GoldFinMarket LLP Microfinance Organization

Consolidated financial statements

for the year ended 31 December 2021

with Independent auditor's report

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INDEPENDENT AUDITOR'S REPORT

To the Participant and Management of GoldFinMarket Microfinance Organization LLP

Opinion

We have audited the financial statements of GoldFinMarket Microfinance Organization LLP (the "Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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Auditor's responsibilities for the audit of financial statements

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Dilshat Kurbanov.

RSM Qazaqstan LLP

Dilshat Kurbanov Audit Partner	Aisulu Narbayeva Auditor/General Director RSM Qazaqstan LLP Auditor's Qualification Certificate No. 0000137 at 21 October 1994 State audit license for audit activities on the territory of the Republic of Kazakhstan № 19024411 issued by the Ministry of finance of the Republic of Kazakhstan on 24 December 2019

43, Dostyk Avenue, office 302
Almaty, 050010, Republic of Kazakhstan

1 July 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

In thousands of tenge	Notes	31 December 2021	31 December 2020
ASSETS			
Cash and cash equivalents	5	**569,435**	483,612
Loans issued	6	**4,812,112**	3,268,461
Property and equipment	7	**400,192**	151,250
Right of use assets	8	**308,408**	434,556
Intangible assets		**2,316**	1,520
Deferred income tax assets		**7,051**	4,066
Advances paid and other current assets	9	**71,016**	12,209
TOTAL ASSETS		**6,170,530**	4,355,674
LIABILITIES			
Loans received	10	**2,201,848**	434,889
Lease liabilities	11	**393,611**	465,631
Trade and other payables	12	**67,874**	74,852
Current income tax payable	17	**71,770**	31,721
Other taxes payable		**5,412**	4,965
Total liabilities		**2,740,515**	1,012,058
EQUITY			
Charter capital	13	**3,200,000**	3,200,000
Retained earnings		**230,015**	143,616
Total equity		**3,430,015**	3,343,616
TOTAL LIABILITIES AND EQUITY		**6,170,530**	4,355,674

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

Signed and authorized for issue on 1 July 2022 by the Group's management:

Chairman of the Management Board _______________ *Dauletaliyev M.*

Chief accountant _______________ *Seitbekova A.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2021

In thousands of tenge	Notes	2021	2020
Interest income	*14*	**1,794,420**	1,263,839
Interest expenses	*15*	**(322,699)**	(139,953)
Net interest income		**1,471,721**	1,123,886
(Accrual) / recovery of allowance for expected credit losses	*6*	**(22,227)**	31,916
Net interest income after allowance for expected credit losses		**1,449,494**	1,155,802
General and administrative expenses	*16*	**(1,278,473)**	(952,708)
Foreign exchange income, net		**6,692**	(53,450)
Profit before income tax		**177,713**	149,644
Income tax expenses	*17*	**(91,314)**	(30,080)
Profit for the year		**86,399**	119,564
Other comprehensive income for year		**–**	–
Total comprehensive income for the year		**86,399**	119,564

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

Signed and authorized for issue on 1 July 2022 by the Group's management:

Chairman of the Management Board _______________ *Dauletaliyev M.*

Chief accountant _______________ *Seitbekova A.*

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

In thousands of tenge	Notes	2021	2020
Cash flows from operating activities			
Profit before income tax	*17*	**177,713**	149,644
Depreciation and amortization	*16*	**458,452**	187,890
Accrual/ (recovery) of provision for expected credit losses	*6*	**22,227**	(31,916)
Interest income	*14*	**(1,794,420)**	(1,263,839)
Finance costs	*15*	**322,699**	139,953
Change in lease terms	*16*	**(31,654)**	–
Income on disposal of property and equipment		**9,905**	–
Unrealised foreign exchange (income) / loss		**(6,389)**	53,360
Cash flows from operating activities before changes in operating assets and liabilities			
Decrease in loans issued		**(1,438,956)**	(650,775)
Increase in advances paid and other current assets		**(58,807)**	(11,415)
Increase in other tax payables		**447**	1,933
Increase in trade payables		**(6,978)**	32,763
Net cash flows used in operating activities before income tax		**(2,345,761)**	(1,392,402)
Interest paid	*10*	**(250,067)**	(78,774)
Interest received		**1,667,498**	1,158,286
Income tax paid		**(54,250)**	(2,168)
Net cash used in operating activities		**(982,580)**	(315,058)
Cash flows from investing activities			
Purchase of property and equipment	*7*	**(363,530)**	(113,201)
Purchase of intangible assets		**(1,082)**	(744)
Net cash used in investing activities		**(364,612)**	(113,945)
Cash flows from financing activities			
Contributions to charter capital	*13*	**–**	991,838
Loans received	*10*	**6,060,235**	2,886,600
Repayment of loans	*10*	**(4,304,334)**	(2,863,405)
Financial lease liabilities payments	*11*	**(322,886)**	(203,743)
Net cash from financing activities		**1,433,015**	811,290
Net increase in cash and cash equivalents		**85,823**	382,287
Effect of exchange rates changes on cash and cash equivalents		**–**	2,926
Cash and cash equivalents at the beginning of the year		**483,612**	98,399
Cash and cash equivalents at the end of the year		**569,435**	483,612

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

Signed and authorized for issue on 1 July 2022 by the Group's management:

Chairman of the Management Board — Dauletaliyev M.

Chief accountant — Seitbekova A.

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

In thousands of tenge	*Notes*	Charter capital	Retained earnings	Total
As at 1 January 2020		**2,208,162**	**24,052**	**2,232,214**
Profit for the year		–	119,564	119,564
Other comprehensive income		–	–	–
Total comprehensive income for the year		2,208,162	143,616	2,351,778
Charter capital contribution	*13*	991,838	–	991,838
As at 31 December 2020		3,200,000	143,616	3,343,616
Profit for the year		–	**86,399**	**86,399**
Other comprehensive income		–	–	–
Total comprehensive income for the year		–	86,399	86,399
As at 31 December 2021		3,200,000	230,015	3,430,015

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

Signed and authorized for issue on 1 July 2022 by the Group's management:

Chairman of the Management Board — *Dauletaliyev M.*

Chief accountant — *Seitbekova A.*

1. GENERAL INFORMATION

GoldFinMarket Microfinance Organization LLP (hereinafter - "the Company") is a limited liability partnership registered in the Republic of Kazakhstan in 2007. Last re-registration date is 3 November 2020 due to the change of the Company's name from GFM Microfinance Organization LLP.

The main office of the Company is registered at the address: Shayakhmetov street 3/2, Shymkent, Kazakhstan.

Physical location of the main office: Kunaev street 3B, Shymkent, Kazakhstan.

Information about the Company's participants is provided in *Note 13*.

These consolidated financial statements include the Company and its subsidiary, 100% ownership, Lombard GoldFinMarket LLP (hereinafter - "the Group"). The subsidiary is represented by a pawnshop and has not started its operating activities.

The Group provides services in the field of pawnshops and is licensed to provide services in accordance with the legislation on microfinance activities. The subsidiary was established in October 2020.

The Group provides lending services for individuals, individual entrepreneurs, representatives of small and medium-sized businesses operating in the Republic of Kazakhstan in accordance with the legislation of the Republic of Kazakhstan on microfinance activities. The Group is licensed to carry out activities of a microfinance organisation and a pawnshop.

As at 31 December 2021, the Group had 116 employees (2020: 106 employees).

Kazakhstan business environment

The Group's operations are primarily located in Kazakhstan. Consequently, the Group is exposed to country risk being the economic, political and social risks inherent in doing business in Kazakhstan. These risks include matters arising from the policies of the government, economic conditions, imposition or changes to taxes and regulations, foreign exchange fluctuations and the enforceability of contract rights.

The consolidated financial statements include management's estimates of Kazakhstan economic conditions and their impact on the results and financial position of the Group. Actual economic conditions can differ from those estimates.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") as amended by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared in accordance with the historical cost measurement principle, with the exception of certain financial instruments whose accounting policies are described in Note 3. The consolidated financial statements are presented in tenge, and all amounts are rounded to the nearest thousand, except where otherwise indicated.

Going concern basis principle

The consolidated financial statements of the Group have been prepared on the basis of the going concern assumption. Management has taken into account the stable profitability of the Group, sufficient to meet the expected needs of the Group. After analysing the Group's projected interest rates for loans, the level of disbursement, repayment of debt, as well as an assessment of possible adverse consequences, such as a decrease in interest rates on loans, and increase in operating and capital costs, Management reasonably believes that the Group has sufficient resources to continue working in foreseeable future.

After conducting an appropriate analysis, management has concluded that the Group has sufficient resources to continue operating and meet its obligations and that it is appropriate to apply the principle of going concern in the preparation of these consolidated financial statements.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns;

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

2. BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (continued)

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability;
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

An estimate of the fair value of a non-financial asset takes into account the ability of a market participant to generate economic benefits, either through the best and most efficient use of the asset, or by selling it to another market participant who would use the asset in the best and most efficient manner.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of disclosing information about fair value, the Group classifies assets and liabilities based on their nature, inherent characteristics and risks, and the applicable level in the fair value hierarchy, as described above.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition

Date of recognition

All regular way purchases and sales of financial assets and liabilities are recognised on the trade date i.e., the date that the Group commits to purchase the asset or liability. Regular way purchases or sales are purchases or sales of financial assets and liabilities that require delivery of assets and liabilities within the period generally established by regulation or convention in the marketplace.

Initial measurement

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value and, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount.

Measurement categories of financial assets and liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost;
- Fare value through other comprehensive income (FVOCI);
- Fare value through profit and loss (FVPL).

The Group classifies and measures its derivative and trading portfolio at FVPL. The Group may designate financial instruments at FVPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Loans and other receivables at amortised cost

The Group only measures loans issued and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Financial instruments (continued)

Business model assessment (continued)

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected);
- the expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test

As a second step of its classification process the Group assesses the contractual terms of financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. Information on ECL for loans issued is presented in *Notes 6* and *20*.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. Cash and cash equivalents are carried at amortized cost using the effective interest method.

d) Loans received

Issued financial instruments or their components are classified as liabilities, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity instruments. Such instruments include loans received. After initial recognition, loans received are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans received are derecognised as well as through the amortisation process.

e) Renegotiated loans

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions.

The Group derecognises a financial asset, such as loans issued, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes unless the new loan is deemed to be POCI. When assessing whether or not to derecognise a loan to a customer, amongst others, the Group considers the following factors:

- change in currency of the loan;
- change in counterparty;
- if the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, presented within interest income calculated using EIR in the statement of profit or loss, to the extent that an impairment loss has not already been recorded.

For modifications not resulting in derecognition, the Group also reassesses whether here has been a significant increase in credit risk or whether the assets should be classified as credit impaired. Once an asset has been classified as credit-impaired as the result of modification, it will remain in Stage 3 for a minimum 6-month probation period. For the restructured loan to be reclassified out of Stage 3, regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period in accordance with the modified payment schedule.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset, or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and
- the Group either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The right of set-off must not be contingent on a future event and must be legally enforceable in all of the following circumstances:

- The normal course of business;
- The event of default; and
- The event of insolvency or bankruptcy of the entity and all of the counterparties.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Income tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the Republic of Kazakhstan.

The management of the Group periodically evaluates positions reflected in tax returns, for which the relevant tax laws may be interpreted differently, and, as necessary, creates estimated liabilities.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except, when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except, when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

h) Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

The carrying amount of property and equipment is assessed for impairment in the event of events or changes in circumstances indicating that the carrying amount of this asset may not be recoverable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Property and equipment (continued)

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

	Years
Office furniture	3-5
Special equipment	3-5
Office equipment	2-5
Other	2-7

The residual value, useful lives and depreciation methods of assets are analyzed at the end of each reporting year and adjusted as necessary.

i) Leases

The Group assesses at contract inception whether a contract is, or contains, 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.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The Group has determined the following useful lives:

- Offices – 4-6 years
- Analyzers and terminals – 4 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Leases (continued)

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term lease agreements (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

j) Reserves

Reserves are recognized if, as a result of a certain event in the past, the Group has legal or voluntary commitments that, with a high degree of probability, will require outflow of resources that encompass future economic benefits, and which can be estimated with a sufficient degree of reliability.

k) Labor costs and related reductions

Salary expenses, pension contributions, social insurance contributions, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued as the relevant work is carried out by the Group's employees. On behalf of its employees, the Group pays pension contributions provided for by the legislation of the Republic of Kazakhstan. Such payments are expensed as they arise. When employees retire, the Group's financial obligations cease, and all subsequent payments to retired employees are made by the state pension fund.

l) Contingent assets and liabilities

Contingent liabilities are not recognised in the statement of financial position and are disclosed in the consolidated financial statements unless an outflow of resources due to settlement is unlikely. Contingent assets are not recognised in the statement of financial position and are disclosed in the consolidated financial statements when the related economic benefits are probable.

m) Recognition of interest income

The effective interest rate method

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost, financial instruments designated at FVPL. Interest income on interest bearing financial assets measured at FVOCI, also recorded by using the EIR method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of comprehensive income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Recognition of interest income (continued)

Interest income

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

n) Foreign currency translation

The consolidated financial statements are presented in KZT, which is the functional and presentation currency of the Group. Transactions in foreign currencies are initially translated into the functional currency at the market exchange rates established on the Kazakhstan Stock Exchange (hereinafter referred to as "KASE") at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the official exchange rate at the reporting date. Gains and losses arising from the translation of foreign currency transactions are recognised in the statement of comprehensive income under «*Foreign exchange income, net*». Non-monetary items carried at cost in a foreign currency are translated at the official exchange rate at the date of the transaction. Non-monetary items carried at fair value in a foreign currency are translated at the official rate at the date the fair value is determined. The difference between the contractual exchange rate for a foreign currency transaction and the official exchange rate at the date of such transaction is included in the net income or expenses for foreign currency transactions.

The exchange rate used by the Group in preparing these consolidated financial statements is as follows:

	Exchange rate (KZT)		The average exchange rate for the period (KZT)	
Currency	**As at 31 December 2021**	As at 31 December 2020	**2021**	2020
USD	**431.67**	420.71	**426.03**	413.36
Euro	**487.79**	516.13	**504.04**	471.81
Ruble	**5.77**	5.65	**5.78**	5.74

o) New standards, interpretations and amendments

The Group first applied certain amendments to standards that are effective for annual periods beginning on or after 1 January 2021. The Group has not early adopted the standards, clarifications or amendments that were issued but are not effective.

The following amendments became effective as at 1 January 2021. These amendments and interpretations did not affect the consolidated financial statements of the Group:

- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16;
- Covid-19-Related Rent Concessions beyond 30 June 2021 Amendment to IFRS 16.

p) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p) Standards issued but not yet effective (continued)

IFRS 17 *"Insurance Contracts"*

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance andre-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply the overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach);
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

Amendments to IAS 1 – *"Classification of Liabilities as Current or Non-Current"*

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by a right to defer settlement;
- that a right to defer must exist at the end of the reporting period;
- that classification is unaffected by the likelihood that an entity will exercise its deferral right;
- that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Amendments to IFRS 3 – *"Reference to the Conceptual Framework"*

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p) Standards issued but not yet effective (continued)

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 deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

Amendments to IAS 37 – *"Onerous Contracts - Costs of Fulfilling a Contract"*

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

Amendment to IFRS 1 *"First-time Adoption of International Financial Reporting Standards – Subsidiary as a First-time Adoption"*

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

Amendment to IFRS 9 Financial Instruments –Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p) Standards issued but not yet effective (continued)

Amendment to IAS 41 *"Agriculture - taxation in fair value measurements"*

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements of the Group requires management to make judgments, estimates and assumptions that affect the reported revenues, expenses, assets and liabilities and the related disclosures and contingent liabilities. Uncertainty about such assumptions and estimates may result in results that require significant adjustments to the carrying amounts of assets or liabilities that will be affected in future periods. In applying the Group's accounting policies, management has made the following judgments and assumptions about the future and other major sources of measurement uncertainty at the reporting date, which carry a significant risk that significant adjustments to the carrying amounts of assets and liabilities will be required in the next financial year. Existing circumstances and assumptions about future developments may change as a result of events beyond the Group's control that are reflected in the assumptions if and when they occur. The items that have the most significant impact on the amounts recognised in the consolidated financial statements and for which management has made significant judgments and/or estimates are discussed below in the light of the judgments/estimates made.

Impairment losses on financial assets

Assessment of impairment losses for all loans issued requires judgement, particularly in determining the impairment losses and the assessment of significant deterioration in credit risk to estimate the magnitude and timing of occurrence of future cash flows and collateral value. Such estimates depend on a number of factors, changes in which may result in different amounts of impairment provisions.

The ECL calculations are the result of a model that includes a number of basic assumptions about the choice of input data variables and their interdependencies. The elements of the models for the calculation of ECLs, which are considered judgments and estimates, include the following:

- internal credit rating assignment system;
- combining financial assets in the group, when ECL on them are evaluated on a group basis;
- development of a model for the calculation of ECL, including various formulas and selection of input data;
- the determination of the relationships between innovations in legislation and economic data, and their impact on the performance of PD, EAD and LGD.

The Group's policy is to review the model on a regular basis, taking into account actual losses and adjust them if necessary.

For more details on the Group's policy on impairment on financial assets see *Note 20*.

Leasehold improvement

The Group capitalizes in fixed assets the costs incurred for major repairs of premises, which is subject to depreciation during the contractual lease term.

The book value of capitalized expenses as at 31 December 2021 amounted to KZT 21,673 thousand (Note 7).

5. CASH AND CASH EQUIVALENTS

As at 31 December 2021 cash and cash equivalents were presented as follows:

In thousands of tenge	**31 December 2021**	31 December 2020
Cash on hand	**565,440**	483,514
Cash at current account	**3,995**	98
	569,435	483,612

6. LOANS ISSUED

As at 31 December 2021 loans issued were presented as follows:

In thousands of tenge	**31 December 2021**	31 December 2020
Loans secured by movable property	**4,713,673**	3,220,034
Unsecured loans	**18,528**	74,884
Loans secured by real estate	**131,494**	7,964
Allowance for expected credit losses	**(51,583)**	(34,421)
	4,812,112	3,268,461

The main product of the Group is the issuance of loans for a period of 9 or 12 months secured by products made of precious metals (mainly gold).

The loans issued are secured by collateral with the following estimated value at the time of loan issuance:

In thousands of tenge	**31 December 2021**	31 December 2020
Movable property	**6,582,577**	4,007,884
Real estate	**321,465**	45,381
	6,904,042	4,053,265

Movable property is represented mainly by precious metals, which are actually stored by the Group until the client fully repays the loan.

The movements of expected credit losses (ECL) are presented below:

In thousands of tenge	**2021**	2020
As at 1 January	**34,421**	68,064
Accrual of allowance for ECL	**22,227**	(31,916)
Write-off of allowance for ECL	**(5,065)**	(1,727)
As at 31 December	**51,583**	34,421

The Group creates a provision for the impairment of issued loans, which is an estimate of expected credit losses.

6. LOANS ISSUED (CONTINUED)

As at 31 December 2021 the ageing of loans issued were presented as follows:

In thousands of tenge	Gross amount of debt	Allowance for ECL	Loans, net of allowance for ECL	Allowance for ECL in relation to the amount of loans, %
2021				
Not past due	4,145,305	(528)	**4,144,777**	-0.01%
Past due 1 - 30 days	361,320	(1,361)	**359,959**	-0.38%
Past due 31 - 60 days	162,360	(11,210)	**151,150**	-6.90%
Past due 61 - 90 days	88,292	(15,063)	**73,229**	-17.06%
More than 91 days	106,418	(23,421)	**82,997**	-22.01%
Total loans issued	**4,863,695**	**(51,583)**	**4,812,112**	**-46.36%**

In thousands of tenge	Gross amount of debt	Allowance for ECL	Loans, net of allowance for ECL	Allowance for ECL in relation to the amount of loans, %
2020				
Not past due	2,971,641	–	2,971,641	0%
Past due 1 - 30 days	19,772	(74)	19,698	-0.37%
Past due 31 - 60 days	40,773	(2,059)	38,714	-5.05%
Past due 61 - 90 days	254,407	(15,999)	238,408	-6.29%
More than 91 days	16,289	(16,289)	–	-100%
Total loans issued	**3,302,882**	**(34,421)**	**3,268,461**	**-112%**

7. PROPERTY AND EQUIPMENT

As at 31 December 2021 property and equipment were presented as follows:

In thousands of tenge	Office furniture	Special equipment	Office equipment	Leasehold improvement	Other	Total
Cost:						
As at 1 January 2020	35,955	24,415	19,939	–	1,505	81,814
Additions	46,302	33,810	30,631	–	2,458	113,201
As at 31 December 2020	82,257	58,225	50,570	–	3,963	195,015
Additions	66,476	251,513	2,090	43,346	105	363,530
Disposals	(428)	(10,390)	–	–	(64)	(10,882)
As at 31 December 2021	**148,305**	**299,348**	**52,660**	**43,346**	**4,004**	**547,663**
Accumulated depreciation:						
As at 1 January 2020	(3,305)	(1,594)	(4,512)	–	(265)	(9,676)
Charge for the year	(9,591)	(9,791)	(14,247)	–	(460)	(34,089)
As at 31 December 2020	(12,896)	(11,385)	(18,759)	–	(725)	(43,765)
Charge for the year	(22,875)	(43,018)	(16,237)	(21,673)	(880)	(104,683)
Disposals	84	866	–	–	27	977
As at 31 December 2021	**(35,687)**	**(53,537)**	**(34,996)**	**(21,673)**	**(1,578)**	**(147,471)**
Net book value:						
As at 31 December 2020	69,361	46,840	31,811	–	3,238	151,250
As at 31 December 2021	**112,618**	**245,811**	**17,664**	**21,673**	**2,426**	**400,192**

7. PROPERTY AND EQUIPMENT (CONTINUED)

As at 31 December 2021, the initial cost of fully amortized fixed assets amounted to 1,765 thousand tenge (2020: 1,023 thousand tenge).

Also in 2021, the Group capitalized the costs of repairing the office space of the administrative office and branches of the Group in the amount of 43,346 thousand tenge. Special equipment is mainly represented by analyzers of precious metals necessary for the evaluation of collateral when issuing loans.

8. RIGHT OF USE ASSETS

As at 31 December 2021 right of use assets were presented as follows:

In thousands of tenge	**2021**	2020
Initial cost		
As at 1 January	**704,179**	447,955
Additions	**256,265**	262,107
As at 31 December	**960,444**	710,062
Amortization		
As at 1 January	**(269,623)**	(81,437)
Depreciation charges	**(353,483)**	(153,646)
Adjustments	**(28,930)**	(40,423)
As at 31 December	**(652,036)**	(275,506)
Cost		
As at 1 January	434,556	366,518
As at 31 December	**308,408**	434,556

In order to issue loans, the Group rents commercial premises in the cities of the Republic of Kazakhstan, mainly in Shymkent for a period of 4 to 6 years, also analyzers and terminals for up to 4 years. Lease liabilities are presented in *Note 11*.

9. ADVANCES PAID AND OTHER CURRENT ASSETS

As at 31 December 2021 advances paid and other current assets were presented as follows:

In thousands of tenge	**31 December 2021**	31 December 2020
Advances paid for services	**69,205**	10,306
Other	**1,811**	1,903
As at 31 December	**71,016**	12,209

10. LOANS RECEIVED

As at 31 December 2021 loans received were presented as follows:

In thousands of tenge	Funding purpose	Currency	Maturity date	Interest rate	**31 December 2021**	31 December 2020
MINTOS FINANCE, SIA:						
Loan agreement dated 26.07.2021	Acquisition of a loan portfolio	Euro and Tenge	31.12.2026	17.0-22.0% and 7.0-9.0%	**2,201,848**	434,889
					2,201,848	434,889

10. LOANS RECEIVED (CONTINUED)

In 2020, the Group signed a cooperation agreement with the online investment platform MINTOS FINANCE, SIA, a third party, according to which MINTOS FINANCE, SIA provides services for finding and attracting partners in order to invest their available funds in loans issued by the Group. Investing involves buying out the right of claim under consumer loan agreements and receiving remuneration. According to the agreement with MINTOS FINANCE, SIA, the Group undertakes to redeem the rights of claim for the assigned loans, in case they are not repaid within 60 days.

The loan movements for 2021 and 2020 were presented as follows:

In thousands of tenge	At the beginning of the period	Receipt of loans	Repayment of loans	Accrued interest	Repayment of interest	Translatio n difference	At the end ɔf the period
2021	**434,889**	**6,060,235**	**(4,304,334)**	**267,514**	**(250,067)**	**(6,389)**	**2,201,848**
2020	354,092	2,886,600	(2,863,405)	80,090	(78,774)	56,286	434,889

11. LEASE LIABILITIES

As at 31 December 2021 lease liabilities were presented as follows:

In thousands of tenge	**31 December 2021**	31 December 2020
As at 1 January	**465,631**	387,827
Additions	**256,265**	181,261
Payments	**(322,886)**	(203,743)
Unwinding of discount *(Note 15)*	**55,185**	59,863
Change in estimates	**(60,584)**	40,423
As at 31 December	**393,611**	465,631
Including:		
Non-current portion	**346,880**	238,585
Current portion	**46,731**	227,046
	393,611	465,631

The Group rents office space, analyzers and terminals. The Group recognized lease liabilities at the present value of lease payments. So, in 2021 the rate used to account for lease obligations was 12.8% (2020: 12.6%).

12. TRADE AND OTHER PAYABLES

As at 31 December 2021 trade and other payables were presented as follows:

In thousands of tenge	**31 December 2021**	31 December 2020
Accounts payable	**48,497**	22,099
Unused vacation reserve	**9,821**	7,768
Loan payments received in advance,	**7,839**	42,063
Salary and related payables	**1,666**	2,748
Other accounts payable	**51**	174
	67,874	74,852

13. CHARTER CAPITAL

As at 31 December 2021 the amount of the registered and paid-up authorized capital of the Group amounted to KZT 3,200,000 thousand (as at 31 December 2020: KZT 3,200,000 thousand).

13. CHARTER CAPITAL (CONTINUED)

The Group's participants are represented by the following individuals who are citizens of the Republic of Kazakhstan:

	2021		2020	
	Share, %	*In thousands of tenge*	Share, %	*In thousands of tenge*
Baidosova Akgul	50.000	**1.600.000**	44	1,400,000
Mukan Gulzhan	33.594	**1.075.000**	29	925,000
Mamyrbek Patima	16.406	**525.000**	27	875,000
	100	**3.200.000**	100	3,200,000

In 2020, the authorized capital increased to 991,838 thousand tenge by the decision of the Group members.

The increase in the authorized capital is fully paid for in cash.

14. INTEREST INCOME

For the years ended 31 December interest income was presented as follows:

In thousands of tenge	2021	2020
Interest income	**1,660,179**	1,180,578
Income on fines and penalty	**128,491**	79,492
Income on loan arrangement commissions	**5,750**	3,769
	1,794,420	1,263,839

15. FINANCE COSTS

For the years ended 31 December finance costs were presented as follows:

In thousands of tenge	2021	2020
Interest on loans received (*Note 10)*	**267,514**	80,090
Unwinding of discount *(Note 11)*	**55,185**	59,863
	322,699	139,953

16. GENERAL AND ADMINISTRATIVE EXPENSES

For the years ended 31 December general and administrative expenses were presented as follows:

In thousands of tenge	2021	2020
Depreciation and amortization	**458,452**	187,890
Maintenance and repair of property and equipment	**327,236**	378,877
Salary expenses	**242,631**	197,381
Professional services	**68,947**	65,599
Advertising expenses	**35,045**	11,480
Accounting estimates amendment to IFRS 16 *(Note 11 and 8)*	**31,654**	–
Royalty	**26,200**	70,400
Short-term office rental expenses	**7,195**	–
Bank commissions	**4,328**	7,902
Other	**76,785**	33,179
	1,278,473	952,708

17. CURRENT INCOME TAX PAYABLE

For the years ended 31 December, income tax expense was presented as follows:

In thousands of tenge	**2021**	2020
Corporate income tax	**56,781**	30,739
Corporate income tax for a non-resident (WHT)	**37,518**	–
Deferred income tax	**(2,985)**	(659)
Income tax expenses	**91,314**	30,080

The reconciliation between income tax expense and accounting profit multiplied by the Kazakhstan income tax rate:

In thousands of tenge	**2021**	2020
Profit before tax	**177,713**	149,644
Official income tax rate	**20%**	20%
Estimated income tax expense	**35,543**	29,929
Corporate income tax for a non-resident	**37,518**	–
Non-deductible expenses	**18,253**	151
Income tax expense	**91,314**	30,080

Deferred tax assets

As at 31 December 2021 deferred tax assets and liabilities were presented as follows:

In thousands of tenge	**2021**	2020
Taxes payable	**250**	268
Lease liabilities	**78,722**	93,126
Unused vacation reserve	**1,964**	1,554
Property and equipment	**(12,203)**	(3,971)
Right of use assets	**(61,682)**	(86,911)
	7,051	4,066

Movements in deferred tax assets were presented as follows:

In thousands of tenge	**2021**	2020
As at 1 January	**4,066**	3,407
Relates to profit or loss	**2,985**	659
As at 31 December	**7,051**	4,066

Income tax liabilities as at 31 December 2021 amounted to 71,770 thousand tenge (31 December 2020: 31,721 thousand tenge).

18. RELATED PARTY TRANSACTIONS

In accordance with IAS 24 Related Party Disclosures, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Related parties may enter transactions that unrelated parties would not and also, transactions between related parties may not be made at the same amounts as between unrelated parties.

18. RELATED PARTY TRANSACTIONS (CONTINUED)

The following table shows the total amount of transactions with related parties for the year ended 31 December 2021 and 2020 and the corresponding balance as at 31 December 2021 and 2020, respectively:

	Companies under common control	
In thousands of tenge	**2021**	2020
Balances as at 31 December		
Loans issued	–	73
Lease liabilities	**(3,334)**	(60,639)
	(3,334)	(60,566)
Operations for year:		
Loans issued during the year	–	159
Interest income	–	5
Purchases from related parties	**(64,077)**	(65,494)
	(64,077)	(65,330)

Compensation to key management personnel

During the year ended 31 December 2021 the key management personnel were presented by Chairman of the Management Board and Chief accountant. Remuneration of key management personnel includes the following positions:

In thousands of tenge	**2021**	2020
Salaries and other short-term benefits	**14,223**	7,417

19. CONTRACTUAL AND CONTINGENT LIABILITIES

Insurance

The Kazakhstan insurance market is still being developed and many insurance services popular in other countries are still not available in Kazakhstan. The Group does not provide full insurance coverage for its production facilities, losses due to suspension of production or third-party liabilities. Until the Group has an adequate insurance coverage, there is a risk that the loss or damage of certain assets might have a substantial negative impact on the Group's performance and financial position.

Legal claims

In the ordinary course of business, the Group may be the subject of legal action or litigation. In the opinion of management, there are currently no ongoing legal proceedings or claims that could have a material effect on the results of operations or the financial position of the Group.

Taxation

The tax legislation and regulatory framework of the Republic of Kazakhstan are subject to constant changes and allow for various interpretations. There are often cases of discrepancies between local, regional and republican tax authorities. The current regime of fines and penalties for identified and confirmed violations of Kazakhstan's legislation is strict. Penalties include fines, as a rule, in the amount of 50% of the amount of additional assessed taxes and penalties accrued at the refinancing rate established by the National Bank of the Republic of Kazakhstan, multiplied by 2.5. As a result, the amount of tax penalties may exceed the amounts of taxes that are subject to additional charge. Tax inspections can cover five calendar years of activity, immediately preceding the year of verification. Under certain circumstances, inspections may cover longer periods. Due to the uncertainties associated with the Kazakhstan tax system, the total amount of assessed taxes, penalties and fines (if any) may exceed the amount expensed as of this date and accrued as at 31 December 2021. Management believes that, as at 31 December 2021, its interpretation of the applicable laws is appropriate and that it is probable that the Group's tax position will be sustained.

20. FINANCIAL RISK MANAGEMENT

Introduction

The Group's activities expose it to a variety of financial risks: liquidity risk, market risk and credit risk. In General, the Group's operations involve significant credit risk.

The Group's principal financial liabilities include loans received. The main purpose of these financial liabilities is to finance the Group's activities in order to increase its loan portfolio.

The Group's financial assets mainly comprise cash and cash equivalents and debt directly related to claims on loans to customers.

The Group has formed a risk and compliance department, the procedures of which are aimed at identifying and analyzing possible risks, establishing appropriate limits on loans to customers and compliance with limits using the Group's information system. The Group regularly reviews its risk management approaches and systems to reflect changes in markets, products and emerging best practices.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices. Market risks comprise currency risk, interest rate risk and other price risks. Market risk arises from open positions in interest rate, currency and equity financial instruments, which are exposed to general and specific market movements.

Interest rate risk

Interest rate risk is the risk of changes in the fair value or future cash flows of a financial instrument due to changes in market interest rates. The Group is not affected by fluctuations in interest rates as interest rates on loans received and issued are fixed.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

As a result of the fact that the Group has loans received denominated in a foreign currency (in euros), the Group's statement of financial position may be significantly affected by changes in the exchange rates of euros to tenge. The following table shows the sensitivity of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) to possible changes in the euro exchange rate, provided that all other parameters are assumed to be constant. Fluctuations in the exchange rates of other currencies are not considered due to their insignificance for the results of the Group's activities.

In thousands of tenge	**Increase/Decrease in the Euro exchange rate**	**Impact on pre-tax income**
2021	**+14%**	**27,871**
	-10%	**(19,908)**
2020	+14%	51,570
	-10%	(36,836)

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

The Group's credit risk arises mainly from the issuance of consumer loans issued to customers - individuals. It can be described as the risk of financial losses arising as a result of the borrower's default to the Group. The borrower's default may result from the deterioration of his or her financial condition or lack of desire to fulfill his or her obligations.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. The credit quality review process allows the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Impairment assessment

The Group calculates expected credit losses (hereinafter – «ECL») based on several probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are as follows:

Probability of default (PD)	The *Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
Exposure at Default (EAD)	The *Exposure at Default* is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
Loss Given Default (LGD)	The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECL and 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Group groups its loans into the following stages:

Stage 1:	Financial instruments that do not have factors indicating a significant increase in credit risk and do not have any signs of impairment. For such instruments ECL is calculated within 1 year.
Stage 2:	Financial instruments that have factors indicating a significant increase in credit risk, but without signs of impairment. For such instruments ECL is calculated over the life of the financial instrument.
Stage 3:	Financial instruments that have signs of default (impairment). For such instruments ECL is calculated over the life of the financial instrument.

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Definition of default and cure

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- significant changes in external market indicators of credit risk for a specific loan with the same expected maturity;
- actual and expected decrease in the internal or external credit rating of the borrower;
- significant changes in the value of collateral for a loan, or credit enhancement mechanisms provided by third parties, which are expected to reduce the economic incentive for the borrower to make scheduled payments on loans received;
- significant financial difficulties of the borrower;
- loan restructuring due to financial difficulties one or more times in the last 12 months;
- availability of information about circumstances that have caused significant material damage to the borrower or do not allow him to continue his activities;
- high likelihood of bankruptcy or other kind of financial reorganisation, as well as involvement in litigations, which may worsen financial position;
- death of the borrower.

It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3, when the following conditions are met simultaneously:

- no evidence of impairment at the reporting date;
- presence of at least one of the factors that indicate a significant decrease in credit risk from the date of initial recognition.

An additional condition for recovery a financial instrument from Stage 3 is to make at least three consecutive payments according to the last approved schedule of payments. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too. To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12mECL. For Stage 2 and Stage 3 the exposure at default is considered for events over the lifetime of the instruments.

The Group determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The IFRS 9 PDs are then assigned to each economic scenario based on the outcome of Group's models.

Loss given default

The credit risk assessment is based on a standardised LGD assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held.

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Loss given default (continued)

The Group segments its lending products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower's characteristics.

Where appropriate, further recent data and forward-looking economic scenarios are used in order to determine the IFRS 9 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in, collateral values including commodity prices, payment status or other factors that are indicative of losses in the group.

LGD rates are estimated for the Stage 1, Stage 2 and Stage 3 of each asset class. The inputs for these LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries. These are repeated for each economic scenario as appropriate.

Grouping financial assets measured on a collective basis

The Group calculates ECLs either on a collective or on an individual basis. Asset classes where the Group calculates ECL on an individual basis include financial instruments that are material (the amount of the borrower's debt at the reporting date exceeds or is equal to 20% of the Group's equity) and for which a significant increase in credit risk or signs of impairment has been identified. Asset classes where the Group calculates ECL on a collective basis include financial instruments that are not material and do not have signs of significant increase in credit risk or signs of impairment.

Forward-looking information and multiple economic scenarios

In its ECL models, the Group relies on a broad range of forward looking information as economic inputs. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the consolidated financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. The Group obtains the forward-looking information from third party sources (statistics and forecasts published by the NBRK). Experts of the Group's Risk management and compliance Department determine the weights attributable to the multiple scenarios.

The book value of financial assets represents the maximum exposure to credit risk. The maximum amount of credit risk as at 31 December was:

In thousands of tenge	**2021**	2020
Loans issued	**4,812,112**	3,268,461
Cash and cash equivalents (less cash on hand)	**3,995**	98
	4,816,107	3,268,559

Liquidity risk

Liquidity risk is the risk that the Group will experience difficulties with respect to the ability to repay obligations related to financial instruments. Liquidity risk may arise as a result of the inability to immediately sell a financial asset at a price close to its fair value. Liquidity requirements are regularly monitored and management monitors the availability of funds in an amount sufficient to fulfill obligations as they arise.

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

The following table provides information as at 31 December 2021 and 2020 on undiscounted payments on the financial liabilities of the Group by the maturity dates of these liabilities:

In thousands of tenge	On demand	Less 3 month	3 months to 1 year	1 to 5 years	Total
31 December 2021					
Lease liabilities	–	102,300	306,900	58,220	**467,420**
Loans received	–	774,999	1,428,650	209,195	**2,412,844**
Other financial liabilities	–	50,163	–	–	**50,163**
Total financial liabilities	–	927,462	1,735,550	267,415	**2,930,427**
31 December 2020					
Lease liabilities	–	61,276	188,738	251,809	501,823
Loans received		435,805	–	–	435,805
Other financial liabilities	–	24,847	7,768	–	32,615
Total financial liabilities	–	521,928	196,506	251,809	970,243

21. FAIR VALUE MEASUREMENT

The estimate of fair value is intended to approximate the amount for which a financial instrument can be exchanged between knowledgeable, willing parties in an arm's length transaction.

However, considering the uncertainties and the use of judgements, the fair value should not be interpreted as realisable within the framework of an immediate sale of assets or the transfer of liabilities.

The estimated fair values of financial assets and liabilities are calculated using discounted cash flow techniques based on estimated future cash flows and discount rates for similar instruments at the reporting date.

Fair value hierarchy

For the purpose of disclosing the fair values, the Group determined classes of assets and liabilities based on the assets and liabilities nature, characteristics and risks as well as the hierarchy of fair value sources.

	31 December 2021				
		Fair value measurement using			
In thousands of tenge	Current value	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant non-observable inputs (Level 3)	**Total**
Financial assets and financial liabilities measured at amortised cost:					
Cash and cash equivalents	**3,995**	–	**3,995**	–	**3,995**
Loans issued	**4,812,112**	–	**4,812,112**	–	**4,812,112**
Loans received	**(2,201,848)**	–	**(2,201,848)**	–	**(2,201,848)**
Lease liabilities	**(393,611)**	–	**(393,611)**	–	**(393,611)**
Trade and other payables	**(67,874)**	–	**(67,874)**	–	**(67,874)**
	2,152,774	–	**2,152,774**		**2,152,774**

21. FAIR VALUE MEASUREMENT (CONTINUED)

Fair value hierarchy (continued)

	31 December 2020				
		Fair value measurement using			
In thousands of tenge	Current value	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant non-observable inputs (Level 3)	Total
Financial assets and financial liabilities measured at amortised cost:					
Cash and cash equivalents	98	–	98	–	98
Loans issued	3,268,461	–	3,268,461	–	3,268,461
Loans received	(434,889)	–	(434,889)	–	(434,889)
Lease liabilities	(465,631)		(465,631)		(465,631)
Trade and other payables	(74,852)	–	(74,852)	–	(74,852)
	2,293,187	–	2,293,187		2,293,187

In the case of financial assets and financial liabilities that have a short maturity (less than one year), the carrying amount is assumed to be approximately equal to the fair value.

Regarding the valuation of the fair value of the loans issued, the Group assumes that if the remuneration rates on such loans correspond to the range of rates observed in the market, the book value is approximately equal to fair value.

Maturity analysis of assets and liabilities

The table below shows assets and liabilities by their expected maturity dates:

	31 December 2021		
In thousands of tenge	**Within one year**	**More than one year**	**Total**
Cash and cash equivalents	**569,435**	**–**	**569,435**
Loans issued	**4,142,118**	**669,994**	**4,812,112**
Property and equipment	**–**	**400,192**	**400,192**
Right of use assets	**–**	**308,408**	**308,408**
Intangible assets	**–**	**2,316**	**2,316**
Deferred income tax assets	**–**	**7,051**	**7,051**
Advances paid and other current assets	**71,016**	**–**	**71,016**
Total	**4,782,569**	**1,387,961**	**6,170,530**
Loans received	**2,201,848**	**–**	**2,201,848**
Lease liabilities	**346,880**	**46,731**	**393,611**
Trade and other payables	**67,874**	**–**	**67,874**
Current income tax liabilities	**71,770**	**–**	**71,770**
Other taxes payable	**5,412**	**–**	**5,412**
Total	**2,693,784**	**46,731**	**2,740,515**
Net position	**2,088,785**	**1,341,230**	**3,430,015**

21. FAIR VALUE MEASUREMENT (CONTINUED)

Maturity analysis of assets and liabilities (continued)

	31 December 2020		
In thousands of tenge	**Within one year**	**More than one year**	**Total**
Cash and cash equivalents	483,612	–	483,612
Loans issued	3,268,461	–	3,268,461
Property and equipment	–	151,250	151,250
Right of use assets	–	434,556	434,556
Intangible assets	–	1,520	1,520
Deferred income tax assets	–	4,066	4,066
Advances paid and other current assets	12,209	–	12,209
Total	3,764,282	591,392	4,355,674
Loans received	434,889	–	434,889
Lease liabilities	227,046	238,585	465,631
Trade and other payables	74,852	–	74,852
Current income tax liabilities	31,721	–	31,721
Other taxes payable	4,965	–	4,965
Total	773,473	238,585	1,012,058
Net position	2,990,809	352,807	3,343,616

22. CAPITAL MANAGEMENT

The Group actively manages the level of capital adequacy in order to protect against risks inherent in its activities. The adequacy of the Group's capital is monitored using, among other methods, the ratios established by the National Bank of the Republic of Kazakhstan (NBRK) when supervising the Group's activities.

As at 31 December 2021 and 2020 the Group had complied in full with all its externally imposed capital requirements.

The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise capital's value.

The Group manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the activities carried out.

NBRK establishes and monitors compliance with the Group's capital requirements. In accordance with the regulations set by the NBRK, microfinance organizations must maintain:

- ratio of equity to the amount of assets and unsecured consumer microcredits, net of provisions, (k1) not less than 0.1;
- ratio of the amount of risk per customer on its obligations to equity (k2) not more than 0.25;
- ratio of the total liabilities to equity (k3) not more than 10.

22. CAPITAL MANAGEMENT (CONTINUED)

The table below shows the Group's capital adequacy ratio, computed in accordance with the NBRK requirements as at 31 December 2021 and 2020:

	31 December 2021	31 December 2020
Coefficient k1	**0,554**	0,755
Coefficient k2	**0,038**	0.002
Coefficient k3	**0,790**	0.303

The Group is also required to comply with the requirements of the NBRK for the level of the charter capital and equity. In accordance with the requirements of the NBRK, the minimum level of charter capital and equity for microfinance organizations is 100,000 thousand tenge and 100,000 thousand tenge, respectively. As at 31 December 2021 and 2020, the Group complied with all the requirements imposed on it by supervisory authorities in relation to the minimum level of charter capital and equity.

23. SUBSEQUENT EVENTS

Events in the Republic of Kazakhstan

In January 2022, protests of the residents began in the Mangistau region, provoked by an increase in fuel gas prices, which then spread to other regions of Kazakhstan. During the protests, several social and economic demands were put forward. Even though the Government took a set of measures to respond to the demands of the population, including lowering fuel gas prices, the protests, as a result, turned into social unrest, during which the buildings of municipalities ("akimats") and law enforcement agencies were seized and destroyed. The main events and protests took place in the city of Almaty and the southern regions of the country.

As a result, a state of emergency was declared on 5 January 2022, which lasted until 19 January 2022. During the state of emergency, restrictions were imposed on communications (Internet and telecommunications) and the movement of both people and vehicles, including rail and air travel. At present, the situation in all regions of the country has stabilized, the state of emergency has been lifted. Engineering communications and life support systems have been fully restored, restrictions on communication and movement of both people and vehicles have been lifted.

The events did not have a significant impact on the Group's activities, however, social tensions persist in the country, and it is impossible to predict the further development of events and their impact on the Group's activities.

World events

On 24 February 2022, Russian President Vladimir Putin issued an appeal on the start of a "special military operation in Ukraine." After the introduction of troops into the territory of Ukraine, the countries of the world, in particular the European Union and the United States, introduced a package of economic sanctions to prevent the further advance of Russian troops into Ukraine. The military operation and economic sanctions affected the exchange rate of the ruble and tenge, which weakened against the main world currencies and shows strong volatility over the entire period of the "military operation".

The introduction of restrictive measures for the Russian financial market, as well as the oil and gas industry and the extractive industry, has already affected the rise in prices for energy resources and metals on world markets. At the moment, it is difficult to predict the impact of recent events in connection with the military operation on the global economy, and in particular on the economy of Kazakhstan, and the activities of the Group.