
Lease receivables	36,978	-	-	36,978
Other financial assets	327	-	-	327
Total financial assets	38,574	-	-	38,574
Non-financial assets	10,158	-	-	10,158
Total assets	48,732	-	-	48,732
Liabilities				-
Borrowings	17,796	4,365	12,917	35,078
Lease liabilities	429	-	-	429
Bonds	400	-	-	400
Advances from lessees	1,201	-	-	1,201
Trade payables	4	-	615	619
Other financial liabilities	26	-	-	26
Total financial liabilities	**19,856**	**4,365**	**13,532**	**37,753**
Non-financial liabilities	**131**	**-**	**-**	**131**
Total liabilities	**19,987**	**4,365**	**13,532**	**37,884**
Net balance sheet position	**28,745**	**(4,365)**	**(13,532)**	**10,848**

26 Financial risk management (Continued)

The geographical concentration of the Company's financial assets and liabilities at 31 December 2019 is set out below:

In thousands of UZS	Uzbekistan	OECD	Non-OECD	Total
Assets				
Cash and cash equivalents	7,442,266	-	-	7,442,266
Due from banks	22,491,422	-	-	22,491,422
Lease receivables	395,492,694	-	-	395,492,694
Other financial assets	3,533,034	-	-	3,533,034
Total financial assets	**428,959,416**	**-**	**-**	**428,959,416**
Non-financial assets	**55,296,994**	**-**	**-**	**55,296,994**
Total assets	**484,256,410**	**-**	**-**	**484,256,410**
Liabilities				
Borrowings	240,267,740	62,888,350	41,150,908	344,306,998
Lease liabilities	5,615,455	-	-	5,615,455
Advances from lessees	4,710,546	-	-	4,710,546
Trade payables	836	71,307	14,424,642	14,496,785
Other financial liabilities	502,691	-	-	502,691
Total financial liabilities	**251,097,268**	**62,959,657**	**55,575,550**	**369,632,475**
Non-financial liabilities	**2,492,956**	**-**	**-**	**2,492,956**
Total liabilities	**253,590,224**	**62,959,657**	**55,575,550**	**372,125,431**
Net balance sheet position	**230,666,186**	**(62,959,657)**	**(55,575,550)**	**112,130,979**

26 Financial risk management (Continued)

In thousands of USD	Uzbekistan	OECD	Non-OECD	Total
Assets				
Cash and cash equivalents	710	-	-	710
Due from banks	2,147	-	-	2,147
Lease receivables	37,749	-	-	37,749
Other financial assets	337	-	-	337
Total financial assets	**40,943**	**-**	**-**	**40,943**
Non-financial assets	**5,279**	**-**	**-**	**5,279**
Total assets	**46,222**	**-**	**-**	**46,222**
Liabilities				
Borrowings	22,932	6,003	3,928	32,863
Lease liabilities	536	-	-	536
Advances from lessees	450	-	-	450
Trade payables	-	7	1,377	1,384
Other financial liabilities	48	-	-	48
Total financial liabilities	**23,966**	**6,010**	**5,305**	**35,281**
Non-financial liabilities	**239**	**-**	**-**	**239**
Total liabilities	**24,205**	**6,010**	**5,305**	**35,520**
Net balance sheet position	**22,017**	**(6,010)**	**(5,305)**	**10,702**

Assets and liabilities have been based on the country, in which the counterparty is located. Balances with Uzbekistan counterparties actually outstanding to/from offshore companies of these Uzbek counterparties, are allocated to the caption "Uzbekistan".

Liabilities in OECD countries include borrowings and payables in companies and financial institutions of the United States of America, United Kingdom, Germany and Turkey.

Borrowings, trade payables and other liabilities in non-OECD countries include borrowings, trade payables and other liabilities in companies and financial institutions of Saudi Arabia, Egypt, Malaysia, and China.

Liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. Liquidity risk is managed by Finance and Administration Department of the Company through regular monitoring and liquidity stress testing under the variety of scenarios covering both normal and more severe market conditions.

The table below shows liabilities at 31 December 2020 by their remaining contractual maturity. The amounts of liabilities disclosed in the maturity table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the statement of financial position because the amount in the statement of financial position is based on discounted cash flows.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

26 Financial risk management (Continued)

The maturity analysis of financial instruments at 31 December 2020 is as follows:

In thousands of UZS	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	From 5 to 10 years	More than 10 years	Total
Financial assets							
Cash and cash equivalents	8,369,996	-	-	-	-	-	8,369,996
Due from banks	4,922,622	-	-	-	-	-	4,922,622
Lease receivables	31,117,015	39,413,867	166,062,017	301,876,496	-	-	538,469,395
Other financial assets	305,783	286,203	1,204,654	2,413,532	13,693	-	4,223,865
Total financial assets, undiscounted	**44,715,416**	**39,700,070**	**167,266,671**	**304,290,028**	**13,693**	**-**	**555,985,878**
Financial liabilities							
Borrowings	32,178,249	45,647,415	82,483,120	190,891,757	57,334,945	5,337,467	413,872,953
Lease liabilities	285,510	571,020	2,569,590	2,569,590	-	-	5,995,710
Bonds	62,849	2,575,233	217,699	1,643,699	-	-	4,499,480
Advances from lessees	12,581,004	-	-	-	-	-	12,581,004
Trade payables	6,498,752	-	-	-	-	-	6,498,752
Other financial liabilities	259,426	-	-	-	-	-	259,426
Total financial liabilities, undiscounted	**51,865,790**	**48,793,668**	**85,270,409**	**195,105,046**	**57,334,945**	**5,337,467**	**443,707,325**
Liquidity (deficit)/ surplus arising from financial instruments	**(7,150,374)**	**(9,093,598)**	**81,996,262**	**109,184,982**	**(57,321,252)**	**(5,337,467)**	**112,278,553**

26 Financial risk management (Continued)

In thousands of USD	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	From 5 to 10 years	More than 10 years	Total
Financial assets							
Cash and cash equivalents	799	-	-	-	-	-	799
Due from banks	470	-	-	-	-	-	470
Lease receivables	2,970	3,762	15,850	28,813	-	-	51,395
Other financial assets	29	27	115	230	1	-	402
Total financial assets, undiscounted	**4,268**	**3,789**	**15,965**	**29,043**	**1**	**-**	**53,066**
Financial liabilities							
Borrowings	3,071	4,357	7,873	18,220	5,473	509	39,503
Lease liabilities	27	55	245	245	-	-	572
Bonds	6	246	21	157	-	-	430
Advances from lessees	1,201	-	-	-	-	-	1,201
Trade payables	620	-	-	-	-	-	620
Other financial liabilities	25	-	-	-	-	-	25
Total financial liabilities, undiscounted	**4,950**	**4,658**	**8,139**	**18,622**	**5,473**	**509**	**42,351**
Liquidity (deficit)/ surplus arising from financial instruments	**(682)**	**(869)**	**7,826**	**10,421**	**(5,472)**	**(509)**	**10,715**

26 Financial risk management (Continued)

The maturity analysis of financial instruments at 31 December 2019 is as follows

In thousands of UZS	**Demand and less than 1 month**	**From 1 to 3 months**	**From 3 to 12 months**	**From 12 months to 5 years**	**From 5 to 10 years**	**More than 10 years**	**Total**
Financial assets							
Cash and cash equivalents	7,442,266	-	-	-	-	-	7,442,266
Due from banks	22,491,422	-	-	-	-	-	22,491,422
Lease receivables	18,769,331	31,862,480	139,112,586	363,526,415	-	-	553,270,812
Other financial assets	730,595	253,448	985,016	2,684,199	-	-	4,653,258
Total financial assets, undiscounted	**49,433,614**	**32,115,928**	**140,097,602**	**366,210,614**	**-**	**-**	**587,857,758**
Financial liabilities							
Borrowings	13,110,897	24,295,556	106,421,015	186,612,945	55,014,281	14,787,663	400,242,357
Lease liabilities	256,320	504,808	2,142,404	4,176,555	-	-	7,080,087
Advances from lessees	4,710,546	-	-	-	-	-	4,710,546
Trade payables	14,496,785	-	-	-	-	-	14,496,785
Other financial liabilities	502,691	-	-	-	-	-	502,691
Total financial liabilities, undiscounted	**33,077,239**	**24,800,364**	**108,563,419**	**190,789,500**	**55,014,281**	**14,787,663**	**427,032,466**
Liquidity (deficit)/ surplus arising from financial instruments	**16,356,375**	**7,315,564**	**31,534,183**	**175,421,114**	**(55,014,281)**	**(14,787,663)**	**160,825,292**

26 Financial risk management (Continued)

In thousands of USD	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	From 5 to 10 years	More than 10 years	Total
Financial assets							
Cash and cash equivalents	710	-	-	-	-	-	710
Due from banks	2,147	-	-	-	-	-	2,147
Lease receivables	1,791	3,041	13,278	34,698	-	-	52,808
Other financial assets	70	24	94	256	-	-	444
Total financial assets, undiscounted	**4,718**	**3,065**	**13,372**	**34,954**	**-**	**-**	**56,109**
Financial liabilities							
Borrowings	1,251	2,319	10,158	17,812	5,251	1,411	38,202
Lease liabilities	24	48	204	399	-	-	675
Advances from lessees	450	-	-	-	-	-	450
Trade payables	1,384	-	-	-	-	-	1,384
Other financial liabilities	48	-	-	-	-	-	48
Total financial liabilities, undiscounted	**3,157**	**2,367**	**10,362**	**18,211**	**5,251**	**1,411**	**40,759**
Liquidity (deficit)/ surplus arising from financial instruments	**1,561**	**698**	**3,010**	**16,743**	**(5,251)**	**(1,411)**	**15,350**

26 Financial risk management (Continued)

The Company does not use the above maturity analysis based on undiscounted contractual maturities of liabilities to manage liquidity. Instead, the Company monitors expected maturities and the resulting expected liquidity gap as follows:

In thousands of UZS	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	From 5 to 10 years	More than 10 years	Total
31 December 2020							
Total financial assets	35,798,493	24,947,028	112,836,663	230,547,716	-	-	404,129,900
Total financial liabilities	51,550,185	47,732,159	79,896,486	158,727,245	52,384,600	5,238,460	395,529,135
Net liquidity gap based on expected maturities	**(15,751,692)**	**(22,785,131)**	**32,940,177**	**71,820,471**	**(52,384,600)**	**(5,238,460)**	**8,600,765**
31 December 2019							
Total financial assets	47,997,023	30,123,738	119,741,455	231,097,200	-	-	428,959,416
Total financial liabilities	31,093,413	21,065,975	89,830,660	165,843,287	47,537,800	14,261,340	369,632,475
Net liquidity gap based on expected maturities	**16,903,610**	**9,057,763**	**29,910,795**	**65,253,913**	**(47,537,800)**	**(14,261,340)**	**59,326,941**

In thousands of USD	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	From 5 to 10 years	More than 10 years	Total
31 December 2020							
Total financial assets	3,418	2,381	10,770	22,005	-	-	38,574
Total financial liabilities	4,921	4,556	7,626	15,150	5,000	500	37,753
Net liquidity gap based on expected maturities	**(1,503)**	**(2,175)**	**3,144**	**6,855**	**(5,000)**	**(500)**	**821**
31 December 2019							
Total financial assets	4,581	2,875	11,429	22,058	-	-	40,943
Total financial liabilities	2,968	2,011	8,574	15,829	4,537	1,362	35,281
Net liquidity gap based on expected maturities	**1,613**	**864**	**2,855**	**6,229**	**(4,537)**	**(1,362)**	**5,662**

As at 31 December 2020 the Company breached covenants under loan agreements with ICD and EBRD. The breach of covenants in these loan agreements resulted in a cross-default event under loan agreement with IFC. As a result the loan balances under these agreements in the total amount of UZS 44,334,315 thousand were classified as current liabilities in a liquidity table above. This resulted in a negative liquidity gap up to one month in amount of UZS 15,751,692 thousand and up to twelve months in amount of UZS 5,596,646 thousand. These factors considered in conjunction with continuing economic and political changes taking place in the Republic of Uzbekistan, indicate that the Company's ability to continue as a going concern is dependent on the intention of international financial institutions to continue financing of the Company and the management`s ability to obtain additional financing to manage liquidity. Based on the management`s assessment the Company will be able to meet the negative liquidity gap: 1) as the Company was able to generate positive operating cash flows for the year ended 31 December 2020 and will be able to generate positive future operating cash flows, and 2) as the management is able to manage the expectations of international financial institutions. Moreover, the Company received a waiver dated 25 January 2021 from EBRD confirming that EBRD waives the breach of "Open Credit Exposure Ratio" as at 31 December 2020. Based on factors mentioned above the management believes that there is no significant uncertainty about the Company`s ability to operate as a going concern.

27 Contingencies and commitments

Legal proceedings. From time to time and in the normal course of business, claims against the Company may be received. On the basis of its own estimates and both internal and external professional advice, management is of the opinion that no material losses will be incurred in respect of claims, and accordingly no provision has been made in these financial statements.

Tax contingencies. The taxation system in the Republic of Uzbekistan continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities.

Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines, penalties, and interest charges. A tax year generally remains open for review by the tax authorities during the five subsequent years.

All these circumstances may create tax risks in the Republic of Uzbekistan that are more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Uzbekistan tax legislation, official pronouncements and court decisions. However, the interpretations of the tax authorities and courts, especially due to reform of the supreme courts that are resolving tax disputes, could differ and the effect on these financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

Accordingly, at 31 December 2020 no provision for potential tax liabilities was recorded (31 December 2019: no provision). The Company estimates that it has no potential obligations from exposure to other than remote tax risks (31 December 2019: no obligations).

Capital expenditure commitments. The Company had no material commitments for capital expenditures outstanding as at 31 December 2020.

Compliance with covenants. In accordance with loan agreements with foreign financial institutions (Islamic Corporation for Development of Private Sector (ICD), Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD) and International Finance Corporation (IFC)), the Company is obligated to comply with certain financial covenants based on the financial statements prepared in accordance with IFRS. As at 31 December 2020 the Company has covenant breaches associated with loan agreements with ICD and EBRD which resulted in a cross-default event in a loan agreement with IFC. As a result based on contractual arrangements the loans from IFC amounting UZS 7,400,847 thousand, EBRD amounting UZS 14,497,398 thousand and ICD amounting UZS 22,436,070 thousand are payable on demand as at 31 December 2020.

28 Fair value disclosures

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

Fair values analysed by level in the fair value hierarchy and carrying value of assets and liabilities not measured at fair value at 31 December 2020 are as follows:

28. Fair value disclosures (Continued)

In thousands of UZS	Level 2 UZS'000	Level 3 UZS'000	Carrying value UZS'000	Level 2 USD'000	Level 3 USD'000	Carrying value USD'000
Assets						
Cash and cash equivalents	8,369,996	-	8,369,996	799	-	799
Due from banks	4,922,622	-	4,922,622	470	-	470
Lease receivables	-	387,415,333	387,415,333	-	36,978	36,978
Other financial assets	-	3,421,949	3,421,949	-	327	327
Total financial assets	**13,292,618**	**390,837,282**	**404,129,900**	**1,269**	**37,305**	**38,574**
Liabilities						
Borrowings	-	367,513,726	367,513,726	-	35,078	35,078
Lease liabilities	-	4,489,752	4,489,752	-	429	429
Bond	-	4,186,475	4,186,475	-	400	400
Advances from lessees	-	12,581,004	12,581,004	-	1,201	1,201
Trade payables	-	6,498,752	6,498,752	-	620	620
Other financial liabilities	-	259,426	259,426	-	25	25
Total financial liabilities	**-**	**395,529,135**	**395,529,135**	**-**	**37,353**	**37,753**

Fair values analysed by level in the fair value hierarchy and carrying value of assets and liabilities not measured at fair value at 31 December 2019 are as follows:

In thousands of UZS	Level 2 UZS'000	Level 3 UZS'000	Carrying value UZS'000	Level 2 USD'000	Level 3 USD'000	Carrying value USD'000
Assets						
Cash and cash equivalents	7,442,266	-	7,442,266	710	-	710
Due from banks	22,491,422	-	22,491,422	2,147	-	2,147
Lease receivables	-	395,492,694	395,492,694	-	37,749	37,749
Other financial assets	-	3,533,034	3,533,034	-	337	337
Total financial assets	**29,933,688**	**399,025,728**	**428,959,416**	**2,857**	**38,086**	**40,943**
Liabilities						
Borrowings	-	344,306,998	344,306,998	-	32,863	32,863
Lease liabilities	-	5,615,455	5,615,455	-	536	536
Advances from lessees	-	4,710,546	4,710,546	-	450	450
Trade payables	-	14,496,785	14,496,785	-	1,384	1,384
Other financial liabilities	-	502,691	502,691	-	48	48
Total financial liabilities	**-**	**369,632,475**	**369,632,475**	**-**	**35,281**	**35,281**

The fair values in level 2 and level 3 of fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of floating rate instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

29 Related party balances and transactions

Parties are generally considered to be related if the parties are under common control, or one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

National Bank of Uzbekistan and Uzbek-Oman Investment Company LLC are government-owned entities that have 41.6% and 38.7% of the shares and voting rights of the Company respectively and this ownership allows the Government a significant influence over the Company. The Company`s transactions with entities that are either controlled or jointly controlled by the Government are not significant. The Company applies the exemption in IAS 24 Related party disclosures that allows to present reduced related party disclosures regarding transactions with government-related entities.

At 31 December 2020, the outstanding balances with related parties were as follows:

	Shareholders		Supervisory Board		Key Management personnel	
	UZS'000	USD'000	UZS'000	USD'000	UZS'000	USD'000
Cash and cash equivalents	7,995,123	763	-	-	-	-
Due from banks	4,922,622	470	-	-	-	-
Gross amount of loans to employees (contractual interest rate: 14-16%)	-	-	-	-	1,019,155	97
Borrowings (contractual interest rate: 8-22%)	142,355,472	13,588				

At 31 December 2019, the outstanding balances with related parties were as follows:

	Shareholders		Supervisory Board		Key Management personnel	
	UZS'000	USD'000	UZS'000	USD'000	UZS'000	USD'000
Cash and cash equivalents	6,838,373	653	-	-	-	-
Due from banks	22,491,422	2,147	-	-	-	-
Gross amount of loans to employees (contractual interest rate: 14-16%)	-	-	-	-	649,633	62
Borrowings (contractual interest rate: 14-22%)	111,985,481	10,689	-	-	-	-

The income and expense items with related parties for 2020 were as follows:

	Shareholders		Supervisory Board		Key Management personnel	
	UZS'000	USD'000	UZS'000	USD'000	UZS'000	USD'000
Interest expense	23,443,678	2,238	-	-	-	-
Interest income on loans to employees	-	-	-	-	121,814	12
Management salaries	-	-	-	-	903,706	86
Supervisory board remuneration	-	-	248,036	24	-	-
Commission fees charged by NBU	936,549	89	-	-	-	-

The income and expense items with related parties for 2019 were as follows:

	Shareholders		Supervisory Board		Entities under common control		Key Management personnel	
	UZS'000	USD'000	UZS'000	USD'000	UZS'000	USD'000	UZS'000	USD'000
Interest expense	14,200,680	1,356	-	-	-	-	-	-
Interest income on loans to employees	-	-	-	-	-	-	55,340	5
Annual office rentals paid to VIP NBU service	-	-	-	-	169,203	16	-	-
Annual furniture rentals paid to VIP NBU service	-	-	-	-	1,850	-	-	-
Management salaries	-	-	-	-	-	-	1,021,776	98
Supervisory board remuneration	-	-	227,058	22	-	-	-	-
Commission fees charged by NBU	1,003,939	96	-	-	-	-	-	-

30 Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The amount of capital that the Company managed as of 31 December 2020 was UZS 113,653,883 thousand /USD 10,848 thousand (2019: UZS 112,130,979 thousand/ USD 10,702 thousand).

31 Events after the end of reporting period

In 2021 the Company received financing from four financial institutions to provide leasing to small and medium-sized enterprises. Loans and borrowings obtained are listed below:

i. Funds from AgriF coëperatief U.A were provided in accordance with the loan agreement signed in March 2021 amounting to USD 3 million with maturity in December 2023.
ii. Funds from INCOFIN INCLUSIVE FINANCE FUND were provided in accordance with the loan agreement signed in March 2021 amounting to EUR 1,7 million with maturity in April 2024.
iii. Funds from OOO «O'zbek-O'mon Investitsiya Kompaniyasi» were provided in accordance with the loan agreement signed in March 2021 amounting to UZS 5 bln with maturity in September 2021.
iv. Funds from INCOFIN CVSO CVBA-SO were provided in accordance with the loan agreement signed in May 2021 amounting to EUR 2 million with maturity in May 2024.