



JSC JV “UZBEK LEASING INTERNATIONAL A.O.”

**International Financial Reporting Standards
Financial Statements and
Independent Auditor’s Report**

31 December 2019

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Independent Auditor's Report

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Independent Auditor's Report

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

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Joint-stock Company Joint venture "Uzbek Leasing International A.O." (the "Company") as at 31 December 2019, 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 2019;
- 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 the IESBA Code and the ethical requirements of the Code of Professional Ethics for Auditors of Uzbekistan.

Responsibilities of management and those charged with governance for the financial statements

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



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

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

Auditor's responsibilities for the audit of the financial statements

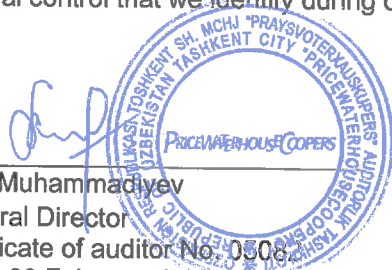
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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. 0506
dated 23 February 2013


Suhrob Azimov
Auditor
Certificate of auditor No. 05338
dated 7 November 2015

Audit Organization PricewaterhouseCoopers LLC

Audit Organization "PricewaterhouseCoopers" LLC
16 November 2020
Tashkent, Uzbekistan

JSC JV "UZBEK LEASING INTERNATIONAL A.O."
Statement of Financial Position

	Note	31 December 2019 UZS'000	31 December 2018 UZS'000	31 December 2019 USD'000	31 December 2018 USD'000
ASSETS					
Cash and cash equivalents	7	7,442,266	10,591,699	783	1,270
Due from banks	8	22,491,422	12,000,426	2,366	1,439
Finance lease receivables	9	395,492,694	323,397,404	41,598	38,779
Equipment for leasing	10	28,534,277	17,752,151	3,001	2,129
Prepayments to vendors for leasing equipment	12	12,811,311	29,325,220	1,347	3,516
Deferred income tax asset	26	1,913,365	1,228,582	201	147
Premises and equipment	11	1,323,632	491,885	139	59
Other assets	13	14,247,443	6,849,407	1,499	821
TOTAL ASSETS		484,256,410	401,636,774	50,934	48,160
LIABILITIES					
Borrowings	14,16	344,306,998	283,522,718	36,214	33,997
Finance lease liabilities	15	5,615,455	2,555,938	591	306
Advances from lessees	17	4,710,546	4,590,896	495	550
Trade payables	18	14,496,785	11,519,462	1,525	1,381
Other liabilities	19	2,995,647	1,548,908	315	187
TOTAL LIABILITIES		372,125,431	303,737,922	39,140	36,421
EQUITY					
Share capital	20	9,113,589	9,113,589	959	1,093
Additional paid in capital	20	25,714,969	25,714,969	2,705	3,083
Retained earnings		77,302,421	63,070,294	8,131	7,563
TOTAL EQUITY		112,130,979	97,898,852	11,795	11,739
TOTAL LIABILITIES AND EQUITY		484,256,410	401,636,774	50,935	48,160

Approved for issue and signed on "16" November 2020.

Mustafaev Z.B.
Chief Executive Officer



Lim T.M.
Chief Accountant

JSC JV "UZBEK LEASING INTERNATIONAL A.O."
Statement of Profit or Loss

	Note	2019 UZS'000	2018 UZS'000	2019 USD'000	2018 USD'000
Interest income on finance leases	21	73,108,089	57,275,499	8,271	7,098
Interest expense on finance leases	21	(1,229,518)	(1,097,269)	(139)	(136)
Net interest income on finance leases		71,878,571	56,178,230	8,132	6,962
(Provision for) / Release of credit loss allowance	9	(4,261,893)	1,140,513	(482)	142
Net interest income on finance leases after credit loss allowance / provision for impairment of finance lease receivables		67,616,678	57,318,743	7,650	7,104
Other interest expense	22	(31,171,812)	(19,677,174)	(3,527)	(2,439)
Other operating income	23	19,280,666	5,265,854	2,181	653
Administrative and other operating expenses	24	(34,620,504)	(17,318,091)	(3,917)	(2,146)
(Provision for) / Release of impairment of other assets	13	(66,467)	1,231,671	(8)	152
Foreign exchange gains (losses), net		3,589,046	(3,423,694)	406	(424)
PROFIT BEFORE INCOME TAX		24,627,607	23,397,309	2,785	2,900
Income tax expense	26	(2,866,077)	(3,847,062)	(324)	(477)
PROFIT FOR THE YEAR		21,761,530	19,550,247	2,461	2,423

JSC JV "UZBEK LEASING INTERNATIONAL A.O."
Statement of Other Comprehensive Income

	Note	2019 UZS'000	2018 UZS'000	2019 USD'000	2018 USD'000
PROFIT FOR THE YEAR		21,761,530	19,550,247	2,461	2,423
Other comprehensive income					
Effect of translation to presentation currency USD		-	-	(1,555)	(331)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		21,761,530	19,550,247	906	2,092

JSC JV "UZBEK LEASING INTERNATIONAL A.O."
Statement of Changes in Equity

	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 2018		9,113,589	25,714,969	47,435,336	82,263,894	1,122	3,167	5,842	10,131
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		-	-	19,550,247	19,550,247	(29)	(84)	2,206	2,093
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
Balance at 1 January 2019		9,113,589	25,714,969	63,070,294	97,898,852	1,093	3,083	7,563	11,739
Net profit for the year		-	-	21,761,530	21,761,530	-	-	2,461	2,461
Other comprehensive income for the year		-	-	-	-	(134)	(379)	(1,041)	(1,555)
Total comprehensive income for 2019		-	-	21,761,530	21,761,530	(134)	(379)	1,420	906
Dividends declared	25	-	-	(7,529,403)	(7,529,403)	-	-	(852)	(852)
Balance at 31 December 2019		9,113,589	25,714,969	77,302,421	112,130,979	959	2,704	8,131	11,794

The notes set out on pages 7 to 67 form an integral part of these financial statements.

JSC JV "UZBEK LEASING INTERNATIONAL A.O."
Statement of Cash Flows

	Note	2019 UZS'000	2018 UZS'000	2019 USD'000	2018 USD'000
Cash flows from operating activities					
Interest income received on finance lease		73,108,089	57,275,499	8,271	7,098
Interest paid	16	(31,171,812)	(19,677,174)	(3,527)	(2,439)
Other operating income received		15,820,927	337,256	1,790	42
Administrative and other operating expenses paid		(20,057,400)	(8,048,727)	(2,269)	(998)
Staff costs paid		(10,980,808)	(8,444,957)	(1,242)	(1,047)
Income tax paid		(2,523,672)	(1,424,375)	(286)	(177)
Cash flows from operating activities before changes in operating assets and liabilities					
		24,195,324	20,017,522	2,737	2,479
Net increase in due from banks		(10,074,128)	(2,178,156)	(1,140)	(270)
Net increase in finance lease receivables		(39,788,422)	(114,136,506)	(4,501)	(14,145)
Net (increase)/decrease in equipment for leasing		(10,782,126)	4,444,368	(1,220)	551
Net decrease/(increase) in prepayments made to vendors for leasing equipment		16,513,909	(24,110,949)	1,868	(2,988)
Net (increase)/decrease in other assets		(7,642,056)	767,871	(865)	95
Net increase/(decrease) in advance received from lessees		119,650	(1,648,868)	14	(204)
Net increase in trade payables		2,621,191	8,366,875	297	1,037
Net (decrease)/increase in other liabilities		(533,021)	277,423	(60)	34
Net cash used in operating activities		(25,369,679)	(108,200,420)	(2,870)	(13,411)
Cash flows from investing activities					
Purchase of property and equipment	11	(1,233,944)	(431,406)	(140)	(53)
Loans issued to employees		(2,208,950)	(1,915,180)	(250)	(237)
Repayment of loans to employees		247,073	268,876	28	33
Net cash used in investing activities		(3,195,821)	(2,077,710)	(362)	(257)

JSC JV "UZBEK LEASING INTERNATIONAL A.O."
Statement of Cash Flows (Continued)

	Note	2019 UZS'000	2018 UZS'000	2019 USD'000	2018 USD'000
Cash flows from financing activities					
Dividends paid	25	(7,529,403)	(3,915,289)	(852)	(485)
Repayment of finance lease liabilities	16	(2,333,848)	(3,876,210)	(264)	(480)
Proceeds from borrowings	16	147,014,381	193,936,646	16,632	24,035
Repayment of borrowings	16	(111,907,379)	(66,123,128)	(12,661)	(8,195)
Net cash from financing activities		25,243,751	120,022,019	2,855	14,875
Effect of exchange rate changes on cash and cash equivalents					
		172,316	(443,853)	19	(50)
Effect of translation to presentation currency					
		-	-	(130)	(46)
Net (decrease)/increase in cash and cash equivalents					
		(3,149,433)	9,300,036	(488)	1,111
Cash and cash equivalents at the beginning of the year	7	10,591,699	1,291,663	1,270	159
Cash and cash equivalents at the end of the year	7	7,442,266	10,591,699	782	1,270
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	5,437,148	-	615	-

1 Introduction

These financial statements of Joint Stock Company Joint Venture "Uzbek Leasing International A.O." (the "Company") have been prepared in accordance with International Financial Reporting Standards ("IFRS") for the year ended 31 December 2019.

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

The shareholders of the Company are as follows:

	31 December 2019	31 December 2018
National Bank for Foreign Economic activity of Uzbekistan (National Bank of Uzbekistan - NBU)	41.6%	41.6%
Uzbek-Oman Investment Company LLC	38.7%	38.7%
Malayan Banking Berhad	19.7%	19.7%
Total	100%	100%

Principal activity. The Company's principal activity is providing finance leases to entities within the Republic of Uzbekistan. The Company had 60 employees as at 31 December 2019 (31 December 2018: 56 employees).

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

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 2019:

- Inflation: 15.2%¹ (2018: 14.3%);
- GDP growth: 5.5%¹ (2018: 5.1%);
- Official exchange rates: 31 December 2019: USD 1 = UZS 9,507.56² (31 December 2018: USD 1 = UZS 8,339.55);
- Refinancing rate of the Central Bank of Uzbekistan ("CBU") – 16.0%² (2018: 16.0%).

¹ Source: The State Committee of the Republic of Uzbekistan on Statistics (www.stat.uz)

² Source: Central Bank of Uzbekistan (www.cbu.uz)

3 Significant Accounting Policies

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

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 2019 the principal rates of exchange used for translating foreign currency balances were USD 1 = UZS 9,507.56 and EUR 1 = UZS 10,624.70 (2018: USD 1 = UZS 8,339.55 and EUR 1 = UZS 9,479.57). 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 at 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 Company manages the assets in order to generate cash flows – whether the Company's objective is: i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows"), or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

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

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

3 Significant Accounting Policies (Continued)

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

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

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

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

The Company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to Note 27 for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company's definition of credit impaired assets and definition of default is explained in Note 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.

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

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

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

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

3 Significant Accounting Policies (Continued)

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

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

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.

3 Significant Accounting Policies (Continued)

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.

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.

Repossessed collateral. Repossessed collateral represents non-financial assets acquired by the Company in settlement of overdue leases. The assets are initially recognised at fair value when acquired and included in premises and equipment, other financial assets, investment properties or inventories within other assets depending on their nature and the Company's intention in respect of recovery of these assets, and are subsequently remeasured and accounted for in accordance with the accounting policies for these categories of assets.

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

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

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

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

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

Category of property and equipment	Useful lives in years
<i>Office equipment:</i>	
Furniture and equipment	7-15
Computer equipment	5
<i>Vehicles</i>	5
<i>Other</i>	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 "Prepayments to vendors for lease equipment". Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. The prepayments in foreign currency to purchase non-financial assets are recognised at the exchange rate prevailing on their recognition date with no subsequent revaluations.

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

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 Company relating to the creation or acquisition of a financial asset or issuance of a financial liability, for example fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents.

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

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

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

Presentation of statement of financial position in order of liquidity. The Company does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in order of their liquidity. Refer to Note 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.

	2019		Total	2018		Total
	Amounts expected to be recovered or settled			Amounts expected to be recovered or settled		
	Within	Beyond		Within	Beyond	
	12 months after the reporting period	12 months after the reporting period		12 months after the reporting period	12 months after the reporting period	
<i>In thousands of UZS</i>						
ASSETS						
Equipment for leasing	28,534,277	-	28,534,277	17,752,151	-	17,752,151
Prepayments to vendors for leasing equipment	12,811,311	-	12,811,311	29,325,220	-	29,325,220
Deferred income tax asset	-	1,913,365	1,913,365	-	1,228,582	1,228,582
Property and equipment	-	1,323,632	1,323,632	-	491,885	491,885
Other non-financial assets	10,714,409	-	10,714,409	3,486,245	-	3,486,245
LIABILITIES						
Other non-financial liabilities	2,492,956	-	2,492,956	942,715	-	942,715

3 Significant Accounting Policies (Continued)

	2019		Total	2018		Total
	Amounts expected to be recovered or settled			Amounts expected to be recovered or settled		
	Within	Beyond		Within	Beyond	
	12 months after the reporting period	12 months after the reporting period		12 months after the reporting period	12 months after the reporting period	
<i>In thousands of USD</i>						
ASSETS						
Equipment for leasing	3,001	-	3,001	2,129	-	2,129
Prepayments to vendors for leasing equipment	1,347	-	1,347	3,516	-	3,516
Deferred income tax asset	-	201	201	-	147	147
Property and equipment	-	139	139	-	59	59
Other non-financial assets	1,127	-	1,127	417	-	417
LIABILITIES						
Other liabilities	262	-	262	115	-	115

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 lease term, 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.

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 Company regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

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

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 329,785 thousand (USD 35 thousand) at 31 December 2019 (31 December 2018: by UZS 524,123 thousand (USD 63 thousand)). A corresponding change towards the upside assumptions would result in a decrease in ECL by UZS 325,785 thousand (USD 35 thousand) at 31 December 2019 (31 December 2018: by UZS 524,123 thousand (USD 63 thousand)).

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies (Continued)

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 16, Leases. IFRS 16 – Leases became effective from 1 January 2019, but the standard did not have any material impact on the Company.

The following amended standards became effective from 1 January 2019, but did not have any material impact on 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).
- Amendment to IAS 12, Income Taxes, included in the Annual Improvements to IFRSs 2015-2017 cycle.
- Prepayment Features with Negative Compensation – Amendments to IFRS 9 (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019).
- Classification of liabilities as current and non-current – early adoption of Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2023).
- 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).
- 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).
- 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).

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 2020 or later, and which the Company has not early adopted.

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 is currently assessing the i

6 New Accounting Pronouncements (Continued)

impact of the new standard 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.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary. The Company is currently assessing the impact of the amendments on its consolidated 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.

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

	2019 UZS'000	2018 UZS'000	2019 USD'000	2018 USD'000
Current account in USD	166,786	5,763,205	18	691
Current account in UZS	7,250,412	4,693,012	762	563
Current account in EUR	25,068	135,482	3	16
Total cash and cash equivalents	7,442,266	10,591,699	783	1,270

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	2019 UZS'000	2018 UZS'000	2019 USD'000	2018 USD'000
<i>Neither past due nor impaired</i>					
National Bank of Uzbekistan	Moddy's B3	6,838,372	9,891,121	719	1,186
UzKDB Bank	S&P BB-	601,706	699,236	63	84
Asaka Bank	Moddy's B2	1,384	1,342	1	-
JSC Uzbek Industrial an Construction Bar	Moddy's B2	804	-	-	-
Total cash and cash equivalents		7,442,266	10,591,699	783	1,270

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

	2019 UZS'000	2018 UZS'000	2019 USD'000	2018 USD'000
Restricted cash by letter of credit in EUR	3,867,391	6,392,017	407	766
Restricted cash by letter of credit in USD	18,624,031	5,608,409	1,959	673
Total due from banks	22,491,422	12,000,426	2,366	1,439

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	2019 UZS'000	2018 UZS'000	2019 USD'000	2018 USD'000
<i>Neither past due nor impaired</i>					
National Bank of Uzbekistan	Moddy's B3	22,491,422	12,000,426	2,366	1,439
Due from banks		22,491,422	12,000,426	2,366	1,439

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

9 Finance Lease Receivables

	2019 UZS'000	2018 UZS'000	2019 USD'000	2018 USD'000
Finance lease receivables	404,336,509	327,979,328	42,528	39,328
Less credit loss allowance / provision for impairment	(8,843,815)	(4,581,924)	(930)	(549)
Total finance lease receivables, net	395,492,694	323,397,404	41,598	38,779

As at 31 December 2019 there are 409 (31 December 2018: 336) 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 analyzing 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:

	2019			2018		
	Amount UZS'000	Amount USD'000	%	Amount UZS'000	Amount USD'000	%
Construction	69,092,310	7,267	17.1	48,346,297	5,797	14.7
Construction materials production	65,583,930	6,898	16.2	36,611,955	4,390	11.2
Medicine	54,018,338	5,682	13.4	61,368,756	7,359	18.7
Paper production and printing	43,171,228	4,541	10.7	18,004,844	2,159	5.5
Chemical	29,149,424	3,066	7.2	38,848,548	4,658	11.8
Agriculture	29,107,668	3,062	7.2	20,926,984	2,509	6.4
Food production and processing	23,942,392	2,518	5.9	19,731,583	2,366	6.0
Textile	16,590,501	1,745	4.1	18,017,345	2,160	5.5
Transport	18,144,585	1,908	4.5	14,591,761	1,750	4.5
Trade	17,235,835	1,813	4.3	15,721,155	1,885	4.8
Oil & gas industry	13,224,745	1,391	3.3	14,980,572	1,796	4.6
Business and other services	8,493,575	893	2.1	7,405,724	888	2.3
Tourism & catering	2,467,266	260	0.6	3,077,774	369	0.9
Carpet production	659,015	69	0.2	786,374	94	0.2
Pharmaceutical	497,724	52	0.1	1,463,970	176	0.5
Other	12,957,970	1,363	3.2	8,095,686	971	2.5
Total finance lease receivables (before impairment)	404,336,509	42,528	100	327,979,328	39,328	100

9 Finance Lease Receivables (Continued)

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

In thousands of UZS	Credit loss allowance			Gross carrying amount		
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)
Financial lease receivables						
At 1 January 2019	2,652,602	811,285	1,118,037	4,581,924	17,068,447	5,995,591
<i>Movements with impact on credit loss allowance charge for the period:</i>						
Transfers:						
- to lifetime (from Stage 1 to Stage 2)	(247,248)	247,248	-	-	7,321,768	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(115,706)	-	115,706	-	(10,575,010)	10,575,010
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	1,137,999	(710,636)	(427,363)	-	13,602,439	(1,431,232)
- partially cured (from Stage 3 to Stage 2)	-	13,696	(13,696)	-	1,129,411	(1,129,411)
New originated or purchased	2,881,701	125	142,055	3,023,882	171,997,272	2,239
Derecognised during the period	(138,384)	(83,142)	(199,549)	(421,076)	(35,907,286)	(734,312)
Changes to ECL measurement model assumptions and repayments	(415,280)	133,851	1,999,365	1,717,936	(38,622,145)	(2,470,127)
Total movements with impact on credit loss allowance charge for the period	3,103,082	(398,858)	1,616,517	4,320,741	(10,585,083)	6,226,450
At 31 December 2019	5,696,834	412,427	2,734,553	8,843,815	6,483,365	12,222,041
<i>Movements without impact on credit loss allowance charge for the period:</i>						
FX and other movements	(58,850)	-	-	(58,850)	-	-
At 31 December 2019	5,696,834	412,427	2,734,553	8,843,815	6,483,365	12,222,041
						404,336,510

9 Finance Lease Receivables (Continued)

In thousands of USD	Credit loss allowance			Gross carrying amount		
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)
Financial lease receivables						
At 1 January 2019	318	97	134	36,563	2,047	718
<i>Movements with impact on credit loss allowance charge for the period:</i>						
Transfers:						
- to lifetime (from Stage 1 to Stage 2)	(28)	28	-	(828)	828	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(13)	-	13	(1,196)	-	1,196
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	129	(80)	(48)	1,539	(1,377)	(162)
- partially cured (from Stage 3 to Stage 2)	-	2	(2)	-	128	(128)
New originated or purchased	326	-	16	19,459	-	160
Derecognised during the period	(16)	(9)	(23)	(4,062)	(542)	(83)
Changes to ECL measurement model assumptions and repayments	(47)	15	226	(4,370)	(235)	(279)
						(4,884)
Total movements with impact on credit loss allowance charge for the period	351	(44)	182	10,542	(1,198)	704
<i>Movements without impact on credit loss allowance charge for the period:</i>						
FX and other movements	(7)	-	-	(1,409)	-	-
Effect of translation to presentation currency	(63)	(10)	(28)	(5,136)	(167)	(136)
						(1,409)
						(5,439)
At 31 December 2019	599	43	288	40,560	682	1,286
						42,528

9 Finance Lease Receivables (Continued)

Movements in provision for finance lease receivables during period ended 31 December 2018 are as follows:

	Credit loss allowance			Gross carrying amount				
	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
In thousands of UZS								
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			
	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
In thousands of USD								
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)

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.

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

<i>In thousands of UZS</i>	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	385,631,104	923,231	4,715,197	391,269,532
Less than 30 days overdue	-	5,179,906	4,229,281	9,409,187
91 to 275 days overdue	-	380,226	3,276,563	3,656,789
Over 365 days overdue	-	-	1,001	1,001
Gross carrying amount	385,631,104	6,483,363	12,222,042	404,336,509
Credit loss allowance	(5,696,834)	(412,427)	(2,734,553)	(8,843,815)
Carrying amount	379,934,270	6,070,936	9,487,489	395,492,694

<i>In thousands of USD</i>	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	40,560	97	496	41,153
Less than 30 days overdue	-	545	445	990
91 to 275 days overdue	-	40	345	385
Over 365 days overdue	-	-	-	-
Gross carrying amount	40,560	682	1,286	42,528
Credit loss allowance	(599)	(43)	(288)	(930)
Carrying amount	39,961	639	998	41,598

9 Finance Lease Receivables (Continued)

Analysis of loans by credit quality at 31 December 2018 is disclosed as follows:

<i>In thousands of UZS</i>	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

<i>In thousands of USD</i>	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

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").

9 Finance Lease Receivables (Continued)

The effect of collateral on credit impaired assets at 31 December 2019.

<i>In thousands of UZS</i>	Over-collateralised assets		Under-collateralised assets	
	Carrying value of assets	Fair value of collateral	Carrying value of assets	Fair value of collateral
Finance lease receivables collateralised by:				
- equipment	106,676,392	210,918,510	29,740,031	36,106,122
- motor vehicle	144,298,982	305,824,099	5,986,175	12,393,885
- non-residential real estate	94,166,449	175,882,071	23,468,480	33,700,672
Total finance lease receivables	345,141,823	692,624,680	59,194,686	82,200,678

<i>In thousands of USD</i>	Over-collateralised assets		Under-collateralised assets	
	Carrying value of assets	Fair value of collateral	Carrying value of assets	Fair value of collateral
Finance lease receivables collateralised by:				
- equipment	11,220	22,184	3,128	3,798
- motor vehicle	15,177	32,166	630	1,304
- non-residential real estate	9,904	18,499	2,469	3,545
Total finance lease receivables	36,301	72,849	6,227	8,647

The effect of collateral at 31 December 2018 is presented for all leases, whether impaired or not, as follows:

<i>In thousands of UZS</i>	Over-collateralised assets		Under-collateralised assets	
	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

<i>In thousands of USD</i>	Over-collateralised assets		Under-collateralised assets	
	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

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.

9 Finance Lease Receivables (Continued)

Reconciliation between gross investment in finance leases and the present value of minimum lease payments receivables at 31 December 2019 and 2018 are as follows:

<i>In thousands of UZS</i>	Due in 1 year	Due between 2 and 5 years	Due after 5 years	Total
Finance lease payments receivable at 31 December 2019	189,744,397	363,526,415	-	553,270,812
Unearned finance income	(18,793,401)	(130,140,901)	-	(148,934,303)
Credit loss allowance	(4,398,242)	(4,445,573)	-	(8,843,815)
Present value of lease payments receivable at 31 December 2019	166,552,754	228,939,940	-	395,492,694
Finance lease payments receivable at 31 December 2018	141,816,880	318,083,340	1,780,841	461,681,061
Less unearned finance income	(14,685,291)	(118,093,527)	(922,915)	(133,701,733)
Less impairment loss provision	(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

<i>In thousands of USD</i>	Due in 1 year	Due between 2 and 5 years	Due after 5 years	Total
Finance lease payments receivable at 31 December 2019	19,957	38,236	-	58,193
Unearned finance income	(1,977)	(13,688)	-	(15,665)
Credit loss allowance	(463)	(468)	-	(931)
Present value of lease payments receivable at 31 December 2019	17,517	24,080	-	41,597
Finance lease payments receivable at 31 December 2018	17,005	38,142	214	55,361
Less unearned finance income	(1,761)	(14,161)	(111)	(16,033)
Less impairment loss provision	(269)	(272)	(8)	(549)
Present value of lease payments receivable at 31 December 2018	14,975	23,709	95	38,779

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.

	2019 UZS'000	2018 UZS'000	2019 USD'000	2018 USD'000
Equipment at 1 January (at cost)	17,752,151	14,680,059	2,129	1,808
Equipment acquired during the year	173,182,926	215,790,248	18,215	25,876
Equipment transferred to finance leases	(162,400,800)	(212,718,156)	(17,081)	(25,507)
Effect of translation to presentation currency USD	-	-	(262)	(48)
Equipment at 31 December (at cost)	28,534,277	17,752,151	3,001	2,129

At 31 December 2019, the outstanding balance of equipment for leasing mainly consisted of carbonated drink filling line, air compressor, computers, chocolate enrobing machine, minibuses, medical equipment and other equipment on lease projects.

11 Premises 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 2018		548,654	579,578	1,128,232	68	71	139
Accumulated depreciation		(347,421)	(335,774)	(683,195)	(43)	(41)	(84)
Carrying amount at 1 January 2018		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
Additions		943,092	290,852	1,233,944	113	35	148
Disposals		38,581	26,298	64,879	5	3	8
Depreciation charge	22	(127,882)	(339,194)	(467,076)	(15)	(41)	(56)
Effect of translation to presentation currency		-	-	-	(15)	(5)	(20)
Carrying amount at 31 December 2019		1,040,247	283,385	1,323,632	125	34	139
Cost at 31 December 2019		1,423,376	944,350	2,367,726	150	99	249
Accumulated depreciation		(383,129)	(660,965)	(1,044,094)	(40)	(70)	(110)
Carrying amount at 31 December 2019		1,040,247	283,385	1,323,632	110	29	139

12 Prepayments to Vendors for Leasing Equipment

	2019 UZS'000	2018 UZS'000	2019 USD'000	2018 USD'000
Foreign vendors	7,116,182	26,452,642	748	3,172
Domestic vendors	5,695,129	2,872,578	599	344
Total prepayments to vendors for leasing equipment	12,811,311	29,325,220	1,347	3,516

13 Other Assets

	2019 UZS'000	2018 UZS'000	2019 USD'000	2018 USD'000
Other financial assets				
Loans to employees	3,133,982	2,041,737	330	245
Claims receivables	1,263,684	1,324,728	133	159
Loans to companies	-	196,576	-	24
Other	-	598,286	-	72
Less: credit loss allowance / provision for impairment	(864,632)	(798,165)	(91)	(96)
Total other financial assets	3,533,034	3,363,162	372	404
Other non-financial assets				
Prepaid taxes and other contributions	1,695,842	1,518,630	177	182
Repossessed assets	7,527,062	1,494,158	793	179
Prepaid expenses	1,363,643	354,618	144	42
Prepayment to suppliers	109,316	113,053	11	13
Other	714,724	5,786	75	1
Less: Provision for impairment of other assets	(696,178)	-	(73)	-
Total other non-financial assets	10,714,409	3,486,245	1,127	417
Total other assets	14,247,443	6,849,407	1,499	821

Loans to employees are long term loans provided to Company's employees at the interest rate of 16% (31 December 2018: 16%). At 31 December 2019 no collateral was obtained for loans to employees and no provision was recorded (31 December 2018: no collateral was obtained for loans to employees and no provision was recorded). At 31 December 2019, the outstanding balance of repossessed assets mainly consisted of administrative and production buildings, equipment producing carton and egg trays, and other repossessed assets.

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 2019 below also represents the Company's maximum exposure to credit risk on these assets:

<i>In thousands of UZS</i>	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	Total
Claims receivables				
Over 365 days overdue	-	-	1,263,684	1,263,684
Gross carrying amount	-	-	1,263,684	1,263,684
Credit loss allowance	-	-	(864,632)	(864,632)
Carrying amount	-	-	399,052	399,052

<i>In thousands of USD</i>	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	Total
Claims receivables				
Over 365 days overdue	-	-	133	133
Gross carrying amount	-	-	133	133
Credit loss allowance	-	-	(91)	(91)
Carrying amount	-	-	42	42

Other financial assets were classified as Stage 1 and there is no credit loss allowance recognised on them.

Analysis by credit quality of other financial assets outstanding at 31 December 2018 is as follows:

<i>In thousands of UZS</i>	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	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

13 Other Assets (Continued)

<i>In thousands of USD</i>	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	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

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 2019.

	Credit loss allowance			Gross carrying amount		
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)
<i>In thousands of UZS</i>						
Claims receivables						
At 1 January 2019	-	-	798,165	-	-	1,324,728
<i>Movements with impact on credit loss allowance charge for the period:</i>						
New originated or purchased	-	-	87,017	-	-	174,034
Derecognised during the period	-	-	(87,035)	-	-	(138,373)
Changes to ECL measurement model assumptions and repayments	-	-	66,485	-	-	(96,705)
Total movements with impact on credit loss allowance charge for the period	-	-	66,467	-	-	(61,044)
At 31 December 2019	-	-	864,632	-	-	1,263,684

13 Other Assets (Continued)

	Credit loss allowance			Gross carrying amount		
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)
In thousands of USD				Total		Total
Claims receivables						
At 1 January 2019	-	-	96	96	-	159
<i>Movements with impact on credit loss allowance charge for the period:</i>						
New originated or purchased	-	-	10	10	-	18
Derecognised during the period	-	-	(10)	(10)	-	(15)
Changes to ECL measurement model assumptions and repayments	-	-	8	8	-	(9)
Total movements with impact on credit loss allowance charge for the period	-	-	8	8	-	(6)
Effect of translation to presentation currency	-	-	(13)	(13)	-	(20)
At 31 December 2019	-	-	91	91	-	133

Other financial assets (loans to employees) 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 2018 were as follows

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

13 Other Assets (Continued)

	Credit loss allowance			Gross carrying amount		
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)
<i>In thousands of USD</i>				Total		Total
Claims receivables						
At 1 January 2018	-	-	250	250	-	403
<i>Movements with impact on credit loss allowance charge for the period:</i>						
New originated or purchased	-	-	22	22	-	21
Derecognised during the period	-	-	(47)	(47)	-	(103)
Changes to ECL measurement model assumptions and repayments	-	-	(127)	(127)	-	(151)
Total movements with impact on credit loss allowance charge for the period	-	-	(152)	(152)	-	(233)
Effect of translation to presentation currency	-	-	(2)	(2)	-	(11)
At 31 December 2018	-	-	96	96	-	159

Claims receivable represents amounts on overdue leases to be received based on court decision. Provision for impairment as at 31 December 2018 relates to claims receivable.

13 Other Assets (Continued)

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 2019 is as follows.

<i>In thousands of UZS</i>	Over-collateralised assets		Under-collateralised assets	
	Carrying value of assets	Fair value of collateral	Carrying value of assets	Fair value of collateral
Credit impaired assets:				
Claims receivables	67,145	320,000	1,022,505	962,250
<i>Unsecured exposure:</i>				
Loans to employees	-	-	3,133,982	-
Claims receivables	-	-	174,034	-
Total other assets	67,145	320,000	4,330,521	962,250

<i>In thousands of USD</i>	Over-collateralised assets		Under-collateralised assets	
	Carrying value of assets	Fair value of collateral	Carrying value of assets	Fair value of collateral
Credit impaired assets:				
Claims receivables	7	34	107	101
<i>Unsecured exposure:</i>				
Loans to employees	-	-	330	-
Claims receivables	-	-	18	-
Total other assets	7	34	455	101

The effect of collateral at 31 December 2018 is presented for both impaired and unimpaired items as follows:

<i>In thousands of UZS</i>	Over-collateralised assets		Under-collateralised assets	
	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
<i>Unsecured exposure:</i>				
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

13 Other Assets (Continued)

<i>In thousands of USD</i>	Over-collateralised assets		Under-collateralised assets	
	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

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:

	2019 UZS'000	2018 UZS'000	2019 USD'000	2018 USD'000
Repossessed assets / collaterals				
as at 1 January	1,494,158	-	179	-
Additions	8,155,745	1,494,158	923	185
Disposals	(2,122,841)	-	(255)	-
Effect of translation to presentation currency	-	-	130	-6
Repossessed assets / collaterals				
as at 31 December	7,527,062	1,494,158	793	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:

	2019 UZS'000	2018 UZS'000	2019 USD'000	2018 USD'000
Asian Development Bank	95,359,847	65,824,935	10,030	7,893
National Bank of Uzbekistan	87,806,522	79,000,982	9,235	9,473
Islamic Corporation of Development of Private Sector	41,158,237	53,066,300	4,329	6,363
KDB Bank Uzbekistan	32,350,084	16,872,833	3,403	2,023
Uzbek-Oman Investment Company LLC	24,178,959	2,000,000	2,543	240
AKA AUSFUHRKREDIT-GESELSCHAFT	23,736,996	37,178,513	2,497	4,458
International Finance Corporation	20,241,132	29,579,155	2,129	3,547
European Bank for Reconstruction and Development	18,910,221	-	1,989	-
Asia Power	565,000	-	59	-
Total borrowings	344,306,998	283,522,718	36,214	33,997

14 Borrowings (Continued)

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

	2019 UZS'000	2018 UZS'000	2019 USD'000	2018 USD'000
<i>Borrowings denominated in:</i>				
- US Dollars	176,843,247	148,470,390	18,600	17,803
- Uzbek Soums	143,726,755	97,873,815	15,117	11,736
- EURO	23,736,996	37,178,513	2,497	4,458
Total borrowings	344,306,998	283,522,718	36,214	33,997

As at 31 December 2019 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 190,151,200 thousand (at FX rate as at 31 December 2019), 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%-22% per annum.
- Borrowing from European Bank for Reconstruction and Development on the basis of loan agreement signed in May 2019 constitutes USD denominated loan facility totalling USD 5,000 thousand. The repayment of the principal loan amount shall commence in May 2020 and is payable in 13 equal quarterly instalments of USD 385 thousand. The interest rate on this loan facility is 2% per annum. The Company must comply with financial covenants as stipulated in Note 28.
- 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 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 June 2017 constitutes EUR 3,607 thousand. The repayment of the principal loan amount commenced in March 2018 and is payable in 10 equal instalments of EUR 361 thousand. The interest rate on this loan facility is fixed at CIRR + 0.9% per annum.
- Borrowings from IFC on the basis of loan agreement in April 2017 constitutes USD 5,000 thousand. The repayment of the principal loan amount commenced in June 2018 and is payable in 7 equal instalments of USD 714 thousand. The interest rate on this loan facility is fixed at 9.69% per annum. The Company must comply with financial covenants as stipulated in Note 28.
- Borrowings from Asian Development Bank (ADB) on the basis of loan agreement in March 2017 constitutes USD 10,000 thousand. The repayment of the principal loan amount is to be commenced in November 2021 and is payable in 20 equal instalments of USD 500 thousand. The interest rate on this loan facility is at LIBOR + 2.60% per annum. The Company must comply with financial covenants as stipulated in Note 28.
- Borrowings from KDB Bank Uzbekistan are UZS denominated loans, which were obtained for financing purchases of lease objects. The loan term does not exceed three years for each individual project. The repayment of the loan principal is in equal monthly instalments. The interest rate on this loan facility range between 8%-20% per annum.
- Borrowings from Uzbek-Omon Investment Company LLC (UOIC) on the basis of loan agreement in December 2019 constitutes UZS 20,000,000 thousand which is payable in December 2022. The interest rate on this loan facility is 22% per annum.
- Borrowings from Uzbek-Omon Investment Company LLC (UOIC) on the basis of loan agreement in October 2019 constitutes UZS 4,000,000 thousand which is payable in April 2020. The interest rate on this loan facility is 20% per annum.

14 Borrowings (Continued)

- Borrowing from OOO Asia Power on the basis of loan agreement in December 2019 constitutes UZS 565,000 thousand which is payable in three months. The loan is interest free.

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 2019 and 2018 were as follows:

	2019 UZS'000	2018 UZS'000	2019 USD'000	2018 USD'000
Finance lease liabilities	5,615,455	2,555,938	591	306
Total financial lease liabilities	5,615,455	2,555,938	591	306

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

The asset received under this lease agreement was subsequently subleased to a third party under finance lease. The sublease arrangement is appropriately accounted for under Note 9.

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 finance lease liabilities UZS'000	Borrowings and finance lease liabilities USD'000
Liabilities from financing activities at 1 January 2018	14,15	150,968,749	18,592
Net cash flows		123,937,308	15,360
Lease liabilities issued - non-cash transaction		7,516,460	932
Interest paid		(19,677,174)	(2,439)
Interest accrued		19,677,174	2,439
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
Net cash flows		32,773,154	3,707
Finance lease liabilities issued by KDB Bank Uzbekistan (UzKDB)		5,437,148	615
Interest paid		(31,171,812)	(3,527)
Interest accrued		31,171,812	3,527
Foreign exchange adjustments		25,565,795	2,892
Correction in borrowing accounts - non-cash transaction		67,700	8
Effect of translation to presentation currency		-	(4,720)
Liabilities from financing activities at 31 December 2019	14,15	349,922,453	36,805

17 Advances from Lessees

	2019 UZS'000	2018 UZS'000	2019 USD'000	2018 USD'000
Advances from lessees as				
- Lease prepayments	3,410,036	2,713,145	359	325
- Equipment cost prepayments	1,300,510	1,877,751	136	225
Total advances from lessees	4,710,546	4,590,896	495	550

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

18 Trade payables

	2019 UZS'000	2018 UZS'000	2019 USD'000	2018 USD'000
Trade payables for lease equipment and services	14,495,949	11,519,462	1,525	1,381
Trade payables for other services and products	836	-	-	-
Total trade payables	14,496,785	11,519,462	1,525	1,381

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:

	2019 UZS'000	2018 UZS'000	2019 USD'000	2018 USD'000
Other financial liabilities				
Other payables	502,691	606,193	53	72
Total other financial liabilities	502,691	606,193	53	72
Other non-financial payables				
Tax payable	108,518	590,265	11	72
Salary related tax payable	370,909	349,581	39	43
Salary payables	2,013,529	2,869	212	-
Total other non-financial liabilities	2,492,956	942,715	262	115
Total other liabilities	2,995,647	1,548,908	315	187

Salary payables includes annual bonus for financial results of 2019 in the amount UZS 1,980 million.

20 Share Capital

Authorized and paid in capital at 31 December 2019 consisted of 6,023,522 shares with a nominal value of UZS 1,513 per share, issued and fully paid in UZS (2018: 6,023,522 shares with a nominal value of UZS 1,513 per share, issued and fully paid in UZS).

20 Share Capital (Continued)

	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 2018	6,024	9,113,589	25,112,922	602,047	34,828,558
As at 31 December 2019	6,024	9,113,589	25,112,922	602,047	34,828,558

	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 2018	6,024	1,093	3,011	72	4,176
As at 31 December 2019	6,024	959	2,641	64	3,664

Dividends declared during 2019 and 2018 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

	2019 UZS'000	2018 UZS'000	2019 USD'000	2018 USD'000
Interest income on finance leases				
Interest income - UZS denominated leases	41,656,607	27,558,352	4,713	3,415
Interest income - USD denominated leases	24,576,520	20,214,815	2,780	2,505
Interest income - EUR denominated leases	6,874,962	9,502,332	778	1,178
Total interest income on finance leases	73,108,089	57,275,499	8,271	7,098
Interest expenses on finance leases				
Interest expenses - UZS denominated leases	(485,137)	(597,558)	(55)	(74)
Interest expenses - USD denominated leases	(684,515)	(491,469)	(77)	(61)
Interest expenses - EUR denominated leases	(59,866)	(8,242)	(7)	(1)
Total interest expenses on finance leases	(1,229,518)	(1,097,269)	(139)	(136)
(Provision for) / Release of credit loss allowance	(4,261,893)	1,140,513	(482)	142
Net interest income on finance leases after provision for credit loss allowance on finance lease receivables	67,616,678	57,318,743	7,650	7,104

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

22 Other Interest Expense

	2019 UZS'000	2018 UZS'000	2019 USD'000	2018 USD'000
National Bank of Uzbekistan	13,751,584	7,840,628	1,555	972
Islamic Corporation for Development of	3,596,537	2,953,556	407	366
Asian Development Bank	3,059,116	655,805	346	81
International Finance Corporation	2,875,968	3,761,755	325	466
KDB Bank Uzbekistan - loans	2,635,527	886,480	298	110
AKA AUSFUHRKREDIT-GESELSCHAFT	1,927,976	2,275,547	218	282
KDB Bank Uzbekistan - finance lease liabilities	1,349,716	1,189,624	153	147
European Bank for Reconstruction and Development	724,645	-	82	-
Uzbek Industrial Construction Bank	530,386	-	61	-
Uzbek-Oman Investment Company LLC	449,096	-	51	-
WORLD WORK XUSUSIY BANDLIK AGENTLIGI	271,260	-	31	-
Malayan Banking Berhard	-	113,779	-	15
Total interest expenses	31,171,812	19,677,174	3,527	2,439

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

23 Other Operating Income

	2019 UZS'000	2018 UZS'000	2019 USD'000	2018 USD'000
Income from sale of excavators	15,236,428	-	1,724	-
Gain on disposal of equipment for lease	3,394,860	4,926,910	384	611
Gain on disposal of property and equipment	203,175	1,688	23	-
Other income	446,203	337,256	50	42
Total other operating income	19,280,666	5,265,854	2,181	653

Income from sale of excavators represents sale of 6 excavators to GST Oil OOO. 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	2019 UZS'000	2018 UZS'000	2019 USD'000	2018 USD'000
Cost of sales of excavators		13,972,472	-	1,581	-
Wages and salaries		11,538,589	8,424,724	1,305	1,044
Rent expense		1,801,010	1,078,061	204	134
Bank charges		1,553,759	803,580	176	100
Representative and office expenditure		1,315,012	646,055	149	80
Loss on disposal of assets		608,239	-	69	-
Depreciation	11	467,076	386,247	56	48
Professional service		401,025	1,142,910	45	142
Vehicle maintenance		377,700	316,156	43	39
Business trip expenses		329,257	264,220	37	33
Advertising and marketing		234,941	59,409	27	7
Supervisory board remuneration		227,058	222,047	26	28
Charity		159,983	163,779	18	20
Insurance		127,034	99,780	14	12
Utilities		57,413	68,104	6	8
Communication		51,458	55,381	6	7
Training		45,287	46,682	5	6
Taxes		29,778	1,874,283	3	232
Other expenses		1,323,415	1,666,673	147	206
Total administrative and other operating expenses		34,620,504	17,318,091	3,917	2,146

Changes in amount of taxes are mainly due to changes in tax legislation in 2019 (abolishment of turnover taxes).

25 Dividends

	2019 UZS'000	2018 UZS'000	2019 USD'000	2018 USD'000
Dividends payable at 1 January	-	-	-	-
Dividends declared during the year	7,529,403	3,915,289	852	485
Dividends paid during the year	(7,529,403)	(3,915,289)	(852)	(485)
Effect of translation to presentation currency	-	-	-	-
Dividends payable at 31 December	-	-	-	-
Dividends per share declared during the year	1,250	650	0.14	0.08

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:

	2019 UZS'000	2018 UZS'000	2019 USD'000	2018 USD'000
Current tax	3,550,860	3,621,658	401	449
Deferred tax (benefit)/expense	(684,783)	225,404	(77)	28
Income tax expenses for the year	2,866,077	3,847,062	324	477

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 2019 is 12% (2018: 14%). A reconciliation between the expected and the actual taxation charge is provided below.

	2019 UZS'000	2018 UZS'000	2019 USD'000	2018 USD'000
Profit before tax	24,627,607	23,397,309	2,785	2,900
Theoretical tax charge at statutory rate (2019: 12%; 2018:14%)	2,955,313	2,807,677	334	348
Tax effect of items which are not deductible or assessable for taxation purposes:				
- Income which is exempt from taxation	-	(39,349)	-	(5)
- Non-deductible expenses	293,437	256,067	33	32
Under/(over) provision of current tax in prior years	-	273,164	-	34
Tax adjustments made for current year whereas it should be done in prior year	-	287,873	-	36
Change in tax rate from 12% to 15%	(382,673)	261,630	(43)	32
Income tax expenses for the year	2,866,077	3,847,062	324	477

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 2019 UZS'000	Credited/ (charged) to profit or loss UZS'000	Credited/ (charged) directly to equity UZS'000	31 December 2019 UZS'000	January 2019 USD'000	Credited/ (charged) to profit or loss USD'000	Credited/ (charged) directly to equity USD'000	31 December 2019 USD'000
Tax effect of deductible/ (taxable) temporary differences								
Provision for credit loss allowance	391,483	655,900	-	1,047,383	47	63	-	110
Deferral of lease origination fee income	543,140	314,313	-	857,453	65	26	-	91
Deferral of loan origination fee expense	(545,536)	97,408	-	(448,129)	(65)	19	-	(47)
Accrual of interest on leases using effective interest rate method	794,059	(495,489)	-	298,570	95	(64)	-	31
Reversal of deferred unearned income	19,873	89,715	-	109,589	2	9	-	12
Other	25,563	22,937	-	48,499	3	2	-	5
Net deferred tax asset	1,228,582	684,783	-	1,913,365	147	56	-	202
Recognised deferred tax asset	5,027,156	(998,589)	-	4,028,567	602	(178)	-	424
Recognised deferred tax liability	(3,798,574)	1,683,372	-	(2,115,202)	(455)	234	-	(222)
Net deferred tax asset	1,228,582	684,783	-	1,913,365	147	56	-	202

	1 January 2018 UZS'000	Credited/ (charged) to profit or loss UZS'000	Credited/ (charged) directly to equity UZS'000	31 December 2018 UZS'000	January 2018 USD'000	Credited/ (charged) to profit or loss USD'000	Credited/ (charged) directly to equity USD'000	31 December 2018 USD'000
Tax effect of deductible/ (taxable) temporary differences								
Provision for credit loss allowance	299,092	(376,952)	469,344	391,483	37	(48)	58	47
Deferral of lease origination fee income	441,238	101,902	-	543,140	54	11	-	65
Deferral of loan origination fee expense	(949,777)	404,240	-	(545,536)	(117)	52	-	(65)
Accrual of interest on leases using effective interest rate method	991,079	(197,020)	-	794,059	122	(27)	-	95
Reversal of deferred unearned income	(156,890)	176,763	-	19,873	(19)	22	-	2
Other	359,899	(334,337)	-	25,563	43	(40)	-	3
Net deferred tax asset	984,642	(225,404)	469,344	1,228,582	120	(31)	58	147
Recognised deferred tax asset	4,411,265	146,547	469,344	5,027,156	529	15	58	602
Recognised deferred tax liability	(3,426,623)	(371,951)	-	(3,798,574)	(411)	(44)	-	(455)
Net deferred tax asset	984,642	(225,404)	469,344	1,228,582	118	29	58	147

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 credit-related commitments.

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

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

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

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

The Company has Supervisory Board 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 is reported to, and reviewed by, Credit Committee. Company does not use formalised internal credit ratings to monitor exposure to credit risk.

The Company's Monitoring and Risks Department reviews aging analysis of outstanding leases and follows up on past due balances. Management, therefore, considers it appropriate to provide ageing and other information about credit risk as disclosed in Note 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 ratings and external credit ratings are mapped on an internally defined master scale with a specified range of probabilities of default.

The age-based rating system is designed internally 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 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

27 Financial Risk Management (Continued)

by evaluating a range of possible outcomes. ECL measurement is based on four components used by the Company: Probability of Default ("PD"), Exposure at Default ("EAD"), Loss Given Default ("LGD") and Discount Rate.

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

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

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

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

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

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

- The borrower is more than 90 days past due on its contractual payments.
- Restructuring of the receivables due to deterioration of the financial position of the borrower, which includes following restructuring terms:
 - Provision of 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.
- 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.

27 Financial Risk Management (Continued)

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.

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

27 Financial Risk Management (Continued)

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 calculate 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.

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

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

In addition to the base economic scenario, the Company's Monitoring department 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).

27 Financial Risk Management (Continued)

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

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

The table below summarises the Company's exposure to foreign currency exchange rate risk at 31 December 2019 and 2018:

	At 31 December 2019			At 31 December 2018		
	Monetary financial assets	Monetary financial liabilities	Net balance sheet position	Monetary financial assets	Monetary financial liabilities	Net balance sheet position
<i>In thousands of UZS</i>						
Uzbek Soums	219,669,202	(151,513,535)	68,155,667	183,983,349	(108,942,912)	73,711,600
US Dollars	160,575,627	(193,310,380)	(32,734,753)	116,763,686	(154,985,155)	(5,602,890)
Euros	48,714,587	(24,808,560)	23,906,027	48,605,656	(38,867,140)	(10,434,829)
Total	428,959,416	(369,632,475)	59,326,941	349,352,691	(302,795,207)	57,673,881

	At 31 December 2019			At 31 December 2018		
	Monetary financial assets	Monetary financial liabilities	Net balance sheet position	Monetary financial assets	Monetary financial liabilities	Net balance sheet position
<i>In thousands of USD</i>						
Uzbek Soums	23,105	(15,937)	7,168	22,062	(13,061)	9,001
US Dollars	16,889	(20,332)	(3,443)	14,001	(18,584)	(4,583)
Euros	5,125	(2,609)	2,516	5,829	(4,661)	1,168
Total	45,119	(38,878)	6,241	41,892	(36,306)	5,586

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

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

27 Financial Risk Management (Continued)

	At 31 December 2019	At 31 December 2018
	Impact on profit or loss and equity	Impact on profit or loss and equity
<i>In thousands of UZS</i>		
US Dollars strengthening by 14% (2018: 10%)	(4,582,865)	(3,822,147)
US Dollars weakening by 14% (2018: 10%)	4,582,865	3,822,147
Euro strengthening by 12% (2018: 10%)	2,868,723	973,852
Euro weakening by 12% (2018: 10%)	(2,868,723)	(973,852)
	At 31 December 2019	At 31 December 2018
	Impact on profit or loss and equity	Impact on profit or loss and equity
<i>In thousands of USD</i>		
US Dollars strengthening by 14% (2018: 10%)	(482)	(458)
US Dollars weakening by 14% (2018: 10%)	482	458
Euro strengthening by 12% (2018: 10%)	302	117
Euro weakening by 12% (2018: 10%)	(302)	(117)

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 domestic financial institutions. Interest rates of international and domestic financial institutions are either fixed or linked to LIBOR and EURIBOR. The effective interest rate on the 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:

	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
<i>In thousands of UZS</i>							
31 December 2019							
Total financial assets	47,997,023	30,123,738	119,741,455	231,097,200	-	-	428,959,416
Total financial liabilities	31,093,413	21,065,975	89,830,660	165,843,287	47,537,800	14,261,340	369,632,475
Net interest sensitivity surplus	16,903,610	9,057,763	29,910,795	65,253,913	(47,537,800)	(14,261,340)	59,326,941
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 sensitivity surplus	(39,223,652)	5,436,040	40,807,059	87,890,698	(31,973,842)	(16,378,819)	46,557,484

27 Financial Risk Management (Continued)

<i>In thousands of USD</i>	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 2019							
Total financial assets	5,048	3,168	12,594	24,307	-	-	45,117
Total financial liabilities	3,270	2,216	9,448	17,443	5,000	1,500	38,877
Net liquidity gap based on expected maturities	1,778	952	3,146	6,864	(5,000)	(1,500)	7,740
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

At 31 December 2019, if interest rates at that date had been 200 basis points lower (2018: 200 basis points lower) with all other variables held constant, profit for the year would have been UZS 4,280,577 thousand (USD 518 thousand) (2018: UZS 2,185,237 thousand (USD 271 thousand)) higher, mainly as a result of lower interest expense on variable interest liabilities.

If interest rates had been 200 basis points higher (2018: 200 basis points higher), with all other variables held constant, profit would have been UZS 4,280,577 thousand (USD 518 thousand) (2018: UZS 2,185,237 thousand (USD 271 thousand)) lower, mainly as a result of higher interest expense on variable interest liabilities.

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

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

27 Financial Risk Management (Continued)

<i>In % yield p.a.</i>	2019			2018		
	UZS	USD	Euro	UZS	USD	Euro
Assets						
Finance lease receivables	14%-81%	6%-77%	9%-29%	14%-	6%-77%	9%-29%
Other financial assets	9%-16%	-	-	9%-16%	-	-
Liabilities						
<i>Borrowings:</i>						
Loan from National Bank of	14%-22%	-	-	14%-20%	-	-
European Bank for Reconstruction an	2%+LIBOR	-	-	-	-	-
			1.6% +			1.6% +
			EURIBOR			EURIBOR
Loan from AKA AUSFUHRKREDIT-			- 0.9% +			- 0.9% +
GESELSCHAFT	-	-	CIRR	-	-	CIRR
Financing from Islamic Corporation						
of						
Development of Private Sector	-	7%-9%	-	-	7%-9%	-
Loan from Malayan Banking Berhad	-		-	-	5%+LIBOR	-
Loan from International						
Finance Corporation	-	10%	-	-	10%	-
Finance lease liabilities from						
KDB Bank Uzbekistan	-	12-21%	-	0	12-21%	-
Loan from KDB Bank Uzbekistan	8%-20%	-	-	15%-16%	-	-
Loan from Uzbek-Omon Investment						
Company	20%-22%	-	-	18%	-	-

27 Financial Risk Management (Continued)

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

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

27 Financial Risk Management (Continued)

<i>In thousands of USD</i>	Uzbekistan	OECD	Non-OECD	Total
Assets				
Cash and cash equivalents	783	-	-	783
Due from banks	2,366	-	-	2,366
Finance lease receivables	41,598	-	-	41,598
Other financial assets	372	-	-	372
Total financial assets	45,119	-	-	45,119
Non-financial assets	5,816	-	-	5,816
Total assets	50,935	-	-	50,935
Liabilities				
Borrowings	25,271	6,615	4,328	36,214
Finance lease liabilities	591	-	-	591
Advances from lessees	495	-	-	495
Trade payables	-	8	1,517	1,525
Other financial liabilities	53	-	-	53
Total financial liabilities	26,410	6,623	5,845	38,878
Non-financial liabilities	262	-	-	262
Total liabilities	26,672	6,623	5,845	39,140
Net balance sheet position	24,263	(6,623)	(5,845)	11,795

27 Financial Risk Management (Continued)

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

<i>In thousands of UZS</i>	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)

<i>In thousands of USD</i>	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

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

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

Borrowings, trade payables and other liabilities in non-OECD countries include borrowings, trade payables and other liabilities in companies and financial institutions of Saudi Arabia, 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 2019 by their remaining contractual maturity. The amounts of liabilities disclosed in the maturity table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the statement of financial position because the amount in the statement of financial position is based on discounted cash flows.

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

27 Financial Risk Management (Continued)

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

<i>In thousands of UZS</i>	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	From 5 to 10 years	More than 10 years	Total
Financial assets							
Cash and cash equivalents	7,442,266	-	-	-	-	-	7,442,266
Due from banks	22,491,422	-	-	-	-	-	22,491,422
Finance lease receivables	18,769,331	31,862,480	139,112,586	363,526,415	-	-	553,270,812
Other financial assets	730,595	253,448	985,016	2,684,199	-	-	4,653,258
Total financial assets, undiscounted	49,433,614	32,115,928	140,097,602	366,210,614	-	-	587,857,758
Financial liabilities							
Borrowings	13,110,897	24,295,556	106,421,015	186,612,945	55,014,281	14,787,663	400,242,357
Finance lease liabilities	256,320	504,808	2,142,404	4,176,555	-	-	7,080,088
Advances from lessees	4,710,546	-	-	-	-	-	4,710,546
Trade payables	14,496,785	-	-	-	-	-	14,496,785
Other financial liabilities	502,691	-	-	-	-	-	502,691
Total financial liabilities, undiscounted	33,077,239	24,800,364	108,563,420	190,789,500	55,014,281	14,787,663	427,032,467
Liquidity surplus arising from financial instruments	16,356,375	7,315,564	31,534,182	175,421,114	(55,014,281)	(14,787,663)	160,825,291

27 Financial Risk Management (Continued)

<i>In thousands of USD</i>	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	783	-	-	-	-	-	783
Due from banks	2,366	-	-	-	-	-	2,366
Finance lease receivables	1,974	3,351	14,632	38,236	-	-	58,193
Other financial assets	77	27	104	282	-	-	490
Total financial assets, undiscounted	5,200	3,378	14,736	38,518	-	-	61,832
Financial liabilities							
Borrowings	1,379	2,555	11,193	19,628	5,786	1,555	42,096
Finance lease liabilities	27	53	225	439	-	-	744
Advances from lessees	495	-	-	-	-	-	495
Trade payables	1,525	-	-	-	-	-	1,525
Other financial liabilities	52	-	-	-	-	-	52
Total financial liabilities, undiscounted	3,478	2,608	11,418	20,067	5,786	1,555	44,912
Liquidity surplus arising from financial instruments							
	1,722	770	3,318	18,451	(5,786)	(1,555)	16,920

27 Financial Risk Management (Continued)

The maturity analysis of financial instruments at 31 December 2018 is as follows:

<i>In thousands of UZS</i>	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)

<i>In thousands of USD</i>	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 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:

<i>In thousands of UZS</i>	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 2019							
Total financial assets	47,997,023	30,123,738	119,741,455	231,097,200	-	-	428,959,416
Total financial liabilities	31,093,413	21,065,975	89,830,660	165,843,287	47,537,800	14,261,340	369,632,475
Net liquidity gap based on expected maturities	16,903,610	9,057,763	29,910,795	65,253,913	(47,537,800)	(14,261,340)	59,326,941
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

<i>In thousands of USD</i>	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 2019							
Total financial assets	5,048	3,168	12,594	24,307	-	-	45,117
Total financial liabilities	3,270	2,216	9,448	17,443	5,000	1,500	38,877
Net interest sensitivity surplus	1,778	952	3,146	6,864	(5,000)	(1,500)	7,740
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 sensitivity surplus	(4,703)	652	4,894	10,539	(3,834)	(1,962)	5,586

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 2019 no provision for potential tax liabilities was recorded (31 December 2018: no provision). The Company estimates that it has no potential obligations from exposure to other than remote tax risks (31 December 2018: no obligations).

Capital expenditure commitments. The Company had no material commitments for capital expenditures outstanding as at 31 December 2019.

Compliance with covenants. In accordance with loan agreements with foreign financial institutions (Islamic Corporation for Development of Private Sector (ICD), Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD) and International Finance Corporation (IFC)), the Company is obligated to comply with certain financial covenants based on the financial statements prepared in accordance with IFRS. As of 31 December 2019, the Company was in breach of a financial covenant with ICD ("A maximum exposure to single borrower or group of related borrowers to Shareholders' Equity"). However, before the year ended 31 December 2019, the Company obtained a waiver which provided with a grace period until 31 January 2021.

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.

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

29 Fair value Disclosures (Continued)

	Level 2 UZS'000	Level 3 UZS'000	Carrying value UZS'000	Level 2 USD'000	Level 3 USD'000	Carrying value USD'000
Assets						
Cash and cash equivalents	7,442,266	-	7,442,266	783	-	783
Due from banks	22,491,422	-	22,491,422	2,366	-	2,366
Finance lease receivables	-	395,492,694	395,492,694	-	41,598	41,598
Other financial assets	-	3,533,034	3,533,034	-	372	372
Total financial assets	29,933,688	399,025,728	428,959,416	3,149	41,970	45,119
Liabilities						
Borrowings	-	344,306,998	344,306,998	-	36,214	36,214
Finance lease liabilities	-	5,615,455	5,615,455	-	591	591
Advances from lessees	-	4,710,546	4,710,546	-	495	495
Trade payables	-	14,496,785	14,496,785	-	1,525	1,525
Other financial liabilities	-	502,691	502,691	-	53	53
Total financial liabilities	-	369,632,475	369,632,475	-	38,878	38,878

Fair values analysed by level in the fair value hierarchy and carrying value of assets and liabilities not measured at fair value at 31 December 2018 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 fair values in level 2 and level 3 of fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of floating rate instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

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.

All of the Company's financial assets fall in the amortised cost 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 2019, 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	6,838,373	719	-	-	-	-	-	-
Due from banks	22,491,422	2,366	-	-	-	-	-	-
Gross amount of loans to employees (contractual interest rate: 14-16%)	-	-	-	-	-	-	649,633	68
Borrowings (contractual interest rate: (14% - 20%))	111,985,481	11,779	-	-	-	-	-	-

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

	Shareholders		Supervisory Board		Entities under common control		Key management personnel	
	UZS'000	USD'000	UZS'000	USD'000	UZS'000	USD'000	UZS'000	USD'000
Interest expense	14,200,680	1,607	-	-	-	-	-	-
Interest income on loans to employees	-	-	-	-	-	-	55,340	6
Annual office rentals paid to VIP NBU service	-	-	-	-	169,203	19	-	-
Annual furniture rentals paid to VIP NBU service	-	-	-	-	1,850	-	-	-
Management salaries	-	-	-	-	-	-	1,021,776	116
Supervisory board remuneration	-	-	227,058	26	-	-	-	-
Commission fees charged by NBU	1,003,939	114	-	-	-	-	-	-

31 Related Party Transactions (Continued)

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%-16%))	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	718,842	89	-	-	-	-	-	-

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 2019 was UZS 112,130,979 thousand /USD 11,795 thousand (2018: UZS 97,898,852 thousand/ USD 11,739 thousand).

33 Events after the End of Reporting Period

Late in 2019 news first emerged from China about the COVID-19 (Coronavirus). The situation at year end, was that a limited number of cases of an unknown virus had been reported to the World Health Organization. In the first few months of 2020 the virus had spread globally and its negative impact has gained momentum. While this is still an evolving situation at the time of issuing these financial

33 Events after the End of Reporting Period (Continued)

statements, it appears that the negative impact on global trade and on the Bank may be more severe than originally expected.

The management of the Company monitors the situation carefully on a daily basis, focusing mainly on credit risk and liquidity management.

Credit Risk.

Cash and cash equivalents, and due from other banks. The Company keeps its cash in accounts with financially stable local banks. Consequently, the Company does not expect a significant increase in the credit risk associated with the relevant financial statements items.

Lease receivables. The quarantine measures taken by the government affected the ability of lessees to repay debts. Certain areas such as catering, tourism, retail trade were significantly affected, while other areas of the economy were not significantly affected. The Company properly monitors the situation of its lessees on a daily basis, as well as controls the economic situation in those areas where the Company's lessees operate. The Company allowed certain lessees, which were significantly affected, to defer payments of principal and interest for several months.

Despite COVID-19, most companies continue to operate, and the government began to gradually ease quarantine measures from 15 August 2020, allowing companies to resume their operations.

Liquidity. Although some lessees were given the option to defer payments, the Company managed to maintain a liquidity position as a result of efficient management of its assets and liabilities. A significant part of the borrowed funds represents long-term loans from international financial development institutions, therefore, the need for an immediate cash outflow is not expected, which allows the Company to manage its liquidity gap.

The success of the management will depend on the further development of the national economy and the actions taken by the regulatory body. At the moment, there is no significant impact on the financial results and the ability of the Company to continue as usual.

Issuance of debt securities. On 24 February 2020, the Company placed in Toshkent Republican Stock Exchange three types of debt securities in the amount of UZS 25,000,000 thousand in total, with maturity of one year (18% p.a.), two years (19% p.a.) and three years (20% p.a.).

Ticker	Nominal Value (UZS)	Quantity	Interest	Date of Issuance	Maturity
UZLI1	10,000,000	800	18%	24-Feb-20	5-Mar-21
UZLI2	10,000,000	800	19%	24-Feb-20	4-Mar-22
UZLI3	10,000,000	900	20%	24-Feb-20	3-Mar-23

Dividends. On 24 September 2020, the Company declared dividends in the amount of UZS 10,300,223 thousand.