Microfinance Organization
“Lending and Finance Technologies”
Limited Liability Partnership

Financial Statements
For the year ended December 31, 2021,

and Independent Auditors’ Report

Almaty, 2022

MFO Lending and Finance Technologies LLP:

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STATEMENT OF MANAGEMENT'S RESPONSIBITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

The following statement, which should be read in conjunction with the description of the responsibilities of auditors contained in the submitted Independent Auditors' Report, is made with a view to distinguishing the responsibilities of the independent auditors and management in respect to the financial statements of Microfinance Organization Lending and Finance Technologies Limited Liability Partnership (hereinafter referred to as the "Company").

Management is responsible for the preparation of the financial statements that present fairly the financial position of the Company as of December 31, 2021, as well as its performance, changes in equity, and cash flows for the year ended December 31, 2021, in accordance with International Financial Reporting Standards (hereinafter "IFRS").

In preparing the financial statements, management is responsible for:

- Selecting appropriate accounting principles and applying them consistently;
- Applying reasonable judgments and estimates;
- Complying with IFRS; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Management is also responsible for:

- Designing, implementing, and maintaining an effective and reliable internal control system within the Company;
- Maintaining an accounting system, which allows at any time with a sufficient degree of accuracy preparing the information on the financial position of the Company and ensuring compliance of the financial statements with the IFRS requirements;
- Maintaining accounting records in compliance with the laws of the Republic of Kazakhstan;
- Taking measures within its range of powers and responsibilities to safeguard Company's assets; and
- Detecting and preventing fraud, errors, and other irregularities.

Management reasonably believes that the Company will continue as a going concern. Therefore, the financial statements of the Company have been prepared on a going concern basis.

These financial statements for the year ended December 31, 2021, have been approved for the issue by the Company's management on June 10, 2022.

On behalf of MFO Lending and Finance Technologies LLP:

I. A. Moreva
Director

June 10, 2022

E. Yu. Kuzmenko
Chief Accountant

June 10, 2022

Микрофинансовая организация «Lending and Financy technologies»

«ALMIR CONSULTING»
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ALMIR CONSULTING
АУДИТОРСКАЯ КОМПАНИЯ

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For audit activities in the Republic of Kazakhstan
No. 0000014 issued by the Ministry of Finance of the Republic of Kazakhstan on 27.11.99

"Approved"

Director of ALMIR CONSULTING LLP
Candidate of economic sciences, Associate Professor,
(Auditor Qualifying Certificate No. 0000411 dated July 06, 1998)
B.K. Iskendirova

To the Sole Participant of MFO Lending and Finance Technologies LLP

INDEPENDENT AUDITORS' REPORT

Audit Opinion

We have audited the financial statements of MFO Lending and Finance Technologies LLP, consisting of the statement of financial position as of December 31, 2021, statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements fairly present, in all material respects, the financial position of MFO Lending and Finance Technologies LLP (hereinafter the "Company"), as of December 31, 2021, as well as financial performance and cash flows for the period then ended, in accordance with the International Financial Reporting Standards (IFRS).

Basis for Opinion

We have conducted our audit in accordance with the International Standards on Auditing (ISA). Our responsibilities under those standards are described in the section *Auditors' Responsibilities for the Audit of the Financial Statements* of our report. We are independent of the Company, as required by the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (Code of IESBA) and ethical requirements applicable to our audit of financial statements in Kazakhstan, and we performed other ethical responsibilities of ours in compliance with those requirements and the Code of IESBA. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

In preparing the financial statements, management is responsible for the evaluation of a Company's ability to continue as a going concern, and for disclosure, where appropriate, of information relevant to the going concern, as well as for preparation of the financial statements based on the assumption of going concern, except when management intends to liquidate the Company, or discontinue operations, or where has no other realistic alternatives, other than liquidation or discontinuation of operations.

Those charged with governance are responsible for supervision of the preparation of the Company's financial statements.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance whether the financial statements are free from material misstatement due to fraud or error, and to issue an auditor's report containing our audit opinion. Reasonable assurance means a high degree of certainty but does not guarantee that the audit performed in accordance with the International Standards on Auditing always identifies significant misstatements, if any. Misstatement can be caused by fraud or errors and are considered material if it can reasonably assume that they, individually or cumulatively, can impact on economic decisions of users made in reliance on the financial statements.

As part of the audit performed in accordance with the International Standards on Auditing, we use professional judgment and maintain professional skepticism throughout the audit. In addition, we perform the following:

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or errors; design and perform audit procedures in response to the risks; obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. Detection risk of material misstatement resulting from fraud is higher than the detection risk of material misstatement due to errors, since fraud can involve conspiracy, falsification, deliberate omission, misrepresentation of information or override of internal controls;
- Obtain understanding of the 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 appropriateness of disclosures prepared by management;
- Make a conclusion about the appropriateness of application of ongoing concern assumption and based on the audit evidence obtained we make a conclusion whether there is substantial uncertainty due to certain events or conditions that can result in significant doubts about the Company's ability to continue as a going concern. If we conclude that significant uncertainty exists, in the auditor's report we should draw attention to the relevant disclosures in the financial statements or, if such disclosures are inadequate, we should modify our opinion. Our conclusions are based on the audit evidence obtained before the date of our auditor's report. However, future events or conditions can result in the loss of the Company's ability to continue as a going concern.
- Evaluate the overall presentation of the financial statements, its structure and contents, including disclosures, we also evaluate whether the financial statements present the underlying transactions and events so as to ensure their fair presentation.

We interact with those charged with governance, bringing to their attention, inter alia, information about the planned scope of the audit and its timing, as well as material findings of the audit, including significant shortcomings of the internal control identified in the course of the audit.

We also provide those charged with governance with a statement that we complied with all relevant ethical requirements with respect to independence and informed them about all relationships and other issues that might reasonably be regarded as affecting the auditor's independence and, where necessary, about appropriate precautions.

We select from the matters that we brought to the attention of those charged with governance those matters that were most important to the audit of the financial statements for the current period and, therefore, are key matters of the audit. We describe those matters in our audit opinion, except in cases where public disclosure of those matters is prohibited by applicable laws or regulations, or, in very rare cases, where we conclude that a certain matter shall not be communicated in our report, since we reasonably assume that the adverse effects of communicating such information would be much stronger than public benefit from its disclosure.

Auditor of
ALMIR CONSULTING LLP
Auditor Qualifying Certificate
No. 0000727 dated January 31, 2019

June 10, 2022, Almaty

Нуркалиева Анда Карыбаевна
АУДИТОР
Біліктілік куәлігі
№МФ-0000727
Қазақстан Республикасының Аудиторы

A. K. Nurkaliyeva

MFO Lending and Finance Technologies LLP

STATEMENT OF FINANCIAL POSITION
As of December 31, 2021

	Note	December 31, 2021	(in thousands of tenge) December 31, 2020 (reclassified)
ASSETS			
Short-term assets			
Cash	5	1 321 424	877 433
Short-term loans issued	6	17 217 167	7 187 466*
Inventories	7	3 497	820
Corporate income tax		2 705	-
Other short-term assets	8	248 476	157 291*
Total short-term assets		**18 793 269**	**8 223 010**
Long-term assets			
Property, plant and equipment	9	64 914	9 864
Intangible assets	10	2 007	986
Deferred tax assets	23	107 862	-
Total long-term assets		**174 783**	**10 850**
Total assets:		**18 968 052**	**8 233 860**
LIABILITIES			
Short-term liabilities			
Trade payables	11	213 056	41 158*
Liabilities for taxes and other obligatory payments to the budget	12	1 369 490	558 802
Reserve for unused vacations of employees	13	38 080	19 813
Other short-term liabilities	14	130 117	45 301*
Total short-term liabilities		**1 750 743**	**665 074**
Long-term liabilities			
Long-term financial liabilities	15	10 797 785	5 536 080
Total long-term liabilities		**10 797 785**	**5 536 080**
Total liabilities:		**12 548 528**	**6 201 154**
EQUITY			
Authorized capital	16	70 000	50 000
Retained earnings		6 349 524	1 982 706
Total equity		**6 419 524**	**2 032 706**
Total liabilities and equity		**18 968 052**	**8 233 860**

* Reclassified (Note 4)

I. A. Moreva
Director

June 10, 2022

ҚАЗАҚСТАН РЕСПУБЛИКАСЫ ҚОСТАНАЙ ҚАЛАСЫ ЖАУАПКЕРШІЛІГІ ШЕКТЕУЛІ СЕРІКТЕСТІГІ Микрофинансовая организация «Lending and Financy technologies» ТОВАРИЩЕСТВО С ОГРАНИЧЕННОЙ ОТВЕТСТВЕННОСТЬЮ РЕСПУБЛИКА КАЗАХСТАН ГОРОД КОСТАНАЙ

E. Yu. Kuzmenko
Chief Accountant

June 10, 2022

Notes on the pages 10-37 are an integral part of these financial statements.

ТОО "Almir consulting" г.Алматы Для аудиторских отчетов

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended December 31, 2021

	Note	2021	(in thousands of tenge) 2020 (reclassified)
Interest income	17	20 310 144	6 776 473*
Interest expenses	18	(730 115)	(280 719)*
Net interest income before expenses on expected credit losses		**19 580 029**	**6 495 754**
Recovery / (accrual) of provision for loans issued	6	(10 579 918)	(3 323 438)*
Net interest income after provision for loans issued		**9 000 111**	**3 172 316**
Operating expenses	19	(3 117 056)	(563 760)*
Operating income		**5 883 055**	**2 608 556**
Administrative expenses	20	(237 692)	(93 390)
Other income	21	124 448	4 389*
Other expenses	22	(181 205)	(1 482)*
Profit before tax		**5 588 606**	**2 518 073**
Income tax expenses	23	(1 221 788)	(540 624)
Profit for the reporting period		**4 366 818**	**1 977 449**
Other comprehensive income		-	-
Total comprehensive income for the reporting period		**4 366 818**	**1 977 449**

* Reclassified (Note 4)

I. A. Moreva
Director

June 10, 2022

КАЗАКСТАН РЕСПУБЛИКАСЫ КОСТАНАЙ КАЛАСЫ ЖАУАПКЕРШІЛІГІ ШЕКТЕУЛІ СЕРІКТЕСТІГІ Микрофинансовая организация «Lending and Financy technologies» ТОВАРИЩЕСТВО С ОГРАНИЧЕННОЙ ОТВЕТСТВЕННОСТЬЮ РЕСПУБЛИКА КАЗАХСТАН ГОРОД КОСТАНАЙ

E. Yu. Kuzmenko
Chief Accountant

June 10, 2022

Notes on the pages 10-37 are an integral part of these financial statements.

ТОО "Almir consulting" г.Алматы Для аудиторских отчетов

STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2021

(in thousands of tenge)

	Authorized capital	Retained earnings	Total
As of December 31, 2019	**30 000**	**5 257**	**35 257**
Comprehensive income for the reporting period	-	1 977 449	1 977 449
Owner's contributions	20 000	-	20 000
As of December 31, 2020	**50 000**	**1 982 706**	**2 032 706**
Comprehensive income for the reporting period	-	4 366 818	4 366 818
Owner's contributions	20 000	-	20 000
As of December 31, 2021	**70 000**	**6 349 524**	**6 419 524**

I. A. Moreva
Director

June 10, 2022

Микрофинансовая организация «Lending and Financy technologies»

E. Yu. Kuzmenko
Chief Accountant

June 10, 2022

Notes on the pages 10-37 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended December 31, 2021 (direct method)

	2021	(in thousands of tenge) 2020 (restated)
Cash flows from operating activities		
Repayment of loans issued by clients	45 257 386	16 000 248
Interest earned on loans issued	14 625 025	4 636 768
Interest earned on bank deposits	5 052	8 488
Penalties and fines received	2 114 706	442 390
Advances received	55 144	-
Othe income	129 209	4 389
Cash inflow from operating activities	**62 186 522**	**21 092 283**
Loans issued	(62 264 714)	(24 845 542)
Salaries paid	(770 965)	(179 827)
Loans issued to employees	(4 058)	-
Payments to suppliers for goods and services	(2 101 122)	(351 662)
Payments to the budget	(838 626)	(52 944)
Return / (deposit) of funds to a deposit account in a bank	1 000	(1 000)
Advances issued	(179 942)	-
Other payments	(7 893)	(1 249)
Cash outflow from operating activities	**(66 166 320)**	**(25 432 224)**
Net cash inflow/ (outflow) from operating activities	**(3 979 798)**	**(4 339 941)**
Cash flows from investment activities		
Acquisition of property, plant and equipment and intangible assets	(62 564)	(11 465)
Net cash inflow/ (outflow) from investment activities	**(62 564)**	**(11 465)**
Cash flows from financing activities		
Owner's contributions	20 000	20 000
Loans received	5 441 477	5 255 361
Cash inflow from financing activities	**5 461 477**	**5 275 361**
Repayment of loans and fees	(904 989)	(82 181)
Cash outflow from financing activities	**(904 989)**	**(82 181)**
Net cash inflow/ (outflow) from financing activities	**4 556 488**	**5 193 180**
Net increase / (decrease) in cash	**514 126**	**841 774**
The impact of changes in exchange rates	(70 135)	1 502
Cash at the beginning of the year	877 433	34 157
Cash at the end of the year	**1 321 424**	**877 433**

* Restated (Note 4)

I. A. Moreva
Director

June 10, 2022

Микрофинансовая организация «Lending and Financy technologies»

E. Yu. Kuzmenko
Chief Accountant

June 10, 2022

Notes on the pages 10-37 are an integral part of these financial statements.

ТОО "Almir consulting" г.Алматы Для аудиторских отчетов

1. GENERAL INFORMATION

Microfinance Organization "Money to the Population" Limited Liability Partnership was established by the decision of the sole participant No. 1 dated August 17, 2015. The Partnership passed legal registration in the Office of Justice of the city of Kostanay, the Department of Justice of the Kostanay region on March 12, 2019, the date of primary state registration is August 17, 2015, BIN 150 840 012 933.

In accordance with the decision of the sole participant of the Microfinance Organization "Money to the Population" Limited Liability Partnership " No. 1 dated March 11, 2019, the name of the Partnership was changed to Microfinance Organization "Lending and Finance Technologies" Limited Liability Partnership (hereinafter referred to as the "Company"). The name change was registered on March 12, 2019, by the Office of Justice of the city of Kostanay of the Department of Justice of the Kostanay region.

Location of the Company: 46, Amangeldy street, Kostanay city, Kostanay region, Republic of Kazakhstan.

At the time of the initial registration of the Company, the participant was a citizen of the Republic of Kazakhstan Lyudmila Nikolaevna Kobzeva. From the moment of registration, the Company's member has not changed.

Since January 10, 2020, the head of the Company has been Irina Alexandrovna Moreva, a citizen of the Republic of Kazakhstan.

Principal Activities

The principal activity of the Company is: the activity of microfinance organizations to provide microcredits to individuals and legal entities, with or without collateral, for a period of up to one year in an amount not exceeding eight thousand times the monthly calculation index established for the corresponding financial year by the law on the republican budget.

License for microfinance activities No. 10.21.004M dated March 12, 2021.

The principles of the Company's activities are governed by the norms and requirements of the Law of the Republic of Kazakhstan "On Microfinance Activities" and the norms of the Civil Code of the Republic of Kazakhstan.

As of December 31, 2021, 17 branches of the Company were registered in the Republic of Kazakhstan, within which 255 cash desks operate (2020: 17 branches, 172).

As of December 31, 2021, and 2020, the Company has no subsidiaries or associates.

As of December 31, 2021, the number of employees of the Company is 680 people, as of December 31, 2020 - 549 people.

The ultimate controlling party of the Company is an individual, a resident of the Republic of Kazakhstan, the sole participant of the Company - Lyudmila Nikolaevna Kobzeva.

2. BASIC OF PREPARATION OF THE FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter referred to as "IFRS") and the interpretations of the International Accounting Standards Committee (IASC).

The following persons are responsible for the financial statements of the Company:
Director– I.A. Moreva;
Chief Accountant – E.Yu. Kuzmenko.

The reporting period for the Company is a calendar year.

Elements of the financial statements are assessed and reported in the national currency of the Republic of Kazakhstan, in thousands of tenge. Transactions in other currencies are considered as transactions in foreign currencies.

The Company's management is responsible for the preparation of financial statements that, with reasonable accuracy and at any time, can correctly reflect the financial position of the Company.

There are two fundamental assumptions in preparing financial statements - the use of the accrual method and the going concern basis.

Accrual financial statements inform users not only of past transactions to pay and receive cash, but also commitments to pay money in the future and resources representing cash that will be received in the future.

The financial statements have been prepared on a going concern basis, which implies the realization of assets and settlement of liabilities in the normal course of business. These financial statements do not contain any adjustments necessary if the Company were not able to continue its financial and business operations on a going concern basis.

The financial statements have been prepared on a historical (initial) cost basis.

The preparation of the financial statements involves the use of subjective estimates and assumptions by management that affect the amounts recognized in the financial statements. These subjective estimates are based on information available at the date of the financial statements. For key estimates that relate to deferred taxes and provisions, the information is available at the date of the financial statements, so actual results may differ from these subjective estimates.

3. SIGNIFICANT ACCOUNTING POLICIES

The following standards and amendments to existing standards are effective for annual reporting periods beginning January 01, 2021.

Amendments to IFRS 7, IFRS 9 and IAS 39, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2

The amendments provide temporary exemptions that are applied to address the financial reporting implications when the Interbank Offered Rate (IBOR) is replaced by an alternative substantially risk-free interest rate.

The amendments provide for the following:

- practical simplification, according to which changes in the contract or changes in cash flows directly required by the reform should be considered as changes in the floating interest rate, equivalent to a change in the market interest rate;
- it is allowed to make changes required by the IBOR reform to the definition of hedging relationships and hedging documentation without terminating the hedging relationship;
- entities are granted a temporary exemption from the need to comply with the requirements for separately identifiable components in cases where an instrument with a risk-free rate is designated as a risky component in the hedging relationship.

These amendments did not have any impact on the Company's financial statements.

Amendments to IFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021.

On May 28, 2020, the IASB issued *Covid-19 Related Rent Concessions*, which amended IFRS 16 *Leases.* The amendment provides an exemption for lessees from applying the requirements of IFRS 16 to account for lease modifications in the event of lease concessions that arise as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may choose not to analyze whether a lease concession made by a landlord due to the Covid-19 pandemic is a lease modification. A lessee that makes this decision must account for any change in lease payments resulting from a lease assignment related to the Covid-19 pandemic in the same way that the change would be accounted for under IFRS 16 if it were not a contract modification rent. The amendment was intended to apply until June 30, 2021, but due to the continued impact of the Covid-19 pandemic, on March 31, 2021, the IASB decided to extend the application of the practical expedients until June 30, 2022. This amendment applies to annual reporting periods beginning on or after April 1, 2021. These amendments did not have any impact on the Company's financial statements.

Standards that have been issued but not yet effective

The following are new standards, amendments and interpretations that have been issued but are not yet effective as of the date the Company's financial statements are issued. The Company intends to apply these standards, amendments, and interpretations, if applicable, from the effective date.

IFRS 17 - Insurance Contracts

In May 2017, the IASB released IFRS 17 *Insurance Contracts*, a new financial reporting standard for insurance contracts that addresses recognition and measurement, presentation, and disclosure. IFRS 17 applies to all types of insurance contracts, regardless of the type of entity that issues them, and to certain guarantees and financial instruments with discretionary participation features. There are several exceptions to the scope. The main objective of IFRS 17 is to provide an accounting model for insurance contracts that is more efficient and consistent for insurers. Unlike the requirements of IFRS 4, which are primarily based on previous local accounting policies, IFRS 17 provides a comprehensive model for accounting for insurance contracts, covering all relevant aspects of accounting. IFRS 17 is effective for accounting periods beginning on or after January 1, 2023. Early application is permitted provided that the entity also applies IFRS 9 and IFRS 15 on or before the date of first application of IFRS 17. This standard is not applicable to the Company.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69-76 of IAS 1 to clarify the requirements for classifying liabilities as current or non-current. The amendments clarify the following:
- what is meant by the right to delay the settlement of obligations;
- the right to defer the settlement of obligations must exist at the end of the reporting period;
- the classification of liabilities is not affected by the likelihood that the entity will exercise its right to defer settlement of the liability;
- the terms of the liability will not affect its classification only if the derivative embedded in the convertible liability is itself an equity instrument.

These amendments are effective for annual periods beginning on or after January 1, 2023 and are applied retrospectively. The Company is currently reviewing the possible impact of these amendments on the current classification of liabilities and the need to revise the terms of existing loan agreements.

Amendments to IFRS 3 - Reference to the Conceptual Framework

In May 2020, the IASB issued amendments to IFRS 3 *Business Combinations - References to the Conceptual Framework*. The purpose of these amendments is to replace references to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with references to the Framework for the Presentation of Financial Statements, issued in March 2018, without making significant changes to the requirements of the standard. These amendments are effective for annual periods beginning on or after January 1, 2022 and are applied prospectively.

Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use

In May 2020, the IASB issued *Property, Plant and Equipment: Proceeds before intended use*, which prohibits entities from deducting from the cost of an item of property, plant and equipment any proceeds from the sale of items made in the process of bringing that item to its location and bringing it to condition that is required for its operation in accordance with the intentions of management. Instead, the entity recognizes proceeds from the sale of those items, as well as the cost of producing those items, in profit or loss. These amendments are effective for annual periods beginning on or after January 1, 2022, and must be applied retrospectively to those items of property, plant and equipment that became available for use at the start date of the earliest period presented in the financial statements in which the entity applies the amendments for the first time. These amendments are not expected to have a material impact on the Company.

Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 that clarify what costs an entity should consider when assessing whether a contract is onerous or unprofitable. The amendments provide for an approach based on "costs directly attributable to the contract". Costs that are directly attributable to a contract for the provision of goods or services include both the incremental costs of performing that contract and the allocated costs that are directly attributable to the performance of the contract. General and administrative costs are not directly attributable to the contract and are therefore excluded unless they are expressly recoverable by the counterparty to the contract. These amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the start of the annual reporting period in which it first applies the amendments.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - First time adopter of International Financial Reporting Standards

As part of the 2018-2020 Annual Improvements to IFRSs, the IASB has issued an amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards*. Under the amendment, a subsidiary that elects to apply IFRS D16(a) may measure accumulated exchange differences using the amounts recognized in the parent's financial statements based on the parent's date of transition to IFRS. This amendment also applies to associates and joint ventures that elect to apply this paragraph. This amendment is effective for annual reporting periods beginning on or after January 1, 2022. Early application is allowed.

Amendments to IFRS 9 Financial Instruments – Fees in the 10% Test for Derecognition of Financial Liabilities

As part of the annual improvements to IFRSs 2018-2020 period, the IASB issued an amendment to IFRS 9. The amendment explains the fees that an entity considers when assessing whether the terms of a new or modified financial liability are materially different from the terms of the original financial obligation. Such amounts include only those fees that have been paid or received between a particular lender and borrower on behalf of the other party. An entity shall apply this amendment to financial liabilities that are modified or replaced on or after the start date of the annual reporting period in which the entity first applies the amendment. This amendment is effective for annual reporting periods beginning on or after January 1, 2022. Early application is allowed. The Company will apply this amendment to financial liabilities that are modified or replaced on or after the start date of the annual reporting period in which it first applies this amendment. This amendment is not expected to have a material impact on the Company.

Amendments to IAS 41 Agriculture - Taxation in Fair Value Measurements

As part of the annual improvements to IFRS 2018-2020 period, the IASB has issued an amendment to IAS 41 *Agriculture*. The amendment removes the requirement in paragraph 22 of IAS 41 that an entity exclude tax-related cash flows when measuring the fair value of assets within the scope of IAS 41. The amendment must be applied prospectively in relation to the fair value measurement at or after the start date of the first annual reporting period beginning on or after January 1, 2022. Early application is allowed. This amendment does not apply to the Company.

Amendments to IAS 8 – Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8 introducing the definition of "accounting estimates". The amendments clarify the difference between changes in accounting estimates and changes in accounting policies and corrections of errors. It also explains how an entity uses measurement methods and inputs to develop accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2022, and apply to changes in accounting policies and estimates that occur on or after the start date of that period. Early application is permitted provided this fact is disclosed. These amendments are not expected to have a material impact on the Company.

Amendments to IAS 1 and IFRS Practice Statement 2 on the Application of IFRS – Disclosure of Accounting Policies

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 on Making Materiality Judgments, which provide guidance and examples to help entities apply materiality judgments when disclosing accounting policies. The amendments should help entities disclose more useful information about accounting policies by replacing the requirement for entities to disclose "significant information" about accounting policies with a requirement to disclose "material information" about accounting policies, and by adding guidance on how entities should apply the concept materiality in making decisions on disclosure of information about accounting policies. The amendments to IAS 1 apply for annual periods beginning on or after January 1, 2023, with early application possible. Since the amendments to Practice Statement 2 on the Application of IFRSs provide non-mandatory guidance on the application of the definition of materiality to accounting policy information, it is not required to indicate the effective date of the amendments. The Company is currently assessing the impact these amendments may have on disclosures of the Company's accounting policies.

The Company has applied those amendments to applicable standards that may have an impact on the Company's financial position and results of operations. The application of the amendments to applicable standards did not have a material effect on these financial statements.

Cash

Cash includes cash on hand, current accounts with banks that are readily convertible to a certain amount of cash and are subject to an insignificant risk of changes in value, not burdened by any contractual obligations.

Financial Instruments

Financial assets and financial liabilities are recognized in the statement of financial position of the Company when the Company becomes a contracting party in respect of the relevant financial instrument. The Company records regular acquisitions and disposals of financial assets and liabilities using the accounting method at the settlement date. Financial instruments so acquired that will be subsequently measured at fair value are accounted for in the same way as instruments acquired from trade inception until the due date of settlement.

Financial assets and liabilities are initially recognized at fair value plus transaction costs incurred that are directly attributable to the acquisition or creation of a financial asset or the issuance of a financial liability. The accounting principles used to subsequently measure the value of financial assets and liabilities are disclosed in the relevant accounting policies described below.

Financial Assets

The classification of financial assets at initial recognition is determined based on one business model, according to which the Company manages financial assets:

- The business model whose objective is to hold assets to collect contractual cash flows, whereby the Company accounts for cash, trade receivables, loans issued and other financial assets.

The business model whose objective is to hold assets to collect contractual cash flows provides for the recording of financial assets at amortized cost.

A financial asset is measured at amortized cost only where it meets both of the following:

- the asset is held within the business model, whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset provide for occurrence, within the established timeframes, of cash flows, which are solely payments of principal and interest accrued on the outstanding portion of the principal.

The amortized cost of a financial asset is the amount in which the financial asset is assessed at the initial recognition, minus the payments to the principal amount of the debt, plus or minus the amount of accumulated depreciation of the difference between the original amount and the amount to be paid at the maturity, calculated using the method of effective interest rate, adjusted for the estimated reserve for losses.

The classification of financial assets after their initial recognition does not change except in the period following the Company's change of the business model for managing financial assets. Such changes are expected to be extremely rare as a result of internal or external significant changes. Significant changes can occur only when the Company starts or ceases to carry out an activity significant in relation to its operations (acquisition, disposal, or termination of a certain business direction by the Company).

Impairment of Financial Assets

The Company recognizes a provision for expected credit losses for all financial assets measured at amortized cost.

On initial recognition of a financial asset, the Company recognizes a provision for expected credit losses in an amount equal to 12-month expected credit loss or for the period of the loan, whichever is shorter.

Twelve month expected credit losses is a portion of the lifetime expected credit losses resulting from default events on a financial instrument that are possible within 12 months following the reporting date.

If the credit risk of a financial asset has increased significantly since its initial recognition, the Company recognizes a provision for expected credit losses in an amount equal to the lifetime expected credit loss.

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At each reporting date, the Company analyses whether there is objective evidence that financial assets measured at amortized cost are credit impaired. A financial asset is credit-impaired when one or more events having a negative impact on the estimated future cash flows from that financial asset took place.

The following observable things indicate that a financial asset is credit-impaired:

- Significant financial difficulties of an issuer or counterparty;
- Breaches of a contract (such as a default or delinquency in interest or principal payments);
- High probability of issuer's bankruptcy or financial restructuring;
- Disappearance of an active market for this financial asset because of financial difficulties;
- Retrospective analysis of the maturities of receivables, which shows that the whole nominal value of the receivables might not be recovered.

If any such indication exists, the asset's recoverable amount is calculated.

The recoverable amount of long-term loans and receivables is calculated as the present value of estimated future cash flows, discounted at the asset's original effective interest rate. When forecasting the amount of cash flows, possible future cash receipts from the sale of collateral for loans issued are taken into account.

Provisions for expected credit losses are presented in the financial statements for financial assets measured at amortized cost as a reduction in the gross carrying amounts of such assets. The carrying amount is reduced through the provision for expected credit losses, which is a contra-asset account of the corresponding asset account. Financial assets at amortized cost that are recognized to be uncollectible are written off against the provision account. The subsequent recoveries of amounts previously written-off are credited against the provision account. Changes in the provision are recognized in profit or loss.

Financial Liabilities

The Company classifies financial liabilities as measured at amortized cost or fair value through profit or loss.

The classification of financial liabilities after their initial recognition is not subject to change.

Derecognition of Financial Assets and Liabilities

Financial Assets

Financial asset is derecognized when the rights to receive cash flows from the asset have expired or when he Company has transferred its right to receive cash flows from the asset or has retained the right to receive cash flows from the asset, but has assumed an obligation to transfer them in full without significant delay to a third party in accordance with the agreement of redistribution; or when the Company either (a) has transferred substantially all the risks and rewards of the asset ownership, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset ownership, but has transferred control over the asset.

Financial Liabilities

A financial liability is derecognized in the statement of financial position, where the liability is repaid, cancelled, or expired.

Offsetting Financial Assets and Liabilities

Financial assets and liabilities are set off and recorded on the net basis in the statement of financial position, when the Company has a legally enforceable right to set off the recognised amounts, and the Company intends to settle them on the net basis or to realise the asset and repay the liability simultaneously. In the event of a transfer of a financial asset that does not qualify for derecognition, the Company does not record the transaction as derecognition of the asset transferred and the associated liability.

Inventories

Inventories are recorded at the lower of two values: cost and net realisable value. Inventories on arrival are recorded at cost, which includes all actual costs incurred to purchase them. The cost of inventories is formed from the cost of purchasing inventories, transport costs associated with their delivery to the storage site and bringing them to the proper condition. Inventory write-offs are made in the Company by weighted average value.

Property, Plant and Equipment

Property plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Depreciation of an object begins when it becomes available for use. Depreciation is calculated on a straight-line basis over the following estimated useful lives of the assets:

	Useful lives, (years)
Buildings	10
Machinery and equipment	4
Computers and information processing equipment	2,5
Other PPER	6 - 7

Residual values, useful lives and depreciation methods of assets are reviewed at the end of each reporting year and adjusted as necessary.

Intangible Assets

Acquired intangible assets are carried in the financial statements at cost less accumulated amortization and impairment losses.

Intangible assets are amortized on a straight-line basis over their estimated useful lives and are recognized in profit or loss.

The Company has established the following useful lives of intangible assets:

	Useful lives, years
Software	5

Impairment of Non-Financial Assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired by reviewing whether there is any indication that the asset's carrying amount may be impaired. If such indications exist, the Company estimates the asset's recoverable amount and compares it with its carrying amount. The recoverable amount of an asset is the higher of the fair value of the asset or cash-generating unit less costs to sell or cost in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of cash inflows, generated by other assets or the Company's assets. If the carrying amount of an asset exceeds its recoverable amount, then the asset is considered impaired and reduced to its recoverable amount. An impairment loss is charged to expense in the statement of profit or loss and other comprehensive income or to other comprehensive income (for revalued assets within the revaluation reserve).

Taxation

Income tax comprises current and deferred taxes. Income tax is recognized in profit or loss, unless it relates to items recognized directly in equity or other comprehensive income. In which case, it is recognized in equity or other comprehensive income. Taxable profit differs from net profit reported in the statement of profit or loss because it does not include items of income or expense that are taxable or deductible in other periods and it also excludes items that are not taxable and not deductible. Current tax is the expected tax payable from the taxable income for the year, assessed using tax rates enacted at the reporting date, plus any adjustment to tax payable for previous years.

Deferred tax is determined based on the liability method considering temporary differences between the book values of assets and liabilities used for financial reporting purposes and the amounts used for tax purposes. Deferred tax assets and liabilities are calculated based on the expected way of realization or settlement of the book values of assets and liabilities, using tax rates effective at the reporting date.

A deferred tax asset is recognized only to the extent that there is a likelihood of future taxable income against which temporary differences, unused tax losses and credits can be used. Deferred tax assets are reduced to the extent that it is no longer probable to realize a tax asset.

The book values of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable to get a sufficient benefit from realization of a tax asset for a full or partial recovery of the asset.

In Kazakhstan in addition to the income tax, there are a number of taxes and payments related to the operating activities of the Company. These taxes are included in administrative expenses within the profit or loss of the Company for the reporting year.

Leases

At the time of the contract, the Company evaluates whether the agreement is a lease or whether it contains signs of a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a short-term leaser

The Company applies the short-term lease asset recognition exemption for right-of-use and lease liability to office leases. Lease payments for short-term leases are recognized as an expense on a straight-line basis over the lease term.

Pension and Other Obligations

The Company does not have any pension arrangements other than the state pension scheme of the Republic of Kazakhstan, which requires employers to withhold an amount calculated as a certain percentage of current total salary payments. The Company made contributions to the Unified Accumulative Pension Fund JSC for its employees. In addition, the Company has neither current nor future payment liabilities to their employees after their retirement.

Equity

The authorized capital is recognized at historical cost. The contribution to the authorized capital of the Company is the funds of a sole participant of the Company.

Income and Expense Recognition

Accrual basis is used in determining the results of financial and economic activities of the Company, in accordance with the accrual basis the revenue is recognized (recorded) when it is earned, and expenses as incurred.

Income and expense are recognized when the services are provided based on the respective contracts and agreements for the provision of services.

Recognition of Income from Borrowing Operations

Interest income is recognized on an accrual basis using the effective interest method. The effective interest method is a method that calculates the amortized cost of a financial asset or financial liability (or a group of financial assets, a group of financial liabilities) and allocates interest income or interest expense to the appropriate period. The effective interest rate is the rate at which expected future cash payments or receipts are discounted to the net present value of a financial asset or financial liability.

If a financial asset or a group of similar financial assets has been written off (partially written off) as a result of an impairment, interest income is determined using the interest rate used to discount future cash flows for the purposes of calculating impairment losses.

Recognition of Fee and Commission Income and Expenses

Borrowing fees issued are recognized as an adjustment to the effective interest rate on the borrowings. If it is probable that a loan agreement will result from a loan commitment, the fee is included in the loan balance and amortized over the life of the agreement using the effective interest method. Other commissions are included in the statement of profit or loss and other comprehensive income as the services are rendered by the Company.

The Company's income is:

- income from principal activities (interest income on borrowings);
- income from non-principal activities (income from the disposal of assets, etc.);
- other income.

Expenses include the following types of costs:

- interest expenses on attracted loans and other financing;
- administrative expenses;
- other expenses

Recognition of Expenses

Recognition of expenses should be made in the same period in which the goods are received, or the work is performed, regardless of the time of actual payment of funds and other form of implementation.

Expenses are recognized regardless of how they are taken for the purposes of calculating the tax base.

The Company's expenses include interest expenses, expenses for the sale of services, administrative expenses, and other expenses (losses).

Interest expense includes interest paid on borrowings received and discount and amortization of discount on financial instruments measured at amortized cost.

Other expenses (losses) are items that fall under the definition of expenses and may or may not arise during the Company's principal activities. Other expenses represent a reduction in economic benefits and are therefore do not differ in nature from operating expenses.

Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event that is likely to require an outflow of resources embodying future economic benefits to settle and which can be reliably estimated.

Contingent liability is an existing obligation that arises from past events but is not recognized because the need of outflow of resources to perform the obligation is not probable, or because the amount of the obligation cannot be reliably estimated.

Contingent liabilities are not recognized but are subject to disclosure unless the outflow of resources is likely.

Contingent assets are not recognized in the financial statements but are subject to disclosure in cases where obtaining economic benefits is likely.

Employee Benefits

The Company does not have any pension arrangements other than the state program of the Republic of Kazakhstan, which requires the employer and employee to make current payments calculated as a percentage of current salary payments before taxes. The Company has no obligation for post-employment benefits or other compensation that requires accrual.

Employee benefits expense is recognized as employees perform their job duties

Areas of Significant Management's Estimates and Sources of Estimation Uncertainty

The Company's financial statements require management to make assessments that affect the reported amounts of assets and liabilities on the reporting date, as well as the amount of income and expenses during the period ended. Management regularly evaluates its judgments and assessments. Management bases its assessments and judgements on historical data and other factors that are considered reasonable in the circumstances. Actual results could differ from these estimates under different assumptions and conditions.

The assessments and associated assumptions are reviewed regularly. Changes in assessments are reflected in the period in which the assessments were revised if the change affects only that period, or in the period to which the change relates, and in future periods if the change affects both current and future periods.

The following notes provide information about the main areas requiring assessment of uncertainty and the most significant judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements:

* Note 6 – Loans issued. Establish criteria for assessing whether there has been a significant increase in the credit risk of a financial asset since initial recognition, selecting and approving the models used to measure expected credit losses.
* Note 9, 10 - Property, plant and equipment and intangible assets. The estimate was made in determining the useful lives of the assets.
* Note 23 - Income tax expense. The estimate is made in relation to the occurrence of deferred income tax expense.

Related Party Disclosures

A party is considered related to the Company, if the party, directly or indirectly, through one or more intermediaries, controls the Company or provides a considerable influence on financial and operating decisions of the Company.

Related party transactions involve a transfer of resources, services, or obligations between related parties, regardless of whether for free or not.

Subsequent Events

Subsequent events are the events both favorable and unfavorable that occur between the reporting date and the date of approval of the financial statements. Events confirming the existence of certain conditions at the reporting date (adjusting events) are reported in the financial statements. Events indicating the occurrence of certain conditions after the reporting date (non-adjusting events) are not reported in the financial statements. If non-adjusting events are material, they should be disclosed in the notes to the financial statements.

Revaluation of Foreign Currency

The financial statements are presented in thousands of tenge, which is the Company's functional and presentation currency.

Transactions in foreign currencies are initially recorded in the functional currency at the rate effective at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate effective at the reporting date.

All exchange differences arising on the settlement or translation of monetary items are recognized in profit or loss, except for monetary items that hedge a net investment in a foreign operation. They are recognized in other comprehensive income until the net investment is disposed of, when they are recognized in the statement of profit or loss and other comprehensive income. Tax expenses and income from tax refunds on foreign exchange differences arising on these monetary items are also recognized in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at rates effective at the dates of the initial transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates effective at the date of the fair value measurement.

The official exchange rates in the Republic of Kazakhstan are weighted average exchange rates established on the Kazakhstan Stock Exchange (KASE).

The following are the exchange rates as of December 31, 2021 and 2020 used by the Company in preparing these financial statements:

(tenge)

	December 31, 2021	December 31, 2020
US Dollar	431,80	420,91
Euro	489,10	516,79
Ruble	5,76	5,62

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4. RECLASSIFICATION AND RESTATEMENT OF CERTAIN ITEMS OF THE PREVIOUS PERIOD FINANCIAL STATEMENTS

After the issuance of the financial statements for the year ended December 31, 2020, the management of the Company decided to reclassify certain items in the statement of financial position as of December 31, 2020, the statement of profit or loss and other comprehensive income and restate the statement of cash flows for the year ended December 31, 2020.

Certain amounts in the statement of financial position as of December 31, 2020, in the statements of profit or loss and other comprehensive income, and cash flows for the year ended December 31, 2020, have been reclassified and restated to change the presentation of various articles to improve the comparability of data for 2021 and 2020.

The results of the restatement and reclassification of certain items in the above statements are presented below:

Statement of Financial Position as of December 31, 2020

(in thousands of tenge)

	As of December 31, 2020, before the reclassification	Change	As of December 31, 2020, after the reclassification
ASSETS			
Short-term assets			
Cash	877 433	-	877 433
Short-term loans issued	5 500 117	1 687 349	7 187 466
Accrued income in the form of interest on loans to customers	1 687 349	(1 687 349)	-
Inventories	820	-	820
Short-term trade and other receivables	2 079	(2 079)	-
Other short-term financial assets	155 212	(155 212)	-
Other short-term assets	-	157 291	157 291
Total short-term assets	**8 223 010**	-	**8 223 010**
Long-term assets			
Property, plant and equipment	9 864	-	9 864
Intangible assets	986	-	986
Total long-term assets	**10 850**	-	**10 850**
Total assets:	**8 233 860**	-	**8 233 860**
LIABILITIES			
Short-term liabilities			
Trade payables	86 458	(45 300)	41 158
Liabilities for taxes and other obligatory payments to the budget	558 802	-	558 802
Reserve for unused vacation of employees	19 813	-	19 813
Other short-term liabilities	-	45 301	45 301
Total short-term liabilities	**665 073**	**1**	**665 074**
Long-term liabilities			
Long-term financial liabilities	5 536 081	(1)	5 536 080
Total long-term liabilities	**5 536 081**	**(1)**	**5 536 080**
Total liabilities:	**6 201 154**	-	**6 201 154**
EQUITY			
Authorized capital	50 000	-	50 000
Retained earnings	1 982 706	-	1 982 706
Total equity	**2 032 706**	-	**2 032 706**
Total liabilities and equity	**8 233 860**	-	**8 233 860**

Statement of Profit or Loss and Other Comprehensive Income for 2020

(in thousands of tenge)

	For 2020 before the reclassification	Change	For 2020 before the reclassification
Interest income	-	6 776 473	6 776 473
Revenue	6 766 487	(6 766 487)	-
Interest expenses	-	(280 719)	(280 719)
Cost of goods and services sold	(5 664)	5 664	-
Implementation costs	(558 096)	558 096	-
Net interest income before expenses on expected credit losses	**6 202 727**	**293 027**	**6 495 754**
Recovery / (accrual) of provision for loans issued	-	(3 323 438)	(3 323 438)
Net interest income after provision for loans issued	**6 202 727**	**(3 030 411)**	**3 172 316**
Operating expenses	-	(563 760)	(563 760)
Operating income	**6 202 727**	**(3 594 171)**	**2 608 556**
Financial income	9 986	(9 986)	-
Other financial expenses	(280 719)	280 719	-
Administrative expenses	(93 390)	-	(93 390)
Other income	8 205	(3 816)	4 389
Other expenses	(3 328 736)	3 327 254	(1 482)
Profit before tax	**2 518 073**	-	**2 518 073**
Income tax expenses	(540 624)	-	(540 624)
Profit for the reporting period	**1 977 449**	-	**1 977 449**
Other comprehensive income	-	-	-
Total comprehensive income for the reporting period	**1 977 449**	-	**1 977 449**

Statement of Cash Flows for the year ended December 31, 2020

(in thousands of tenge)

	For 2020 before the restatement and reclassification	Change	For 2020 after the restatement and reclassification
Cash inflow from operating activities	*21 108 841*	(16 558)	21 092 283
Cash outflow from operating activities	*(25 457 590)*	25 366	(25 432 224)
Cash inflow/ (outflow) from operating activities	**(4 348 749)**	**8 808**	**(4 339 941)**
Cash inflow from investment activities	-	-	-
Cash outflow from investment activities	*(7 101)*	(4 364)	(11 465)
Cash inflow/ (outflow) from investment activities	**(7 101)**	**(4 364)**	**(11 465)**
Cash inflow from financial activities	5 283 849	(8 488)	5 275 361
Cash outflow from financial activities	*(83 181)*	1 000	(82 181)
Cash inflow/ (outflow) from financial activities	**5 200 668**	**(7 488)**	**5 193 180**
Net increase / (decrease) in cash	**844 818**	**(3 044)**	**841 774**
Effect of changes in the carrying amount of cash	*(40)*	40	-
The impact of changes in exchange rates	*(1 502)*	3 004	1 502
Cash at the beginning of the year	**34 157**	-	**34 157**
Cash at the end of the year	**877 433**	-	**877 3**

5. CASH

	December 31, 2021	(in thousands of tenge) December 31, 2020
Cash on hand	759 525	551 891
Cash in a safe deposit box	-	23 000
Cash in current bank accounts	450 437	294 995
Cash in deposit accounts	111 462	7 587
Provisions for expected credit losses	-	(40)
Total	**1 321 424**	**877 433**

The Company's cash is unencumbered and free from collateral obligations.

Cash in current bank accounts and placed on demand deposits in second-tier banks:

	Currency	December 31, 2021	(in thousands of tenge) December 31, 2020
SB Sberbank JSC	KZT	167 422	101 111
SB Sberbank JSC	EUR	126 255	1
National Bank of Kazakhstan JSC	KZT	29 856	17 967
Nurbank JSC	KZT	238 366	183 503
Total		**561 899**	**302 582**

Below is an analysis of cash by credit quality by banks and financial institutions:

	Rating for 2021	December 31, 2021	(in thousands of tenge) December 31, 2020
SB Sberbank JSC	BBB- (Stable) Fitch Ratings	293 677	101 112
National Bank of Kazakhstan JSC	BBB- (Stable) Fitch Ratings	29 856	17 967
Nurbank JSC	B- (Stable) S&P Ratings	238 366	183 503
Total		**561 899**	**302 2**

6. SHORT-TERM LOANS ISSUED

As of December 31, 2021, and 2020, short-term loans issued are as follows:

	December 31, 2021	(in thousands of tenge) December 31, 2020 (reclassified)
Loans issued to individuals	25 868 705	8 823 555
Short-term interest receivable on loans issued	5 251 818	1 687 349
Loans before provision for expected credit losses	**31 120 523**	**10 510 904**
Provision for expected credit losses	(13 903 356)	(3 323 438)
Loans after provision for expected credit losses	**17 217 167**	**7 187 466**

* Reclassified (Note 4)

The Company provides short-term loans to individuals and legal entities, with and without collateral.

The issuance of loans is carried out by concluding loan agreements.

The following lending programs are approved by the Company's management:

Electronic Loan Program

Loan amounts are not more than fifty times the monthly calculation index established for the corresponding financial year by the law on the republican budget, per one borrower. The deadline for granting loans is up to 45 calendar days. The maximum interest rate under the electronic loan agreement is 30% of the amount of the loan. Penalty for violation of the obligation to return the loan amount and interest in the amount of 0.5% of the amount of the unfulfilled obligation for each day of delay.

Other Loan Program

The amount of loans is not more than eight thousand times the amount of the monthly calculation index established for the corresponding financial year by the law on the republican budget, per one borrower. The deadline for granting loans is up to 60 months.

- An agreement on granting a loan under the "Money to Payday" microcredit program is concluded for a period of 1 calendar day to 45 calendar days in the amount of 5 thousand tenge to 50 MCI. The maximum interest rate is 30% of the loan amount;
- An agreement on granting a loan under the Senim microcredit program is concluded for a period of 3 months to 60 months in the amount of 50 thousand tenge to 5,000 thousand tenge. The maximum interest rate is 3.6% of the loan amount for one month. The cap on the annual effective interest rate is 56%;
- An agreement on granting a loan under the "Bailed by a car with the right to drive" microcredit program is concluded for a period of 3 months to 36 months in the amount of 200 thousand tenge to 8,000 MCI. The maximum interest rate is 3.6% of the loan amount for each month of using the loan amount. The cap on the annual effective interest rate is 56%;
- An agreement on granting a loan under the "Bailed by a car without the right to drive" microcredit program is concluded for a period of 3 months to 36 months in the amount of 200 thousand tenge to 8,000 MCI. The maximum interest rate is 3.6% of the loan amount for each month of using the loan amount. The cap on the annual effective interest rate is 56%;
- An agreement on granting a loan under the "Secured by real estate" microcredit program is concluded for a period of 6 months to 36 months in the amount of 200 thousand tenge to 8,000 MCI The maximum interest rate is 3.6% of the loan amount for each month. The cap on the annual effective interest rate is 56%.

As of December 31, 2021, the Company's loan portfolio consists of 457,080 units of loans in the total amount of 31,120,523 thousand tenge, of which 134 units in the amount of 511,891 thousand tenge are secured by collateral. The total size of the portfolio, considering the deduction of the provision for expected credit losses, amounted to 17,217,167 thousand tenge.

The movement in the provision for expected credit losses:

(in thousands of tenge)

	2021	2020
Provision at the beginning of the period	**(3 323 438)**	-
Accrued for the period	(11 502 471)	(3 323 438)
Recovered for the period	922 553	-
Provision at the end of the period	**(13 903 356)**	**(3 323 438)**

As of the end of 2021, the total amount of loans in arrears on payments, including accrued fees, amounted to 18,949,554 thousand tenge or 60.9% of the total portfolio before provision for expected credit losses.

Below is information on loans in the context of the presence or absence of overdue debts as of December 31, 2021:

(in thousands of tenge)

Loan category	Principal debt and interest	Provision	Total as of December 31, 2021
Without overdue debt	6 500 251	(181 455)	**6 318 796**
Renegotiated	5 670 718	(707 347)	**4 963 371**
With overdue debt	18 949 554	(13 014 554)	**5 935 000**
Total	**31 120 523**	**(13 903 356)**	**17 217 167**

The Company's portfolio consists of loans issued throughout the territory of the Republic of Kazakhstan for consumer purposes.

7. INVENTORIES

(in thousands of tenge)

	December 31, 2021	December 31, 2020
Fuels and lubricants	3 022	17
Other inventories	475	803
Total	**3 497**	**820**

8. OTHER SHORT-TERM ASSETS

(in thousands of tenge)

	December 31, 2021	December 31, 2020 (reclassified)
Other financial assets		
Minimum balance on deposits	-	1 000
Loans issued to employees	4 058	-
Other financial assets	212	-
Total other financial assets	**4 270**	**1 000**
Other non-financial assets		
Advances issued	333 836	153 894
Prepayment for insurance	612	319
Debt of accountable persons	7 192	820
Debt for identified shortfalls	5 701	-
Tax assets	4 803	-
Other assets	2 166	1 910
Provision on doubtful claims	(110 104)	(652)
Total other non-financial assets	**244 206**	**156 291**
Total	**248 476**	**157 291**

* Reclassified (Note 4)

The movement in the provision on doubtful claims

(in thousands of tenge)

	2021	2020
Provision at the beginning of the period	**(652)**	-
Accrued for the period	(110 104)	(652)
Used for the period	652	-
Provision at the end of the period	**(110 104)**	**(652)**

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9. PROPERTY, PLANT AND EQUIPMENT

(in thousands of tenge)

	Computers and information processing equipment	Other PPE	Total
Original value			
As of December 31, 2019	**-**	**-**	**-**
Additions	6 079	3 926	10 005
As of December 31, 2020	**6 079**	**3 926**	**10 005**
Additions	4 075	55 813	59 888
As of December 31, 2021	**10 154**	**59 739**	**69 893**
Accumulated depreciation			
As of December 31, 2019	**-**	**-**	**-**
Accrued depreciation	80	61	141
As of December 31, 2020	**80**	**61**	**141**
Accrued depreciation	1 384	3 454	4 838
As of December 31, 2021	**1 464**	**3 515**	**4 979**
Residual value			
As of December 31, 2020	**5 999**	**3 865**	**9 864**
As of December 31, 2021	**8 690**	**56 224**	**64 914**

10. INTANGIBLE ASSETS

(in thousands of tenge)

	Software
Original value	
As of December 31, 2019	**13**
Additions	1 460
As of December 31, 2020	**1 473**
Additions	2 676
Disposals	(1 473)
As of December 31, 2021	**2 676**
Accumulated depreciation	
As of December 31, 2019	**-**
Depreciation costs	487
As of December 31, 2020	**487**
Depreciation costs	1 642
Disposals	(1 460)
As of December 31, 2021	**669**
Residual value	
As of December 31, 2020	**986**
As of December 31, 2021	**2 007**

11. TRADE PAYABLES

(in thousands of tenge)

	December 31, 2021	December 31, 2020 (reclassified)
Short-term debt to suppliers and contractors	213 056	41 158
Total	**213 056**	**41 158**

* Reclassified (Note 4)

12. LIABILITIES FOR TAXES AND OTHER OBLIGATORY PAYMENTS TO THE BUDGET

(in thousands of tenge)

	December 31, 2021	December 31, 2020
Corporate income tax	1 329 659	539 126
Individual income tax	9 709	6 669
Social tax	13 455	3 290
Social security obligations	6 735	3 769
Obligations for pension contributions	9 932	5 948
tOTAL	**1 369 490**	**558 802**

13. RESERVE FOR UNUSED VACATION OF EMPLOYEES

(in thousands of tenge)

	December 31, 2021	December 31, 2020
Reserve for unused vacation of employees	38 080	19 813
Total	**38 080**	**19 813**

The change in the reserve for unused vacation of employees:

(in thousands of tenge)

	2021	2020
At the beginning of the period	**19 813**	**-**
Accrued	49 729	22 493
Used	(31 462)	(2 680)
At the end of the period	**38 080**	**19 813**

14. OTHER SHORT-TERM LIABILITIES

(in thousands of tenge)

	December 31, 2021	December 31, 2020 (reclassified)
Advances received	55 144	-
Payroll debt	74 973	45 154
Other	-	147
Total	**130 117**	**45 301**

* Reclassified (Note 4)

15. LONG-TERM FINANCIAL LIABILITIES

(in thousands of tenge)

	December 31, 2021	December 31, 2020
Loans received from related legal entities	9 384 781	5 255 361
Accrued interest on loans received from related legal entities	999 760	280 719
Loans received from other non-bank financial companies	413 244	-
Total	**10 797 785**	**5 536 080**

Loans received from related legal entities (Subordinated debt)

Under the Loan Agreement No. w/n dated January 5, 2020, the Company attracted unsecured long-term loans from "Money to the Population" LLP. The interest rate is 9.25% per annum. The maturity date is December 31, 2026, the lender cannot demand a refund before the maturity date established by the agreement. The Company has the right to repay the loan before maturity. In case of possible liquidation of the lender, the repayment of the loan should be made last, before the final payments to the participants of "Money to the Population" LLP. As of December 31, 2021, the amount of financing amounted to 9,384,781 thousand tenge, under the financing agreement, the Company can raise up to 10,000,000 thousand tenge.

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Loans received from other non-bank financial companies

According to the Loan Cooperation Agreement No. 03/2020-L dated February 17, 2020, the Company attracted a loan from Mintos Finance LLC (Latvia) in Euro. The credit limit is 5,000,000 Euro. The maturity date is December 31, 2024. The interest rate is 3.49% per annum. As of December 31, 2021, the loan amount is 844,906 euro or 413,244 thousand tenge.

Information on changes in liabilities arising from financing activities

(in thousands of tenge)

	December 31, 2019	Received	Interest accrued	The impact of exchange rates	Repaid	December 31, 2020
Loans received from related legal entities	5 255 361	4 129 420	-	-	-	9 384 781
Accrued interest on loans received from related legal entities	280 719	-	719 041	-	-	999 760
Total for loans received from other legal entities	**5 536 080**	**4 129 420**	**719 041**	-	-	**10 384 541**
Loans received from other non-bank financial companies	-	1 312 057	-	(4 884)	(893 929)	413 244
Accrued interest on loans received from other non-bank financial companies	-	-	11 074	(14)	(11 060)	-
Total for loans received from other non-bank financial companies	-	**1 312 057**	**11 074**	**(4 898)**	**(904 989)**	**413 244**
Total	**5 536 080**	**5 441 477**	**730 115**	**(4 898)**	**(904 989)**	**10 797 785**

(in thousands of tege)

	December 31, 2019	Received	Received through offset transactions	Interest accrued	Repaid through offset transactions	Repaid	December 31, 2020
Loans received from related legal entities	-	5 255 361	96 673	-	(14 492)	(82 181)	5 255 361
Accrued interest on loans received from related legal entities	-	-	-	280 719	-	-	280 719
Total for loans received from other legal entities	-	**5 255 361**	**96 673**	**280 719**	**(14 492)**	**(82 181)**	**5 536 080**

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16. AUTHORIZED CAPITAL

As of December 31, 2021, the declared and paid authorized capital of the Company is 70,000 thousand tenge (for 2020: 50,000 thousand tenge).

No dividends were distributed in 2021 and 2020.

17. INTEREST INCOME

(in thousands of tenge)

	2021	2020 (reclassified)
Loan remuneration	18 189 494	6 324 097
Penalty on loans issued	2 114 706	442 390
Income from placed deposits	5 944	9 986
Total	**20 310 144**	**6 776 473**

* Reclassified (Note 4)

18. INTEREST EXPENSES

(in thousands of tenge)

	2021	2020
Interest expense on loans received	730 115	280 719
Total	**730 115**	**280 719**

19. OPERATING EXPENSES

(in thousands of tenge)

	2021	2020 (reclassified)
Salary	911 357	196 245
Lease expenses	253 677	60 680
Depreciation of PPE	6 479	629
Advertising and marketing expenses	399 384	25 379
Banking services	206 115	57 747
Material costs	66 919	5 664
Business trip expenses	-	6 337
Utilities	5 691	2 259
Taxes and payments to the budget	93 208	22 307
Credit reports	105 523	48 058
Repair and maintenance of PPE	27 223	12 944
Internet, communication, mail, and SMS services	159 860	-
Information services	297 155	
Notarial expenses for the execution of an executive inscription by private notaries	250 294	-
Arbitration fee	5 483	-
Collection services	46 755	-
IT services	58 093	53 884
Trademark use	13 967	-
Costs for the creation and technical support of the website and software	154 702	-
Security and alarm	6 567	-
Travel expenses	38	-
Other professional services	24 184	33 311
State fee for lawsuits	21 167	-
Other expenses	3 215	38 316
Total	**3 117 056**	**563 760**

* Reclassified (Note 4)

20. ADMINSITRATIVE EXPENSES

(in thousands of tenge)

	2021	2020
Salary	89 462	75 891
Repair and maintenance of PPE	18 141	-
Lease expenses	9 487	8 753
Taxes and other payments to the budget	8 692	7 959
Expenses on advanced training of employees	846	-
Audit and consulting expenses	7 067	-
Travel expenses	1 065	-
Business trip expenses	31 548	-
Software maintenance	3 413	-
Material costs	812	
Membership fee	5 932	-
Sponsorship and financial aid	6 546	
Representation expenses	45 203	
Other expenses	9 478	787
Total	**237 692**	**93 390**

21. OTHER INCOME

(in thousands of tenge)

	2021	2020 (reclassified)
Income from overpaid amounts when repaying loans through terminals	12 079	4 050
Income from the product "Credit health"	21 850	-
Foreign exchange income, net	64 587	-
Reimbursement of the costs of lawsuits and costs of legal representatives	25 015	-
Other income	917	339
Total	**124 448**	**4 389**

*Reclassified (Note 4)

22. OTHER EXPENSES

(in thousands of tenge)

	2021	2020 (reclassified)
Accrual of provision on doubtful claims	110 104	692
Foreign exchange expenses, net	71 101	790
Total	**181 205**	**1 482**

* Reclassified (Note 4)

23. INCOME TAX EXPENSES

Income tax expenses for 2021 and 2020 include:

(in thousands of tenge)

	2021	2020
Current tax	(1 329 650)	(540 624)
Deferred income tax savings	107 862	-
Income tax expenses	**(1 221 788)**	**(540 624)**

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Differences between IFRS and the tax legislation of the Republic of Kazakhstan give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their basis for calculating corporate income tax. The tax effect of the movements in these temporary differences is detailed below and is calculated at the tax rates applicable to the period when the claim is realized, or the liability is settled. According to the current tax legislation of the Republic of Kazakhstan, the current income tax rate is 20%.

Reconciliation of the amount of income tax expense with the estimated amount of tax:

(in thousands of tenge)

Name	2021	2020
Profit before tax	**5 588 606**	**2 518 073**
Fixed income tax rate	20%	20%
Estimated amount of tax at the fixed rate	**(1 117 721)**	**(503 615)**
Tax effect of non-deductible expenses and non-taxable income	(211 929)	(37 009)
Current income tax expense	**(1 329 650)**	**(540 624)**

The calculation of deferred tax assets/(liabilities) as of December 31, 2021, and 2020 is as follows:

(in thousands of tenge)

	As of December 31, 2021	Charged to profit/(loss)
Taxable temporary differences:		
Property, plant and equipment	(2 421)	(2 421)
Deferred tax liabilities	**(2 421)**	**(2 421)**
Deductible temporary differences:		
Tax liabilities	2 691	2 691
Interest payable	99 976	99 976
Obligations of unused vacations of employees	7 616	7 616
Deferred tax assets	**110 283**	**110 283**
Deferred tax assets less deferred tax liabilities	**107 862**	**107 862**

As of December 31, 2021, the Company's financial statements reflect deferred tax assets in the amount of 107,862 thousand tenge.

24. RELATED PARTIES

Parties are considered related in cases where they are under common control, or where one party can control the other party or can significantly influence over the other party in making financial or operating decisions. When considering each possible relationship with each related party, attention is paid to the economic content of the relationship, not only to its legal form.

The Company's statement of financial position as of December 31, 2021, and 2020 reflects the following liabilities from transactions with related parties:

(in thousands of tenge)

	December 31, 2021		December 31, 2020	
	Founder	**Companies under common control**	**Founder**	**Companies under common control**
Other short-term assets	-	30	-	1 370
Trade payables	-	(135)	-	-
Long-term financial liabilities	-	(10 384 541)	-	(5 476 080)
Total	-	**(10 384 646)**	-	**(5 474 710)**

In the statement of profit or loss and other comprehensive income of the Company for 2021, and 2020, the following amounts of income and expenses from transactions with related parties are reflected:

(in thousands of tenge)

	2021		2020	
	Founder	Companies under common control	Founder	Companies under common control
Operating expenses				
Lease expenses	-	(14 070)	-	(8 160)
Administrative expenses				
Lease expenses	-	(8 882)	-	(8 643)
Interest expenses				
Interest expense on loans received	-	(719 041)	-	(280 719)
Total	-	**(741 993)**	-	**(297 522)**

Management Benefits

The benefit paid to the management team for their participation in the work of the Company consists of short-term benefit, which includes the official salary specified in the contract.

The total amount of management benefits, recognized in the statement of profit or loss and other comprehensive income as administrative expenses, amounted to 6,056 thousand tenge for 2021 and 1,753 thousand tenge for 2020.

25. CONTINGENT LIABILITIES

Political and Economic Conditions in the Republic of Kazakhstan

The markets of developing countries, including Kazakhstan, are exposed to economic, political, social, and legal and legislative risks that are different from risks inherent in more developed countries. The laws and regulations governing the conduct of business in Kazakhstan are subject to quick changes, there is the possibility of their arbitrary interpretation. The future development direction of Kazakhstan is heavily dependent on the fiscal and monetary policies adopted by the government, the laws, and regulations as well as changes in the political situation in the country.

Since Kazakhstan produces and exports large amounts of oil and gas, the economy is particularly sensitive to fluctuations of world prices of oil and gas.

In 2015, the Government and the National Bank of the Republic of Kazakhstan announced the transition to a new monetary policy based on a free floating tenge exchange rate and canceled the currency band.

Financial condition and future operations of the Company may be adversely affected by continuing economic problems inherent in developing the country, and the consumer and business loans growth rates. The Company management cannot predict either extent or duration of the economic difficulties and cannot assess their impact, if any, on the financial performance of the Company.

Lawsuits

From time to time in the Company's course of business, customers and counterparties may bring claims against the Company. Management believes that the Company will not incur substantial losses from such claims.

Taxes

Management exercises its professional judgment in recognizing various taxes applicable to the Company, both for payment and reimbursement. Recognition assumptions are also made for taxes that are recoverable to the Company. In applying its professional judgments in relation to taxes, management believes that the tax position adopted is consistent with the requirements of applicable law and reflects the likely outcome of tax recognition. Estimates are made to determine the amount of taxes payable or recoverable, including deferred tax assets. Tax liabilities and receivables, following future audits by the tax authorities, may differ from those forecasts as a result of interpretations of tax laws that differ from management's opinion. Such interpretations may affect the expected amount of taxes, as well as the timing of payment and refund of taxes.

Taxation

The Government of the Republic of Kazakhstan continues to reform the business and commercial infrastructure in the process of transition to a market economy. As a result, the laws and regulations governing the Company's operations continue to change rapidly. These changes are characterized by unsatisfactory presentation, varying interpretations, and arbitrary application by the authorities.

In particular, taxes are reviewed by several authorities, which by law have the power to impose fines and penalties. Lack of reference to provisions in Kazakhstan results in a lack of clarity and integrity of the provisions. Frequent contradictions in legal interpretation within government bodies and between companies and government bodies create uncertainty and conflict. These facts create tax risks in Kazakhstan that are much more significant than those in countries with more developed tax systems.

The tax authorities have the right to review tax records within five years after the end of the period in which the taxable base is determined and the tax amount is assessed. Consequently, as a result of tax audits, the Company may be subject to additional tax liabilities. The Company believes that it has adequately reflected all tax liabilities based on its understanding of tax legislation.

26. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows assets and liabilities by their expected maturities. Information about the Company's contractual undiscounted repayment obligations is disclosed in Note 27 "Risk Management Policy".

(in thousands of tenge)

		2021	
	Within one year	**More than one year**	**Total:**
Assets			
Cash	1 321 424	-	**1 321 424**
Loans issued	17 217 167	-	**17 217 167**
Inventories	3 497	-	**3 497**
Corporate income tax	2 705	-	**2 705**
Other assets	248 476	-	**248 476**
Property, plant and equipment	-	64 914	**64 914**
Intangible assets	-	2 007	**2 007**
Deferred tax assets	-	107 862	**107 862**
Total assets	**18 793 269**	**174 783**	**18 968 052**
Liabilities			
Trade payables	213 056	-	**213 056**
Liabilities for taxes and other obligatory payments to the budget	1 369 490	-	**1 369 490**
Reserve for unused vacations of employees	38 080	-	**38 080**
Other liabilities	130 117	-	**130 117**
Financial liabilities	-	10 797 785	**10 797 785**
Total liabilities	**1 750 743**	**10 797 785**	**12 548 528**
Net position	**17 042 526**	**(10 623 002)**	**6 419 524**

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27. RISK MANAGEMENT POLICY

Risk Management

The financial and economic activities of the Company are subject to various risks inherent in entrepreneurial activity in Kazakhstan: these risks arise under the influence of such objective factors as economic conditions, changes in tax legislation and other regulatory legal acts of the Republic of Kazakhstan, but the Company's management manages and monitors all fluctuations in risks, to minimize their impact on the financial results of their activities.

The main risks inherent in the Company's activities are risks associated with liquidity, credit risks that arise for the Company during its activities. Below are descriptions of the Company's policy in relation to the management of these risks.

Credit Risk

Credit risk is the risk that is associated in particular with the possibility of defaults on commitments by issuers of securities and counterparties to deals.

The following is an analysis of financial assets and liabilities grouped by exposure to credit risk and collateral remaining from the date of the statement of financial position to the date of payment of obligations.

(in thousands of tenge)

	Total maximum risk amount, on December 31, 2021	**Total maximum risk amount, on December 31, 2020**
Cash	1 321 424	877 433
Short-term loans issued	17 217 167	7 187 466
Other short-term assets	4 270	1 000
Total credit risk amount	**18 542 861**	**8 065 899**

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to fulfill its payment obligations when they fall due under normal or unexpected conditions.

Below is an analysis of financial assets and liabilities, grouped based on the period remaining from the date of the statement of financial position to the date of payment of obligations.

As of December 31, 2021

(in thousands of tenge)

	On-demand	**Less than 1 month**	**1–3 months**	**3 months – 1 year**	**More than 1 year**	**Total**
FINANCIAL ASSETS:						
Cash	1 209 962	-	111 462	-	-	**1 321 424**
Short-term loans issued	-	3 795 801	2 505 020	10 916 346	-	**17 217 167**
Other short-term assets	-	-	212	4 058	-	**4 270**
Total assets	**1 209 962**	**3 795 801**	**2 616 694**	**10 920 404**	**-**	**18 542 861**
FINANCIAL LIABILITIES:						
Trade payables	-	(175 492)	(37 564)	-	-	**(213 056)**
Financial liabilities	-	-	-	-	(10 797 785)	**(10 797 785)**
Total liabilities	**-**	**(175 492)**	**(37 564)**	**-**	**(10 797 785)**	**(11 010 841)**
Net position	**1 209 962**	**3 620 309**	**2 579 130**	**10 920 404**	**(10 797 785)**	**7 532 020**

As of December 31, 2020

(in thousands of tenge)

	On-demand	**Less than 1 month**	**1–3 months**	**3 months – 1 year**	**More than 1 year**	**Total**
FINANCIAL ASSETS:						
Cash	869 846	-	7 587	-	-	**877 433**
Short-term loans issued	-	2 525 726	2 821 230	1 840 510	-	**7 187 466**
Other short-term assets	-	-	-	1 000	-	**1 000**

Total assets	**869 846**	**2 525 726**	**2 828 817**	**1 841 510**	**-**	**8 065 899**
FINANCIAL LIABILITIES:						
Trade payables	-	(38 341)	(2 817)	-	-	**(41 158)**
Financial liabilities	-	-	-	-	(5 536 080)	**(5 536 080)**
Total liabilities	**-**	**(38 341)**	**(2 817)**	**-**	**(5 536 080)**	**(5 577 238)**
Net position	**869 846**	**2 487 385**	**2 826 000**	**1 841 510**	**(5 536 080)**	**2 488 661**

Market Risk

Market risk - the probability of losses associated with unfavorable movements in financial markets (due to changes in the market value of financial instruments, interest rates, foreign exchange rates, precious metals). The Company manages market risk through periodic estimation of potential losses that may arise due to adverse changes in market conditions. Market risks include currency, other price, and interest rate risks:

Interest Rate Risk

Interest rate risk is the risk of the Company incurring expenses (losses) due to adverse changes in interest rates, including general interest rate risk associated with non-compliance with the maturity dates of placed assets (at fixed interest rates) and specific interest rate risk associated with the use of various accrual methods and adjustments to remuneration received for a number of instruments that, other things being equal, have similar pricing characteristics.

The Company is not exposed to interest rate risk as it has no financial liabilities attracted at floating interest rates.

Price Risk

The risk of potential losses that may be incurred as a result of negative changes in market conditions. The Company is not exposed to price risk as it has no trading financial instruments.

Currency Risk

Currency risk is the risk that financial instruments are subject to fluctuations due to changes in exchange rates.

The Company operates in the Republic of Kazakhstan, a significant part of the Company's operations is conducted in tenge, while a part of accounts payable is denominated in US dollars, Euros and Russian rubles.

The table below shows financial assets and financial liabilities in thousands of tenge by currency, as well as their net position at the end of 2021 and 2020.

(in thousands of tenge)

	As of December 31, 2021				
	Tenge	**Euro**	**US Dollar**	**Ruble**	**Total**
Financial assets:					
Cash	1 195 169	126 255	-	-	**1 321 424**
Short-term loans issued	17 217 167	-	-	-	**17 217 167**
Other short-term assets	4 270	-	-	-	**4 270**
Total assets	**18 416 606**	**126 255**	**-**	**-**	**18 542 861**
Financial liabilities:					
Trade payables to suppliers	(162 887)	(12 409)	(14 229)	(23 531)	**(213 056)**
Financial liabilities	(10 384 541)	(413 244)	-	-	**(10 797 785)**
Total liabilities	**(10 547 428)**	**(425 653)**	**(14 229)**	**(23 531)**	**(11 010 841)**
Net position	**7 869 178**	**(299 398)**	**(14 229)**	**(23 531)**	**7 532 020**

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(in thousands of tenge)

	As of December 31, 2020				
	Tenge	**Euro**	**US Dollar**	**Ruble**	**Total**
Financial assets:					
Cash	877 433	-	-	-	**877 433**
Short-term loans issued	7 187 466	-	-	-	**7 187 466**
Other short-term assets	1 000	-	-	-	**1 000**
Total assets	**8 065 899**	-	-	-	**8 065 899**
Financial liabilities:					
Trade payables to suppliers	(29 111)	(1 198)	(7 673)	(3 176)	**(41 158)**
Financial liabilities	(5 536 080)	-	-	-	**(5 536 080)**
Total liabilities	**(5 565 191)**	**(1 198)**	**(7 673)**	**(3 176)**	**(5 577 238)**
Net position	**2 500 708**	**(1 198)**	**(7 673)**	**(3 176)**	**2 488 661**

Currency Risk Sensitivity Analysis

The table below provides an analysis of the Company's sensitivity to increases and decreases in exchange rates against the tenge. 20% is the level of sensitivity used internally by the Company when reporting foreign exchange risk to key management personnel of the Company and represents the Company's management's assessment of possible changes in foreign exchange rates. The sensitivity analysis includes only foreign currency amounts held at the end of the period.
Below is the impact on earnings and equity based on the open balance sheet position as of December 31, 2021, and 2020.

(in thousands of tenge)

	December 31, 2021 Impact on profit or loss	**December 31, 2020 Impact on profit or loss**
Appreciation of the US dollar by 20%	(2 846)	(1 535)
Depreciation of the US dollar by 20%	2 846	1 535
Appreciation of the ruble by 20%	(4 706)	(635)
Depreciation of the ruble by 20%	4 706	635
Appreciation of the euro by 20%	(59 880)	(240)
Depreciation of the euro by 20%	59 880	240

Operating Risk

Operating risk is the risk arising from system failure, personnel errors, fraud, or external events. When a control system fails to perform, operating risks can cause damage to reputation, have legal implications, or lead to financial losses. The Company cannot make as assumption that all operating risks are eliminated, but through a control system and by monitoring and appropriate responding to potential risks, the Company can manage the risks. The control system includes effective segregation of duties, rights of access, authorization and reconciliation procedures, staff training and assessment procedures.

28. SUBSEQUENT EVENTS

On January 02, 2022, protests began in the Mangistau region in connection with a significant increase in the retail price of liquefied natural gas. These protests spread to other cities and led to riots, property damage and loss of life. On January 05, 2022, the Government of the Republic of Kazakhstan declared a state of emergency. As a result of the above protests and the imposition of a state of emergency, the President of Kazakhstan made several public statements on possible measures, including changes to tax laws, the introduction of measures to support financial stability, control, and stabilization of inflation and the tenge exchange rate. On January 10, 2022, the National Security Committee of Kazakhstan reported that the situation in the country had stabilized and was under control. On January 19, 2022, the state of emergency was lifted.

The above events that occurred in January 2022 had a negative impact on the Company's operations. During the riots and marauding actions that took place on the territory of the city of Almaty, 2 branches of the Company and 3 terminals of the Dengomat APK in this city were looted. In total, funds were stolen for a total amount of 39,564 thousand tenge. In the period from January 06 to January 12, 2022, in the looted 2 branches of the Company, activities were suspended.

In the context of the geopolitical situation that has developed around the situation with Ukraine, EU member states and other countries have introduced several packages of sanctions against Russia. The restrictions affected the Central Bank of Russia and major Russian banks, as well as several sectors of the Russian economy. The economy of Kazakhstan is tied to the Russian economy through close relationships in trade. Russia is the largest importer for Kazakhstan with a share of almost 42.1% of total imports.

As a result, financial markets are experiencing serious volatility. The situation had a particularly negative impact on the foreign exchange market. The press service of the National Bank of the Republic of Kazakhstan (hereinafter referred to as the "NBRK") reported that the situation in the global financial markets continues to be extremely unstable. Increased expectations of the inability to quickly resolve the conflict in Europe have a multidirectional effect on commodity, currency, and stock markets. The NBRK took several prompt measures to offset the pressure of negative shocks on the country's financial and foreign exchange markets. In particular, against the background of sharply increased volatility, in order to avoid destabilization of the situation in the domestic foreign exchange market, the NBRK carried out some foreign exchange interventions during trading. It is worth noting that the measures are carried out within the framework of the principles of a floating exchange rate. The tenge exchange rate will be formed under the influence of fundamental factors, while in the short term tenge volatility will depend on sanctions rhetoric, expectations of domestic participants and dynamics in world markets. On February 24, 2022, the NBK made an extraordinary decision on the level of the base rate, due to the need to maintain price stability against the backdrop of the realization of risks from the external sector.

The base rate was increased from 10.25% to 13.5% per annum with an interest corridor of +/- 1.0 percentage points. The increase in the base rate is aimed not only at preventing the spread of the effects of an external shock on the country's economy, but also at ensuring macroeconomic stability and protection of tenge assets.

Since anti-Russian sanctions are still in place and the geopolitical situation is generally unstable, it is extremely difficult to predict the full extent and duration of their impact on the Group's business. In general, a prudent monetary policy pursued by the Government of Kazakhstan within the framework of inflation targeting can effectively prevent the spread of the consequences of an external shock to the country's economy and ensure the protection of tenge assets.

Prudential Compliance Information

The Company, being a Microfinance Organization, must comply with the requirements of the National Bank of the Republic of Kazakhstan to comply with the minimum amount of equity and authorized capital, equity capital adequacy (k1), maximum risk per borrower (k2) and leverage ratio (k3). As of December 31, 2021, all requirements are met:

The size of the authorized capital of the Company is 70,000 thousand tenge, with a minimum allowable amount of 70,000 thousand tenge.

The Company's equity capital is 6,419,524 thousand tenge, with a minimum allowable amount of 70,000 thousand tenge.

Equity capital adequacy ratio k1 is 0.612, with a minimum allowable value of 0.100

The risk coefficient per borrower k2 is 0.001 with the maximum allowable value of 0.250

The leverage ratio k3 is 0.668 with a maximum allowable value of 10,000.

ТОО "Almir consulting" г.Алматы * Для аудиторских отчетов