UzbekLeasing International A O

Joint Stock Company "UZBEK LEASING INTERNATIONAL A.O."

International Financial Reporting Standards
Financial Statements

31 December 2018

CONTENTS

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Independent auditor's report

To the Shareholders and Supervisory Board of Joint Stock Company "Uzbek Leasing International A.O."

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Joint Stock Company "Uzbek Leasing International A.O." (the "Company") as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2018;
- the statement of profit or loss for the year then ended;
- the statement of other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Code of Professional Ethics for Auditors of Uzbekistan and auditor's independence requirements that are relevant to our audit of the financial statements in the Republic of Uzbekistan. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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 is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Utkir Muhammadiyev
General Director
Certificate of auditor No. 05082
dated 23 February 2013

Audit Organization "PricewaterhouseCoopers" LLC

Audit Organization "PricewaterhouseCoopers" LLC
11 June 2019
Tashkent, Uzbekistan

Joint Stock Company "UZBEK LEASING INTERNATIONAL A.O."
Statement of Financial Position

	Note	31 December 2018 UZS'000	31 December 2017 UZS'000	31 December 2018 USD'000	31 December 2017 USD'000
ASSETS					
Cash and cash equivalents	7	10,591,699	1,291,663	1,270	159
Due from banks	8	12,000,426	9,800,892	1,439	1,207
Finance lease receivables	9	323,397,404	206,258,115	38,779	25,401
Equipment for leasing	10	17,752,151	14,680,059	2,129	1,808
Prepayments to vendors for leasing equipment	12	29,325,220	6,073,262	3,516	748
Deferred income tax asset	26	1,228,582	984,642	147	121
Property and equipment	11	491,885	445,037	59	55
Other assets	13	6,849,407	7,701,102	821	948
TOTAL ASSETS		**401,636,774**	**247,234,772**	**48,160**	**30,447**
LIABILITIES					
Borrowings	14,16	283,522,718	144,534,962	33,997	17,800
Finance lease liabilities	15	2,555,938	6,433,787	306	792
Advances from lessees	17	4,590,896	6,239,764	550	768
Trade payables	18	11,519,462	3,119,513	1,381	384
Other liabilities	19	1,548,908	1,759,752	187	217
TOTAL LIABILITIES		**303,737,922**	**162,087,778**	**36,421**	**19,961**
EQUITY					
Share capital	20	9,113,589	9,113,589	1,093	1,122
Additional paid in capital	20	25,714,969	25,714,969	3,083	3,167
Retained earnings		63,070,294	50,318,436	7,563	6,197
TOTAL EQUITY		**97,898,852**	**85,146,994**	**11,739**	**10,486**
TOTAL LIABILITIES AND EQUITY		**401,636,774**	**247,234,772**	**48,160**	**30,447**

Approved for issue and signed on "11" June 2019.

Mustafaev Z.B.
Chief Executive Officer

Lim T.M.
Chief Accountant

	Note	2018 UZS'000	2017 UZS'000	2018 USD'000	2017 USD'000
Interest income on finance leases	21	57,275,499	59,153,151	7,098	13,105
Interest expense on finance leases	21	(1,097,269)	(2,298,816)	(136)	(564)
Net interest income on finance leases		**56,178,230**	**56,854,335**	**6,962**	**12,541**
Release of credit loss allowance / Provision for impairment	9	1,140,513	(1,056,767)	142	(259)
Net interest income on finance leases after credit loss allowance / provision for impairment of finance lease receivables		**57,318,743**	**55,797,568**	**7,104**	**12,282**
Other interest expense	22	(19,677,174)	(10,100,864)	(2,439)	(1,976)
Other operating income	23	5,265,854	11,863,827	653	2,306
Administrative and other operating expenses	24	(17,318,091)	(15,646,032)	(2,146)	(3,267)
Release / (Provision for impairment of other assets)	13	1,231,671	(1,972,022)	152	(536)
Foreign exchange losses, net		(3,423,694)	(19,375,158)	(424)	(3,279)
PROFIT BEFORE INCOME TAX		**23,397,309**	**20,567,319**	**2,900**	**5,530**
Income tax expense	26	(3,847,062)	(1,594,671)	(477)	(641)
PROFIT FOR THE YEAR		**19,550,247**	**18,972,648**	**2,423**	**4,889**

	Note	2018 UZS'000	2017 UZS'000	2018 USD'000	2017 USD'000
PROFIT FOR THE YEAR		**19,550,247**	**18,972,648**	**2,423**	**4,889**
Other comprehensive income					
Effect of translation to presentation currency USD		-	-	(331)	(15,226)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**19,550,247**	**18,972,648**	**2,092**	**(10,337)**

	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 at 1 January 2017		**9,113,589**	**25,714,969**	**39,055,896**	**73,884,454**	**2,820**	**7,958**	**12,086**	**22,864**
Profit for the year		-	-	18,972,648	18,972,648	-	-	4,889	4,889
Other comprehensive income for the year		-	-	-	-	(1,698)	(4,791)	(8,737)	(15,226)
Total comprehensive income for 2017		-	-	18,972,648	18,972,648	(1,698)	(4,791)	(3,848)	(10,337)
Dividends declared	25	-	-	(7,710,108)	(7,710,108)	-	-	(2,041)	(2,041)
Balance at 31 December 2017		**9,113,589**	**25,714,969**	**50,318,436**	**85,146,994**	**1,122**	**3,167**	**6,197**	**10,486**
Adoption of IFRS 9: remeasurement for expected credit losses, net of tax	5	-	-	(2,883,100)	(2,883,100)	-	-	(355)	(355)
Restated balance at 1 January 2018		**9,113,589**	**25,714,969**	**47,435,336**	**82,263,894**	**1,122**	**3,167**	**5,842**	**10,131**
Net profit for the year		-	-	19,550,247	19,550,247	-	-	2,423	2,423
Other comprehensive income for the year		-	-	-	-	(29)	(84)	(217)	(330)
Total comprehensive income for 2018		9,113,589	25,714,969	66,985,583	101,814,141	1,093	3,083	8,048	12,224
Dividends declared	25	-	-	(3,915,289)	(3,915,289)	-	-	(485)	(485)
Balance at 31 December 2018		**9,113,589**	**25,714,969**	**63,070,294**	**97,898,852**	**1,093**	**3,083**	**7,563**	**11,739**

The notes set out on pages 7 to 68 form an integral part of these financial statements.

	Note	2018 UZS'000	2017 UZS'000	2018 USD'000	2017 USD'000
Cash flows from operating activities					
Interest income received on finance lease		57,275,499	59,153,151	7,098	13,105
Interest paid	16	(19,677,174)	(10,100,864)	(2,439)	(1,976)
Other operating income received		337,256	1,622,967	42	315
Administrative and other operating expenses paid		(8,048,727)	(7,074,457)	(998)	(1,477)
Staff costs paid		(8,444,957)	(6,676,959)	(1,047)	(1,394)
Income tax paid		(1,424,375)	(5,136,238)	(177)	(1,064)
Cash flows from operating activities before changes in operating assets and liabilities		**20,017,522**	**31,787,600**	**2,479**	**8,573**
Net (increase)/decrease in due from banks		(2,178,156)	4,507,154	(270)	934
Net increase in finance lease receivables		(114,136,506)	(30,104,939)	(14,145)	(6,238)
Net decrease/(increase) in equipment for leasing		4,444,368	(5,593,292)	551	(1,159)
Net increase in prepayments made to vendors for leasing equipment		(24,110,949)	(419,843)	(2,988)	(87)
Net descrease/(increase) in other assets		767,871	(3,299,026)	95	(684)
Net (decrease)/increase in advance received from lessees		(1,648,868)	2,547,375	(204)	528
Net increase/(decrease) in trade payables		8,366,875	(28,066,078)	1,037	(5,816)
Net increase/(decrease) in other liabilities		277,423	(54,867)	34	(11)
Net cash used in operating activities		**(108,200,420)**	**(28,695,916)**	**(13,411)**	**(3,960)**
Cash flows from investing activities					
Purchase of property and equipment	11	(431,406)	(102,744)	(53)	(21)
Loans issued to employees		(1,915,180)	(1,111,715)	(237)	(230)
Repayment of loans to employees		268,876	271,475	33	56
Loans issued to companies		-	(290,000)	-	(60)
Repayment of loans to companies		-	111,244	-	23
Net cash used in investing activites		**(2,077,710)**	**(1,121,740)**	**(257)**	**(232)**

The notes set out on pages 7 to 68 form an integral part of these financial statements.

	Note	2018 UZS'000	2017 UZS'000	2018 USD'000	2017 USD'000
Cash flows from financing activities					
Dividends paid	25	(3,915,289)	(8,318,464)	(485)	(2,224)
Repayment of finance lease liabilities	16	(3,876,210)	(12,245,369)	(480)	(2,537)
Proceeds from borrowings	16	193,936,646	68,559,307	24,035	14,206
Repayment of borrowings	16	(66,123,128)	(39,658,291)	(8,195)	(8,218)
Net cash from financing activities		**120,022,019**	**8,337,183**	**14,875**	**1,227**
Effect of exchange rate changes on cash and cash equivalents		**(443,853)**	**807,871**	**(96)**	**(3,673)**
Net increase/(decrease) in cash and cash equivalents		**9,300,036**	**(20,672,602)**	**1,111**	**(6,638)**
Cash and cash equivalents at the beginning of the year	7	1,291,663	21,964,265	159	6,797
Cash and cash equivalents at the end of the year	**7**	**10,591,699**	**1,291,663**	**1,270**	**159**
Non cash transactions					
Borrowings from Islamic Corporation of Development of Private Sector	16	7,516,460	-	932	-
Finance lease liabilities issued by KDB Bank Uzbekistan (UzKDB)	16	-	7,202,694	-	1,492
Transfer prepayments from other assets into finance lease liabilities and borrowings after issue	16	-	169,015	-	35

1 Introduction

These financial statements of Uzbek Leasing International A.O. (the "Company") have been prepared in accordance with International Financial Reporting Standards ("IFRS") for the period ended 31 December 2018.

The Company was incorporated and is 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 Decree dated 5 January 1995 of the Cabinet of Ministers of Uzbekistan.

The shareholders of the Company are as follows:

	31 December 2018	31 December 2017
National Bank for Foreign Economic activity of Uzbekistan (National Bank of Uzbekistan - NBU)	41.6%	41.6%
Uzbek-Omon 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 finance leases to entities within the Republic of Uzbekistan. The Company had 56 employees as at 31 December 2018 (31 December 2017: 54 employees).

Registered address and place of business. The Company's registered address and principal place of business is: 1, Beshyog'och street, Tashkent, 100066, Republic of Uzbekistan.

Presentation currency. These financial statements are presented in Uzbek Soums ("UZS") and US Dollars ("USD"), unless otherwise stated.

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.

For the purpose of measurement of expected credit losses ("ECL") the Company uses supportable forward-looking information, including forecasts of macroeconomic variables. As with any economic forecast, however, the projections and likelihoods of their occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different from those projected. Note 27 provides more information of how the Company incorporated forward-looking information in the ECL models.

Uzbekistan experienced the following key economic indicators in 2018:

- Inflation: 14.3% (2017: 14.4%);
- GDP growth: 5.1% (2017: 5.3%);
- Refinancing rate of the Central Bank of Uzbekistan ("CBU") – 16.0% (2017: 14.0%).

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. Apart from the accounting policy changes resulting from the adoption of IFRS 9 and IFRS 15 effective from 1 January 2018, these policies have been consistently applied to all the periods presented, unless otherwise stated.

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 and presentation 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").

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 2018 the principal rates of exchange used for translating foreign currency balances were USD 1 = UZS 8,339.55 and EUR 1 = UZS 9,479.57 (2017: USD 1 = UZS 8,120.07 and EUR 1 = UZS 9,624.72). Exchange restrictions and controls exist over the conversion UZS into other currencies. At present, the UZS is not a freely convertible currency outside of the Republic of Uzbekistan.

In addition to presenting the financial statements in UZS, the Company presents its financial statements in USD.

The results and financial position of the Company are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position are translated at the closing rate at the end of the respective reporting period;

(ii) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on transaction dates, in which case income and expenses are translated at the dates of transactions);

(iii) components of equity are translated at closing rate as the end of the respective reporting period; and

(iv) all resulting exchange differences are recognised in other comprehensive income.

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. Refer to Note 29.

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 Comapny manages the assets in order to generate cash flows – whether the Comapny'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. Refer to Note 4 for critical judgements applied by the Company in determining the business models for its financial assets.

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.

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. Refer to Note 4 for critical judgements applied by the Company in performing the SPPI test for its financial assets.

3 Significant Accounting Policies (Continued)

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 entity 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 consolidated statement of financial position net of the allowance for ECL. For loan commitments and financial guarantees, a separate provision for ECL is recognised as a liability in the consolidated statement of financial position. 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 27 for a description of how the Group 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 27. For financial assets that are purchased or originated credit-impaired ("POCI Assets"), the ECL is always measured as a Lifetime ECL. Note 27 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.

As an exception, for certain financial instruments, such as credit cards, that may include both a loan and an undrawn commitment component, the Company measures expected credit losses over the period that the Company is exposed to credit risk, that is, until the expected credit losses would be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. This is because contractual ability to demand repayment and cancel the undrawn commitment does not limit the exposure to credit losses to such contractual notice period.

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 dercognition event. Indicators that there is no reasonable expectation of recovery include bankruptsy 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. This policy is not applicable for finance lease receivables.

Financial liabilities – measurement categories. Financial liabilities are classified as subsequently measured at AC, except for (i) 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 and (ii) financial guarantee contracts and loan commitments.

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.

Finance 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 finance lease receivable and carried at the present value of the future lease payments. Finance 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 finance lease receivable and reduce the amount of income recognised over the lease term. Finance income from leases is recorded within interest income on finance 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 finance 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.

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 finance lease receivables on the date of commencement of the lease term.

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 finance lease receivables on the date of commencement of the lease term.

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. Features mandated solely by legislation, such as the bail-in legislation in certain countries, do not have an impact on the SPPI test, unless they are included in contractual terms such that the feature would apply even if the legislation is subsequently changed.

The payments or receipts presented in the statement of cash flows represent transfers of cash and cash equivalents by the Company, including amounts charged or credited to current accounts of the Company's counterparties held with the Company, such as loan interest income or principal collected by charging the customer's current account or interest payments or disbursement of loans credited to the customer's current account, which represents cash or cash equivalent from the customer's perspective.

3 Significant Accounting Policies (Continued)

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.

Certain bank deposits held by the Company are subject to the "bail-in" legislation that permits or requires a national resolving authority to impose losses on holders in particular circumstances. Where the bail-in clauses are included in the contractual terms of the instrument and would apply even if legislation subsequently changes, the SPPI test is not met and such instruments are mandatorily measured at FVTPL. The Company did not identify such balances due from banks. Where such clauses in the contract merely acknowledge the existence of the legislation and do not create any additional rights or obligation for the Company, the SPPI criterion is met and the respective instruments are carried at AC.

Repossessed collateral. Repossessed collateral represents financial and non-financial assets acquired by the Company in settlement of overdue loans. 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.

Where repossessed collateral results in acquiring control over a business, the business combination is accounted for using the acquisition method of accounting with fair value of the settled loan representing the cost of acquisition (refer to the accounting policy for consolidation). Accounting policy for associates is applied to repossessed shares where the Company obtains significant influence, but not control. The cost of the associate is the fair value of the loan settled by repossessing the pledged shares.

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
- 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.

Property and equipment. Property 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 property 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
Buildings	*50*
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.

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 "Prepayment 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.

Operating leases. Where the Company is a lessee in a lease, which does not transfer substantially all the risks and rewards incidental to ownership from the lessor to the Company, the total lease payments are expensed on a straight-line basis over the period of the lease.

Leases embedded in other agreements are separated if (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets and (b) the arrangement conveys a right to use the asset.

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

Finance 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 finance 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 finance 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.

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.

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.

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 entity 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. The Group does not designate loan commitments as financial liabilities at FVTPL.

For financial assets that are originated or purchased credit-impaired, the effective interest rate is the rate that discounts the expected cash flows (including the initial expected credit losses) to the fair value on initial recognition (normally represented by the purchase price). As a result, the effective interest is credit-adjusted.

When it becomes doubtful that leases and other debt instruments can be collected, they are written down to present value of expected cash inflows and interest income is thereafter recorded for the unwinding of the present value discount based on the asset's effective interest rate which was used to measure the impairment loss.

All other fees, commissions and 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 27 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 27.

	2018			2017		
	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	17,752,151	-	17,752,151	14,680,059	-	14,680,059
Prepayments to vendors for leasing equipment	29,325,220	-	29,325,220	6,073,262	-	6,073,262
Deferred income tax asset	-	1,629,516	1,629,516	-	984,642	984,642
Property and equipment	-	491,885	491,885	-	445,037	445,037
Other non-financial assets	3,486,245	-	3,486,245	4,164,379		4,164,379
LIABILITIES						
Other non-financial liabilities	942,714	-	942,714	1,188,581	-	1,188,581

3 Significant Accounting Policies (Continued)

In thousands of USD	2018 Amounts expected to be recovered or settled: Within 12 months after the reporting period	2018 Amounts expected to be recovered or settled: Beyond 12 months after the reporting period	2018 Total	2017 Amounts expected to be recovered or settled: Within 12 months after the reporting period	2017 Amounts expected to be recovered or settled: Beyond 12 months after the reporting period	2017 Total
ASSETS						
Equipment for leasing	2,129	-	2,129	1,808	-	1,808
Prepayments to vendors for leasing equipment	3,516	-	3,516	748	-	748
Deferred income tax asset	-	195	195	-	121	121
Property and equipment	-	59	59	-	55	55
Other non-financial assets	417	-	417	511	-	511
LIABILITIES						
Other liabilities	115	-	115	146	-	146

Amendment of the financial statements after issue. Any changes to these financial statements after issue require approval of Supervisory Board of Directors.

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:

Finance leases. Management applies judgement to determine if substantially all the significant risks and rewards of ownership of financial assets and lease assets are transferred to counterparties, in particular which risks and rewards are the most significant and what constitutes substantially all risks and rewards. Although the title to a leased asset remains with the Company during the leasing period, the Company derecognises the leased assets and recognises finance lease receivables upon commencement of the lease term, since in case of material breach of lease agreement terms the Company is entitled to request to pay ahead of time all leasing payments or request to early rescind the lease agreement with compensation of all losses and (or) returning the leased asset.

Management applies judgement to determine lease implicit rate when it is hard to identify leased assets fair value. Management makes judgement based on expected risk level of the lessees project and expected interest yield to be offered by third parties to such lessees.

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 27. 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 Group 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.

A change in the weight assigned to base forward looking macro-economic set of assumptions by 10% towards the immediate downside level assumptions would result in an increase in ECL by UZS 524,123 thousand (USD 63 thousand) at 31 December 2018 (1 January 2018: by UZS 369,403 thousand (USD 45 thousand)). A corresponding change towards the upside assumptions would result in a decrease in ECL by UZS 524,123 thousand (USD 63 thousand) at 31 December 2018 (1 January 2018: by UZS 369,403 thousand (USD 45 thousand)).

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 27.

Tax legislation. Uzbekistan tax, currency and customs legislation is subject to varying interpretations. Refer to Note 28.

5 Adoption of New or Revised Standards and Interpretations

Adoption of IFRS 9 "Financial Instruments". The Company adopted IFRS 9, *Financial Instruments*, from 1 January 2018. The Company elected not to restate comparative figures and recognised any adjustments to the carrying amounts of financial assets and liabilities in the opening retained earnings as of the date of initial application of the standard, 1 January 2018. Consequently, the revised requirements of the IFRS 7, *Financial Instruments: Disclosures*, have only been applied to the current period. The comparative period disclosures repeat those disclosures made in the prior year.

The significant new accounting policies applied in the current period are described in Note 3.

The following table reconciles the carrying amounts of each class of financial assets as previously measured in accordance with IAS 39 and the new amounts determined upon adoption of IFRS 9 on 1 January 2018.

	Measurement category		Carrying value under IAS 39 -	Effect of adopting IFRS 9				Carrying value under IFRS 9 -
				Reclassification		Remeasurement		
In thousands of UZS	IAS 39	IFRS 9	31-Dec-17	Mandatory	Voluntary	ECL	Other	1-Jan-18
Cash and cash equivalents	L&R	AC	1,291,663	-	-	-	-	1,291,663
Due from other banks	L&R	AC	9,800,892	-	-	-	-	9,800,892
Finance lease receivables	-	-	206,258,115	-	-	(3,428,363)	-	202,829,752
Other assets								
Loans to employees	L&R	AC	1,148,339	-	-	-	-	1,148,339
Claims receivables	L&R	AC	1,165,976	-	-	75,921	-	1,241,897
Reimbursable expenses	L&R	AC	1,043,652	-	-	-	-	1,043,652
Loans to companies	L&R	AC	178,756	-	-	-	-	178,756
Total financial assets			**220,887,393**	-	-	**(3,352,442)**	-	**217,534,951**

	Measurement category		Carrying value under IAS 39 -	Effect of adopting IFRS 9				Carrying value under IFRS 9 -
				Reclassification		Remeasurement		
In thousands of USD	IAS 39	IFRS 9	31-Dec-17	Mandatory	Voluntary	ECL	Other	1-Jan-18
Cash and cash equivalents	L&R	AC	159	-	-	-	-	159
Due from other banks	L&R	AC	1,207	-	-	-	-	1,207
Finance lease receivables	-	-	25,401	-	-	(422)	-	24,979
Other assets								
Loans to employees	L&R	AC	141	-	-	-	-	141
Claims receivables	L&R	AC	144	-	-	9	-	153
Reimbursable expenses	L&R	AC	129	-	-	-	-	129
Loans to companies	L&R	AC	23	-	-	-	-	23
Total financial assets			**27,204**	-	-	**(413)**	-	**26,791**

(a) Cash and cash equivalents

All classes of cash and cash equivalents as disclosed in Note 7 were reclassified from loans and receivables ("L&R") measurement category under IAS 39 to AC measurement category under IFRS 9 at the adoption date of the standard. The ECLs for cash and cash equivalents balances were insignificant.

(b) Due from banks

All classes of due from banks balances were reclassified from L&R measurement category under IAS 39 to AC measurement category under IFRS 9.

(c) Other assets (loans to employees, claims recievables, reimbursable expenses and loans to companies)

All classes of other assets were reclassified from L&R measurement category under IAS 39 to AC measurement category under IFRS 9.

(d) Financial lease receivables

Financial lease receivables recognised accoridng to IAS 17 requirements and IFRS 9 and IAS 39 recognition requirements are not applicable.

5 Adoption of New or Revised Standards and Interpretations (Continued)

Reconciliation of provision for impairment at 31 December 2017 and credit loss allowance at 1 January 2018. The following table reconciles the prior period's closing provision for impairment measured in accordance with incurred loss model under IAS 39 to the new credit loss allowance measured in accordance with expected loss model under IFRS 9 at 1 January 2018:

In thousand or UZS	Provision under IAS 39 or IAS 37 at 31 Dec 2017	Effect: Reclassi-fication to FVTPL	Effect: Reclassi-fication to FVOCI	Effect: Remeasu-rement from incurred to expected loss	Credit loss allowance under IFRS 9 at 1 January 2018
Leases and receivables measurement category					
Cash and cash equivalents	-	-	-	-	-
Due from other banks	-	-	-	-	-
Finance lease receivables	(2,294,074)	-	-	(3,428,363)	(5,722,437)
Other assets	(2,105,757)	-	-	75,921	(2,029,836)
Total provision/ Credit loss allowance	**(4,399,831)**	**-**	**-**	**(3,352,442)**	**(7,752,273)**

In thousand or USD	Provision under IAS 39 or IAS 37 at 31 Dec 2017	Effect: Reclassi-fication to FVTPL	Effect: Reclassi-fication to FVOCI	Effect: Remeasu-rement from incurred to expected loss	Credit loss allowance under IFRS 9 at 1 January 2018
Leases and receivables measurement category					
Cash and cash equivalents	-	-	-	-	-
Due from other banks	-	-	-	-	-
Finance lease receivables	(283)	-	-	(422)	(705)
Other assets	(259)	-	-	9	(250)
Total provision/ Credit loss allowance	**(542)**	**-**	**-**	**(413)**	**(955)**

At 31 December 2017, all of the Company's financial liabilities were carried at AC. There were no changes to the classification and measurement of financial liabilities.

5 Adoption of New or Revised Standards and Interpretations (Continued)

The following table analyses the impact, net of tax, of transition to IFRS 9 on reserves and retained earnings as of 1 January 2018.

In thousands of UZS	Share capital UZS'000	Additional paid in capital UZS'000	Retained earnings UZS'000	Total equity UZS'000
Amounts at 31 December 2017 prior to adoption of IFRS 9	**9,113,589**	**25,714,969**	**50,318,436**	**85,146,994**
Reclassification of investment securities from available-for-sale to FVTPL	-	-	-	-
Reclassification of debt investment securities from available-for-sale to FVOCI	-	-	-	-
Recognition of ECL under IFRS 9 for debt financial assets at FVOCI	-	-	-	-
Remeasurement to fair value for reclassified financial instruments under IFRS 9	-	-	-	-
Recognition of ECL under IFRS 9 for debt financial assets at FVOCI	-	-	-	-
Recognition of ECL under IFRS 9 for debt financial assets at amortized cost and credit related commitments	-	-	(3,352,442)	(3,352,442)
Deferred tax effect	-	-	469,342	469,342
At 1 January 2018 (under IFRS 9)	**9,113,589**	**25,714,969**	**47,435,336**	**82,263,894**

In thousands of USD	Share capital UZS'000	Additional paid in capital UZS'000	Retained earnings UZS'000	Total equity UZS'000
Amounts at 31 December 2017 prior to adoption of IFRS 9	**1,122**	**3,167**	**6,197**	**10,486**
Reclassification of investment securities from available-for-sale to FVTPL	-	-	-	-
Reclassification of debt investment securities from available-for-sale to FVOCI	-	-	-	-
Recognition of ECL under IFRS 9 for debt financial assets at FVOCI	-	-	-	-
Remeasurement to fair value for reclassified financial instruments under IFRS 9	-	-	-	-
Recognition of ECL under IFRS 9 for debt financial assets at FVOCI	-	-	-	-
Recognition of ECL under IFRS 9 for debt financial assets at amortized cost and credit related commitments	-	-	(413)	(413)
Deferred tax effect	-	-	58	58
At 1 January 2018 (under IFRS 9)	**1,122**	**3,167**	**5,842**	**10,131**

5 Adoption of New or Revised Standards and Interpretations (Continued)

Amendments to IFRS 9 - "Prepayment Features with Negative Compensation" (issued on 12 October 2017 and effective at the latest for annual periods beginning on or after 1 January 2019). The amendments were early adopted by the Company with the date of initial application of 1 January 2018. The amendments enable measurement at amortised cost of certain loans and debt securities that can be prepaid at an amount below amortised cost, for example at fair value or at an amount that includes a reasonable compensation payable to the borrower equal to present value of an effect of increase in market interest rate over the remaining life of the instrument. In addition, the text added to the standard's basis for conclusion reconfirms existing guidance in IFRS 9 that modifications or exchanges of certain financial liabilities measured at amortised cost that do not result in the derecognition will result in an gain or loss in profit or loss. The Company is therefore not be able to revise effective interest rate for the remaining life of the loan in order to avoid an impact on profit or loss upon a loan modification. The impact of this clarification on carrying value of the Company's financial liabilities carried at amortised cost was not material.

Adoption of IFRS 15 "Revenue from Contracts with Customers" (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2018) and Amendments to IFRS 15 "Revenue from Contracts with Customers" (issued on 12 April 2016 and effective for annual periods beginning on or after 1 January 2018). The Company has adopted IFRS 15, *Revenue from Contracts with Customers*, with the date of initial application of 1 January 2018. The new standard was applied using the modified retrospective method, with the cumulative effect recognised in retained earnings on 1 January 2018. The standard introduced the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The standard did not have a material impact on the Company.

The following amended standards became effective for the Group from 1 January 2018, but did not have any material impact on the Company:

- Amendments to IFRS 2 "Share-based Payment" (issued on 20 June 2016 and effective for annual periods beginning on or after 1 January 2018).
- Amendments to IFRS 4 - "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts" (issued on 12 September 2016 and effective, depending on the approach, for annual periods beginning on or after 1 January 2018 for entities that choose to apply temporary exemption option, or when the entity first applies IFRS 9 for entities that choose to apply the overlay approach).
- Annual Improvements to IFRSs 2014-2016 cycle – Amendments to IFRS 1 an IAS 28 (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).
- Amendments to IAS 40 – "Transfers of Investment Property" (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).

6 New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2019 or later, and which the Company has not early adopted.

IFRS 16 "Leases" (issued on 13 January 2016 and effective for annual periods beginning on or after 1 January 2019). The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Company decided that it will apply the standard using the modified retrospective method, without restatement of comparatives. The Management assessed likely impact of adoption of new standard and noted that there is no material impact on the financial statements of the Company.

IFRIC 23 "Uncertainty over Income Tax Treatments" (issued on 7 June 2017 and effective for annual periods beginning on or after 1 January 2019). IAS 12 specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. An entity should determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments based on which approach better predicts the resolution of the uncertainty. An entity should assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the effect of uncertainty will be reflected in determining the related taxable profit or loss, tax bases, unused tax losses, unused tax credits or tax rates, by using either the most likely amount or the expected value, depending on which method the entity expects to better predict the resolution of the uncertainty. An entity will reflect the effect of a change in facts and circumstances or of new information that affects the judgments or estimates required by the interpretation as a change in accounting estimate. Examples of changes in facts and circumstances or new information that can result in the reassessment of a judgment or estimate include, but are not limited to, examinations or actions by a taxation authority, changes in rules established by a taxation authority or the expiry of a taxation authority's right to examine or re-examine a tax treatment. The absence of agreement or disagreement by a taxation authority with a tax treatment, in isolation, is unlikely to constitute a change in facts and circumstances or new information that affects the judgments and estimates required by the Interpretation. The Company is currently assessing the impact of the interpretation on its financial statements.

IFRS 17 "Insurance Contracts"(issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021). IFRS 17 replaces IFRS 4, which has given companies dispensation to carry on accounting for insurance contracts using existing practices. As a consequence, it was difficult for investors to compare and contrast the financial performance of otherwise similar insurance companies. IFRS 17 is a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The standard requires recognition and measurement of groups of insurance contracts at: (i) a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset) (ii) an amount representing the unearned profit in the group of contracts (the contractual service margin). Insurers will be recognising the profit from a group of insurance contracts over the period they provide insurance coverage, and as they are released from risk. If a group of contracts is or becomes loss-making, an entity will be recognising the loss immediately. The Company expects to apply the standard to performance guarantees that it issues and is currently assessing the impact of the new standard on its financial statements.

Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures" (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019). The amendments clarify that reporting entities should apply IFRS 9 to long-term loans, preference shares and similar instruments that form part of a net investment in an equity method investee before they can reduce such carrying value by a share of loss of the investee that exceeds the amount of investor's interest in ordinary shares. The Company does not expect a material impact of the amendments on its financial statements.

6 New Accounting Pronouncements (Continued)

Annual Improvements to IFRSs 2015-2017 cycle - amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 (issued on 12 December 2017 and effective for annual periods beginning on or after 1 January 2019).The narrow scope amendments impact four standards. IFRS 3 was clarified that an acquirer should remeasure its previously held interest in a joint operation when it obtains control of the business. Conversely, IFRS 11 now explicitly explains that the investor should not remeasure its previously held interest when it obtains joint control of a joint operation, similarly to the existing requirements when an associate becomes a joint venture and vice versa. The amended IAS 12 explains that an entity recognises all income tax consequences of dividends where it has recognised the transactions or events that generated the related distributable profits, eg in profit or loss or in other comprehensive income. It is now clear that this requirement applies in all circumstances as long as payments on financial instruments classified as equity are distributions of profits, and not only in cases when the tax consequences are a result of different tax rates for distributed and undistributed profits. The revised IAS 23 now includes explicit guidance that the borrowings obtained specifically for funding a specified asset are excluded from the pool of general borrowings costs eligible for capitalisation only until the specific asset is substantially complete. The Company is currently assessing the impact of the amendments on its financial statements.

Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement" (issued on 7 February 2018 and effective for annual periods beginning on or after 1 January 2019).The amendments specify how to determine pension expenses when changes to a defined benefit pension plan occur. When a change to a plan—an amendment, curtailment or settlement—takes place, IAS 19 requires to remeasure net defined benefit liability or asset. The amendments require to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. Before the amendments, IAS 19 did not specify how to determine these expenses for the period after the change to the plan. By requiring the use of updated assumptions, the amendments are expected to provide useful information to users of financial statements. The Company is currently assessing the impact of the amendments on its financial statements.

Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020).The revised Conceptual Framework includes a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance - in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

Definition of a business – Amendments to IFRS 3 (issued on 22 October 2018 and effective for acquisitions from the beginning of annual reporting period that starts on or after 1 January 2020).The amendments revise definition of a business. A business must have inputs and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present, including for early stage companies that have not generated outputs. An organised workforce should be present as a condition for classification as a business if are no outputs. The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets. An entity can apply a 'concentration test'. The assets acquired would not represent a business if substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets). The amendments are prospective and the Company will apply them and assess their impact from 1 January 2020.

Definition of materiality – Amendments to IAS 1 and IAS 8 (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020).The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The Company is currently assessing the impact of the amendments on its financial statements.

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Company's financial statements.

7 Cash and Cash Equivalents

	2018 UZS'000	2017 UZS'000	2018 USD'000	2017 USD'000
Current account in USD	5,763,205	40,513	691	5
Current account in UZS	4,693,012	1,092,755	563	134
Current account in EUR	135,482	158,395	16	20
Total cash and cash equivalents	**10,591,699**	**1,291,663**	**1,270**	**159**

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 27 for the ECL measurement approach.

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

Financial Institution	**Rating**	**2018** UZS'000	**2017** UZS'000	**2018** USD'000	**2017** USD'000
Neither past due nor impaired					
National Bank of Uzbekistan	Moddy's B3	9,891,121	1,054,914	1,186	130
UzKDB Bank	S&P BB-	699,236	234,971	84	29
Asaka Bank	Moddy's B2	1,342	1,778	-	-
Total cash and cash equivalents		**10,591,699**	**1,291,663**	**1,270**	**159**

Geographical, currency and interest rate analysis of cash and cash equivalents are disclosed in Note 27. Information on cash and cash equivalents held with related parties is disclosed in Note 31.

8 Due from Banks

	2018 UZS'000	2017 UZS'000	2018 USD'000	2017 USD'000
Restricted cash by letter of credit in EUR	6,392,017	-	766	-
Restricted cash by letter of credit in USD	5,608,409	9,800,892	673	1,207
Total due from banks	**12,000,426**	**9,800,892**	**1,439**	**1,207**

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. Refer to Note 27 for the ECL measurement approach.

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

Financial Institution	**Rating**	**2018** UZS'000	**2017** UZS'000	**2018** USD'000	**2017** USD'000
Neither past due nor impaired					
National Bank of Uzbekistan	Moddy's B3	12,000,426	9,800,892	1,439	1,207
Due from banks		**12,000,426**	**9,800,892**	**1,439**	**1,207**

Geographical, currency and interest rate analysis of due from banks are disclosed in Note 27.

9 Finance Lease Receivables

	2018 UZS'000	2017 UZS'000	2018 USD'000	2017 USD'000
Finance lease receivables	327,979,328	208,552,189	39,328	25,684
Less credit loss allowance / provision for impairment	(4,581,924)	(2,294,074)	(549)	(283)
Total finance lease receivables, net	**323,397,404**	**206,258,115**	**38,779**	**25,401**

As at 31 December 2018 there are 336 (31 December 2017: 265) finance 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.

Management periodically assesses the financial performance of lessees by monitoring debts outstanding and analysing their financial reports. The Company holds title to the leased assets during the lease term.

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.

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

	2018			2017		
	Amount UZS'000	Amount USD'000	%	Amount UZS'000	Amount USD'000	%
Medicine	61,368,756	7,359	18.7	61,143,848	7,530	29.3
Construction	48,346,297	5,797	14.7	17,357,360	2,138	8.3
Chemical	38,848,548	4,658	11.8	28,338,785	3,490	13.6
Construction materials production	36,611,955	4,390	11.2	12,820,758	1,579	6.2
Agriculture	20,926,984	2,509	6.4	9,646,633	1,188	4.6
Food production and processing	19,731,583	2,366	6.0	16,997,561	2,093	8.2
Textile	18,017,345	2,160	5.5	3,948,708	486	1.9
Paper production and printing	18,004,844	2,159	5.5	20,817,445	2,564	10.0
Trade	15,721,155	1,885	4.8	9,464,649	1,166	4.5
Oil & gas industry	14,980,572	1,796	4.6	5,727,894	705	2.8
Transport	14,591,761	1,750	4.5	1,239,575	153	0.6
Business and other services	7,405,724	888	2.3	8,027,521	989	3.9
Tourism & catering	3,077,774	369	0.9	212,563	26	0.1
Pharmaceutical	1,463,970	176	0.5	2,247,672	277	1.1
Carpet production	786,374	94	0.2	6,653,342	819	3.2
Other	8,095,686	972	2.5	3,907,875	481	1.9
Total finance lease receivables (before impairment)	**327,979,328**	**39,328**	**100**	**208,552,189**	**25,684**	**100**

9 Finance Lease Receivables (Continued)

The following table discloses the changes in the credit loss allowance and gross carrying amount for financial lease recivables 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 2018	**2,715,597**	**226,036**	**2,780,804**	**5,722,437**	**124,370,306**	**2,299,286**	**81,882,597**	**208,552,189**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(71,130)	71,130	-	-	(1,794,882)	1,794,882	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(63,944)	(33,056)	97,000	-	(1,388,594)	(506,057)	1,894,651	-
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	1,458,083	(177,422)	(1,280,661)	-	63,021,086	(1,567,486)	(61,453,600)	-
- partially cured (from Stage 3 to Stage 2)	-	127,809	(127,809)	-	-	12,927,820	(12,927,820)	-
New originated or purchased	1,686,044	52,488	51,736	1,790,268	176,520,972	4,140,015	1,308,972	181,969,959
Derecognised during the period	(425,862)	(62)	(460,818)	(886,742)	(10,770,994)	(1,093)	(1,372,170)	(12,144,257)
Changes to ECL measurement model assumptions and repayments	(2,682,129)	(168,550)	(223,904)	(3,074,583)	(85,373,606)	(12,326,425)	(5,051,594)	(102,751,625)
Total movements with impact on credit loss allowance charge for the period	**(98,938)**	**(127,663)**	**(1,944,456)**	**(2,171,057)**	**140,213,982**	**4,461,656**	**(77,601,561)**	**67,074,077**
Movements without impact on credit loss allowance charge for the period:								
FX and other movements	2,119	-	13,266	15,385	100,407	-	40,741	141,148
Modification of contractual cash flows	33,825	712,912	268,422	1,015,159	40,230,594	10,307,505	1,673,815	52,211,914
At 31 December 2018	**2,652,603**	**811,285**	**1,118,036**	**4,581,924**	**304,915,289**	**17,068,447**	**5,995,592**	**327,979,328**

9 Finance 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 im-paired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**
Financial lease receivables								
At 1 January 2018	**334**	**28**	**343**	**705**	**15,316**	**283**	**10,085**	**25,684**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(9)	9	-	-	(222)	222	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(8)	(4)	12	-	(172)	(63)	235	-
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	181	(22)	(159)	-	7,810	(194)	(7,616)	-
- partially cured (from Stage 3 to Stage 2)	-	16	(16)	-	-	1,602	(1,602)	-
New originated or purchased	209	7	6	222	21,877	513	162	22,552
Derecognised during the period	(53)	-	(57)	(110)	(1,335)	-	(170)	(1,505)
Changes to ECL measurement model assumptions and repayments	(332)	(21)	(28)	(381)	(10,581)	(1,528)	(626)	(12,735)
Total movements with impact on credit loss allowance charge for the period	**(12)**	**(15)**	**(242)**	**(269)**	**17,377**	**552**	**(9,617)**	**8,312**
Movements without impact on credit loss allowance charge for the period:								
FX and other movements	-	-	2	2	12	-	5	17
Modification of contractual cash flows	4	88	33	125	4,986	1,277	207	6,470
Effect of translation to presentation currency	(8)	(4)	(2)	(14)	(1,128)	(65)	38	(1,155)
At 31 December 2018	**318**	**97**	**134**	**549**	**36,563**	**2,047**	**718**	**39,328**

9 Finance Lease Receivables (Continued)

Movements in provision for finance lease receivables during period ended 31 December 2017 are as follows:

	Medium entities UZS'000	Large entities UZS'000	Small entities UZS'000	Total UZS'000	Medium entities USD'000	Large entities USD'000	Small entities USD'000	Total USD'000
Provision for impairment at 1 January 2017	**813,900**	**238,291**	**185,116**	**1,237,307**	**252**	**74**	**57**	**383**
Provision for impairment during the year	617,528	439,582	(343)	1,056,767	151	108	-	259
Effect of translation to presentation currency USD	-	-	-	-	(227)	(99)	(33)	(359)
Provision for impairment at 31 December 2017	**1,431,428**	**677,873**	**184,773**	**2,294,074**	**176**	**83**	**24**	**283**

The Company classifies lessees by three categories: large, medium and small based on total assets of lessees. Large lessees have total assets that exceed UZS 10 billion, medium ones with total assets in the range of UZS 1 billion to UZS 10 billion. Small lessees are those having total assets of less than UZS 1 billion.

The credit loss allowance for finance lease receivables to customers recognised in the period is impacted by a variety of factors, details of ECL measurement are provided in Note 27. Below main movements in the table are described:

- Transfers between Stage 1, 2 and 3 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 finance lease receivables to customers measured at AC and for which an ECL allowance is recognised. The carrying amount of finance lease receivables to customers below also represents the Company's maximum exposure to credit risk on these finance lease receivables.

9 Finance Lease Receivables (Continued)

The credit quality of finance lease receivables to corporate customers carried at amortised cost is as follows at 31 December 2018:

In thousands of UZS	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im-paired)	Total
Financial lease receivables				
Non overdue	296,149,264	12,758,782	1,864,065	310,772,111
Less than 30 days overdue	8,766,025	140,641	1,166,164	10,072,830
31 to 60 days overdue	-	29,010	-	29,010
61 to 90 days overdue	-	4,140,015	1,168,464	5,308,479
91 to 275 days overdue	-	-	731,677	731,677
Over 365 days overdue	-	-	1,065,221	1,065,221
Gross carrying amount	**304,915,289**	**17,068,448**	**5,995,591**	**327,979,328**
Credit loss allowance	(2,652,602)	(811,285)	(1,118,037)	(4,581,924)
Carrying amount	**302,262,687**	**16,257,163**	**4,877,554**	**323,397,404**

In thousands of USD	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im-paired)	Total
Financial lease receivables				
Non overdue	35,511	1,530	224	37,265
Less than 30 days overdue	1,051	17	140	1,208
31 to 60 days overdue	-	3	-	3
61 to 90 days overdue	-	496	140	636
91 to 275 days overdue	-	-	88	88
Over 365 days overdue	-	-	128	128
Gross carrying amount	36,562	2,046	720	39,328
Credit loss allowance	(318)	(97)	(134)	(549)
Carrying amount	36,244	1,949	586	38,779

9 Finance Lease Receivables (Continued)

Analysis of loans by credit quality at 31 December 2017 is disclosed as follows:

	UZS'000	USD'000
Neither past due nor impaired		
Finance lease receivables		
- Large entities	61,624,823	7,589
- Medium entities	105,532,567	12,997
- Small entities	13,635,956	1,679
Total neither past due and nor impaired	**180,793,346**	**22,265**
Past due but not impaired		
- less than 30 days overdue	23,626,052	2,910
- 31 to 60 days overdue	391,076	48
- 61 to 275 days overdue	3,741,715	461
Total past due but not impaired	**27,758,843**	**3,419**
Loans individually determined to be impaired	-	-
Total individually impaired loans	-	-
Less impairment provision	(2,294,074)	(283)
Total financial receivables, net	**206,258,115**	**25,401**

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").

The effect of collateral on credit impaired assets at 31 December 2018.

	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
Finance lease receivables collateralised by:				
- equipment	89,936,447	160,403,751	42,014,546	33,802,733
- motor vehicle	111,488,549	224,906,359	1,625,464	1,298,990
- non-residential real estate	81,539,664	140,939,963	1,374,658	1,245,882
Total finance lease receivables	**282,964,660**	**526,250,073**	**45,014,668**	**36,347,605**

	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
Finance lease receivables collateralised by:				
- equipment	10,784	19,234	5,038	4,053
- motor vehicle	13,369	26,969	195	156
- non-residential real estate	9,777	16,900	165	149
Total finance lease receivables	**33,930**	**63,103**	**5,398**	**4,358**

9 Finance Lease Receivables (Continued)

The effect of collateral at 31 December 2017 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
Finance lease receivables collateralised by:				
- equipment	116,967,500	196,980,428	39,024,307	28,440,295
- motor vehicle	26,227,972	65,865,796	3,163,026	2,658,511
- non-residential real estate	19,102,884	44,446,689	1,772,426	1,719,330
Total finance lease receivables	**162,298,356**	**307,292,913**	**43,959,759**	**32,818,136**

	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
Finance lease receivables collateralised by:				
- equipment	14,405	24,258	4,806	3,502
- motor vehicle	3,230	8,111	390	327
- non-residential real estate	2,353	5,474	217	212
Total finance lease receivables	**19,988**	**37,843**	**5,413**	**4,041**

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.

Information about modifications of finance lease receivables that have not resulted in derecognition is as follows:

	Finance lease receivables UZS'000	**Finance lease receivables USD'000**
Year ended 31 December 2018		
Amortised cost of loans with lifetime ECL immediately before contractual modification that was not a derecognition event	10,577,309	1,268
Gains less losses recognised in profit or loss on modifications of loans with lifetime ECL that did not lead to derecognition	(1,031,420)	(124)
At 31 December 2018		
Gross carrying amount of loans that were contractually modified (without derecognition) in the past when measured at lifetime ECL and which were reclassified to Stage 1 (12 months ECL) during the current year	-	-

9 Finance Lease Receivables (Continued)

Reconciliation between gross investment in finance leases and the present value of minimum lease payments receivables at 31 December 2018 and 2017 are as follows:

In thousands of UZS	Due in 1 year	Due between 2 and 5 years	Due after 5 years	Total
Finance lease payments receivable at 31 December 2018	**141,816,880**	**318,083,340**	**1,780,841**	**461,681,061**
Unearned finance income	(14,685,291)	(118,093,527)	(922,915)	(133,701,733)
Credit loss allowance	(2,239,758)	(2,268,036)	(74,130)	(4,581,924)
Present value of lease payments receivable at 31 December 2018	**124,891,831**	**197,721,777**	**783,796**	**323,397,404**
Finance lease payments receivable at 31 December 2017	**100,434,420**	**200,448,509**	**1,778,714**	**302,661,643**
Less unearned finance income	(10,843,935)	(82,235,913)	(1,029,606)	(94,109,454)
Less impairment loss provision	(985,495)	(1,300,339)	(8,240)	(2,294,074)
Present value of lease payments receivable at 31 December 2017	**88,604,990**	**116,912,257**	**740,868**	**206,258,115**

In thousands of USD	Due in 1 year	Due between 2 and 5 years	Due after 5 years	Total
Finance lease payments receivable at 31 December 2018	**17,005**	**38,142**	**214**	**55,361**
Unearned finance income	(1,761)	(14,161)	(111)	(16,033)
Credit loss allowance	(269)	(272)	(8)	(549)
Present value of lease payments receivable at 31 December 2018	**14,975**	**23,709**	**95**	**38,779**
Finance lease payments receivable at 31 December 2017	**12,369**	**24,686**	**219**	**37,274**
Less unearned finance income	(1,335)	(10,127)	(128)	(11,590)
Less impairment loss provision	(121)	(160)	(2)	(283)
Present value of lease payments receivable at 31 December 2017	**10,913**	**14,399**	**89**	**25,401**

Geographical, currency, maturity and interest rate analysis of finance lease receivables are disclosed in Note 27.

10 Equipment for Leasing

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

	2018 UZS'000	2017 UZS'000	2018 USD'000	2017 USD'000
Equipment at 1 January (at cost)	**14,680,059**	**1,884,073**	**1,808**	**583**
Equipment acquired during the year	215,790,248	116,402,339	25,876	23,946
Equipment transferred to finance leases	(212,718,156)	(103,606,353)	(25,507)	(21,314)
Effect of translation to presentation currency USD	-	-	(48)	(1,407)
Equipment at 31 December (at cost)	**17,752,151**	**14,680,059**	**2,129**	**1,808**

At 31 December 2018, the outstanding balance of equipment for leasing mainly consisted of medical equipment, concrete equipment, drilling rig on truck, roller mill, and other equipment on lease projects.

11 Property and Equipment

	Note	Office equipment UZS'000	Vehicles UZS'000	Total UZS'000	Office equipment USD'000	Vehicles USD'000	Total USD'000
Cost at 1 January 2017		460,397	579,578	1,039,975	143	179	322
Accumulated depreciation		(293,414)	(161,602)	(455,016)	(91)	(50)	(141)
Carrying amount at 1 January 2017		**166,983**	**417,976**	**584,959**	**52**	**129**	**181**
Additions		102,744	-	102,744	21	-	21
Depreciation charge	22	(68,494)	(174,172)	(242,666)	(15)	(39)	(54)
Effect of translation to presentation currency		-	-	-	(33)	(60)	(93)
Carrying amount at 31 December 2017		**201,233**	**243,804**	**445,037**	**25**	**30**	**55**
Cost at 31 December 2017		548,654	579,578	1,128,232	68	71	139
Accumulated depreciation		(347,421)	(335,774)	(683,195)	(43)	(41)	(84)
Carrying amount at 31 December 2017		**201,233**	**243,804**	**445,037**	**25**	**30**	**55**
Additions		73,224	358,182	431,406	9	44	53
Disposals		-	1,689	1,689	-	-	-
Depreciation charge	22	(88,001)	(298,246)	(386,247)	(11)	(37)	(48)
Effect of translation to presentation currency		-	-	-	-	(1)	(1)
Carrying amount at 31 December 2018		**186,456**	**305,429**	**491,885**	**23**	**38**	**59**
Cost at 31 December 2018		604,174	922,651	1,526,825	72	111	183
Accumulated depreciation		(417,718)	(617,222)	(1,034,940)	(50)	(74)	(124)
Carrying amount at 31 December 2018		**186,456**	**305,429**	**491,885**	**22**	**37**	**59**

12 Prepayments to Vendors for Leasing Equipment

	2018 UZS'000	2017 UZS'000	2018 USD'000	2017 USD'000
Foreign vendors	26,452,642	-	3,172	-
Domestic vendors	2,872,578	6,073,262	344	748
Total prepayments to vendors for leasing equipment	**29,325,220**	**6,073,262**	**3,516**	**748**

13 Other Assets

	2018 UZS'000	2017 UZS'000	2018 USD'000	2017 USD'000
Other financial assets				
Loans to employees	2,041,737	1,148,339	245	141
Claims receivables	1,324,728	3,271,733	159	403
Reimbursable expenses	598,286	1,043,652	72	129
Loans to companies	196,576	178,756	24	23
Less: credit loss allowance / provision for impairment	(798,165)	(2,105,757)	(96)	(259)
Total other financial assets	**3,363,162**	**3,536,723**	**404**	**437**
Other non-financial assets				
Prepaid taxes and other contributions	1,518,630	3,467,144	182	427
Repossessed assets / collateral	1,494,158	-	179	-
Prepaid expenses	354,618	447,680	42	55
Prepayment to suppliers	113,053	93,414	13	12
Other	5,786	156,141	1	17
Less: Provision for impairment of other assets	-	-	-	-
Total other non-financial assets	**3,486,245**	**4,164,379**	**417**	**511**
Total other assets	**6,849,407**	**7,701,102**	**821**	**948**

Reimbursable expenses are initial direct costs borne by the Company, which are reimbursed by lessees prior to the inception of the lease.

Loans to employees are long term loans provided to Company's employees at the interest rate of 16% (31 December 2017: 14%). At 31 December 2018 no collateral was obtained for loans to employees and no provision was recorded (31 December 2017: no collateral was obtained for loans to employees and no provision was recorded).

13 Other Assets (Continued)

The table below contains an analysis of the credit risk exposure of other financial assets at AC. The carrying amount of other financial assets at AC at 31 December 2018 below also represents the Company's maximum exposure to credit risk on these assets:

In thousands of UZS	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Claims receivables				
Non overdue	-	-	-	-
Over 365 days overdue	-	-	1,324,728	1,324,728
Gross carrying amount	-	-	1,324,728	1,324,728
Credit loss allowance	-	-	(798,165)	(798,165)
Carrying amount	-	-	526,563	526,563

In thousands of USD	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Claims receivables				
Non overdue	-	-	-	-
Over 365 days overdue	-	-	159	159
Gross carrying amount	-	-	159	159
Credit loss allowance	-	-	(96)	(96)
Carrying amount	-	-	63	63

Other financial assets (loans to employees, reimbursable expenses and Loans to companies) were classified as Stage 1 and there is no credit loss allowance recognised on them.

13 Other Assets (Continued)

Analysis by credit quality of other financial assets outstanding at 31 December 2017 is as follows:

In thousands of UZS	Claims receivables	Loans to employees	Reimbursable expenses	Loans to companies	Total
Neither past due nor impaired					
- Collected or settled after the end of the reporting period	-	-	1,043,652	-	1,043,652
- Not due at the date of authorisation of the financial statements for issue	-	1,148,339	-	-	1,148,339
Total neither past due nor impaired	-	**1,148,339**	**1,043,652**	-	**2,191,991**
Past due but not impaired					
- over 365 days overdue	-	-	-	178,756	178,756
Total past due but not impaired	-	-	-	**178,756**	**178,756**
Receivables individually determined to be impaired (gross)					
- over 365 days overdue	3,271,733	-	-	-	3,271,733
Total individually impaired (gross)	**3,271,733**	-	-	-	**3,271,733**
Less impairment provision	(2,105,757)	-	-	-	(2,105,757)
Total other financial receivables	**1,165,976**	**1,148,339**	**1,043,652**	**178,756**	**3,536,723**

In thousands of USD	Claims receivables	Loans to employees	Reimbursable expenses	Loans to companies	Total
Neither past due nor impaired					
- Collected or settled after the end of the reporting period	-	-	129	-	129
- Not due at the date of authorisation of the financial statements for issue	-	141	-	-	141
Total neither past due nor impaired	-	**141**	**129**	-	**270**
Past due but not impaired					
- over 365 days overdue	-	-	-	23	23
Total past due but not impaired	-	-	-	**23**	**23**
Receivables individually determined to be impaired (gross)					
- over 365 days overdue	403	-	-	-	403
Total individually impaired (gross)	**403**	-	-	-	**403**
Less impairment provision	(259)	-	-	-	(259)
Total other financial receivables	**144**	**141**	**129**	**23**	**437**

13 Other Assets (Continued)

Movements in the credit loss allowance and in the gross amortised cost amount of other financial assets were as follows in 2018.

	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 im-paired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im-paired)	Total
Claims receivables								
At 1 January 2018	-	-	**2,029,836**	**2,029,836**	-	-	**3,271,733**	**3,271,733**
Movements with impact on credit loss allowance charge for the period:								
New originated or purchased	-	-	173,967	173,967	-	-	174,147	174,147
Derecognised during the period	-	-	(379,583)	(379,583)	-	-	(855,691)	(855,691)
Changes to ECL measurement model assumptions and repayments	-	-	(1,026,055)	(1,026,055)	-	-	(1,265,461)	(1,265,461)
Total movements with impact on credit loss allowance charge for the period	-	-	**(1,231,671)**	**(1,231,671)**	-	-	**(1,947,005)**	**(1,947,005)**
At 31 December 2018	-	-	**798,165**	**798,165**	-	-	**1,324,728**	**1,324,728**

13 Other Assets (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
Claims receivables								
At 1 January 2018	-	-	**250**	**250**	-	-	**403**	**403**
Movements with impact on credit loss allowance charge for the period:								
New originated or purchased	-	-	22	22	-	-	21	21
Derecognised during the period	-	-	(47)	(47)	-	-	(103)	(103)
Changes to ECL measurement model assumptions and repayments	-	-	(127)	(127)	-	-	(151)	(151)
Total movements with impact on credit loss allowance charge for the period	-	-	**(152)**	**(152)**	-	-	**(233)**	**(233)**
Effect of translation to presentation currency	-	-	(2)	(2)	-	-	(11)	(11)
At 31 December 2018	-	-	**96**	**96**	-	-	**159**	**159**

Other financial assets (loans to employees, reimbursable expenses and Loans to companies) were classified as Stage 1 and there is no credit loss allowance recognised on them.

13 Other Assets (Continued)

Movements in the provision for impairment of other financial assets during 2017 were as follows

	2017 UZS'000	2017 USD'000
Provision for impairment on other assets as at 1 January	**523,061**	**162**
Provision for impairment recognised during the year	1,972,022	536
Amounts written off during the yearas uncollectable	(288,552)	(36)
Amounts recovered during the year	(100,774)	(12)
Effect of translation to presentation currency	-	(391)
Provision for impairment on other assets as at 31 December	**2,105,757**	**259**

Claims receivable represents amounts on overdue leases to be received based on court decision. Provision for impairment as at 31 December 2017 relates to claims receivable.

The extent to which collateral and other credit enhancements mitigate credit risk for assets 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"). The effect of collateral on credit impaired assets at 31 December 2018 is 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
Credit impaired assets:				
Claims receivables	163,850	320,000	1,022,505	962,250
Unsecured exposure:				
Loans to employees	-	-	2,041,737	-
Reimbursable expenses	-	-	598,286	-
Claims receivables	-	-	138,373	-
Loans to companies	-	-	196,576	-
Total other assets	**163,850**	**320,000**	**3,997,477**	**962,250**

	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
Credit impaired assets:				
Claims receivables	20	38	122	115
Unsecured exposure:				
Loans to employees	-	-	245	-
Reimbursable expenses	-	-	72	-
Claims receivables	-	-	17	-
Loans to companies	-	-	24	-
Total other assets	**20**	**38**	**480**	**115**

13 Other Assets (Continued)

The effect of collateral at 31 December 2017 is presented for both impaired and unimpaired items as follows:

In thousands of UZS	Over-collateralised assets		Under-collateralised assets	
	Carrying value of assets	Fair value of collateral	Carrying value of assets	Fair value of collateral
Claims receivables	1,194,031	1,481,751	1,166,447	888,000
Unsecured exposure:				
Loans to employees	-	-	1,148,339	-
Reimbursable expenses	-	-	1,043,652	-
Claims receivables	-	-	911,255	-
Loans to companies	-	-	178,756	-
Total other assets	**1,194,031**	**1,481,751**	**4,448,449**	**888,000**

In thousands of USD	Over-collateralised assets		Under-collateralised assets	
	Carrying value of assets	Fair value of collateral	Carrying value of assets	Fair value of collateral
Claims receivables	147	182	144	109
Unsecured exposure:				
Loans to employees	-	-	141	-
Reimbursable expenses	-	-	130	-
Claims receivables	-	-	112	-
Loans to companies	-	-	22	-
Total other assets	**147**	**182**	**549**	**109**

Repossessed assets / collateral represents assets and collateral received back from the lessees due to the termination of the lease contracts until the end of the lease because of the financial difficulties encountered by the lessees. Movements of repossessed assets are as follows:

	2018 UZS'000	2017 UZS'000	2018 USD'000	2017 USD'000
Repossessed assets / collaterals as at 1 January	-	**112,575**	-	**35**
Additions	1,494,158	-	185	-
Disposals	-	(112,575)	-	(35)
Effect of translation to presentation currency	-	-	6	-
Repossessed assets / collaterals as at 31 December	**1,494,158**	-	**179**	-

Geographical, currency and maturity analysis of other assets are disclosed in Note 27. The information on related party balances is disclosed in Note 31.

14 Borrowings

Borrowing were provided by the following parties:

	2018 UZS'000	2017 UZS'000	2018 USD'000	2017 USD'000
National Bank of Uzbekistan	79,000,982	32,131,574	9,473	3,958
Asian Development Bank	65,824,935	-	7,893	-
Islamic Corporation of Development of Private Sector	53,066,300	13,690,828	6,363	1,686
AKA AUSFUHRKREDIT-GESEIISCHAFT	37,178,513	53,766,089	4,458	6,621
International Finance Corporation	29,579,155	40,340,690	3,547	4,968
KDB Bank Uzbekistan	16,872,833	-	2,023	-
Uzbek-Oman Capital Investment Company	2,000,000	-	240	-
Malayan Banking Berhad	-	4,605,781	-	567
Total borrowings	**283,522,718**	**144,534,962**	**33,997**	**17,800**

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

	2018 UZS'000	2017 UZS'000	2018 USD'000	2017 USD'000
Borrowings denominated in:				
- US Dollars	148,470,390	58,637,298	17,803	7,221
- Uzbek Soums	97,873,815	32,131,575	11,736	3,958
- EURO	37,178,513	53,766,089	4,458	6,621
Total borrowings	**283,522,718**	**144,534,962**	**33,997**	**17,800**

As at 31 December 2018 loan facilities borrowed comprised the following:

- Borrowings from National Bank of Uzbekistan are UZS denominated credit lines with a credit limit to the amount equivalent to USD 20,000 thousand, currency equivalent of UZS 166,791,000 thousand (at FX rate as at 31 December 2018), which was 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 range between 14%-20% per annum.
- Borrowing from Malayan Banking Berhad on the basis of loan agreement signed in June 2013 constitutes USD denominated loan facility totalling USD 3,000 thousand. The repayment of the principal loan amount commenced in June 2014 and is payable in 16 quarterly equal instalments of USD 187.5 thousand. The interest rate on this loan facility is LIBOR+5% per annum. The Company paid back remaining outstanding loan amount according to contract terms in 2018.
- Borrowing from Islamic Corporation for the Development of the Private Sector on the basis of Murabaha facility agreement signed in June 2014 constitute USD denominated loan facility totalling USD 5,000 thousand. The outstanding balance consists of two USD denominated financing of lease equipment contracts on Murabaha terms. 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 Company paid back remaining outstanding loan amount according to contract terms in 2018.
- Borrowing from Islamic Corporation for the Development of the Private Sector on the basis of Murabaha facility agreement signed in May 2017 constitute USD denominated loan facility totalling USD 7,000 thousand. The outstanding balance consists of two USD denominated financing of lease equipment contracts on Murabaha terms. The repayment period does not exceed three years for each individual project. The mark up rate on this Murabaha facility is within range 7%-9% per annum. The Company must comply with financial covenants as stipulated in Note 28.
- Borrowings from Aka Ausfuhrkredit- Gesellschaft on the basis of loan agreement in April 2015 constitutes EUR 1,385 thousand. The repayment of the principal loan amount is to be commenced in April 2016 and is payable in 10 equal instalments of EUR 139 thousand. The interest rate on this loan facility is fixed at EURIBOR + 1.6% per annum.
- Borrowings from Aka Ausfuhrkredit- Gesellschaft on the basis of loan agreement in May 2016 constitutes EUR 887 thousand. The repayment of the principal loan amount is to be commenced in May 2017 and is payable in 6 equal instalments of EUR 148 thousand. The interest rate on this loan facility is fixed at CIRR + 1.6% per annum.

14 Borrowings (Continued)

- Borrowings from Aka Ausfuhrkredit- Gesellschaft on the basis of loan agreement in June 2016 constitutes EUR 1,614 thousand. The repayment of the principal loan amount is to be commenced in March 2017 and is payable in 6 equal instalments of EUR 269 thousand. The interest rate on this loan facility is fixed at EURIBOR + 1.6% per annum.
- Borrowings from Aka Ausfuhrkredit- Gesellschaft on the basis of loan agreement in June 2017 constitutes EUR 3,607 thousand. The repayment of the principal loan amount is to be 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.
- Borrowings from IFC on the basis of loan agreement in April 2017 constitutes USD 5,000 thousand. The repayment of the principal loan amount is to be 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 9.39% per annum. The Company must comply with financial covenants as stipulated in Note 28.
- Borrowings from Asian Development Bank (ADB) on the basis of loan agreement in March 2017 constitutes USD 100,000 thousand. The repayment of the principal loan amount is to be commenced in May 2031 and is payable in 20 equal instalments of USD 5,000 thousand. The interest rate on this loan facility is at LIBOR + 0.60% per annum. The Company must comply with financial covenants as stipulated in Note 28.
- Borrowings from KDB Bank Uzbekistan are UZS denominated loans, which was 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 range between 15%-16% per annum.
- Borrowings from Uzbek-Omon Investment Company LLC (UOIC) on the basis of loan agreement in December 2018 constitutes UZS 2,000,000 thousand which is payable within 2 months. The Company has extended repayment terms in February 2019 to additional six months.

Geographical, currency, maturity and interest rate analysis of borrowings are disclosed in Note 27. The information on related party balances is disclosed in Note 31.

15 Finance Lease Liabilities

Finance lease liabilities at 31 December 2018 and 2017 were as follows:

	2018 UZS'000	2017 UZS'000	2018 USD'000	2017 USD'000
Finance lease liabilities	2,555,938	6,433,787	306	792
Total financial lease liabilities	**2,555,938**	**6,433,787**	**306**	**792**

Finance lease liability is due to KDB Bank Uzbekistan on the basis of lease agreements signed in 2013-2017. Loan facility is for period of three years with annual interest ranging 12-27%. Principal and interest is payable on a monthly basis.

Minimum lease payments under finance leases and their present values are as follows:

In thousands of UZS	Due in 1 year	Due between 2 and 5 years	Total
Minimum lease payments at 31 December 2018	2,771,478	-	2,771,478
Less future finance charges	(215,540)	-	(215,540)
Present value of minimum lease payments at 31 December 2018	**2,555,938**	**-**	**2,555,938**
Minimum lease payments at 31 December 2017	5,151,560	2,945,190	8,096,750
Less future finance charges	(811,850)	(851,113)	(1,662,963)
Present value of minimum lease payments at 31 December 2017	**4,339,710**	**2,094,077**	**6,433,787**

15 Finance Lease Liabilitie (Continued)

In thousands of USD	Due in 1 year	Due between 2 and 5 years	Total
Minimum lease payments at 31 December 2018	332	-	332
Less future finance charges	(26)	-	(26)
Present value of minimum lease payments at 31 December 2018	**306**	-	**306**
Minimum lease payments at 31 December 2017	634	363	997
Less future finance charges	(100)	(105)	(205)
Present value of minimum lease payments at 31 December 2017	**534**	**258**	**792**

16 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.

	Note	Liabilities from financing activities	
		Borrowings and financial liabilities UZS'000	Borrowings and financial liabilities USD'000
Liabilities from financing activities at 1 January 2017	14,15	**53,147,949**	**16,447**
Net cash flows		16,655,649	3,451
Lease liabilities issued - non-cash transaction		7,202,694	1,492
Foreign exchange adjustments		74,174,057	12,553
Income from lease liability from KDB Bank Uzbekistan	23	(42,585)	(12)
Transfer from other assets - non-cash transaction		(169,015)	(35)
Effect of translation to presentation currency		-	(15,304)
Liabilities from financing activities at 31 December 2017	14,15	**150,968,749**	**18,592**
Net cash flows		123,937,308	15,360
Borrowings from Islamic Corporation of Development of Private Sector - non cash transaction		7,516,460	932
Foreign exchange adjustments		3,644,348	452
Correction in borrowing accounts - non-cash transaction		11,791	1
Effect of translation to presentation currency		-	(1,034)
Liabilities from financing activities at 31 December 2018	14,15	**286,078,656**	**34,303**

17 Advances from Lessees

	2018 UZS'000	2017 UZS'000	2018 USD'000	2017 USD'000
Advances from lessees as				
- Minimum lease prepayments	2,713,145	5,339,632	325	658
- Equipment cost prepayments	1,877,751	900,132	225	110
Total advances from lessees	**4,590,896**	**6,239,764**	**550**	**768**

Advances from lessees represent part of equipment cost and minimum lease prepayments 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.

18 Trade payables

	2018 UZS'000	2017 UZS'000	2018 USD'000	2017 USD'000
Trade payables for lease equipment and services	11,519,462	3,118,724	1,381	384
Trade payables for other services and products	-	789	-	-
Total trade payables	**11,519,462**	**3,119,513**	**1,381**	**384**

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

19 Other Liabilities

Other liabilities comprise the following:

	2018 UZS'000	2017 UZS'000	2018 USD'000	2017 USD'000
Other financial liabilities				
Other payables	410,904	247,981	49	31
Advances received from lessees on lease agreements, which are completed	195,289	323,190	23	40
Total other financial liabilities	**606,193**	**571,171**	**72**	**71**
Other non-financial payables				
Tax payable	590,265	259,393	72	31
Salary related tax payable	349,581	631,031	43	78
Salary payables	2,869	298,157	-	37
Total other non-financial liabilities	**942,715**	**1,188,581**	**115**	**146**
Total other liabilites	**1,548,908**	**1,759,752**	**187**	**217**

Provision for commitments to provide lease were classified as Stage 1 as commitments to provide lease. Provision for commitments to provide lease as at 1 January 2018 was transferred to lease upon lease commencement date in 2018.

Geographical, currency and maturity analysis of advances from lessees and other liabilities are disclosed in Note 27.

20 Share Capital

Authorized and paid in capital at 31 December 2018 consisted of 6,023,522 shares with a nominal value of UZS 1,513 per share, issued and fully paid in UZS (2017: 6,023,522 shares with a nominal value of UZS 1,513 per share, issued and fully paid in UZS).

	Number of outstanding shares in thousands	Issued share capital UZS'000	Additional paid in capital UZS'000	Inflation effect UZS'000	Total share and paid in capital UZS'000
As at 31 December 2017	**6,024**	**9,113,589**	**25,112,922**	**602,047**	**34,828,558**
As at 31 December 2018	**6,024**	**9,113,589**	**25,112,922**	**602,047**	**34,834,582**

	Number of outstanding shares in thousand	Issued share capital USD'000	Additional paid in capital USD'000	Inflation effect USD'000	Total share and paid in capital USD'000
As at 31 December 2017	**6,024**	**1,122**	**3,093**	**74**	**4,289**
As at 31 December 2018	**6,024**	**1,093**	**3,011**	**72**	**4,176**

Dividends declared during 2018 and 2017 are disclosed in Note 25. In accordance with the Charter of the Company, ownership is in direct proportion to the percentage of charter capital contributed.

21 Net Interest Income on Finance Leases

	2018 UZS'000	2017 UZS'000	2018 USD'000	2017 USD'000
Interest income on finance leases				
Interest income - UZS denominated leases	27,558,352	16,007,784	3,415	3,255
Interest income - USD denominated leases	20,214,815	22,430,924	2,505	5,209
Interest income - EUR denominated leases	9,502,332	20,714,443	1,178	4,641
Total interest income on finance leases	**57,275,499**	**59,153,151**	**7,098**	**13,105**
Interest expenses on finance leases				
Interest expenses - UZS denominated leases	(597,558)	(857,524)	(74)	(225)
Interest expenses - USD denominated leases	(491,469)	(824,009)	(61)	(177)
Interest expenses - EUR denominated leases	(8,242)	(617,283)	(1)	(162)
Total interest expenses on finance leases	**(1,097,269)**	**(2,298,816)**	**(136)**	**(564)**
Release of credit loss allowance / Provision for impairment	1,140,513	(1,056,767)	142	(259)
Net interest income on finance leases after credit loss allowance / provision for impairment of finance lease receivables	**57,318,743**	**55,797,568**	**7,104**	**12,282**

Interest expenses on finance leases are comprised of interest accrued on advances received from lessees before lease commencement.

22 Other Interest Expense

	2018 UZS'000	2017 UZS'000	2018 USD'000	2017 USD'000
National Bank of Uzbekistan	7,840,628	2,990,502	972	637
International Finance Corporation	3,761,755	1,879,229	466	297
Islamic Corporation for Development of Private Sector	2,953,556	1,321,975	366	213
AKA AUSFUHRKREDIT-GESEIISCHAFT	2,275,547	1,126,063	282	202
KDB Bank Uzbekistan - finance lease liabilities	1,189,624	2,451,515	147	555
KDB Bank Uzbekistan - loans	886,480		110	
Asian Development Bank	655,805	-	81	-
Malayan Banking Berhad	113,779	306,103	15	65
AGRIF COOPERATIEF U.A.	-	25,477	-	7
Total interest expenses	**19,677,174**	**10,100,864**	**2,439**	**1,976**

The information on related party transactions is disclosed in Note 31.

23 Other Operating Income

	2018 UZS'000	2017 UZS'000	2018 USD'000	2017 USD'000
Gain on disposal of equipment for lease	4,926,910	10,940,747	611	2,147
Gain on disposal of property and equipment	1,688	-	-	-
Gain on recovery of claims receivable through obtaining lease collateral and lease object or repayments or release of provisions made in prior years	-	493,820	-	61
Interest income from finance lease liabilities	-	42,585	-	12
Other income	337,256	386,675	42	86
Total other operating income	**5,265,854**	**11,863,827**	**653**	**2,306**

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

24 Administrative and Other Operating Expenses

	Note	2018 UZS'000	2017 UZS'000	2018 USD'000	2017 USD'000
Wages and salaries		8,424,724	8,040,156	1,044	1,700
Taxes		1,874,283	1,230,045	232	252
Professional service		1,142,910	808,388	142	184
Rent expense		1,078,061	780,555	134	168
Bank charges		803,580	1,286,292	100	236
Representative and office expenditure		646,055	541,412	80	107
Depreciation	11	386,247	242,666	48	54
Vehicle maintenance		316,156	222,817	39	48
Business trip expenses		264,220	298,011	33	54
Supervisory board remuneration		222,047	205,116	28	41
Charity		163,779	385,859	20	85
Insurance		99,780	55,968	12	13
Training		46,682	44,087	6	9
Utilities		68,104	58,536	8	13
Advertising and marketing		59,409	54,329	7	13
Communication		55,381	82,406	7	16
Other expenses		1,666,673	1,309,389	206	274
Total administrative and other operating expenses		**17,318,091**	**15,646,032**	**2,146**	**3,267**

25 Dividends

	2018 UZS'000	2017 UZS'000	2018 USD'000	2017 USD'000
Dividends payable at 1 January	-	**608,356**	-	**188**
Dividends declared during the year	3,915,289	7,710,108	485	2,041
Dividends paid during the year	(3,915,289)	(8,318,464)	(485)	(2,224)
Effect of translation to presentation currency	-	-	-	(5)
Dividends payable at 31 December	-	-	-	-
Dividends per share declared during the year	**650**	**1,280**	**0.08**	**0.34**

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

26 Income Taxes

(a) Components of income tax

Income tax expense is comprised of the following:

	2018 UZS'000	2017 UZS'000	2018 USD'000	2017 USD'000
Current tax	3,621,658	1,681,977	449	676
Deferred tax benefit	225,404	(87,306)	28	(35)
Income tax expenses for the year	**3,847,062**	**1,594,671**	**477**	**641**

26. Income Taxes (Continued)

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

The income tax rate applicable to the income of Company in 2018 is 14% (2017: 14.9%). A reconciliation between the expected and the actual taxation charge is provided below.

	2018 UZS'000	2017 UZS'000	2018 USD'000	2017 USD'000
Profit before tax	**23,397,309**	**20,567,319**	**2,900**	**5,530**
Theoretical tax charge at statutory rate (2018: 12%; 2017:14%)	2,807,677	3,064,531	348	1,232
Tax effect of items which are not deductible or assessable for taxation purposes:				
- Income which is exempt from taxation	(39,349)	(1,772,256)	(5)	(712)
- Non-deductible expenses	256,067	507,500	32	203
Under/(over) provision of current tax in prior years	273,164	(19,998)	34	(8)
Tax adjustments made for current year whereas it should be done in prior year	287,873	-	36	-
Change in tax rate from 14% to 12%	261,630	(185,106)	32	(74)
Income tax expenses for the year	**3,847,062**	**1,594,671**	**477**	**641**

26 Income Taxes (Continued)

(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 2018 UZS'000	Credited/ (charged) to profit or loss UZS'000	31 December 2018 UZS'000	1 January 2018 USD'000	Credited/ (charged) to profit or loss USD'000	31 December 2018 USD'000
Tax effect of deductible/ (taxable) temporary differences						
Property and equipment	22,082	25,497	47,579	3	3	6
Property and equipment	(22,082)	(25,497)	(47,579)	(3)	(3)	(6)
Finance lease receivables	3,181,914	(469,940)	2,711,974	392	(67)	325
Finance lease receivables	(832)	832	-	-	-	-
Advances from lessees	97,410	(2,774)	94,636	12	(1)	11
Advances from lessees	(1,481,753)	541,312	(940,441)	(182)	69	(113)
Other assets	546,575	1,254,334	1,800,909	67	149	216
Other assets	(90,074)	(4,336)	(94,410)	(11)	-	(11)
Other liabilities	(103,499)	19,301	(84,198)	(13)	3	(10)
Borrowings	58,087	(58,087)	-	7	(7)	-
Borrowings	(899,661)	371,881	(527,780)	(111)	48	(63)
Finance lease liabilities	-	9,919	9,919	-	1	1
Finance lease liabilities	(60,845)	43,089	(17,756)	(7)	5	(2)
Equipment for lease	89,905	(89,536)	369	11	(11)	-
Equipment for lease	(767,877)	(1,318,533)	(2,086,410)	(95)	(155)	(250)
Trade payables	415,292	(53,522)	361,770	51	(8)	43
Net deferred tax asset	**984,642**	**243,940**	**1,228,582**	**121**	**26**	**147**
Recognised deferred tax asset	4,411,265	615,891	5,027,156	543	59	602
Recognised deferred tax liability	(3,426,623)	(371,951)	(3,798,574)	(422)	(33)	(455)
Net deferred tax asset	**984,642**	**243,940**	**1,228,582**	**121**	**26**	**147**

26. Income Taxes (Continued)

	1 January 2017 UZS'000	Credited/ (charged) to profit or loss UZS'000	31 December 2017 UZS'000	1 January 2017 USD'000	Credited/ (charged) to profit or loss USD'000	31 December 2017 USD'000
Tax effect of deductible/ (taxable) temporary differences						
Property and equipment	15,422	6,660	22,082	5	(2)	3
Property and equipment	(15,422)	(6,660)	(22,082)	(5)	2	(3)
Finance lease receivables	2,105,890	1,076,024	3,181,914	652	(260)	392
Finance lease receivables	-	(832)	(832)	-	-	-
Advances from lessees	82,722	14,688	97,410	26	(14)	12
Advances from lessees	(892,002)	(589,751)	(1,481,753)	(276)	94	(182)
Other assets	32,497	514,078	546,575	10	57	67
Other assets	(86,059)	(4,015)	(90,074)	(27)	16	(11)
Other liabilities	6,789	(6,789)	-	2	(2)	-
Other liabilities	(154,393)	50,894	(103,499)	(48)	35	(13)
Borrowings	20,236	37,851	58,087	6	1	7
Borrowings	(156,243)	(743,418)	(899,661)	(48)	(63)	(111)
Finance lease liabilities	(73,603)	12,758	(60,845)	(23)	16	(7)
Equipment for lease	-	89,905	89,905	-	11	11
Equipment for lease	-	(767,877)	(767,877)	-	(95)	(95)
Trade payables	11,502	403,790	415,292	4	47	51
Net deferred tax asset	**897,336**	**87,306**	**984,642**	**278**	**(157)**	**121**
Recognised deferred tax asset	2,275,057	2,136,208	4,411,265	704	(161)	543
Recognised deferred tax liability	(1,377,721)	(2,048,902)	(3,426,623)	(426)	4	(422)
Net deferred tax asset	**897,336**	**87,306**	**984,642**	**278**	**(157)**	**121**

27 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 commitments to leases.

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

	2018 UZS'000	2017 UZS'000	2018 USD'000	2017 USD'000
Cash and cash equivalents				
Current account in USD	5,763,205	40,513	691	5
Current account in UZS	4,693,012	1,092,755	563	134
Current account in EUR	135,482	158,395	16	20
Due from banks				
Restricted cash by letter of credit	12,000,426	9,800,892	1,439	1,207
Finance lease receivables				
Finance lease receivables	323,397,404	206,258,115	38,779	25,401
Other financial assets				
Loans to employees	2,041,737	1,148,339	245	141
Reimbursable expenses	598,286	1,043,652	72	129
Claims receivables	526,563	1,165,976	63	144
Loans to companies	196,576	178,756	24	23
Total on-balance sheet exposure	**349,352,691**	**220,887,393**	**41,892**	**27,204**
Total maximum exposure to credit risk	**349,352,691**	**220,887,393**	**41,892**	**27,204**

For commitments to leases, the maximum exposure to credit risk is the amount of the commitment. Refer to Note 28.

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 and Credit Committee which are responsible for approving leases for approval of credit limits for individual borrowers:

- Leases of USD 600,000 (or its equivalent in other hard currencies) or less 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) approved by the Supervisory Board (via circular resolution of during the Supervisory Board meeting), 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 to customers with deteriorating creditworthiness are reported to, and reviewed by, Credit Committee. Company does not use formalised internal credit ratings to monitor exposure to credit risk.

27 Financial Risk Management (Continued)

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 9.

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 rating 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 and based on aging it classified. The Company applies age based rating systems for measuring credit risk for the following financial assets: leases, loan to employees and 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, and restricted cash.

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 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. For commitments to lease contracts, it is the contractual period over which an entity has a present contractual obligation to extend credit.

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 deferment 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

27 Financial Risk Management (Continued)

- 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 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 finance lease receivables and other financial assets, SICR is assessed either on a portfolio basis or an individual basis, depending on the existence of scoring models. The criteria used to identify an 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 finance 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 homogeneous segments of the loan portfolio; and (iii) assessment based on external ratings. The Company performs an assessment on a portfolio basis for finance lease receivables, loan to employees and other financial assets. This approach stratifies the loan pool into homogeneous segments based on borrower-specific information, such as delinquency status, the historical data on losses and other predictive information. The Company performs assessments based on external ratings for cash and cash equivalents and due from the banks.

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.

27 Financial Risk Management (Continued)

When assessment is performed on a portfolio basis, the Company determines the staging of the exposures and measures the loss allowance on a collective basis. The Company analyses its exposures by segments determined on the basis of shared credit risk characteristics, such that exposures within a group have homogeneous or similar risks. The key shared credit characteristics considered are aging of overdue, reschedule of payments and revision of terms of the contracts of financial instruments. The different segments also reflect differences in credit risk parameters such as PD and LGD. The appropriateness of groupings is monitored and reviewed on a periodic basis by Credit Committee.

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 and bullet repayment loans. This will also be adjusted for any expected overpayments made by a borrower. Early repayment or refinancing assumptions are also incorporated into the calculation. For revolving products, the EAD is predicted by taking the current drawn balance and adding a "credit conversion factor" that accounts for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type, current limit utilisation and other borrower-specific behavioural characteristics.

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. The Company uses different statistical approaches depending on the segment and product type to calculated lifetime PDs, such as the extrapolation of 12-month PDs based on migration matrixes, developing lifetime PD curves based on the historical default data, hazard rate approach.

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 corporate loan portfolio and for retail secured and unsecured products.

ECL measurement for financial guarantees and loan commitments. The ECL measurement for these instruments includes the same steps as described above for on-balance sheet exposures and differs with respect to EAD calculation. The EAD is a product of credit conversion factor ("CCF") and amount of the commitment ("$ExOff$"). CCF for commitments for leases is defined based on statistical analysis of past exposures at default.

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. This approach is applied to government and blue chip corporate bonds exposures.

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 on a quarterly basis and provide the best estimate of the expected macro-economic development over the next three years. After three years, a mean reversion approach is used, which means that economic variables tend to revert to a long run average growth rate (e.g. GDP). The impact of the relevant economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact that the changes in these variables historically had on the default rates and on the components of LGD and EAD.

27 Financial Risk Management (Continued)

In addition to the base economic scenario, the Company's Monitoring depratment also provides other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure that non-linearities are captured. 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 assessment of SICR is performed using the Lifetime PD under each of the bases and the other scenarios, multiplied by the associated scenario weighting, along with qualitative and backstop indicators. This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3 and hence whether a 12-month or lifetime ECL should be recorded. Following this assessment, the Company measures ECL as either a probability-weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs).

As with any economic forecast, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty, and therefore the actual outcomes may be significantly different to those projected. The Company considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Company's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

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 Management and further steps for tuning models and assumptions are defined after discussions between authorised persons.

Market risk. The Company takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rates and (c) equity products, 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 finance lease receivables, the Company concludes lease contracts denominated in USD and EURO, which minimum 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 2018 and 2017:

	At 31 December 2018			At 31 December 2017		
In thousands of UZS	Monetary financial assets	Monetary financial liabilities	Net balance sheet position	Monetary financial assets	Monetary financial liabilities	Net balance sheet position
Uzbek Soums	183,983,349	(108,942,912)	75,040,437	114,992,539	(38,966,624)	73,711,600
US Dollars	116,763,686	(154,985,155)	(38,221,469)	62,382,063	(67,984,953)	(5,602,890)
Euros	48,605,656	(38,867,140)	9,738,516	43,512,791	(53,947,620)	(10,434,829)
Total	**349,352,691**	**(302,795,207)**	**46,557,484**	**220,887,393**	**(160,899,197)**	**57,673,881**

	At 31 December 2018			At 31 December 2017		
In thousands of USD	Monetary financial assets	Monetary financial liabilities	Net balance sheet position	Monetary financial assets	Monetary financial liabilities	Net balance sheet position
Uzbek Soums	22,062	(13,061)	9,001	14,162	(4,799)	9,078
US Dollars	14,001	(18,584)	(4,583)	7,682	(8,372)	(690)
Euros	5,829	(4,661)	1,168	5,360	(6,644)	(1,284)
Total	**41,892**	**(36,306)**	**5,586**	**27,204**	**(19,815)**	**7,104**

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

27 Financial Risk Management (Continued)

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:

In thousands of UZS	At 31 December 2018 Impact on profit or loss and equity	At 31 December 2017 Impact on profit or loss and equity
US Dollars strengthening by 10% (2017: 10%)	(3,822,147)	(560,289)
US Dollars weakening by 10% (2017: 10%)	3,822,147	560,289
Euro strengthening by 10% (2017: 10%)	973,852	(1,043,483)
Euro weakening by 10% (2017: 10%)	(973,852)	1,043,483

In thousands of USD	At 31 December 2018 Impact on profit or loss and equity	At 31 December 2017 Impact on profit or loss and equity
US Dollars strengthening by 10% (2017: 10%)	(458)	(69)
US Dollars weakening by 10% (2017: 10%)	458	69
Euro strengthening by 10% (2017: 10%)	117	(129)
Euro weakening by 10% (2017: 10%)	(117)	129

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 finance lease receivables is primarily provided by the Company's capital and borrowings from the International and local finance institutions. Interest rates of international and local finance institutions are either fixed or linked to LIBOR and EURIBOR. The effective interest rate on the finance 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 2018							
Total financial assets	35,250,307	21,164,365	93,208,375	198,945,848	783,796	-	349,352,691
Total financial liabilities	74,473,959	15,728,325	52,401,316	111,055,150	32,757,638	16,378,819	302,795,207
Net interest sensetivity surplus	**(39,223,652)**	**5,436,040**	**40,807,059**	**87,890,698**	**(31,973,842)**	**(16,378,819)**	**46,557,484**
31 December 2017							
Total financial assets	16,713,784	15,931,446	70,056,511	117,444,784	740,868	-	220,887,393
Total financial liabilities	13,938,756	12,909,288	43,502,506	90,548,647	-	-	160,899,197
Net interest sensetivity surplus	**2,775,028**	**3,022,158**	**26,554,005**	**26,896,137**	**740,868**	**-**	**59,988,196**

27 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
31 December 2018							
Total financial assets	4,227	2,538	11,177	23,856	94	-	41,892
Total financial liabilities	8,930	1,886	6,283	13,317	3,928	1,962	36,306
Net interest sensetivity surplus	**(4,703)**	**652**	**4,894**	**10,539**	**(3,834)**	**(1,962)**	**7,548**
31 December 2017							
Total financial assets	2,060	1,962	8,627	14,464	91	-	27,204
Total financial liabilities	1,717	1,590	5,357	11,151	-	-	19,815
Net interest sensetivity surplus	**343**	**372**	**3,270**	**3,313**	**91**	**-**	**7,389**

At 31 December 2018, if interest rates at that date had been 200 basis points lower (2017: 200 basis points lower) with all other variables held constant, profit for the year would have been UZS 2,185,237 thousand (USD 271 thousand) (2017: UZS 1,020,583 thousand (USD 211 thousand)) higher, mainly as a result of lower interest expense on variable interest liabilities.

If interest rates had been 200 basis points higher (2017: 200 basis points higher), with all other variables held constant, profit would have been UZS 2,185,237 thousand (USD 271 thousand) (2017: UZS 1,020,583 thousand (USD 211 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.

	2018			2017		
In % yield p.a.	UZS	USD	Euro	UZS	USD	Euro
Assets						
Finance lease receivables	14%-115%	6%-77%	9%-29%	14-115%	5-59%	11-29%
Other financial assets	9%-16%	-	-	9%-14%	-	-
Liabilities						
Borrowings:						
Loan from National Bank of Uzbekistan	14%-20%	-	-	14%-15%	-	-
Loan from AKA AUSFUHRKREDIT-GESEIISCHAFT	-	-	1.6% + EURIBOR · 0.9% + CIRR	-	-	1.6% + EURIBOR · 0.9% + CIRR
Financing from Islamic Corporation of Development of Private Sector	-	7%-9%	-	-	9%	-
Loan from Malayan Banking Berhad	-	5%+LIBOR	-	-	5%+LIBOR	-
Loan from AGRIF COOPERATIF U.A.	-	-	-	-	9%	-
Loan from International Finance Corporation	-	10%	-	-	10%	-
Finance lease liabilities from KDB Bank Uzbekistan	12%	12-21%	-	12%	12% - 21%	-
Loan from KDB Bank Uzbekistan	15%-16%	-	-	-	-	-
Loan from Uzbek-Omon Investment Company	18%	-	-	-	-	-

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

27 Financial Risk Management (Continued)

Geographical risk concentrations. The geographical concentration of the Company's financial assets and liabilities at 31 December 2018 is set out below:

In thousands of UZS	Uzbekistan	OECD	Non-OECD	Total
Assets				
Cash and cash equivalents	10,591,699	-	-	10,591,699
Due from banks	12,000,426	-	-	12,000,426
Finance lease receivables	323,397,404	-	-	323,397,404
Other financial assets	3,363,162	-	-	3,363,162
Total financial assets	**349,352,691**	**-**	**-**	**349,352,691**
Non-financial assets	**52,284,083**	**-**	**-**	**52,284,083**
Total assets	**401,636,774**	**-**	**-**	**401,636,774**
Liabilities				
Borrowings	163,698,750	66,757,668	53,066,300	283,522,718
Finance lease liabilities	2,555,938	-	-	2,555,938
Advances from lessees	4,590,896	-	-	4,590,896
Trade payables	7,426,027	130,097	3,963,338	11,519,462
Other financial liabilities	606,193	-	-	606,193
Total financial liabilities	**178,877,804**	**66,887,765**	**57,029,638**	**302,795,207**
Non-financial liabilities	**942,715**	**-**	**-**	**942,715**
Total liabilities	**179,820,519**	**66,887,765**	**57,029,638**	**303,737,922**
Net balance sheet position	**221,816,255**	**(66,887,765)**	**(57,029,638)**	**97,898,852**

27 Financial Risk Management (Continued)

In thousands of USD	Uzbekistan	OECD	Non-OECD	Total
Assets				
Cash and cash equivalents	1,270	-	-	1,270
Due from banks	1,439	-	-	1,439
Finance lease receivables	38,779	-	-	38,779
Other financial assets	404	-	-	404
Total financial assets	**41,892**	-	-	**41,892**
Non-financial assets	**6,268**	-	-	**6,268**
Total assets	**48,160**	-	-	**48,160**
Liabilities				
Borrowings	19,629	8,005	6,363	33,997
Finance lease liabilities	306	-	-	306
Advances from lessees	550	-	-	550
Trade payables	890	16	475	1,381
Other financial liabilities	72	-	-	72
Total financial liabilities	**21,447**	**8,021**	**6,838**	**36,306**
Non-financial liabilities	**115**	-	-	**115**
Total liabilities	**21,562**	**8,021**	**6,838**	**36,421**
Net balance sheet position	**26,598**	**(8,021)**	**(6,838)**	**11,739**

27 Financial Risk Management (Continued)

The geographical concentration of the Company's financial assets and liabilities at 31 December 2017 is set out below:

In thousands of UZS	Uzbekistan	OECD	Non-OECD	Total
Assets				
Cash and cash equivalents	1,291,663	-	-	1,291,663
Due from banks	9,800,892	-	-	9,800,892
Finance lease receivables	206,258,115	-	-	206,258,115
Other financial assets	3,536,723	-	-	3,536,723
Total financial assets	**220,887,393**	-	-	**220,887,393**
Non-financial assets	**26,347,379**	-	-	**26,347,379**
Total assets	**247,234,772**	-	-	**247,234,772**
Liabilities				
Borrowings	32,131,575	94,106,779	18,296,608	144,534,962
Finance lease liabilities	6,433,787	-	-	6,433,787
Advances from lessees	6,239,764	-	-	6,239,764
Trade payables	789	-	3,118,724	3,119,513
Other financial liabilities	571,171	-	-	571,171
Total financial liabilities	**45,377,086**	**94,106,779**	**21,415,332**	**160,899,197**
Non-financial liabilities	**1,188,581**	-	-	**1,188,581**
Total liabilities	**46,565,667**	**94,106,779**	**21,415,332**	**162,087,778**
Net balance sheet position	**200,669,105**	**(94,106,779)**	**(21,415,332)**	**85,146,994**

27 Financial Risk Management (Continued)

In thousands of USD	Uzbekistan	OECD	Non-OECD	Total
Assets				
Cash and cash equivalents	159	-	-	159
Due from banks	1,207	-	-	1,207
Finance lease receivables	25,401	-	-	25,401
Other financial assets	437	-	-	437
Total financial assets	**27,204**	-	-	**27,204**
Non-financial assets	**3,243**	-	-	**3,243**
Total assets	**30,447**	-	-	**30,447**
Liabilities				
Borrowings	3,958	11,589	2,253	17,800
Finance lease liabilities	792	-	-	792
Advances from lessees	768	-	-	768
Trade payables	-	-	384	384
Other financial liabilities	71	-	-	71
Total financial liabilities	**5,589**	**11,589**	**2,637**	**19,815**
Non-financial liabilities	**146**	-	-	**146**
Total liabilities	**5,735**	**11,589**	**2,637**	**19,961**
Net balance sheet position	**24,712**	**(11,589)**	**(2,637)**	**10,486**

Assets, liabilities and credit related commitments 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". Cash on hand have been allocated based on the country, in which they are physically held.

Liabilities in OECD countries include borrowings and payables in companies and financial institutions of the United States of America, 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, 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 2018 by their remaining contractual maturity. The amounts of liabilities disclosed in the maturity table are the contractual undiscounted cash flows, including gross finance lease obligations (before deducting future finance charges), gross lease commitments. 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.

27 Financial Risk Management (Continued)

The maturity analysis of financial instruments at 31 December 2018 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	10,591,699	-	-	-	-	-	10,591,699
Due from banks	12,000,426	-	-	-	-	-	12,000,426
Finance lease receivables	12,134,458	22,203,866	107,478,556	318,083,340	1,780,841	-	461,681,061
Other financial assets	1,421,623	185,962	761,374	1,475,299	-	-	3,844,258
Total financial assets, undiscounted	**36,148,206**	**22,389,828**	**108,239,930**	**319,558,639**	**1,780,841**	**-**	**488,117,444**
Financial liabilities							
Borrowings	58,682,146	17,766,226	64,717,707	130,255,217	39,126,819	17,286,520	327,834,635
Finance lease liabilities	290,734	641,946	1,838,798	-	-	-	2,771,478
Advances from lessees	4,590,896	-	-	-	-	-	4,590,896
Trade payables	11,389,365	-	-	-	-	-	11,389,365
Other financial liabilities	606,193	-	-	-	-	-	606,193
Total financial liabilities, undiscounted	**75,559,334**	**18,408,172**	**66,556,505**	**130,255,217**	**39,126,819**	**17,286,520**	**347,192,567**
Liquidity surplus arising from financial instruments	**(39,411,128)**	**3,981,656**	**41,683,425**	**189,303,422**	**(37,345,978)**	**(17,286,520)**	**140,924,877**

27 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	1,270	-	-	-	-	-	1,270
Due from banks	1,439	-	-	-	-	-	1,439
Finance lease receivables	1,455	2,662	12,888	38,142	214	-	55,361
Other financial assets	170	22	91	177	-	-	460
Total financial assets, undiscounted	**4,334**	**2,684**	**12,979**	**38,319**	**214**	**-**	**58,530**
Financial liabilities							
Borrowings	7,037	2,130	7,760	15,619	4,692	2,073	39,311
Finance lease liabilities	35	77	220	-	-	-	332
Advances from lessees	550	-	-	-	-	-	550
Trade payables	1,366	-	-	-	-	-	1,366
Other financial liabilities	72	-	-	-	-	-	72
Total financial liabilities, undiscounted	**9,060**	**2,207**	**7,980**	**15,619**	**4,692**	**2,073**	**41,631**
Liquidity surplus arising from financial instruments	**(4,726)**	**477**	**4,999**	**22,700**	**(4,478)**	**(2,073)**	**16,899**

27 Financial Risk Management (Continued)

The maturity analysis of financial instruments at 31 December 2017 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	Total
Financial assets						
Cash and cash equivalents	1,291,663	-	-	-	-	1,291,663
Due from banks	3,118,107	-	6,682,785	-	-	9,800,892
Finance lease receivables	10,040,352	16,647,221	73,746,847	200,448,509	1,778,714	302,661,643
Other financial assets	2,461,520	141,339	498,397	583,282	-	3,684,537
Total financial assets, undiscounted	**16,911,642**	**16,788,560**	**80,928,029**	**201,031,791**	**1,778,714**	**317,438,735**
Financial liabilities						
Borrowings	7,447,996	10,910,052	55,905,363	104,861,930	-	179,125,341
Finance lease liabilities	527,346	1,016,175	6,553,229	-	-	8,096,750
Advances from lessees	6,239,764	-	-	-	-	6,239,764
Trade payables	789	3,118,724	-	-	-	3,119,513
Other financial liabilities	571,171	-	-	-	-	571,171
Total financial liabilities, undiscounted	**14,787,066**	**15,044,951**	**62,458,592**	**104,861,930**	**-**	**197,152,539**
Liquidity surplus arising from financial instruments	**2,124,576**	**1,743,609**	**18,469,437**	**96,169,861**	**1,778,714**	**120,286,196**

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	Total
Financial assets						
Cash and cash equivalents	159	-	-	-	-	159
Due from banks	384	-	823	-	-	1,207
Finance lease receivables	1,237	2,050	9,082	24,686	219	37,274
Other financial assets	535	44	154	180	-	913
Total financial assets, undiscounted	**2,315**	**2,094**	**10,059**	**24,866**	**219**	**39,553**
Financial liabilities						
Borrowings	917	1,344	6,885	12,914	-	22,060
Finance lease liabilities	65	125	807	-	-	997
Advances from lessees	768	-	-	-	-	768
Trade payables	-	384	-	-	-	384
Other financial liabilities	70	-	-	-	-	70
Total financial liabilities, undiscounted	**1,820**	**1,853**	**7,692**	**12,914**	**-**	**24,279**
Liquidity surplus arising from financial instruments	**495**	**241**	**2,367**	**11,952**	**219**	**15,274**

27 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 2018							
Total financial assets	35,250,307	21,164,365	93,208,375	198,945,848	783,796	-	349,352,691
Total financial liabilities	74,473,959	15,728,325	52,401,316	111,055,150	32,757,638	16,378,819	302,795,207
Net liquidity gap based on expected maturities	**(39,223,652)**	**5,436,040**	**40,807,059**	**87,890,698**	**(31,973,842)**	**(16,378,819)**	**46,557,484**
31 December 2017							
Total financial assets	16,713,784	15,931,446	70,056,511	117,444,784	740,868	-	220,887,393
Total financial liabilities	13,938,756	12,909,288	43,502,506	90,548,647	-	-	160,899,197
Net liquidity gap based on expected maturities	**2,775,028**	**3,022,158**	**26,554,005**	**26,896,137**	**740,868**	**-**	**59,988,196**

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 2018							
Total financial assets	4,227	2,538	11,177	23,856	94	-	41,892
Total financial liabilities	8,930	1,886	6,283	13,317	3,928	1,962	36,306
Net liquidity gap based on expected maturities	**(4,703)**	**652**	**4,894**	**10,539**	**(3,834)**	**(1,962)**	**5,586**
31 December 2017							
Total financial assets	2,060	1,962	8,627	14,464	91	-	27,204
Total financial liabilities	1,717	1,590	5,357	11,151	-	-	19,815
Net liquidity gap based on expected maturities	**343**	**372**	**3,270**	**3,313**	**91**	**-**	**7,389**

28 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. Uzbek tax and customs legislation, which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Company. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged by tax authorities. Uzbek tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year when decision about review was made. Under certain circumstances reviews may cover longer periods.

Management is confident that its interpretation of the relevant legislation is appropriate and the Company's tax, currency legislation and customs positions will be sustained. Accordingly, at 31 December 2018 no provision for potential tax liabilities was recorded (31 December 2017: no provision). The Company estimates that it has no potential obligations from exposure to other than remote tax risks (31 December 2017: no obligations).

Capital expenditure commitments. The Company had no material commitments for capital expenditures outstanding as at 31 December 2018.

Compliance with covenants. In accordance with loan agreements with foreign financial institutions (Islamic Corporation for Development of Private Sector (ICD), Asian Development Bank (ADB) 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 reporting date the Company was not in compliance with financial covenants of ICD namely "A ratio of Liquid Assets to Short Term Liabilities" and "A maximum exposure to single borrower or group of related borrowers to Shareholders' Equity". ICD informed the Company management through email dated 5 April 2019 that they do not object for non complaince with above covenants if those coventnants would be compliant by 2020.

Credit related commitments. The primary purpose of these instruments is to ensure that funds are available to customer as required. Commitments to extend credit represent unused portions of authorisations to extend credit in the form of leases. With respect to credit risk on commitments to extend credit, the Company is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Company monitors the term to maturity of credit related commitments, because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments. Outstanding credit related commitments are as follows:

	2018 UZS'000	2017 UZS'000	2018 USD'000	2017 USD'000
Commitments to provide lease	72,596,257	28,100,762	8,705	3,461
Total	**72,596,257**	**28,100,762**	**8,705**	**3,461**

The total outstanding contractual amount of undrawn leases does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded. Credit related commitments are denominated in currencies as follows:

	2018 UZS'000	2017 UZS'000	2018 USD'000	2017 USD'000
USD	58,083,990	16,221,041	6,965	1,998
EURO	8,951,501	2,295,074	1,073	283
UZS	5,560,766	9,584,647	667	1,180
Total	**72,596,257**	**28,100,762**	**8,705**	**3,461**

29 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.

The level in the fair value hierarchy into which the recurring fair value measurements as at 31 December 2018 are categorised are as follows:

	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	10,591,699	-	10,591,699	1,270	-	1,270
Due from banks	12,000,426	-	12,000,426	1,439	-	1,439
Finance lease receivables	-	323,397,404	323,397,404	-	38,779	38,779
Other financial assets	-	3,363,162	3,363,162	-	404	404
Total financial assets	**22,592,125**	**326,760,566**	**349,352,691**	**2,709**	**39,183**	**41,892**
Liabilities						
Borrowings	-	283,522,718	283,522,718	-	33,997	33,997
Finance lease liabilities	-	2,555,938	2,555,938	-	306	306
Advances from lessees	-	4,590,896	4,590,896	-	550	550
Trade payables	-	11,519,462	11,519,462	-	1,381	1,381
Other financial liabilities	-	606,193	606,193	-	72	72
Total financial liabilities	**-**	**302,795,207**	**302,795,207**	**-**	**36,306**	**36,306**

The level in the fair value hierarchy into which the recurring fair value measurements as at 31 December 2017 are categorised are as follows:

	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	1,291,663	-	1,291,663	159	-	159
Due from banks	9,800,892	-	9,800,892	1,207	-	1,207
Finance lease receivables	-	206,258,115	206,258,115	-	25,401	25,401
Other financial assets	-	3,536,723	3,536,723	-	437	437
Total financial assets	**11,092,555**	**209,794,838**	**220,887,393**	**1,366**	**25,838**	**27,204**
Liabilities						
Borrowings	-	144,534,962	144,534,962	-	17,800	17,800
Finance lease liabilities	-	6,433,787	6,433,787	-	792	792
Advances from lessees	-	6,239,764	6,239,764	-	768	768
Trade payables	-	3,119,513	3,119,513	-	384	384
Other financial liabilities	-	571,171	571,171	-	71	71
Total financial liabilities	**-**	**160,899,197**	**160,899,197**	**-**	**19,815**	**19,815**

30 Presentation of Financial Instruments by Measurement Category

For the purposes of measurement, IFRS 9 "Financial Instruments" classifies financial assets into the following categories: (a) financial assets at FVTPL; (b) debt instruments at FVOCI, (c) equity instruments at FVOCI and (d) financial assets at AC. Financial assets at FVTPL have two sub-categories: (i) assets mandatorily measured at FVTPL, and (ii) assets designated as such upon initial recognition or subsequently. In addition, finance lease receivables form a separate category.

For the purposes of measurement, IAS 39 "Financial Instruments: Recognition and Measurement", classifies financial assets into the following categories: (a) loans and receivables; (b) available-for-sale financial assets; (c) financial assets held to maturity and (d) financial assets at fair value through profit or loss ("FVTPL"). Financial assets at fair value through profit or loss have two sub-categories: (i) assets designated as such upon initial recognition, and (ii) those classified as held for trading. In addition, finance lease receivables form a separate category.

All of the Company's financial assets fall in the loans and receivables category. All of the Company's financial liabilities were carried at amortised cost.

31 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.

At 31 December 2018, the outstanding balances with related parties 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
Cash and cash equivalents	9,891,121	1,186	-	-	-	-	-	-
Due from banks	12,000,426	1,439	-	-	-	-	-	-
Gross amount of loans to employees (contractual interest rate: 14-16%)	-	-	-	-	-	-	356,597	43
Borrowings (contractual interest rate: (14% - 20%)	81,000,982	9,713	-	-	-	-	-	-

The income and expense items with related parties for 2018 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	7,840,628	972	-	-	-	-	-	-
Interest income on loans to employees	-	-	-	-	-	-	36,752	5
Annual office rentals paid to VIP NBU service	-	-	-	-	980,319	121	-	-
Annual furniture rentals paid to VIP NBU service	-	-	-	-	19,664	2	-	-
Utility expenses paid to VIP NBU service	-	-	-	-	62,428	8	-	-
Management salaries	-	-	-	-	-	-	1,147,388	142
Supervisory board remuneration	-	-	222,047	28	-	-	-	-
Commission fees charged by NBU	718,841	89	-	-	-	-	-	-

31 Related Party Transactions (Continued)

At 31 December 2017, the outstanding balances with related parties 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
Cash and cash equivalents	1,054,914	130	-	-	-	-	-	-
Due from banks	9,800,892	1,207	-	-	-	-	-	-
Gross amount of loans to employees (contractual interest rate: 14%)	-	-	-	-	-	-	181,329	22
Borrowings (contractual interest rate: (LIBOR+5.0%)-16%)	36,737,344	4,524	-	-	-	-	-	-
Payroll payable and tax payable related to salaries	-	-	-	-	-	-	121,263	15

The income and expense items with related parties for 2017 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	3,296,605	645	-	-	-	-	-	-
Interest income on loans to employees	-	-	-	-	-	-	21,878	4
Annual office rentals paid to VIP NBU service	-	-	-	-	726,407	152	-	-
Annual furniture rentals paid to VIP NBU service	-	-	-	-	18,196	4	-	-
Utility expenses paid to VIP NBU service	-	-	-	-	54,872	11	-	-
Management salaries	-	-	-	-	-	-	1,235,602	258
Supervisory board remuneration	-	-	205,116	43	-	-	-	-
Commission fees charged by NBU	1,160,930	242	-	-	-	-	-	-

32 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 2018 was UZS 97,898,852 thousand /USD 11,739 thousand (2017: UZS 85,146,994 thousand/ USD 10,486 thousand).