

# «Microfinance organisation «Finbox» Limited Liability Partnership

*(a legal entity registered in accordance with the legislation of the Republic of Kazakhstan under business identification number 150940005022)*

## U.S.\$20,000,000 Bond Programme

«Microfinance organisation «Finbox» Limited Liability Partnership (the “**Issuer**”) has established U.S.\$20,000,000 bond programme (the “**Programme**”) valid until 31 December 2031, pursuant to which the Issuer may from time-to-time issue bonds (the “**Bonds**”, and each a “**Bond**”) in accordance with the Acting Law of the Astana International Financial Centre (the “**AIFC**”). Each series of Bonds issued under the Programme is hereinafter referred to as “**Tranche**”. The Programme may be comprised of one or more Tranches. This document constitutes the prospectus of the Programme (the “**Prospectus**”) described herein and has been prepared by the Issuer pursuant to Section 1.3 of the AIFC Market Rules (AIFC Rules No. FR0003 of 2017). The Prospectus determines terms that are general to each Tranche. Terms of the Bonds not pointed out in this Prospectus will be specified in the relevant offer terms (the “**Offer Terms**”). Full information on the Issuer and the offer of the Bonds is only available based on this Prospectus and relevant Offer Terms. This Prospectus has been published on the website of the Astana International Exchange Ltd. (the “**AIX**”) at <https://www.aix.kz> via the AIX Regulatory Announcement Services and on the website of the Issuer at <https://akshamat.kz>. The Offer Terms of each Tranche will also be published on the AIX and the Issuer’s websites accordingly.

Application has been made for the Bonds issued under the Programme to be admitted to the Official List of the AIX and to be admitted to trading on the AIX. In order for Bonds to be admitted to the Official List of the AIX and to be admitted to trading by the AIX this Prospectus and the Offer Terms under each such Tranche will be delivered to the AIX for approval before the date of admission to the Official List of the Bonds of such Tranche.

AIX does not guarantee that the Bonds will be admitted to the Official List of the AIX. The AIX reserves the right to grant admission of the Bonds to the Official List of the AIX only where it is satisfied that such admission is in accordance with the Acting Law of the AIFC, including AIX Business Rules. The Issuer did not seek independent legal advice with respect to listing the Bonds on the AIX in accordance with this Prospectus.

**AIX and its related companies and their respective directors, officers and employees do not accept responsibility for the content of this Prospectus including the accuracy or completeness of any information or statements included in it. Liability for the Prospectus lies with the issuer of the Prospectus and other persons such as Experts whose opinions are included in the Prospectus with their consent. Nor has AIX, its directors, officers or employees assessed the suitability of the securities to which the Prospectus relates for any particular investor or type of investor. If you do not understand the contents of this Prospectus or are unsure whether the Bonds are suitable for your individual investment objectives and circumstances, you should consult an authorized financial advisor.**

Under no circumstances shall this Prospectus constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds in any jurisdiction outside AIFC or under any circumstances in which such offer, solicitation or sale is not authorized or would be unlawful. Recipients of this Prospectus who intend to subscribe for or purchase the Bonds are reminded that any subscription or purchase may only be made on the basis of the information contained in the Prospectus.

**These Bonds constitute debt instruments. An investment in the Bonds involves risks. In case of bankruptcy or default by the Issuer, investors may not recover the amounts they are entitled to and risk losing all or part of their investment. The Bonds are intended for investors who are capable of evaluating interest rates in light of their knowledge and financial experience. An investment decision must solely be based on the information contained in the present Prospectus. Before making any investment decision, investors must read the Prospectus in its entirety (and, in particular, Clause “Risk factors” in the Prospectus). Each potential class of investor must investigate carefully whether it is appropriate for them to invest in the Bonds, taking into account his or her knowledge and experience and must, if needed, obtain professional advice before making an investment in the Bonds.**

The date of this Prospectus is 26 January 2024

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## PROSPECTUS SUMMARY

### 1. Introduction

*The Prospectus Summary should be read as an introduction to Prospectus. Any decision to invest in the Bonds should be based on a consideration of the Prospectus as a whole by an investor. These Bonds constitute debt instruments. An investment in the Bonds involves risks. In case of bankruptcy or default by the Issuer, investors may not recover the amounts they are entitled to and risk losing all or part of their investment. Civil liability attaches only to those Persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such Bonds.*

The Prospectus is issued in accordance with the AIFC Market Rules (MAR 1.7.5) and AIX Business Rules (PR 6.2(2)) for the approval of AIX. The name and ISIN of each Tranche will be specified in the relevant Offer Terms.

**Issuer** «Microfinance organisation «Finbox» Limited Liability Partnership, business-identification number 150940005022..

Address: 114/85, Zhambyl street, Almaly district, Almaty, 050000, the Republic of Kazakhstan.

Telephone: +7 (701) 760-24-91, e-mail: zhrenchina.a@finbox.kz.

**Approval of the Prospectus** This Prospectus was approved by the AIX on 26 January 2024. The Prospectus and Offer Terms of the first Tranche issued under the Programme were approved by the resolution of the General Meeting of Participants on 13 December 2023. The contact details of the AIX are:

Address: 55/19 Mangilik El str., Block C 3.4, Astana, Kazakhstan, Z05T3C4

Telephone: +7 (717) 223 53 66.

### 2. Key Information on the Issuer

#### 2.1. The Issuer of the Bonds

**Issuer** «Microfinance organisation «Finbox» Limited Liability Partnership, a legal entity registered in accordance with the legislation of the Republic of Kazakhstan under business identification number 150940005022.

**Principal activities** The Issuer operates in accordance with the legislation of the Republic of Kazakhstan. The subject of the Issuer's activities is the provision of microloans (with and without securing the borrower's obligations) in accordance with the civil legislation of the Republic of Kazakhstan, including the Law of the Republic of Kazakhstan dated November 26, 2012 No. 56-V "On microfinance activities" (hereinafter referred to as "Law on Microfinance Activities").

**Participants of the Issuer**

- Diyar Nurlanovich Medeubekov: participation interest – 60%;
- Timur Beketovich Isaev: participation interest – 40%.

**Executive body of the Issuer** Diyar Nurlanovich Medeubekov is the Director of the Issuer.

**Members of the Supervisory Board**

- 1) Evgenia Anatolyevna Shulgina – Chairman of the Supervisory Board;
- 2) Olga Anatolyevna Mashchenko – independent member of the Supervisory Board;
- 3) Mukhamediev Bakhtiyar Zhanbulatovich – member of the Supervisory Board.

Auditors IAC Russell Bedford A+Partners LLP.  
 Adress: 55/8, Mangilik El Avenue, Astana, Z05M0M5, Republic of Kazakhstan.  
 Tel.: + 7 (727) 399-80-00, e-mail: info@rbpartners.kz.

## 2.2. Key financial information on the Issuer

The subject of the Issuer’s activities is the provision of microloans (with and without securing the borrower's obligations) in accordance with the civil legislation of the Republic of Kazakhstan, including the Law on Microfinance Activities”. The independent auditor of the Issuer, IAC Russell Bedford A+Partners LLP, issued unqualified independent auditor’s reports in respect of the Issuer’s financial statements as at and for the years ended 31 December 2022 and 31 December 2021.

	<i>in thousands tenge</i>			
	September 30, 2023 (unaudited)	December 31, 2022 (audited)	December 31, 2021 (audited)	
Total assets	4,296,347	2,552,601	2,211,655	
Total liabilities	3,043,137	1,965,160	1,204,290	
Total capital	1,253,210	587,441	1,007,365	
	<b>Nine months ended 30 September 2023 (unaudited)</b>	<b>Nine months ended 30 September 2022 (unaudited)</b>	<b>2022 (audited)</b>	<b>2021 (audited)</b>
Revenue	4,984,862	4,106,014	5,534,614	4,788,075
Profit for the period	696,078	512,892	669,876	1,436,578
	<b>Nine months ended 30 September 2023</b>	<b>Nine months ended 30 September 2022</b>	<b>2022</b>	<b>2021</b>
Net cash flow from operating activities	602,315	771,625	1,009,025	8,999
Net cash flow from investing activities	(558,461)	(79,919)	(451,425)	(118,924)
Net cash flow from financing activities	(130,139)	(436,973)	(383,940)	89,685

## 2.3. Key risks that are specific to the Issuer

Below are the main risks specific to the Issuer. Detailed information about this risks is disclosed in the “Risk Factors” section of the “Registration Document” section of the Prospectus:

- risk of changes in regulatory legislation;
- credit risk;
- operational risk;
- increasing competition;
- insufficient financing of lending activities;
- negative information background.

## 3. Key Information on the Bonds

### 3.1. Terms and conditions of the Bonds

<b>Terms of the Programme</b>	U.S.\$20,000,000 Programme valid until 31 December 2031. When counting the aggregate principal amount of the Programme, Bond issued in currencies other than U.S.\$ will be included at the official exchange rate of the National Bank of the Republic of Kazakhstan (the “NBRK”) as at the date of admission of the relevant Tranche to trading on the AIX.
<b>Type of the Bonds</b>	Will be specified in the Offer Terms of the relevant Tranche.
<b>Currency</b>	Will be specified in the Offer Terms of the relevant Tranche.
<b>Number of the Bonds</b>	Will be specified in the Offer Terms of the relevant Tranche.

<b>Nominal Value of the Bonds</b>	Will be specified in the Offer Terms of the relevant Tranche.
<b>Bond circulation period</b>	Will be specified in the Offer Terms of the relevant Tranche.
<b>ISIN</b>	Will be specified in the Offer Terms of the relevant Tranche.
<b>Rights of the Bondholders</b>	<p>The Bondholders have the right to:</p> <ul style="list-style-type: none"> <li>• receive coupon interest payments in the time and amount stipulated by the Prospectus and relevant Offer Terms of each Tranche;</li> <li>• receive Nominal Value upon redemption in the time and amount stipulated by the Prospectus and relevant Offer Terms of each Tranche;</li> <li>• freely dispose and alienate the Bonds;</li> <li>• receive information concerning the Issuer’s activity;</li> <li>• attend, participate in and vote at meetings of the Bondholders in accordance with the order specified in the Securities Note section of the Prospectus;</li> <li>• require that the Bonds shall immediately become due and repayable at their Nominal Value together with accrued coupon interest if any of the events mentioned in clause 3.3 of Securities Notes occurs.</li> </ul>
<b>Ranking</b>	The Issuer shall ensure that at all times the claims of the Bondholders against it under the Bonds rank at least <i>pari passu</i> with the claims of all its other unsecured creditors, save those whose claims are preferred by any bankruptcy, insolvency, liquidation or similar laws of general application, as well as per applicable AIFC rules and regulations.
<b>Restrictions on the free transferability</b>	The Bonds are freely transferable and, once admitted to the Official List of the AIX, shall be transferable in accordance with the rules and regulations of the AIX. A Bond is indivisible and can be transferred in an amount of at least one.

### 3.2. Information on trading of the Bonds

The Bonds will be traded in the AIX trading system. Subject to applicable law and the relevant Offer Terms, the Bonds may also be included in the trading system and/or official list of another stock exchange.

### 3.3. Key risks specific to the Bonds

The following are the main risks inherent in the Bonds. More detailed information about them is provided in the “Risk factors material to the Bonds” paragraph of the “Securities Notes” section of the Prospectus:

- Bonds are subject to amendment, cancellation and replacement;
- removal of the Bonds from the AIX Official List (delisting) may result in capital gain and coupon payments on the Bonds being subject to tax in the Republic of Kazakhstan;
- the market price of the Bonds may be volatile.

#### **4. Key information on the admission to trading**

##### **4.1. Conditions and timetable for investing in the Bonds**

**Admission to trading** Each Tranche issued under the Programme is expected to be admitted to trading on AIX. Details for admission of each Tranche will be provided in the relevant Offer Terms.

AIX is expected to be the main stock exchange for the Bonds issued under the Programme.

The Issuer, at its own discretion, may apply for listing of the Bonds on any other stock exchange subject to applicable rules and regulations of such other stock exchange and Offer Terms of the Bonds.

**Plan for distribution** Subject to applicable laws and regulations the Bonds will be offered in or from AIFC to a wide range of investors.

**Offering method** The offering of the Bonds will be made through the trading system of the AIX in accordance with the AIFC Market Rules, AIX Business Rules, AIX Central Securities Depository Business Rules and AIX Registrar Rules.

**Offer period** Will be specified in the Offer Terms of the relevant Tranche.

**Selling restrictions** The offer and sale of Bonds are regulated by the Acting Law of the AIFC. This Prospectus and Offer Terms of each Tranche do not and will not impose any restrictions on the ability of Bondholders to sell their Bonds.

**Estimated expenses** Will be specified in the Offer Terms of the relevant Tranche.

##### **4.2. The purpose of the Prospectus**

This Prospectus has been produced in connection with the application for the Bonds to be admitted to the Official List of the AIX and trading on the AIX.

**Use of proceeds** The funds received by the Issuer from placement of the Bonds will be used to finance the corporate needs of the Issuer.

**Estimated net amount of proceeds** Will be specified in the Offer Terms of the relevant Tranche.

**Conflict of interest** No person involved in the offering of the Bonds has any interest in the offering, which is material to the offering.

## REGISTRATION DOCUMENT

### 1. Information about the Issuer

#### 1.1. General information

<b>The full legal name of the Issuer</b>	«Microfinance organisation «Finbox» Limited Liability Partnership
<b>Legal form of the Issuer</b>	Limited Liability Partnership
<b>The country of incorporation of the Issuer</b>	Republic of Kazakhstan
<b>Business-identification number of the Issuer</b>	150940005022
<b>Information on registration of the Issuer</b>	<ul style="list-style-type: none"> <li>• September 7, 2015 – date of initial state registration;</li> <li>• August 11, 2016 – date of state re-registration.</li> </ul>
<b>The contact details of the Issuer</b>	<p>Adress: 114/85, Zhambyl street, Almalay district, Almaty, 050000, the Republic of Kazakhstan.</p> <p>Tel.: +7 (701) 760-24-91, e-mail: zhrenchina.a@finbox.kz.</p>

#### 1.2. Investments

Investment activity of the Issuer in 2021 and 2022, as well as during nine months ended September 30, 2023, consisted of the acquisition of fixed assets, equipment and intangible assets:

##### *Fixed assets and equipment*

*in thousands tenge*

	Computers	Machinery and equipment	Other (office furniture)	Vehicles	Total
<b>Residual value on January 1, 2021</b>	<b>11,246</b>	<b>6,201</b>	<b>4,530</b>	–	<b>21,977</b>
Receipts	12,539	5,143	1,945	–	19,627
Disposal/ write-off	-1,476	-767	-490	–	-2,733
Depreciation expense	-7,126	-3,119	-1,936	–	-12,181
Depreciation of written-off	1,422	655	270	–	2,347
<b>Residual value on December 31, 2021</b>	<b>16,605</b>	<b>8,113</b>	<b>4,319</b>	–	<b>29,037</b>
Receipts	13,345	3,647	1,602	57,097	75,691
Reclassification	10	–	-10	–	–
Disposal/ write-off	-2,871	-721	-838	–	-4,430
Depreciation expense	-9,508	-3,746	-1,753	-4,681	-19,688
Depreciation of written-off	2,790	536	608	–	3,934
<b>Residual value on December 31, 2022</b>	<b>20,371</b>	<b>7,829</b>	<b>3,928</b>	<b>52,416</b>	<b>84,544</b>
Receipts	5,208	1,696	16,736	7,555	31,195
Disposal/ write-off	-1,977	-382	-3,225	-53,000	-58,584
Depreciation expense	-8,057	-2,642	-1,650	-6,040	-18,389
Depreciation of written-off	1,794	272	3,007	8,833	13,906
<b>Residual value on December 31, 2022</b>	<b>17,339</b>	<b>6,773</b>	<b>18,796</b>	<b>9,764</b>	<b>52,672</b>

##### *Intangible assets*

*in thousands tenge*

	Software	Licenses	Other intangible assets	Total
<b>Residual value on January 1, 2021</b>	<b>17,963</b>	–	<b>3,679</b>	<b>21,642</b>
Receipts	1,162	–	–	1,162
Disposal/ write-off	–	–	–	–
Depreciation expense	-1,962	–	-581	-2,543

	Software	Licenses	Other intangible assets	Total
Depreciation of written-off	–	–	–	–
<b>Residual value on December 31, 2021</b>	<b>17,163</b>	–	<b>3,098</b>	<b>20,261</b>
Receipts	–	1,728	–	1,728
Reclassification	–	–	–	–
Disposal/ write-off	–	–	–	–
Depreciation expense	-1,962	-1,440	-581	-3,983
Depreciation of written-off	–	–	–	–
<b>Residual value on December 31, 2022</b>	<b>15,201</b>	<b>288</b>	<b>2,517</b>	<b>18,006</b>
Receipts	1,887	1,044	–	2,931
Disposal/ write-off	–	–	–	–
Depreciation expense	-1,943	-288	-436	-2,667
Depreciation of written-off	–	–	–	–
<b>Residual value on December 31, 2022</b>	<b>15,145</b>	<b>1,044</b>	<b>2,081</b>	<b>18,270</b>

The Issuer has no investments in progress.

## 2. Operational and financial overview

### 2.1. Actual and proposed business activities

#### (a) History of the Issuer

The initial state registration of the Issuer was carried out on 7 September 2015 based on the relevant minutes No. 1 of the meeting of the Issuer's participants dated 28 August 2015. At the time of initial registration, the Issuer's authorized capital was formed in the amount of 30 mln tenge, and participation interests were distributed among the Issuer's participants as follows: Diyar Nurlanovich Medeubekov - 95%, Gulmira Yesengeldiyevna Uksukbayeva - 5%. Subsequently, the size of the Issuer's authorized capital and its distribution shares changed as follows:

Date of the Issuer's registration data change	Form of the Issuer's registration data change	Essence of the Issuer's registration data change	Size of the Issuer's authorized capital and distribution of participation interest after the relevant changes
07/09/2015	State registration	Initial state registration	Size of authorized capital: 30 mln tenge Participants: • D.N. Medeubekov - 95%; • G.Y. Uksukbayeva - 5%.
25/07/2016	State re-registration	Change in the composition of the Issuer's participants: D.N. Medeubekov (participant with 95% share <sup>1</sup> ) acquired the share of G.Y. Uksukbaeva (participant with 5% share)	Size of authorized capital: 30 mln tenge Participants: • D.N. Medeubekov - 100% share.
11/08/2016	State re-registration	Change in the composition of the Issuer's participants: D.N. Medeubekov (sole participant of the Issuer) sold a 30% share to T.B. Isayev	Size of authorized capital: 30 mln tenge Participants: • D.N. Medeubekov - 70% share; • T.B. Isayev - 30% share.
15/02/2017	Changes and additions to the Issuer's registration data based on its notification	Change of the participants' shares in the Issuer's authorized capital: D.N. Medeubekov (participant with 70% share) sold to T.B. Isayev (participant with 30% share) a 10% share	Size of authorized capital: 30 mln tenge Participants: • D.N. Medeubekov - 60% share; • T.B. Isayev - 40% share.
21/01/2022	Changes and additions to the Issuer's registration data based on its notification	Increase in the Issuer's authorized capital: the Issuer's authorized capital was increased to 70 mln tenge	Size of authorized capital: 70 mln tenge Participants: • D.N. Medeubekov - 60% share; • T.B. Isayev - 40% share.
09/01/2023	Changes and additions to the Issuer's registration data based on its notification	Increase in the Issuer's authorized capital: the Issuer's authorized capital was increased to 100 mln tenge	Size of authorized capital: 100 mln tenge Participants: • D.N. Medeubekov - 60% share; • T.B. Isayev - 40% share.
23/05/2023	Changes and additions to the Issuer's registration data based on its notification	Increase in the Issuer's authorized capital: the Issuer's authorized capital was increased to 300 mln tenge	Size of authorized capital: 300 mln tenge Participants: • D.N. Medeubekov - 60% share; • T.B. Isayev - 40% share.

<sup>1</sup> In the table: participation interest in the Issuer's authorized capital.

## (b) Description of the principal activities and business of the Issuer

Starting from the initial state registration date, the Issuer's main activity is issuing loans in the Payday Loan sector - small short-term unsecured loans. This activity is carried out online through a website <https://akshamat.kz/> and offline in the Issuer's branches. The loan products offered by the Issuer also include "Turbo" microloans that are offered offline for a period of 12 to 60 months secured by vehicles.

In 2019 and 2020, the state adopted a number of regulatory documents aimed at including the non-bank organizations engaged in issue of loans into the regulatory scope of the supervisory authority and at increasing the transparency of their activities. The main of these regulations is the Law of the Republic of Kazakhstan dated 3 July 2019 No. 262-VI "On amendments to certain legislative acts of the Republic of Kazakhstan on regulation and development of the financial market, microfinance activities and taxation". In accordance with this document, the amendments were made to the Law on Microfinance Activities.

In accordance with the changes made to the documents regulating the activities of microfinance organizations (MFO), from 1 January 2020, the organizations that carried out lending activities that were not previously regulated by the authorized state body now became subject to the state regulation. In addition, one of the new norms of the special part of the Civil Code of the Republic of Kazakhstan provided for a ban on provision of money in the form of a loan by legal entities that are not banks or financial organizations operating within the framework of the legislation regulating microfinance activities. From now on, only those persons who have received the appropriate state license can carry out the specified lending activities.

To comply with new legislative requirements, on 5 March 2021, the Issuer received from the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market (ARDFM) a license to carry out microfinance activities No. 02.21.0009.M.

The Issuer interacts with clients through its website <https://akshamat.kz/> and a network of branches:

<b>Branch name, BIN</b>	<b>Date of registration (re-registration, if any)</b>	<b>Location</b>	<b>Full name of the head</b>
Talgar Branch of the Microfinance Organization "Finbox" Limited Liability Partnership, 230541029543	23/03/2023	Kazakhstan, Almaty region, Talgar city, 98 Dinmukhamed Konayev street, postcode 041600	K.K. Chaldyrmasova
Astana Branch of the Microfinance Organization "Finbox" Limited Liability Partnership, 160941016372	19/09/2016	Kazakhstan, Astana city, Saryarka district, 2 Birzhan Sal street, postcode 010000	M.S. Igamberdiyeva
Ekibastuz Branch of the Microfinance Organization "Finbox" Limited Liability Partnership, 160641022881	24/06/2016	Kazakhstan, Pavlodar region, Ekibastuz city, 26/21 Maskhut Duisenbayev street, postcode 141200	T.V. Salemonko
Temirtau Branch of the Microfinance Organization "Finbox" Limited Liability Partnership, 160641010481	13/06/2016	Kazakhstan, Karaganda region, Temirtau city, 21 Metallurgov Avenue, postcode M28C9H2	A.B. Kaiyrbekova
Zhanaozen Branch of the Microfinance Organization "Finbox" Limited Liability Partnership, 160841000184	01/08/2016	Kazakhstan, Mangistau region, Zhanaozen city, Samal microdistrict, building 14, postcode 130200	A.K. Kokubayeva
Kaskelen Branch of the Microfinance Organization "Finbox" Limited Liability Partnership, 160441029257	26/04/2016	Kazakhstan, Almaty region, Karasai district, Kaskelen city, 62 Baribayev street, postcode 040900	A.M. Itemenova
Taraz Branch of the Microfinance Organization "Finbox" Limited Liability Partnership, 160541008565	12/05/2016	Kazakhstan, Zhambyl region, Taraz city, 98 Abay Avenue, postcode 080000	A.B. Abdraimova
Branch of the Microfinance Organization "Finbox" Limited Liability Partnership in the Kapshagay city of Almaty region, 160441026054	22/04/2016	Kazakhstan, Almaty region, Konayev city, Microdistrict 4, building 29, apt. 33, postcode 040800	I.A. Goncharova
Satpayev Branch of the Microfinance Organization "Finbox" Limited Liability Partnership, 160641010550	13/06/2016	Kazakhstan, Ulytau region, Satpayev city, 25/1 Mangilik el street, postcode 101302	M.T. Abdymurat
Uralsk Branch of the Microfinance Organization "Finbox" Limited Liability Partnership, 160741013549	18/07/2016	Kazakhstan, West Kazakhstan region, Uralsk city, 80/1 Kurmangazy street, postcode 090000	A.E. Shyntayeva

Registration document

<b>Branch name, BIN</b>	<b>Date of registration (re-registration, if any)</b>	<b>Location</b>	<b>Full name of the head</b>
Aktau Branch of the Microfinance Organization "Finbox" Limited Liability Partnership, 160741013608	18/07/2016	Kazakhstan, Mangistau region, Aktau city, Microdistrict 2, building 47B, postcode 130000	M.A. Sultanova
Aktobe Branch of the Microfinance Organization "Finbox" Limited Liability Partnership, 160741012685	15/07/2016	Kazakhstan, Aktobe region, Aktobe city, Astana district, 271 Zhubanov Brothers street, apt. 1, postcode 030000	A.B. Kabiyeu
Ust-Kamenogorsk Branch of the Microfinance Organization "Finbox" Limited Liability Partnership, 160641006027	07/06/2016	Kazakhstan, East Kazakhstan region, Ust-Kamenogorsk city, 2 Nursultan Nazarbayev Avenue, n.p. 54, postcode 070002	K.E. Myrzagali-Yavuz
Zhezkazgan Branch of the Microfinance Organization "Finbox" Limited Liability Partnership, 160641008945	10/06/2016	Kazakhstan, Ulytau region, Zhezkazgan city, 65 Saken Seifullin street, n.p. 1, postcode 100600	Y.V. Urbakh
Ridder Branch of the Microfinance Organization "Finbox" Limited Liability Partnership, 160641001224	01/06/2016	Kazakhstan, East Kazakhstan region, Ridder city, building 8, postcode 071300	A.T. Bukatova
Kokshetau Branch of the Microfinance Organization "Finbox" Limited Liability Partnership, 160941008400	09/09/2016	Kazakhstan, Akmola region, Kokshetau city, 149 Abay street, 10, postcode 020000	D.K. Makasheva
Rudny Branch of the Microfinance Organization "Finbox" Limited Liability Partnership, 160941004874	06/09/2016	Kazakhstan, Kostanay region, Rudny city, 92 P. Korchagin street, postcode 111500	A.V. Pavlova
Branch of Microfinance Organization "FINBOX" LLP in Almaty region, Otegen Batyr village, 160441028922	26/04/2016	Kazakhstan, Almaty region, Ile district, Energy rural district, Otegen batyr village, 41 Titov street, postcode 040700	Z.R. Imanbayeva
Kentau Branch of the Microfinance Organization "Finbox" Limited Liability Partnership, 210341010501	09/03/2021	Kazakhstan, Turkestan region, Kentau city, 112U Akhmet Yasawi Avenue, postcode 160400	A.B. Kulbekova
Petropavlovsk Branch of the Microfinance Organization "Finbox" Limited Liability Partnership, 160841009316	10/08/2016	Kazakhstan, North Kazakhstan region, Petropavlovsk city, 72 Internatsionalnaya street, postcode 150000	S.M. Dzhangabylova
Aksu Branch of the Microfinance Organization "Finbox" Limited Liability Partnership, 160641024065	27/06/2016	Kazakhstan, Pavlodar region, Aksu city, 57 M.O. Auezov street, n.p. 92, postcode 140100	A.M. Sultanova
Arys Branch of the Microfinance Organization "Finbox" Limited Liability Partnership, 171141004710	03/11/2017	Kazakhstan, Turkestan region, Arys city, 2 A. Salykbayev street, postcode 160100	A.E. Koshkarova
Branch of the Microfinance Organization "Finbox" Limited Liability Partnership in Shymkent city of South Kazakhstan region, 160641006097	07/06/2016	Kazakhstan, Shymkent city, Abay district, 2a Republic Avenue, postcode 160002	A.S. Duysebayeva
Kyzylorda Branch of the Microfinance Organization "Finbox" Limited Liability Partnership, 160941024750	23/09/2016	Kazakhstan, Kyzylorda region, Kyzylorda city, 30 Abay Kunanbaev Avenue, apt. 84, postcode 120000	G.A. Abilkan
Branch of the Microfinance Organization "Finbox" Limited Liability Partnership in Balkhash city of Karaganda region, 160541016556	19/05/2016	Kazakhstan, Karaganda region, Balkhash city, 41 Abay street, postcode 100300	N.N. Nurgaliyeva
Karaganda Branch of the Microfinance Organization "Finbox" Limited Liability Partnership, 160641016202	17/06/2016	Kazakhstan, Karaganda region, Karaganda city, Kazybek Bi district, 77/3 Alexander Zatayevich street, postcode M01T0X9	Z.K. Serikbay
Branch No.1 of the Microfinance Organization "Finbox" Limited Liability Partnership in Turkestan city of South Kazakhstan region, 160541015578	18/05/2016	Kazakhstan, Turkestan region, Turkestan city, 199 S. Erubayev street, postcode 161204	A.K. Zhaksylykova
Branch No. 1 of the MFO "Finbox" Limited Liability Partnership in Taldykorgan city, 160441022011	19/04/2016	Kazakhstan, Zhetisu region, Taldykorgan city, 120 Akyn Sara street, postcode 040000	G.S. Kodzhagulova

<b>Branch name, BIN</b>	<b>Date of registration (re-registration, if any)</b>	<b>Location</b>	<b>Full name of the head</b>
Kulsary Branch of the Microfinance Organization "Finbox" Limited Liability Partnership, 230641037835	27/06/2023	Kazakhstan, Atyrau region, Zhylyoi district, Kulsary city, street No. 219, building 41A, postcode 060100	R.Z. Sugirova
Atyrau Branch of the Microfinance Organization "Finbox" Limited Liability Partnership, 160741014021	18/07/2016	Kazakhstan, Atyrau region, Atyrau city, 95 Beybarys Avenue, postcode 060000	A.M. Dariskaliyeva
Saryagash Branch of the Microfinance Organization "Finbox" Limited Liability Partnership, 160541024369	27/05/2016	Kazakhstan, Turkestan region, Saryagash district, Saryagash city, 66/8 S. Ismailov street, postcode 160900	A.S. Imanbayeva
Kostanay Branch of the Microfinance Organization "Finbox" Limited Liability Partnership, 160941004309	06/09/2016	Kazakhstan, Kostanay region, Kostanay city, 83 Pobedy street, postcode 110000	K.N. Bolotpayeva
Semey Branch of the Microfinance Organization "Finbox" Limited Liability Partnership, 160841010796	11/08/2016	Kazakhstan, Abay region, Semey city, 88 Zasyadko street, postcode 071400	V.S. Kharlamov
Pavlodar Branch of the Microfinance Organization "Finbox" Limited Liability Partnership, 160641022049	24/06/2016	Kazakhstan, Pavlodar region, Pavlodar city, 36/3 Katayev street, postcode 140000	M.B. Baysadykova

**(c) a description of, and key factors relating to, the nature of the Issuer's operations and its principal activities**

As stated above, the Issuer's main activity is provision of short-term unsecured microloans. As part of its activities, the Issuer offers the following loan products:

<b>Name</b>	<b>Microloan limit amounts</b>	<b>Microloan period limit</b>	<b>Interest</b>	<b>Issue procedure</b>
"Universal Plus" microloan	From 10 thous. tenge to 100 thous. tenge	20 calendar days	19.8% - maximum interest amount for the entire period	Online through the website <a href="http://www.akshamat.kz">www.akshamat.kz</a>
"Universal" microloan	From 10 thous. tenge to 100 thous. tenge	20 calendar days	19.8% - maximum interest amount for the entire period	Offline in the branches
"Turbo" microloan	From 200 thous. tenge to 15 mln tenge	From 12 to 60 months	44.5% per annum	Offline in the branches
"Preferential Plus" microloan	From 110 thous. tenge to 170 thous. tenge	20 calendar days	14.9% - maximum interest amount for the entire period	Online through the website <a href="http://www.akshamat.kz">www.akshamat.kz</a>
"Preferential" microloan	From 110 thous. tenge to 170 thous. tenge	20 calendar days	14.9% - maximum interest amount for the entire period	Offline in the branches

The specified microloans are issued by the Issuer without security, with the exception of "Turbo" microloans where the security is one or more vehicles. The characteristics that such vehicles must meet are determined by the Issuer's internal regulatory documents.

The main factors affecting the Issuer's activities as well as the microfinance services sector include the following:

- 1) high level of competition in the microloan market;
- 2) active introduction of IT technologies into the business processes of microfinance organizations, allowing prompt processing of customer applications and making microfinance services accessible regardless of a borrower's geographic location;
- 3) varying degree of availability of borrowed funds that microfinance companies need to ensure adequate supply in view of the growing demand for their services.

**(d) an indication of any significant new products and/or services that have been introduced by the Issuer and, to the extent the development of new products or services has been publicly disclosed, the status of the development**

As of the date of this Prospectus preparation, the Issuer is not developing new services and/or loan products.

**(e) a description of the principal markets in which the Issuer operates**

The Issuer operates only on the territory of the Republic of Kazakhstan and the Issuer's borrowers are only the citizens of Kazakhstan. The Issuer's core activities are microfinance activities, and so the Issuer's gross revenue is mainly formed from income received from provision of this type of services. Thus, in 2022, 84.6% of the Issuer's gross revenue was generated from income from core activities, and 83.6% in 9 months of 2023. In 2021, the picture was somewhat different: this figure was 51.5% due to large share of penalties charged by the Issuer for issued microloans in the gross revenue for this period.

**(f) a summary of the extent to which the Issuer is dependent on any patents or licences, industrial, commercial or financial contracts or new manufacturing processes**

In accordance with the Law on Microfinance Activities, a legal entity is obliged to apply to the authorized body for a license to carry out microfinance activities within six months from the date of its state registration (re-registration) with the State Corporation "Government for Citizens" as a microfinance organization. In accordance with this requirement, the Issuer operates based on the license for microfinance activities No. 02.21.0009.M received on 5 March 2021 from the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market.

In addition to the need to obtain a license to carry out microfinance activities, the Law of the Republic of Kazakhstan dated 26 November 2012 No. 56-V "On microfinance activities" as well as other regulatory documents regulating the activities of microfinance organizations specify the following basic requirements:

- 1) the size of the annual effective interest rate on a microloan should not exceed the maximum amount of 56% determined by the regulatory legal act of the authorized body (Resolution of the Board of the National Bank of the Republic of Kazakhstan dated 24 December 2012 No. 377);
- 2) the requirement specified above in item 1) of this subparagraph does not apply to agreements on provision of microloans to individuals for a period up to 45 calendar days in an amount not exceeding 50 MCI. In this case, the maximum interest value is set:
  - a) in the amount below 1% per day, but not more than 20% of the issued microloan amount not exceeding 30 MCI;
  - b) in the amount below 1% per day, but not more than 15% of the issued microloan amount equal to or exceeding 30 MCI.
- 3) obligation to comply with prudential standards and other mandatory norms and limits;
- 4) submit to NBRK the financial and other reports, list, forms, the terms and procedure for submission of which are established by regulatory legal acts of the NBRK in agreement with the authorized body, as well as other requirements established by the applicable law.

Prudential standards and other norms and limits that must be observed by a microfinance organization include:

- 1) the minimum amount of authorized capital: 200 mln tenge from 1 January 2024;
- 2) minimum amount of equity capital: 200 mln tenge from 1 January 2024;
- 3) equity adequacy (k1 coefficient): calculated as the ratio of equity to the amount of assets weighted by credit risk, and its value must be at least 0.1.

A prerequisite for meeting the k1 standard is compliance with the limit on the share of overdue debt in the principal debt, accrued interest above 90 (ninety) calendar days in the total amount of the loan portfolio. The limit value is no more than 20 (twenty) percent;

- 4) maximum amount of risk per borrower (k2 coefficient): calculated as the ratio of a microfinance organization's risk amount per borrower on its obligations to the microfinance organization's equity and its value should not exceed 0.25;
- 5) leverage ratio (k3 coefficient): calculated as the ratio of a microfinance organization's total liabilities to the equity and its value should not exceed 10.

**(g) the basis for any statement made by the Issuer regarding its competitive position**

As of 1 October 2023, the total number of microfinance organizations is 237, excluding pawnshops and credit

partnerships that also provide microfinance services to the population. Therefore, competition in this area is quite high.

The Issuer's main competitors are the companies that offer predominantly short-term unsecured microloans online through their website or mobile app and offline through their branches. The degree of this loan product differentiation for the consumers is quite low, and so the competition lies in formation of a recognizable brand, strengthening the customer loyalty, speed of microloan processing, ease of servicing the loans and other factors that increase availability of a microfinance organization's services:

Sequential number by asset size according to the NBRK as of 01/10/2023	Microfinance organization name	Website	Assets	Loan portfolio (principal debt)
7	MFO Lending and Finance technologies LLP	www.dengiclick.kz	38,459,231	47,485,421
10	MFO Robokesh.kz LLP	www.zaimer.kz	28,108,562	28,139,972
14	MFO Vzaimy LLP	www.kreditomat.kz	18,472,735	15,070,231
15	MFO FintechFinance LLP	www.moneyman.kz	15,148,322	8,928,902
17	MFO SOFI FINANCE LLP	www.tengo.kz	12,930,888	12,789,681
19	MFO Salem Credit LLP	www.salem.kz	11,258,105	13,944,920
21	MFO Credit365 Kazakhstan LLP	www.credit365.kz	10,083,341	7,107,858
22	MFO Hava Finance LLP	www.hava.kz	7,466,230	7,767,847
31	MFO aFinance LLP	www.turbomoney.kz	5,026,750	7,118,633
32	MFO Kredit Seven Kazakhstan LLP	www.creditplus.kz	4,755,085	5,746,843
34	MFO Finbox LLP	www.akshamat.kz	4,296,347	6,007,157

Below are the values of prudential standards established for MFOs as of 1 October 2023 for each company. The list, values and methodology for calculating the prudential standards and other mandatory limits are established by Resolution of the Board of the National Bank of the Republic of Kazakhstan dated 14 November 2019 No. 192 "On approval of prudential standards and other mandatory norms and limits for an organization carrying out microfinance activities, and methods of their calculations".

Name of MFO	Authorized capital, thous. tenge	Estimated equity, thous. tenge	Equity adequacy coeff. (k1>=0.1)	Limit on the share of overdue debt in the principal debt, accrued interest above 90 (ninety) calendar days in the total amount of the loan portfolio, in percentage	Maximum risk per borrower coefficient (k2<=0.25)	Total liability maximum limit coefficient (k3 <= 10)	Compliance with prudential standards, yes/no
MFO Lending and Finance technologies LLP	150,000	32,845,424	0.479	9.220	0.001	0.555	yes
MFO Robokesh.kz LLP	200,000	22,135,495	0.197	3.896	0.000	0.278	yes
MFO Vzaimy LLP	200,000	13,852,691	0.471	15.198	0.008	0.314	yes
MFO FintechFinance LLP	200,000	5,394,410	0.114	16.596	0.233	1.762	yes
MFO SOFI FINANCE LLP	150,000	6,800,021	0.125	21.935	0.000	0.902	no
MFO Salem Credit LLP	150,000	6,489,742	0.298	15.318	0.000	1.788	yes
MFO Credit365 Kazakhstan LLP	300,000	9,413,850	0.391	14.655	0.000	0.363	yes
MFO Hava Finance LLP	150,000	5,861,338	0.181	19.430	0.000	0.981	yes
MFO aFinance LLP	150,000	1,979,628	0.137	12.813	0.000	1.531	yes
MFO Kredit Seven Kazakhstan LLP	200,000	4,067,010	0.180	17.887	0.000	0.529	yes
MFO Finbox LLP	300,000	1,481,437	0.121	15.430	0.000	1.899	yes

From the data below it is clear that although there is one approach to selling a loan product as well as similarity

of the type of microloans offered to the borrowers, the companies' approaches to managing the financial performance and, consequently, the levels of prudential standards significantly differ.

## **2.2. Risk factors**

Effective management of risks is one of the main aspects of the Issuer's activities. The Issuer identifies the following main risks that may affect its activities.

### ***Risk of changes in regulatory legislation***

Starting from 2020, the package of regulatory documents regulating activities of the financial market and activities of MFOs has undergone significant changes. All of them were aimed at streamlining the regulation of activities of MFOs, pawnshops and credit partnerships, as well as making the activities of these organizations more transparent. This work is still ongoing. In December 2023, the ARDFM announced that in order to ensure financial stability and stability of the financial market, the risk-based supervision will be introduced in the MFO market in 2024.

The main objectives of the risk-based approach to regulation are to identify and prevent the risks and deficiencies, and the main measure of supervisory response is the supervisory increase of the capital and liquidity adequacy ratios.

Most MFOs are ready to introduce a system of risk-based supervision because this issue has been discussed for quite a long time. However, in addition to existing legal requirements, each MFO will have to additionally introduce new risk management and internal control systems. This work entails additional costs and the need for resources that not every MFO has. In addition, further work to improve and potentially strengthen the regulation in the microfinance services market cannot be ruled out. All this may lead to exit of a number of less stable MFOs from the market.

To minimize the impact of this type of risk on its activities, the Issuer constantly monitors discussions and announcements of the authorized body regarding the MFO activities in order to plan its development strategy in advance and timely bring its activities into compliance with new regulatory requirements.

### ***Credit risk***

Credit risk is inherent in all MFOs, especially those organizations that issue unsecured microloans to individuals. In the event of a borrower's default, MFO does not have assets at its disposal to compensate for these losses. In the event of a decline in quality of the loan portfolio, MFOs are exposed not only to the risk of violating the prudential standards, but also to the risk of default on obligations to creditors and holders of their bonds. The Issuer minimizes this type of risk by introducing adequate risk management systems that curb the growth of this risk but do not cause excessive and unjustified conservatism in making of credit decisions.

In addition to the management system used by the Issuer, the credit risk control is carried out by the authorized body regulating the activities of microfinance organizations through regular monitoring of compliance with prudential standards.

### ***Operational risk***

Operational risk for MFOs is concentrated in technological risk and risk associated with human factor. The risk of technological failures due to provision of some services online is associated with cases when software, communication channels and the website functioning may fail.

To minimize this risk, the Issuer has a clear action plan in case of accidents, autonomous process support options, selection of suppliers and business partners, protection of computers from viruses, protection of equipment from power outages and so on.

The risk associated with human factor is expressed for MFOs both in errors that may be made by the personnel and in deliberate infliction of harm by employees or clients. Personnel errors can be the result of one or several factors at once: work overload, lack of proper control, low qualifications, carelessness, lack of clear procedures. The errors concern entering, updating, analyzing, integrity of data, reflecting of transactions in accounting and conducting the transactions. The Issuer reduces this risk by effectively distributing the obligations and powers, distributing the rights of access, approval, introducing reconciliation procedures, as well as by applying a system for standardization and automation of processes, improving the qualifications of employees and strengthening the control over their work.

As for targeted malicious actions of employees or clients, they can manifest as unauthorized access to a

database, destruction of information, data theft, damage to the bank through damaging or theft of property, fraud. In general, for MFOs, fraud can include issue of loans to obviously problematic borrowers in order to receive interest from them, collusion with employees to issue loans to dummies or even under forged documents, unreliable presentation of data about a client's financial situation, falsification of loan documentation. The Issuer has minimized the possibility of this type of risk realization by automating its processes and using data about the borrower, which is not provided by the borrower but received by the Issuer from third-party information databases: First Credit Bureau LLP, State Credit Bureau JSC and other reliable sources.

### ***Increasing competition***

Taking into account the requirements specified in the previous paragraph and applicable to MFOs (obtaining a license, compliance with prudential standards, etc.), entry into the market is somewhat difficult for new companies. However, the MFO service market is the fastest growing in the financial sector of Kazakhstan.

After introduction of amendments to the Law on Microfinance Activities on 1 January 2021, establishing the need for microfinance organizations to obtain an appropriate license, a gap occurred between the number of organizations actually registered as a microfinance organization and those organizations that received the licenses within the established time: so in April 2021, out of 213 registered microfinance organizations, only 176 received a license. Subsequently, the gap decreased and as of 1 January 2022, all 237 registered organizations had licenses. As of 1 January 2023, their number was 230, and as of 1 October 2023 - 237.

Considering the number of organizations operating in this market and offering generally similar loan products, a recognizable brand and the ability to sell the services online through a client-friendly website come to the fore in the competition for a consumer. The Issuer, understanding and constantly monitoring its competitive position, provides to the current and potential clients not only the attractive conditions of its loan products but also the opportunity to apply for loans online through the website [www.akshamat.kz](http://www.akshamat.kz) and offline through a wide network of 34 branches.

### ***Financing of lending activities***

Attracting of financing is more difficult for microfinance organizations than for other financial organizations. A significant factor that allowed to reduce this risk was the enactment of amendments to the Law on Microfinance Activities on 1 January 2020, according to which the microfinance organizations were allowed to issue and place bonds on the organized securities market. At the moment, only a small part of organizations in this sector have entered the securities market as issuers, and this allowed to "skim the cream" by offering to investors the fairly competitive rates on the placed bonds, which none of the issuers could offer at that time. The number of issues by microfinance organizations is steadily increasing, which creates competition for borrowed funds between these issuers and on the securities market.

The Issuer also borrows on the securities market. As of the date of this Prospectus, the Issuer has placed three issues on the AIX platform. To maintain investor loyalty and form a high-quality credit history, the Issuer regularly discloses information about its activities and strictly fulfills the obligations stipulated by these bond issues.

### ***Negative information background***

This is a fairly serious risk for microfinance organizations, which can cause significant damage to a company's reputation. In turn, this may affect the attitude of potential investors, potential participants or shareholders of microfinance organizations in financing of the company's activities. In these conditions, MFOs are interested in transparency of their activities and, in this regard, it is important that their activities are now regulated and the NBRK regularly publishes the operating results of all companies in this sphere.

As already mentioned above, the changes made starting in 2020 to the regulatory documents governing the MFO activities helped to reduce criticism of MFOs. These changes have made an important factor for effective maintaining of a MFO's reputation the level of financial literacy of the population that must have the skills to manage the personal finances. This objective is set at the state level and is repeatedly voiced at the level of the Government of the Republic of Kazakhstan.

Another important factor for effectively maintaining the reputation of MFO is the level of financial literacy of the population, who must have personal finance management skills and an understanding of the principles of credit activity, as well as know their rights and obligations when receiving loans. In this direction, the state is carrying out a set of measures aimed at improving the regulation of the activity of MFO, as well as improving

the financial literacy of the population and reducing the level of creditworthiness.

To this end, the State is taking a number of systemic and operational measures. One of them is the creation of regional project offices in all regions and cities of national importance, which will work directly with the population.

One of the activity of such offices is to improve the financial literacy of citizens. In particular, the introduction of financial literacy courses for university students is currently being worked out. A special course for schoolchildren is being developed.

In addition, the Government, together with ARDMF, is working on legislative amendments to minimize risks in lending and protect the rights of borrowers. For example, the introduction of the above-mentioned risk-based supervision system for MFO.

Together, the above measures make it possible to reduce the impact of unreliable or distorted information on the reputation of MFO. In turn, the Issuer, in relation to its activity, being a listed company whose activity affect the interests of not only its Participants, but also borrowers, investors, and bondholders of the Issuer, also takes measures to protect its business from the negative impact of false information about its activity. The Issuer carries out timely disclosure of information on the results of its activity on the AIX website, takes all possible measures to comply with the standards established by law and their timely disclosure to the state authorized body.

### 2.3. Production and sales trends

The characteristics of the Issuer's activities are the results of its microfinance activities. Below are the main indicators reflecting trends in the Issuer's activities:

	<i>in thousands tenge</i>		
	Nine months ended 30 September 2023/ 30 September 2023	2022/ 31 December 2022	2021/ 31 December 2021
<b>Total loans (microloans) issued (less provisions for impairment)</b>	<b>2,031,821</b>	<b>1,838,529</b>	<b>2,029,360</b>
Short-term loans (microloans) issued (less provisions for impairment)	2,007,867	1,782,706	1,829,071
Long-term loans (microloans) issued (less provisions for impairment)	23,954	55,823	200,289
<b>Total loans (microloans) issued (less provisions for impairment)</b>	<b>2,031,821</b>	<b>1,838,529</b>	<b>2,029,360</b>
Collateral loans (microloans) issued (less provisions for impairment)	18,352	76,306	263,285
Non-collateral loans (microloans) issued (less provisions for impairment)	2,013,469	1,762,223	1,766,075
<b>Income, expense and profit indicators</b>			
Income related to receipt of remuneration	2,954,000	3,651,936	1,656,336
Income from reversal of provisions for possible losses on transactions	1,215,639	1,029,999	807,854
Income from accrual of penalties on microloans and administrative fines on employees, other income	758,595	824,734	2,313,472
Expenses on creation of provisions for possible losses on operations on microcredits issued	(2,319,479)	(2,670,729)	(1,528,028)
Net profit for the period	696,078	669,876	1,436,578

As can be seen from the information given above, the Issuer's main activity is issuing short-term unsecured microloans to individuals. The high turnover of this type of loans allowed the Issuer to ensure an increase in income in 2022 with a temporary slight decrease in the loan portfolio at the end of that year. At the same time, due to a change in the approach to the formation of reserves for losses on issued loans, in 2022 and, as the Issuer expects, at the end of 2023, net profit figures will be lower than the same value in 2021.

Below is an information on the quality of the Issuer's credit portfolio for 2021, 2022 and nine months of 2023. It is necessary to pay attention to the fact that the provision coverage ratio for microloans with overdue debt over 90 days (on the principal debt) during the period under review was 105–122%, which is higher than the

average for all microfinance organizations, which in 2023 was about 83.3–99.9%.

*in thousands tenge*

Class of microloans	Total amount of a principal debt	Amount of accrued remuneration	Amount of accrued fines	Total amount of provisions
<b>September 30, 2023</b>				
Standard	–	–	–	–
Doubtful	<b>5,712,204</b>	<b>832,557</b>	<b>1,700</b>	<b>(4,565,367)</b>
With no overdue	1,286,777	106,757	–	(73,020)
Restructured	3,653,080	572,757	1,700	(4,271,880)
From 1 to 30 days overdue	474,941	91,342	–	(85,818)
From 31 to 90 days overdue	297,405	61,701	–	(134,649)
Non-performing (overdue over 90 days)	<b>294,954</b>	<b>48,935</b>	<b>2,712</b>	<b>(348,973)</b>
<b>Total credit portfolio</b>	<b>6,007,157</b>	<b>881,492</b>	<b>4,484</b>	<b>(4,914,340)</b>
<b>31 December 2022</b>				
Standard	–	–	–	–
Doubtful	<b>4,419,578</b>	<b>663,209</b>	–	<b>(3,246,606)</b>
With no overdue	1,151,069	121,781	–	(34,205)
Restructured	2,651,257	396,352	–	(3,047,609)
From 1 to 30 days overdue	354,824	81,144	–	(53,523)
From 31 to 90 days overdue	262,428	63,932	–	(111,269)
Non-performing (overdue over 90 days)	<b>467,571</b>	<b>101,599</b>	<b>2,349</b>	<b>(569,171)</b>
<b>Total credit portfolio</b>	<b>4,887,149</b>	<b>764,808</b>	<b>2,349</b>	<b>(3,815,777)</b>
<b>31 December 2021</b>				
Standard	–	–	–	–
Doubtful	<b>1,926,722</b>	<b>302,132</b>	–	<b>(201,657)</b>
With no overdue	–	–	–	–
From 1 to 30 days overdue	1,627,914	222,242	–	(83,499)
From 31 to 90 days overdue	298,808	79,890	–	(118,158)
Non-performing (overdue over 90 days)	<b>1,879,842</b>	<b>100,428</b>	<b>2,163</b>	<b>(1,980,270)</b>
<b>Total credit portfolio</b>	<b>3,806,564</b>	<b>402,560</b>	<b>2,163</b>	<b>(2,181,927)</b>

It is also necessary to pay attention to the fact that a category with restructured microcredits has appeared in the structure of microcredits. This is due to the fact that since October 1, 2021, Kazakhstan has a procedure for resolving problem debts of citizens who have difficulty repaying a loan. Banks and MFO are obliged to comply with it and consider applications from debtors for restructuring their loans and microcredits.

In 2022, credit institutions reviewed 708.7 thousand applications from borrowers, of which 74.5% of those who applied – 527.8 thousand borrowers - were approved for restructuring.

At the request of ARDFM, credit institutions updated internal regulatory documents that take into account the mandatory procedure for settling overdue loans and micro-loans. The relevant information is also posted on the Issuer's Internet resource.

According to the procedure, borrowers who have a delay must submit an application to the MFO for restructuring loans and micro-loans within 30 days from the date of its occurrence. In the application, it is necessary to indicate the reason for the delay and offer your options for possible restructuring, provide supporting documents indicating a decrease in income and the inability to pay for your obligations. The borrower's application is subject to mandatory acceptance, registration, accounting and consideration by the bank and the MFO. MFO considers the application within 15 calendar days, after which it is obliged to provide a response. In case of a positive response, the MFO provides the borrower with proposals for loan restructuring. In case of a negative response, it must justify the reasons for the refusal.

The restructuring of loans includes:

- downward change in the interest rate under the loan agreement;

- changing the currency of the amount of the balance of the principal debt on a loan issued in a foreign currency to the national currency;
- deferral of payment on the principal debt and (or) remuneration;
- changing the method of debt repayment or the order of debt repayment, including repayment of the principal debt in priority order;
- changing the loan term;
- forgiveness of overdue principal debt and (or) remuneration, cancellation of penalties (fine, penalty), commissions and other payments related to servicing a bank loan.

The information specified in this paragraph, as well as in the Prospectus, has an impact on the Issuer's activity, and the Issuer plans its activity taking them into account. However, the Issuer does not assume that over the next 12 months, these factors or others may significantly affect its activity, not anticipated by the Issuer. From September 30, 2023 (the date of the Issuer's last financial statements) to the date of the Prospectus, there were no significant adverse changes in the Issuer's activity.

### **3. Organizational structure**

The Issuer is not a part of any group of companies.

#### ***Change of control***

The Issuer's Charter does not contain any conditions that limit the change of control over the Issuer, if such a change occurs in accordance with the current legislation of the Republic of Kazakhstan.

#### ***Disclosure requirements for major Participants***

The Issuer's Charter does not contain any provisions providing for thresholds for a share in the Issuer's property belonging to any of the Participants, upon reaching which, the Issuer is obliged to disclose information about this fact. Disclosure of information on the Issuer's activities, as well as on the composition of its Participants, is carried out in accordance with the legislation of the Republic of Kazakhstan and the legislation of AIFC.

#### **3.1. Issuer's objectives and purpose set forth in the Charter**

In accordance with the Charter, the Issuer's main activity is to conduct business activities aimed at generating profit and increasing its assets.

The subject of the Issuer's activity is the issuing of microloans with or without collateral for the fulfillment of obligations in accordance with the civil legislation of the Republic of Kazakhstan and paragraph 1 of Article 7 of the Law on Microfinance Activities.

#### **3.2. Structure of the Issuer's corporate bodies and their powers**

The Issuer's Charter provides for the following bodies:

- a) The supreme body – the General Meeting of Participants

The exclusive competence of the General Meeting of the Issuer's Participants includes:

- 1) amendment of the Issuer's Charter, including a change in the size of its authorized capital, location and brand name, or approval of the Issuer's Charter in a new edition;
- 2) formation of the Issuer's executive body and early termination of its powers, as well as making a decision on the transfer of the Issuer or its property to trust management and determining the terms of this transfer;
- 3) election and early termination of the powers of the Deputy Director, the audit Commission (auditor) of the Issuer, as well as approval of reports and conclusions of the audit Commission (auditor) of the Issuer;
- 4) approval of annual, semi-annual and quarterly financial statements and distribution of net income, including financial activities and expenses;
- 5) approval of internal rules, procedures for their adoption and other documents regulating the internal activities of the Issuer;

- 6) making a decision on the Issuer's participation in other business partnerships, non-profit organizations, as well as on the opening of branches and representative offices of the Issuer;
- 7) appointment and dismissal of the heads of the Issuer's branches and representative offices;
- 8) decision on reorganization or liquidation of the Issuer;
- 9) appointment of the liquidation commission and approval of liquidation balances;
- 10) decision on the pledge of the Issuer's entire property;
- 11) decision on the making additional contributions to the Issuer's property;
- 12) cancellation of the veto (ban) on any transactions, contracts and expenses of the Issuer imposed by the Deputy Director of the Issuer;
- 13) determination of the procedure for the creation and use of the Issuer's funds;
- 14) making a decision on the sale, donation or alienation in any other form of its share in the authorized capital of the Issuer to a third party who is not a Participant in the Issuer, as well as on the pledge of a share in the authorized capital of the Issuer by the Participant of the Issuer to secure its obligation to a third party;
- 15) approval of the structure of employees and staffing of the Issuer, determination of the remuneration system, establishment of official salaries and personal allowances, resolution of bonus issues, adoption of incentive measures and imposition of disciplinary penalties;
- 16) approval or modification of the Issuer's budget, as well as approval and modification of all operations and activities necessary to fulfill the Issuer's budget;
- 17) approval of monthly, quarterly, and annual reports prepared by the Director on the Issuer's activities;
- 18) approval of all operations and actions of the Issuer;
- 19) making decisions on the disposal of property and/or the conclusion by the Issuer of a transaction or a set of similar transactions, within one year in the amount of more than 5 million KZ tenge, or in the amount of more than the equivalent of 5 million KZ tenge in another currency at the exchange rate of CBRK;
- 20) approval of projects, estimates of administrative and economic expenses of the Issuer.

b) supervisory body is the Supervisory Board

The function of the Supervisory Board is to control the financial and economic activities of the Issuer. The powers of this body are determined by the legislation of the Republic of Kazakhstan, the Issuer's corporate governance Code and other internal documents of the Issuer.

c) sole executive body is the Director

The Director resolves all issues of ensuring the Issuer's activities, except those that constitute the exclusive competence of the General Meeting of Participants or are within the powers of the Supervisory Board. The powers of the Director are determined by the charter of the Issuer, as well as other documents adopted by the General Meeting of Participants.

### **3.3. Other securities of the Issuer**

The Issuer is a legal entity registered in accordance with the legislation of the Republic of Kazakhstan in the organizational and legal form of a limited liability partnership. The Issuer does not have any securities, including shares and any other securities that give their holder the right to a share in the Issuer's property. The only securities issued by the Issuer are bonds issued in accordance with the legislation of AIFC.

There are two Participants of the Issuer who fully paid the authorized capital of the Issuer. In case of further replenishment of the Issuer's authorized capital, the contribution to the authorized capital may be money, securities, things, property rights and the right to the results of intellectual activity and other property. The participatory interest of all Participants in the property of the Issuer are proportional to their contributions to the authorized capital and are expressed as part of the whole as a percentage. The size of participatory interest owned by each Participant is specified in the Issuer's Charter.

### **3.4. Procedure for holding General Meetings of the Issuer's Participants**

A Participant of the Issuer may participate in General Meetings of Participants personally or through a representative. The representative office must be designed in accordance with the requirements of the legislation of the Republic of Kazakhstan.

The General Meeting of Participants may be regular or extraordinary. The regular General Meeting of the Participants is convened once a year. The regular General Meeting of Participants devoted to the approval of the Issuer's annual financial statements must be held no later than three months after the end of the reporting financial year.

All General Meetings of Participants, except the regular General Meeting of Participants, are extraordinary meetings.

An extraordinary General Meeting of Participants is convened in cases provided for by the Issuer's Charter, the legislation of the Republic of Kazakhstan, as well as in any other cases when the interests of the Issuer require the convening of such a meeting.

All Participants of the Issuer (and/or their duly authorized representatives) are notified of the upcoming General Meeting of Participants at least 10 days before the date of the meeting. Notices to the Participants (and/or their duly authorized representatives) are made in writing and must contain the agenda, as well as the place, date and time of the General Meeting of Participants. Notices are sent to Participants at the addresses indicated in the register of Participants, which is maintained by the Issuer's executive body.

At the General Meeting of Participants, discussion and voting are held only on issues identified in the agenda specified in the Notice.

The Issuer's Participant has the right to submit his proposals on the agenda of the General Meeting of Participants no later than 7 days before the opening of the meeting. During the same period, Participants who collectively hold more than one twentieth of the total number of votes of Participants have the right to request the inclusion of issues determined by them in the agenda of the General Meeting of Participants. It is prohibited to include issues with a broad understanding in the agenda of the General Meeting of Participants, including "miscellaneous", "other", "others" and similar formulations.

The executive body of the Issuer or Participant convening the General Meeting of Participants is obliged to consider the received proposals and decide whether to include or refuse to include them in the agenda of the General Meeting of Participants no later than 7 days before the opening day of the meeting. The body or person(s) convening the General Meeting of Participants, in case of acceptance of proposals, are obliged to inform the Participants about amendments to the agenda, as well as in case of rejection of proposals for amendments or additions to the agenda of the General Meeting of Participants, are obliged to give the applicant a reasoned refusal no later than 5 days before the opening of the General Meeting of Participants.

If the refusal to include proposals in the agenda of the General Meeting of Participants and the decision taken on it violate the rights and legitimate interests of the applicant, he has the right to appeal such a decision in accordance with the procedure provided for by the legislation of the Republic of Kazakhstan.

The executive body of the Issuer or Participant, convening the General Meeting of Participants, is obliged, at the request of the Participant, sent to him no later than 7 days before the opening of the General Meeting of Participants, to send him in writing and no later than 5 days before the opening of the meeting draft decisions on all issues on the agenda, copies of documents, the discussion of which is included in the the agenda, as well as other information provided by the Issuer's charter or documents regulating the internal activities of the Issuer.

Materials provided to Participants for consideration of agenda items, draft decisions on all issues on the agenda of the General Meeting of Participants, as well as financial statements and the conclusion of the audit commission (auditor) and (or) the report of the audit organization for the reporting period, should be provided to all Participants for free review at the premises of the Issuer's executive body from the moment notification of the General Meeting of Participants, but not less than 10 days before the opening of the meeting. At the same time, Participants should be given the opportunity to make copies of the documents submitted for review free of charge.

The financial statements and the conclusion of the audit commission (auditor) and (or) the report of the audit organization for the previous three years must be kept by the executive body of the Issuer and provided to any

Participant at any time for review. At the request of the Participants, they are given certified extracts from these documents.

If there is no quorum at the General Meeting of Participants, the meeting is reconvened no later than 10 days from the date of the first convocation of the meeting.

In the cases provided for by the Issuer's articles of association, and with the express consent of the Participants, who collectively hold more than three quarters of the total number of votes of the Participants, the General Meeting of Participants may be held in absentia by means of an exchange of letters, fax or electronic messages or using other means of communication available to all Participants and ensuring the authenticity of transmitted and received messages.

The extraordinary General Meeting of Participants is not entitled to make decisions on the issues specified in subparagraphs 1), 8)-11) of paragraph 6.1 of Article 6 of the Issuer's Charter, namely:

- 1) amendment of the Issuer's charter, including changes in the size of its authorized capital, location and brand name, or approval of the Issuer's charter in a new edition;
- 8) decision on reorganization or liquidation of the Issuer;
- 9) appointment of the liquidation commission and approval of liquidation balances;
- 10) decision on the pledge of the Issuer's entire property;
- 11) decision on the making additional contributions to the Issuer's property.

The extraordinary General Meeting of Participants should be held according to a procedure that ensures that all Participants are informed of the proposed agenda and draft decisions on the issues included in it, the opportunity for each of them to familiarize themselves with all necessary documents before voting begins, put forward proposals on the agenda and require the inclusion of certain issues in it, as well as a message to all participants before voting begins the amended agenda and the opinions (speeches) of other Participants on the issues under discussion.

The General Meeting of Participants elects the Chairman and Secretary of the General Meeting of Participants from among its members. The Chairman leads the General Meeting of Participants.

The Secretary of the General Meeting of Participants keeps the minutes of the General Meeting of Participants. The protocols are filed in the protocol book, stored by the executive body of the Issuer and available for review by any of the Participants.

## **4. Assets**

### **4.1. Material contracts**

Taking into account the specifics of the Issuer's core business, the Issuer does not have large consumers of its credit products, which can significantly affect the effectiveness of the Issuer's activities and its profitability.

At the same time, in order to carry out its main activity, the Issuer purchases various services that ensure its operational activities. The largest suppliers, as well as suppliers whose change will require the Issuer to take some time to replace them, include the following:

- 1) private notary D.B. Issayeva (Republic of Kazakhstan): this supplier provides the Issuer with notarial services for the execution of an executive inscription. The purchase of notary services is carried out by concluding a series of relevant contracts. The cost of notary services purchased from this supplier amounted to 53,121 thousand KZ tenge, 151,168 thousand KZ tenge and 14,615 thousand KZ tenge for the first nine months of 2023, 2022 and 2021, respectively;
- 2) "Business City" Limited Liability Partnership (Republic of Kazakhstan): this partnership provides the Issuer with services for renting premises in which the Issuer's head office is located, as well as premises providing for the storage of archival documents of the Issuer.

## **5. Capital**

### **5.1. Authorized capital**

As of September 30, 2023, the authorized capital of the Issuer was formed in the amount of 300 million tenge. Historical data on how the Issuer's authorized capital was formed from the moment of its initial state registration are given in paragraph 2.1 of this Registration Document.

### ***Changes in a capital***

The size of the Issuer's authorized and/or equity capital is changed in accordance with the Issuer's Charter and the legislation of the Republic of Kazakhstan. In accordance with the charter of the Issuer, the change of its authorized capital is carried out on the basis of the relevant decision of the in-person meeting of the General Meeting of Participants. The distribution of the Issuer's net income among its Participants is also carried out only on the basis of a relevant decision of the meeting of the General Meeting of the Issuer's Participants.

The Issuer's Charter and any of its internal documents do not contain stricter conditions for changes in the Issuer's capital than provided for by law.

## **6. Management of the Issuer**

### **6.1. Details relating to the Supervisory Board and the Director of the Issuer («Key Persons»)**

#### **Supervisory Board**

**Evgenia Anatolyevna Shulgina** (functions and main activities – management of supervisory functions over the activities of the Issuer, Chairperson of the Supervisory Board).

##### *Education:*

- 1995–2000: Kazakhstan Institute of Economics and Law, Faculty of Banking, specialization “Finance and Credit”.

##### *Experience:*

- 2004–2012: “Professional-V” Limited Liability Partnership (Republic of Kazakhstan), Director;
- 2013–2015: “Alsad-Kazakhstan” Limited Liability Partnership (Republic of Kazakhstan), head of the supply department;
- 2015–present: “Microfinance organization “Finbox” Limited Liability Partnership, executive director.

**Mukhamediev Bakhtiyar Zhanbulatovich** (functions and main activities – providing supervisory functions over the activities of the Issuer, member of the Supervisory Board)

##### *Education:*

- 2001–2004: Kazakh National University named after Al-Farabi, Faculty of Law, specialization “Civil and Entrepreneurial Law”;
- 2018: mediator certificate issued by the Public Association “Center for Mediation and Restorative Justice “Tura Bi”.

##### *Experience:*

- 2004–2007: “ATF Bank” Joint Stock Company (Republic of Kazakhstan), employee of the Department for Problem Loans;
- 2007–2008: “Center for Independent Assessment “SERT” Limited Liability Partnership, Head of the Legal Expertise Department;
- 2008–2010: “ATF Bank” Joint Stock Company, in different periods Head of the Department for working with problem loans of corporate lending, Head of the Department for the sale of pledged property for corporate lending projects;
- 2010–2011: “Metrocombank” Joint Stock Company (Republic of Kazakhstan), Director of the Department of Monitoring and Loan Repayment;
- 2011–2013: “Eurasian Bank” Joint Stock Company (Republic of Kazakhstan), Deputy Director of the branch for ensuring the activities of the branch;
- 2013: Association of legal entities “Association of Kazakhstan Internet Business and Mobile Commerce” (Republic of Kazakhstan), Director;
- 2013–2014: “Alliance Bank” Joint Stock Company (Republic of Kazakhstan), Head of the Department for Sales and Management of Non-Core Assets;
- 2014–2015: “Halyk Bank of Kazakhstan” Joint Stock Company (Republic of Kazakhstan), chief legal

consultant of the Department of Contractual and Legal Work of the Legal Department;

- 2015-2018: “Bank CenterCredit” Joint Stock Company, chief lawyer (deputy head) of the Collection Department of the legal department;
- 2018-present: “Microfinance organization “Finbox” Limited Liability Partnership, Deputy Director for Legal Affairs.

**Olga Anatolyevna Mashchenko** (functions and main activities – providing supervisory functions over the activities of the Issuer, independent member of the Supervisory Board)

*Education:*

- 1996–1999: Eurasian Institute of Market at the Kazakh State Academy of Management, faculty of “International Economic Relations”, specialization “economist”.

*Experience:*

- 2003–2009: “Bosta Van” Limited Liability Partnership (Republic of Kazakhstan), accountant, deputy chief accountant at different periods;
- 2009–2010: “Green House Distribution” Limited Liability Partnership (Republic of Kazakhstan), specialist in the budgeting department;
- 2010–2012: “Premium Logistic” Limited Liability Partnership (Republic of Kazakhstan), chief accountant;
- 2013–2019: Group of companies Premium Logistic LLP, Premium Logistic Asia LLP, Orda Logistic LLP (Republic of Kazakhstan), chief accountant;
- 2019–present: “Ulmus Besshoky” Joint Stock Company (Republic of Kazakhstan), chief accountant.

Legal address of these persons as members of the Issuer’s Supervisory Board: 114/85, Zhambyl street, Almaty district, Almaty, 050000, the Republic of Kazakhstan.

**The Director of the Issuer**

**Medeubekov Diyar Nurlanovich** (functions and main activities - general management of the Issuer).

*Education:*

- 2000–2004: Kazakh Economic University (Narxoz), Finance and Credit;
- 2006–2008: Vandrebilt University, MA Economics.

*Experience:*

- 2004–2006: “Kazkommertsbank” Joint Stock Company (Republic of Kazakhstan), at different periods assistant manager, manager, leading manager of corporate lending;
- 2008–2011: “CNRG-CAPITAL” Limited Liability Partnership (Republic of Kazakhstan), investment analyst, managing director at different times;
- 2011: Islamic Development Bank (Republic of Kazakhstan, Tajikistan), Country Officer;
- 2011–2014: “Development Bank of Kazakhstan” Joint Stock Company (Republic of Kazakhstan), head of the Project Directorate;
- 2014–2017: “Alsad Kazakhstan” Limited Liability Partnership (Republic of Kazakhstan), General Director;
- 2017–2021: Al Falah Capital Partners (Republic of Kazakhstan), Chief Investment Officer;
- 2014–present: “Microfinance organization “Finbox” Limited Liability Partnership, founder, Director.

Members of the Supervisory Board and Director do not have:

- any convictions relating to fraud or other financial crimes for the previous five years;
- any bankruptcies, receiverships or liquidations of another entity with which the Key Persons were associated with for the previous five year;

- any official public incrimination and/or sanctions of any of the Key Persons by statutory or regulatory authorities (including designated professional bodies) and whether such a Key Person has ever been disqualified by a court from acting as a Director or from acting in the senior management of, or conduct the affairs of, any issuer for the previous five years.

### **Conflict of interest**

There is no conflict of interest between the personal interests of any Key Person mentioned above and that of the duties of such persons owed to the Issuer or the interests of the Issuer.

## **6.2. Other information relating to Key Persons**

None of the Key Persons of the Issuer was appointed in accordance with any agreements of the Issuer with its Participants, customers, suppliers or other persons.

Due to the absence of a corresponding obligation, the Issuer did not form an audit committee, a nomination committee and a remuneration committee. The division of powers and responsibilities between the Issuer's bodies, officials and employees is regulated by the Issuer's Corporate Governance Code, approved by the Minutes #21 of the Extraordinary General Meeting of the Issuer's Participants dated June 18, 2021 (the Issuer's Corporate Governance Code is compatible with the corporate governance regime under MAR).

## **7. Financial information about the Issuer**

### **7.1. Historical financial information about the Issuer**

Below is information on the Issuer's financial performance, reflected on the basis of the Auditor's report on the financial statements for 2021 and 2021 and the Issuer's unaudited interim financial statements prepared for the nine months ended September 30, 2023. The Issuer's financial statements for these periods have been prepared in accordance with International Financial Reporting Standards (IFRS). The audit of financial statements for 2021 and 2022 was conducted in accordance with International Standards on Auditing (ISA). The auditor's reports do not contain any qualified opinion.

Independent auditors have not verified any other information contained in this Prospectus.

## **STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

Name of indicators	Nine months ended		<i>in thousands tenge</i>		
	September 30		2022	2021	2020
	2023	2022	2022	2021	2020
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
Income related to receipt of remuneration	2,954,000	2,708,546	3,651,936	1,656,336	312,211
Income from reversal of provisions for possible losses on transactions	1,215,639	754,259	1,029,999	807,854	599,542
Income on securities	-	14,500	-	-	-
Income (expenses) from changes in the value of financial assets (net)	- 979	-	-	-	-
Income/ expense from exchange rate differences (net)	- 60,788	-	12,095	-	-
Income from the sale of assets	55,070	265	-	-	-
Other income	821,920	628,444	840,584	2,323,885	1,938,856
<b>Total income</b>	<b>4,984,862</b>	<b>4,106,014</b>	<b>5,534,614</b>	<b>4,788,075</b>	<b>2,850,609</b>
Expenses on creation of provisions for possible losses on transactions	- 2,319,479	- 2,042,520	- 2,670,729	- 1,528,028	- 863,262
Operational expenses	- 1,166,084	- 1,041,406	- 1,621,557	- 1,434,040	- 1,040,083
Expenses for coupon payment on issued securities	- 362,764	- 213,456	-	-	-
Expenses associated with the payment of interest on loans received	-	- 3,467	-	-	-
Expenses from transfer operations	- 45,315	- 30,626	-	-	-
Other expenses	- 164,357	- 122,450	- 383,932	- 29,954	- 2,924
Expenses from the sale or gratuitous transfer of assets	- 44,678	- 288	-	-	-
<b>Total expenses</b>	<b>- 4,102,677</b>	<b>- 3,454,213</b>	<b>- 4,676,218</b>	<b>- 2,992,022</b>	<b>- 1,906,269</b>

Name of indicators	Nine monthes ended September 30		2022 (audited)	2021 (audited)	2020 (audited)
	2023 (unaudited)	2022 (unaudited)			
Net profit (loss) before corporate income tax	882,185	651,801	858,396	1,796,053	944,340
Income tax expenses	- 186,107	- 138,909	- 188,520	- 359,475	- 189,671
Net profit (loss) after corporate income tax	696,078	512,892	669,876	1,436,578	754,669
Other comprehensive income	-	-	-	-	-
<b>Total net profit (loss) for the period</b>	<b>696,078</b>	<b>512,892</b>	<b>669,876</b>	<b>1,436,578</b>	<b>754,669</b>

## STATEMENTS OF FINANCIAL POSITION

*in thousands tenge*

Name of indicators	September 30, 2023 (unaudited)	December 30, 2022 (audited)	December 30, 2021 (audited)	December 30, 2020 (audited)
<b>Assets</b>				
<b>Long-term assets</b>				
Property, plant and equipment (less depreciation and impairment losses)	52,673	84,544	29,037	21,977
Intangible assets (less amortization and impairment losses)	18,270	18,006	20,261	21,642
Long-term loans (microloans) issued (less provisions for impairment)	23,954	55,823	200,289	-
Long-term trade and other receivables	-	-	328	748
Long-term advances issued	21,200	34,915	-	-
Other long-term financial assets	1,773	859	-	-
Other non-current assets	1,988	2,540	3,200	4,183
Deferred tax assets	8,737	7,764	8,418	8,563
<b>Total non-current assets</b>	<b>128,595</b>	<b>204,451</b>	<b>261,533</b>	<b>57,113</b>
<b>Current assets</b>				
Cash and cash equivalents	127,407	213,415	47,588	67,693
Short-term trade and other receivables	195,598	119,674	51,639	343,900
Other short-term financial assets	1,820,761	180,716	9,651	26,228
Short-term advances paid	10,941	12,983	11,472	10,549
Loans (microloans) issued (less provisions for impairment)	2,007,867	1,782,706	1,829,071	889,690
Inventories	247	127	-	806
Other current assets	4,931	38,529	701	895
<b>Total current assets</b>	<b>4,167,752</b>	<b>2,348,150</b>	<b>1,950,122</b>	<b>1,339,761</b>
<b>Total assets</b>	<b>4,296,347</b>	<b>2,552,601</b>	<b>2,211,655</b>	<b>1,396,874</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Authorized capital	300,000	100,000	70,000	50,000
Retained earnings	1,183,519	487,441	937,365	1,240,814
<b>Total equity</b>	<b>1,483,519</b>	<b>587,441</b>	<b>1,007,365</b>	<b>1,290,814</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payables	79,265	51,164	55,485	45,422
Current tax liabilities and obligatory payments to the budget	43,949	1,368	61,037	17,329
Short-term liabilities on long-term loans received	-	-	20,719	-
Other financial liabilities	-	4,500	5,300	-
Issued securities and debt on accrued coupon	2,661,531	1,881,103	572,611	-
Dividends payable	-	-	380,000	-
Other current liabilities	2,162	1,096	1,642	5,753
<b>Total current liabilities</b>	<b>2,786,907</b>	<b>1,939,231</b>	<b>1,096,794</b>	<b>68,504</b>
<b>Non-current liabilities</b>				
Long-term liabilities on loans received	-	-	73,272	-

Name of indicators	September 30, 2023	December 30, 2022	December 30, 2021	December 30, 2020
	(unaudited)	(audited)	(audited)	(audited)
Other non-current liabilities	25,921	25,929	34,224	37,556
<b>Total non-current liabilities</b>	<b>25,921</b>	<b>25,929</b>	<b>107,496</b>	<b>37,556</b>
<b>Total equity and liabilities</b>	<b>4,296,347</b>	<b>2,552,601</b>	<b>2,211,655</b>	<b>1,396,874</b>

## CASH FLOW STATEMENTS

*in thousands tenges*

Name of indicators	Nine months ended September 30		2022 (audited)	2021 (audited)	2020 (audited)
	2023 (unaudited)	2022 (unaudited)			
<b>Cash flow from operating activities</b>					
<b>Cash inflow, total</b>	<b>20,007,016</b>	<b>15,300,775</b>	<b>20,712,497</b>	<b>17,990,980</b>	<b>8 904,697</b>
<i>Including:</i>					
Advances received	433	1,194			
Service provision	2,780,450	2,426,242	3,285,449	1,293,141	257,968
Repayment of microloans	16,386,829	12,243,305	16,563,440	11,975,900	5,440,497
Other receipt	839,304	630,034	863,608	4,721,939	3,206,232
<b>Cash outflows, total</b>	<b>- 19,404,700</b>	<b>- 14,529,150</b>	<b>-19,703,472</b>	<b>-17,981,981</b>	<b>-8,810,352</b>
<i>Including:</i>					
Payments to suppliers for goods and services	-218,892	-114,699	- 262,245	- 271,216	- 163,685
Advances paid	-266,081	-324,518	- 340,689	- 310,125	- 231,041
Payment on salaries and other remuneration of labor	-540,717	-482,466	- 668,304	- 567,699	- 437,044
Other payments to the budget	-225,259	-343,990	- 568,773	- 533,426	- 399,211
Payments of interest on loans received	-362,766	-	- 2,942	- 3,918	-
Microcredits issued	- 17,571,275	- 13,092,120	-17,739,455	-13,479,221	-6,028,230
Other payments	-219,710	-171,357	- 121,064	-2,816,376	-1,551,141
<b>Net cash flow from operating activities</b>	<b>602,315</b>	<b>771,625</b>	<b>1,009,025</b>	<b>8,999</b>	<b>94,345</b>
<b>Cash flow from investing activities</b>					
<b>Cash inflow, total</b>	<b>313,311</b>	<b>635</b>	<b>2,607</b>	<b>895</b>	<b>2,164</b>
<i>Including:</i>					
sale of property, plant and equipment	55,009	-	317	20	-
repayment of loans	258,302	635	2,290	875	2,164
<b>Cash outflows, total</b>	<b>-871,772</b>	<b>-80,554</b>	<b>- 454,032</b>	<b>- 119,819</b>	<b>- 112,978</b>
<i>including:</i>					
Purchase of property, plant and equipment and intangible assets	-11,940	-73,284	- 77,307	- 20,589	- 11,739
Advances paid for the supply of property, plant and equipment and intangible assets			- 34,915	-	-
Loans provision	-859,832	-7,270	- 341,810	- 99,230	- 101,239
<b>Net cash flow from investing activities</b>	<b>-558,461</b>	<b>-79,919</b>	<b>- 451,425</b>	<b>- 118,924</b>	<b>- 110,814</b>
<b>Cash flow from financing activities</b>					
<b>Cash inflow, total</b>	<b>974,563</b>	<b>1,054,961</b>	<b>1,461,539</b>	<b>791,972</b>	<b>20,000</b>
<i>Including:</i>					
Contribution to the authorized capital	200,000	-	30,000	20,000	20,000
Receipt from loans		104,715	-	100,000	-
Remuneration received	22,811	24,056	-	-	-
Receipt from other financial liabilities	55,000	-	114,715	116,000	-
Bond issue	696,752	926,190	1,316,824	555,972	-
<b>Cash outflows, total</b>	<b>- 1,104,702</b>	<b>- 1,491,634</b>	<b>-1,845,479</b>	<b>- 702,287</b>	<b>-</b>
Payments for loans received	-59,500	-203,028	- 98,413	- 1,587	-
Disposal for other financial liabilities	-	-200,231	- 115,515	- 110,700	-
disposal for interest on bonds	-	-	- 290,651	-	-
Dividend payments to founders	-	- 1,088,375	-1,340,900	- 590,000	-
Other payments	- 1,045,202	-	-	-	-

Name of indicators	Nine months ended September 30		2022 (audited)	2021 (audited)	2020 (audited)
	2023 (unaudited)	2022 (unaudited)			
<b>Net cash flow from financing activities</b>	<b>-130,139</b>	<b>-436,673</b>	<b>- 383,940</b>	<b>89,685</b>	<b>20,000</b>
<b>Total: Increase +/- decrease in cash</b>	<b>-86,285</b>	<b>102,839</b>	<b>173,660</b>	<b>- 20,240</b>	<b>3,531</b>
Effect of exchange rates	79	- 12	- 7,459	-	-33
Effect of estimated provision for expected credit losses	198	- 429	-374	135	-80
Cash and cash equivalents at the beginning of the reporting period	<b>213,415</b>	<b>47,588</b>	<b>47,588</b>	<b>67,693</b>	<b>64,275</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>127,407</b>	<b>149,986</b>	<b>213,415</b>	<b>47,588</b>	<b>67,693</b>

## STATEMENTS OF CHANGES IN CAPITAL

*in thousands tenge*

Name of indicators	Authorized capital	Retained earnings (loss)	Total equity
<b>Balance on January 1, 2020 (audited)</b>	<b>30,000</b>	<b>2,836,833</b>	<b>2,866,833</b>
Profit (loss) for the period	-	754,669	754,669
Contribution from members	20,000	-	20,000
Payment of dividends	-	- 2,350,688	-2,350,688
<b>Balance on December 31, 2020 (audited)</b>	<b>50,000</b>	<b>1,240,814</b>	<b>1,290,814</b>
Ajustment of previous years	-	- 27	-27
<b>Recalculated balance on January 1, 2021</b>	<b>50,000</b>	<b>1,240,787</b>	<b>1,290,787</b>
Profit (loss) for the period	-	1,436,578	1,436,578
Contribution from members	20,000	-	20,000
Payment of dividends	-	- 1,740,000	-1,740,000
<b>Balance on December 31, 2021 (audited)</b>	<b>70,000</b>	<b>937,365</b>	<b>1,007,365</b>
<b>Balance on January 1, 2022</b>	<b>70,000</b>	<b>937,365</b>	<b>1,007,365</b>
Profit (loss) for the period	-	669,876	669,876
Contribution from members	30,000	-	30,000
Payment of dividends	-	- 1,119,800	-1,119,800
<b>Balance on December 31, 2022 (audited)</b>	<b>100,000</b>	<b>487,441</b>	<b>587,441</b>
<b>Balance on January 1, 2023</b>	<b>100,000</b>	<b>487,441</b>	<b>587,441</b>
Profit (loss) for the period	-	696,078	696,078
Contribution from members	200,000	-	200,000
Payment of dividends	-	-	-
Other comprehensive income	-	-	-
<b>Balance on September 30, 2023 (unaudited)</b>	<b>300,000</b>	<b>1,183,519</b>	<b>1,483,519</b>

For the period from September 30, 2023, there were no significant changes in the Issuer's financial statements.

### 7.2. Information about auditors

The independent auditor of the Issuer, IAC Russell Bedford A+Partners LLP, issued unqualified independent auditor's reports in respect of the Issuer's financial statements as at and for the years ended 31 December 2022 and 31 December 2021:

- address: 55/8, Mangilik El Avenue, Astana, Z05M0M5, Republic of Kazakhstan;
- license for the provision of ancillary services No. AFSA-A-LA-2020-0024 issued by AFSA, the AIFC regulatory body, on July 1, 2020;
- tel.: + 7 (727) 399-80-00, e-mail: [info@rbpartners.kz](mailto:info@rbpartners.kz).

IAC Russell Bedford A+Partners LLP is a member of the Professional Auditing Organization "Collegium of Auditors".

### 8. Legal and other proceedings against the Issuer

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened and which the Company is aware of) which may have or have had a significant impact on the

Company's financial position and profitability during the last 12 months prior to the date of this Prospectus.

## **9. Responsibility for the Content of the Prospectus**

### **9.1. Responsibility Statement**

The Responsibility Statement is included in Schedule 1 of this Prospectus.

### **9.2. Expert opinions included in the Prospectus**

There are no expert opinions included in this Prospectus.

## **10. Documents on display**

Copies of the following documents may be inspected at, and are available from, the office of the Issuer at 114/85, Zhambyl street, Almaly district, Almaty, 050000, the Republic of Kazakhstan during normal business hours on Business Days, so long as the Bonds are listed on the AIX:

- this Prospectus and Offer Terms of all Tranches issued under the Programme,
- the Charter;
- the audited financial statements for the years ended 31 December 2022 and 31 December 2021 and unaudited interim financial statement for nine months ended 31 September 2023, including in each case the auditor's report conducted in accordance with International Standards on Auditing relating to such financial statements.

## SECURITIES NOTES

### 1. Key information

#### 1.1. Risk factors material to the Bonds

***The Bonds are subject to modification, waivers and substitution.***

This Prospectus contains provisions for calling meetings of the Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all the Bondholders.

***Delisting of the Bonds from the Official List of the AIX may subject gains and coupon interest payments on the Bonds to tax in the Republic of Kazakhstan.***

In order for actual coupon interest payments due on the Bonds and gains realized by the Bondholders in relation to disposal, sale, exchange or transfer of the Bonds to be exempt from Kazakhstan withholding tax (with exceptions specified in tax legislation of the Republic of Kazakhstan, it will be necessary for the Bonds to be admitted to the Official List of the AIX as at the Coupon Payment Date or the date of such disposal, sale, exchange or transfer of the Bonds. No assurance can be given that the Bonds will remain admitted to the Official List of the AIX as at each Coupon Payment Date or during the term of the Bonds, or that there will be no material change in tax and securities laws in Kazakhstan.

***The market price of the Bonds may be volatile.***

The market price of the Bonds could be subject to fluctuations in response to actual or anticipated variations in the Issuer's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by analysts and the actual or expected sale of a large number of Bonds.

#### 1.2. Reasons for the offer

**Estimated net amount of proceedings** Will be specified in the Offer Terms of the relevant Tranche.

**Use of proceeds** The funds received by the Issuer from placement of the Bonds will be used to finance the corporate needs of the Issuer.

#### 1.3. Creditworthiness of the Issuer

##### ***Interest coverage ratio***

According to the Issuer's unaudited interim financial statements for nine months ended September 30, 2023, the interest coverage ratio as of September 30, 2023 is 2.4.

##### ***Relevant credit ratings***

The Issuer does not have any credit ratings. If the Issuer receives credit ratings during the Programme is valid, information about such ratings will be reflected in the Offer Terms of each subsequent Tranche.

##### ***Risk factors that may affect the Issuer's ability to fulfil its obligations under the Bonds to investors***

All relevant risk factors are described in the "Risk factors" section of the Registration Document of this Prospectus.

##### ***A statement of capitalization and indebtedness***

As of September 30, 2023, the Issuer's debt obligations in the amount of 2,661,531 thousand tenge included indebtedness on bonds issued under the Acting Law of AIFC: principal debt on bonds in the amount of 2 613 198 thousand tenge and accounts receivable for accrued coupon in the amount of 48 333 thousand tenge.

ISIN	Ticker	Maturity date	Principal amount and currency	Outstanding amount
KZX000000765	FINB.1124	03.11.2024	1 450 000 000 tenge	1 000 000 000 tenge
KZX000001094	FINB1.0627	30.06.2027	3 000 000 U.S.Dollars	3 000 000 U.S.Dollars (1 423 410 000 tenge)
KZX000001326	FINB2.0527	30.05.2027	2 000 000 U.S.Dollars	400 000 U.S.Dollars (189 788 000 tenge)

Information regarding capitalization of the Issuer is specified in clauses 2.1 (a) and 3.3 of the section “Registration Document”.

#### **1.4. Guarantees**

If a guarantee is issued in respect of any of the Tranches, details of such guarantee will be specified in the relevant Offer Terms.

### **2. Information relating to the Securities offered/admitted to trading**

#### **2.1. General information relating to the Bonds**

<b>Form of the Bonds</b>	The Bonds will be issued in fully registered and dematerialised form under the Acting Law of AIFC, including AIFC Markets Rules and AIX Markets Business Rules.
<b>Issuance</b>	<p>The Bonds under the Programme are to be issued in Tranches. The Programme may be comprised of one or more Tranches issued on the same or different dates.</p> <p>Each Tranche will be subject to the relevant Offer Terms which, for the purposes of that Tranche only, completes this Prospectus and which must be read in conjunction with this Prospectus. For the avoidance of doubt, the terms and conditions set out in this Prospectus shall be applicable to each Tranche issued under the Programme and will be completed by the relevant Offer Terms.</p>
<b>Aggregate principal amount of the Programme</b>	<p>U.S.\$20,000,000 (twenty million).</p> <p>When counting the aggregate principal amount of the Programme, Bond issued in currencies other than U.S.\$ will be included at the exchange rate of the NBRK as at the date of admission of the relevant Tranche to trading on the AIX.</p>
<b>Issue currency</b>	Will be specified in the Offer Terms of the relevant Tranche.
<b>Trading currency</b>	Will be specified in the Offer Terms of the relevant Tranche.
<b>Number of the Bonds</b>	Will be specified in the Offer Terms of the relevant Tranche.
<b>Nominal Value of the Bonds</b>	Will be specified in the Offer Terms of the relevant Tranche.
<b>Admission to listing and trading</b>	This Prospectus has been produced in connection with the applications for the Bonds to be admitted to the Official List of the AIX and trading on the AIX. Each Tranche issued under the Programme is expected to be admitted to trading on AIX. Details for admission of each Tranche will be provided in the relevant Offer Terms.
<b>Registrar</b>	AIX Registrar.
<b>Depository</b>	AIX CSD.
<b>Legislation</b>	The Bonds and any non-contractual obligations arising out of, or in connection with, the Bonds shall be governed by, and construed in accordance with, the laws of the AIFC. The Issuer has agreed herein the conditions in favor of the Bondholders that any claim, dispute or discrepancy of any nature arising out of, or in connection with, the Bonds (including claims, disputes or discrepancies regarding the existence, termination thereof, or any non-contractual obligations arising out of, or in connection with, the Bonds) shall be brought to, and finally resolved by, the Court of the AIFC in accordance with the rules thereof, currently in effect, such rules shall be deemed incorporated herein.

<b>Ranking</b>	The Bonds shall constitute direct, general and unconditional obligations of the Issuer which will rank pari passu among themselves and rank pari passu, in terms of payment rights, with all other current or future unsubordinated obligations of the Issuer, except for liabilities mandatorily preferred by law.
<b>Redemption</b>	<p>The Issuer hereby assumes an irrevocable obligation to pay the Nominal Value of the redeemed Bonds upon expiration of the Bonds circulation period simultaneously with payment of the coupon interest for the last coupon period, unless the Bonds have previously been repurchased and cancelled.</p> <p>The period during which the Nominal Value must be paid upon redemption of the Bonds will be specified in the Offer Terms of the relevant Tranche.</p>
<b>Repurchase of the Bonds</b>	Unless otherwise specified in the relevant Offer Terms, the Issuer may at any time repurchase the Bonds at any price. All Bondholders must have an equal opportunity to sell their Bonds to the Issuer upon repurchase. Any such purchased Bonds will not be considered redeemed and may be subsequently sold by the Issuer.
<b>Coupon Interest Rate</b>	Will be specified in the Offer Terms of the relevant Tranche.
<b>Coupon payment terms</b>	Will be specified in the Offer Terms of the relevant Tranche.
<b>Coupon Payment Dates</b>	Will be specified in the Offer Terms of the relevant Tranche.
<b>Coupon period</b>	Each period beginning on (and including) the Issue Date or any Coupon Payment Date and ending on (but excluding) the next Coupon Payment Date.
<b>Day count fraction</b>	30/360; coupon interest payments on the Bonds shall be calculated on the basis of a year of 360 (three hundred and sixty) days consisting of 12 (twelve) months of 30 (thirty) days each.
<b>Rights of the Bondholders</b>	<p>The Bondholders have the right to:</p> <ul style="list-style-type: none"> <li>• receive coupon interest payments in the time and amount stipulated by the Prospectus and relevant Offer Terms of each Tranche;</li> <li>• receive Nominal Value upon redemption in the time and amount stipulated by the Prospectus and relevant Offer Terms of each Tranche;</li> <li>• freely dispose and alienate the Bonds;</li> <li>• receive information concerning the Issuer's activity;</li> <li>• attend, participate in and vote at meetings of the Bondholders in accordance with the order specified in the Securities Note section of the Prospectus;</li> <li>• require that the Bonds shall immediately become due and repayable at their Nominal Value together with accrued coupon interest if any of the events mentioned in clause 3.3 of Securities Notes occurs.</li> </ul>

<b>Issue restrictions</b>	<p>No changes may be made by the Issuer to the Prospectus until the Issuer obtains the prior written consent(s) of the Bondholders holding Bonds the aggregate Nominal Value of which is at least 75% of the total Nominal Value of all outstanding Bonds issued under the Programme at the time of obtaining the said consents.</p> <p>No changes may be made by the Issuer to any Offer Terms until the Issuer obtains the prior written consent(s) of the Bondholders holding Bonds of the relevant Tranche the aggregate Nominal Value of which is at least 75% of the total Nominal Value of all outstanding Bonds of this Tranche in circulation at the time of obtaining the said consents.</p>
<b>Selling restrictions</b>	<p>The offer and sale of the Bonds is subject to applicable laws and regulations and the Bonds may not be the subject of purchase or sale transactions in other jurisdictions outside the AIFC. The exception is those jurisdictions where the Bonds have received permission from the authorized body of the exchange or other trade organizer for inclusion of the Bonds in the official list and admission to trading on such exchange or in the system of another trade organizer.</p>
<b>Restrictions on the free transferability</b>	<p>The Bonds are freely transferable and, once admitted to the Official List of the AIX, shall be transferable in accordance with the rules and regulations of the AIX. A Bond is indivisible and can be transferred in an amount of at least one.</p>

### 3. Terms and conditions of the Offer

**Number of Bonds offered** Will be specified in the Offer Terms of the relevant Tranche.

**Potential investors** Subject to applicable laws and regulations the Bonds will be offered to a wide range of investors.

**Conflict of interest** No person involved in the offering of the Bonds has any interest in the offering, which is material to the offering.

**Offering method** Will be specified in the Offer Terms of the relevant Tranche.

**Offer period** Will be specified in the Offer Terms of the relevant Tranche.

**Authorizations** The Prospectus and Offer Terms of the first Tranche issued under the Programme were approved by the resolution of the General Meeting of Participants on 13 December 2023.

**Clearing and settlement** The payment and settlement will be made through the settlement system of the AIX CSD in accordance with the rules and regulations of the AIX CSD (the “AIX CSD Rules”), in particular delivery of the Bonds through the system of the AIX CSD, or delivery of Bonds through the AIX Registrar and cash settlements between the bank accounts of the parties to the transaction

**Procedure for notifying investors and Bondholders** Prior to the start of trading, AIX will publish a market notice specifying the first day of trading on its website:  
<https://aix.kz/news-announcements/aix-market-notices/>

All other significant announcements will be made by the Issuer via the AIX Regulatory Announcement Service:

<https://aix.kz/listings/continuous-disclosure-obligations/company-disclosures-2/>

**Paying agent** The Issuer has not appointed a paying agent for the Bonds, unless otherwise stated in any Offer Terms of the relevant Tranche.

### **3.1 Payments**

Coupon interest payments on the Bonds shall be paid to the Person shown in the Bond Registry at 23:59:59 (Astana time) on the last day of a period for which coupon interest payment is due for (the “Record Date”).

The coupon interest on the Bonds is paid within the time specified in the Offer Terms of the relevant Tranche by way of money transfer to:

- 1) current bank accounts of the Bondholders specified in the Bond Registry or
- 2) Settlement account of AIX CSD participants entitled to receive the specified payment and registered as Bondholders in AIX Registrar and AIX CSD.

In case of nominee holding interest and principal debt could be paid only to the Settlement account of Bondholder’s broker or custodian in AIX CSD acting as a nominal holder of securities for the benefit of the respective Bond holder(s).

In case of nominee holding interest and principal debt could be paid by issuer to the account provided by the Bondholder’s broker or custodian acting as a nominal holder of securities (other than participant settlement account with AIX CSD). The final coupon interest payment shall be made by Issuer concurrently with payment of the principal of the Bonds. All payments in respect of the Bonds shall be made in the currency of the relevant Tranche specified in the relevant Offer Terms.

If any date for payment in respect of the Bonds is not a Business Day, the Bondholder shall not be entitled to payment nor to any coupon interest or other sum in respect of such postponed payment until the next following Business Day.

### **3.2 Penalty**

The Issuer shall pay a penalty to the Bondholders for each day, on which any amount payable under the Bonds remains due and unpaid (the “Unpaid Amount”), at the rate equal to the Coupon Interest Rate specified in the relevant Offer Terms. The amount of penalty payable per any Unpaid Amount in respect of any Bonds shall be equal to the product of the coupon interest specified in the relevant Offer Terms, the Unpaid Amount and the number of calendar days on which any such Unpaid Amount remains due and unpaid divided by 360 (three hundred and sixty), rounding the resultant figure to the nearest cent, half of any such cent being rounded upwards.

### **3.3 Events of Default**

The Bonds are immediately redeemable at their Nominal Value, together with any accrued coupon interest, upon occurrence of any of the following events (“Event of Default”):

- The Issuer does not pay the principal of any Bonds when due and payable either at maturity, by declaration or otherwise, or if the Issuer is in default with respect to the coupon interest payment or additional amounts; or
- The Issuer does not redeem the Bonds within the time specified in the Offer Terms of the relevant Tranche of these Bonds; or
- The Issuer fails to fulfill or otherwise violates obligation to pay the penalty due to the Bondholder in accordance with paragraph 3.2 “Penalty” of the “Description of Securities” section; or
- The Issuer fails to fulfill or otherwise violates any of the following obligations and this violation is not eliminated by the Issuer within 30 (thirty) calendar days following the date of such violation or failure:
  - The Issuer does not have the right to make changes to the Prospectus, except for cases where the Issuer has received prior written consent(s) to make changes from the Bondholders holding Bonds which total Nominal Value is at least 75% of the total Nominal Value of all Bonds in circulation at the time of obtaining the said consents;
  - The Issuer must maintain the listing of the Bonds in the Official List of AIX;
  - The Issuer does not have the right to change or replace a person in place of the Issuer as the principal obligor under the Bonds without a prior written consent of the Bondholders holding Bonds which total Nominal Value is at least 75% of the total Nominal Value of all Bonds in circulation at the time of obtaining the said consents.

In the event of the occurrence of any of the Events of Default, the Issuer has the right to organize negotiations with the Bondholders regarding early redemption on initiative of the Bondholders.

### **3.4 Action Plan for Default of the Issuer**

In the Event of Default or a potential default, the Issuer commits to the following action plan, ensuring transparency and safeguarding the interests of all stakeholders: Immediate Market Announcement: Upon the imminent realization of any of Events of Default, or no later than the due date of the financial obligation, the Issuer will announce to the market via the AIX Regulatory Announcement Service. The announcement will:

- Indicate the expected date of the default.
- Describe the nature of the default and the amounts involved.
- Provide a detailed description of the events leading to the default.
- Outline a proposed timeline for remedying the default and handling claims in an orderly manner in the event of an actual default.
- Detail any proposed arrangements for debt restructuring, if applicable, including the process for Bondholders consent solicitation.
- Offer guidance to Bondholders on possible actions, specifying the scope, circumstances for action, responsible parties, and procedures to protect Bondholders' rights.

Clarity and Understandability: All information will be presented in clear, understandable terms to ensure market participants are fully informed.

Follow-Up Announcements: The Issuer will make further announcements regarding the full or partial fulfillment and/or remedy of any defaulted obligations.

Notification to AIX: A notification will be sent to AIX at listings@aix.kz no later than 18:00 Astana time on the default date. The notification will include:

- The date of the default.
- The nature of the default and overdue amounts.
- A description of events leading to the default.
- The proposed action plan and timeline for remedying the default.
- Contact details of the person responsible for communication with AIX, if different from the Responsible Person indicated in the listing application.

Through this action plan, the Issuer pledges to uphold the highest standards of responsibility and communication in the Event of Default, prioritising the rights and interests of Bondholders.

### **3.5 Early redemption**

If the Event of Default occurs during the Bond circulation period, the Issuer is obliged to announce relevant information about it in accordance with the terms of clause 3.4 above.

Bondholders, within 30 (thirty) calendar days following the date of publication by the Issuer in the specified manner of information on the occurrence of an Event of Default, have the right to send written Notices to the Issuer on the repayment of their Bonds in accordance with the terms of clause 3.7 "Notices" of the section "Securities Notes".

If, in violation of the above, the Issuer has not published information about the occurrence of any of the Event of Default properly, each Bondholder has the right to send the Issuer a written Notice of the repayment of their Bonds within 30 (thirty) calendar days following the date when information about the occurrence of the Event of Default became known to such Bondholder.

Within 15 (fifteen) Business Days following the date of receipt of the above-mentioned written Notice by any

of the Bondholders, the Issuer is obliged to repay the Bonds at Nominal Value with simultaneous payment of coupon interest accumulated (and previously unpaid) on the date of actual repayment and any penalties payable per any Unpaid Amount.

### **3.6 Meetings of the Bondholders**

- 1) Notwithstanding the Bondholders' meetings in relation to Events of Default, the Issuer has the right to convene meetings of the Bondholders for the purpose of consultation with the Bondholders or obtaining consent of the Bondholders regarding matters that in accordance with this Prospectus require approval of a meeting of the Bondholders.
- 2) Convening a meeting of the Bondholders is carried out by posting the appropriate Notice no later than 15 (fifteen) Business Days before the date of meeting of the Bondholders, with indication in the Notice of the form of the meeting (in person or in absentia) as well as:
  - a) when holding a meeting of the Bondholders in person: place, date and time of the meeting, agenda of the meeting of the Bondholders;
  - b) when holding a meeting of the Bondholders in absentia: a list of issues submitted for absentee voting by the Bondholders, the form of absentee voting ballots, the timeframe within which the Issuer must receive the voting ballots;
  - c) for any form of meeting of the Bondholders: a location or link to a website where the Bondholders can review the materials on the agenda of the meeting of the Bondholders;
  - d) other information necessary for proper holding of the meeting of the Bondholders.
- 3) For the purposes of holding a meeting of the Bondholders in person, the quorum consists of the Bondholders (for the purposes of this paragraph 3.5 only, "the Bondholders" mean both the Bondholders themselves and the representatives present at the meeting and, if applicable, voting on their behalf based on the relevant powers of attorney) holding Bonds which total Nominal Value is at least 50% (fifty percent) of the total Nominal Value of the Bonds in circulation on the date of the meeting.

In absence of quorum, the Issuer publishes a Notice of repeated meeting of the Bondholders with the same agenda within 1 (one) Business Day following the date on which the meeting of the Bondholders was scheduled. The Notice must contain the date, location and time of the repeated meeting. At that, the repeated meeting must be held no earlier than 5 (five) Business Days and no later than 15 (fifteen) Business Days after publication of the Notice of repeated meeting of the Bondholders. For the purposes of holding a repeated meeting of the Bondholders, the quorum consists of the Bondholders holding Bonds which total Nominal Value is at least 30% (thirty percent) of the total Nominal Value of the Bonds in circulation on the date of the repeated meeting.

- 4) For the purposes of holding a meeting of the Bondholders in absentia, the quorum consists of absentee voting ballots received by the Issuer from the Bondholders holding Bonds which total Nominal Value is at least 50% (fifty percent) of the total Nominal Value of the Bonds in circulation at the end of the period for acceptance of the absentee voting ballots by the Issuer.

In absence of quorum, the Issuer publishes a Notice of a repeated absentee voting on issues submitted for the initial absentee voting within 1 (one) Business Day following the last day of the period for acceptance of absentee voting ballots by the Issuer. The Notice must contain the period during which the Bondholders may provide the repeated absentee voting ballots. At that, the period during which Bondholders can provide such ballots must end no earlier than 5 (five) Business Days and no later than 15 (fifteen) Business Days following the date of publication of the Notice of repeated absentee voting. For the purposes of holding a repeated meeting of the Bondholders in absentia, the quorum consists of absentee voting ballots received by the Issuer from the Bondholders holding Bonds which total Nominal Value is at least 30% (thirty percent) of the total Nominal Value of the Bonds in circulation at the end of the period for acceptance of the repeated absentee voting ballots by the Issuer.

- 5) If it is necessary to make decisions at a meeting held in person, the Issuer is obliged to provide to the Bondholders the reasons due to which the adoption of a particular decision is considered necessary or desirable and appropriate. During such meeting, the Issuer must give the Bondholders sufficient time to express their views to the Issuer and other Bondholders present at the meeting. The meeting then

puts the matter proposed by the Issuer to a vote of the Bondholders present at the time of voting, and the Bondholders counted for quorum purposes who are no longer present at the voting will not be counted for the purposes of such voting.

- 6) When a meeting is held in person, the voting process and vote counting are managed by the secretary elected at the meeting. When a meeting is held in absentia, votes from absentee ballots received by the Issuer are counted by one of the members of the Supervisory Board.
- 7) Decisions of a meeting of the Bondholders on changes in the terms and conditions specified in this section “Securities Notes” are considered adopted only if they are voted for by the Bondholders of all Tranches who own Bonds which total Nominal Value is at least 75% (seventy-five percent) of the total Nominal Value of the Bonds of all Tranches in circulation on the date of the meeting (in case of in-person meeting) or on the date of counting the votes from absentee voting ballots (in case of absentee meeting).
- 8) Decisions of a meeting of the Bondholders on changes in the terms and conditions specified in the Offer Terms of any of the Tranches are considered adopted only if they are voted for by the Bondholders who own the Bonds of the relevant Tranche, which total Nominal Value is at least 75% (seventy-five percent) of the total Nominal Value of the Bonds of this Tranche which are outstanding on the date of the meeting (in case of in-person meeting) or on the date of counting the votes from absentee voting ballots (in case of absentee meeting).
- 9) Decisions duly adopted by a meeting of the Bondholders are subject to mandatory execution by the Issuer.

### **3.7 Notices**

#### ***Notices to the Bondholders***

All notices sent to Bondholders are considered properly sent if they are:

- published on the AIX website at [www.aix.kz](http://www.aix.kz) via AIX RAS or otherwise in accordance with the AIX rules, provided that the Bonds are in the Official List of AIX, and
- published on the Issuer’s website at [www.akshamat.kz](http://www.akshamat.kz).

#### ***Notices to the Issuer***

Notices will be deemed received by the Issuer upon their confirmed delivery to the Issuer at 114/85, Zhambyl street, Almaly district, Almaty, 050000, the Republic of Kazakhstan and will be deemed delivered upon confirmation of such delivery.

### **3.8 Taxation**

Under the Constitutional Law on “Astana International Financial Centre” any interest or capital gain on the securities listed on the AIX are exempt from taxes until 1 January 2066. Accordingly, following the admission of the Bonds to the Official List of the AIX, any income derived from holding or selling the Bonds will be exempt from taxes as long as the Bonds are listed on the AIX Official List. No stamp, registration or other taxes arising out of the transfer of the Bonds exist in the Republic of Kazakhstan.

## **4. Other information**

### **4.1. Audit and source of information including use of expert reports**

Audited financials for years ended on 31 December 2022 and 31 December 2021 are included in Schedule 3 of this Prospectus.

### **5. Admission to listing and trading**

Dates of admission to listing and trading on AIX and estimate of the total expenses related to the admission to trading will be specified in respective Offer Terms of each Tranche.

## GLOSSARY

<b>“AIFC”</b>	Astana International Financial Centre
<b>“Acting Law of the AIFC”</b>	Regulatory acts specified in article 4 of the Constitutional statute of the Republic of Kazakhstan №438-V of 7 December 2015 “On the Astana International Financial Centre”
<b>“AIX”</b>	Astana International Exchange Limited
<b>“AIX CSD”</b>	Astana International Exchange Central Securities Depository Limited, a private company incorporated under the Acting law of the AIFC responsible for daily cash and securities settlement and depository activities.
<b>“AIX RAS”</b>	AIX Regulatory Announcement Service, a service providing issuers with a method of declaring information and any other continuous and/or periodic disclosures that must be released to the market either under the ongoing reporting requirements or as required otherwise
<b>“AIX Registrar”</b>	Astana International Exchange Registrar Limited, a company incorporated in AIFC under company identification number 180840900010 with its registered office at 55/19, Mangilik El Avenue, Astana, Kazakhstan.
<b>“ARDFM”</b>	Republican State Institution “Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market”
<b>“Bond Registry”</b>	The register of the Bondholders that is maintained by AIX Registrar on behalf of that Issuer.
<b>“Bonds”</b>	Bonds issued by the Issuer under the Programme.
<b>“Bondholder”</b>	A legal owner of the Bond which is recorded in the register of the holders of the Bonds maintained by AIX Registrar.
<b>“Business Day”</b>	A day on which banks and exchange markets are open for business in the Republic of Kazakhstan.
<b>“Charter”</b>	The Charter of the Issuer approved on August 9, 2016.
<b>“Coupon Interest Rate”</b>	The annual interest rate paid on the Bonds and expressed as a percentage of the Nominal Value.
<b>“Coupon Payment Dates”</b>	The first day of the coupon interest payment period.
<b>“Events of Default”</b>	A partial or complete failure to fulfil the Issuer’s obligations with respect to the Bonds as described in the Prospectus and the relevant Offer Terms.
<b>“General Meeting of Participants”</b>	Supreme management body of the Issuer according to its Articles.
<b>“Issue Date”</b>	The issue date of the relevant Tranche from which the Bondholder is entitled to receive coupon interest.
<b>“Issuer”</b>	«Microfinance organisation «Finbox» Limited Liability Partnership.
<b>“Key Persons”</b>	Members of the Supervisory Board and the Director of the Issuer
<b>“Law on Microfinance Activities”</b>	Law of the Republic of Kazakhstan dated November 26, 2012 No. 56-V “On microfinance activities”
<b>“Maturity Date”</b>	The day following the last day of the Bond circulation period (the first day of the Bonds’ redemption period).
<b>“mln”</b>	Million.
<b>“NBRK”</b>	Republican state institution "National Bank of the Republic of Kazakhstan"

<b>“Nominal Value”</b>	Redemption price of the Bonds as per relevant Offer Terms.
<b>“Notice”</b>	Notices duly sent to the Bondholders or the Issuer, in cases provided for by the Prospectus, in accordance with clause 3.7 of the “Securities Notes” section of the Prospectus
<b>“Official List”</b>	The list of securities, units or derivatives and a right or interest in the relevant security, unit or derivative maintained by AIX.
<b>“Offer Terms”</b>	Offer terms of each Tranche issued under the Programme.
<b>“Participant”</b>	A person entitled to a participation interest in the Issuer’s property
<b>“Programme”</b>	U.S.\$20,000,000 bond Programme established by the Issuer.
<b>“Prospectus”</b>	This document, which has been prepared in accordance with the MAR Rules regarding to the Programme and the Bonds.
<b>“Record Date”</b>	The last day of a period for which coupon interest payment is due.
<b>“Tranche”</b>	Each series of the Bonds issued under the Programme.
<b>“U.S. Dollars” and “U.S.\$”</b>	The lawful currency of the United States.



**SCHEDULE 2: FORM OF OFFER TERMS TEMPLATE****«Microfinance organisation «Finbox» Limited Liability Partnership**

*(a legal entity registered in accordance with the legislation of the Republic of Kazakhstan under business identification number 150940005022)*

**OFFER TERMS****OF THE U.S.\$2,000,000 BONDS DUE [●] JANUARY 2028 (ISIN)  
ISSUED UNDER THE U.S.\$20,000,000 PROGRAMME**

The Bonds will be constituted by and have the benefit of a U.S.\$20,000,000 Programme established by «Microfinance organisation «Finbox» Limited Liability Partnership and valid until 31 December 2031. This document is the Offer Terms of the Tranche issued under the Programme. The Bonds of this Tranche have been issued under the Programme and in accordance with the Acting Law of the Astana International Financial Centre. Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the Prospectus dated 26 January 2024. This document constitutes the Offer Terms of the Bonds described herein. This document is prepared for the purposes of the AIFC rules and must be read in conjunction with the Prospectus. Full information on the Issuer and the offer of the Bonds is only available on the basis of the combination of these Offer Terms and the Prospectus. The Offer Terms and the Prospectus have been published on the website of the Astana International Exchange at <https://www.aix.kz> via the AIX Regulatory Announcement Services and on the website of the Issuer at <https://akshamat.kz/>.

**The AIX and its related companies and their respective directors, officers and employees do not accept responsibility for the content of the information included in this document including the accuracy or completeness of any information or statements included in it. Liability for this document lies with the Issuer and other persons such as Experts whose opinions are included in this document with their consent. Nor has AIX, its directors, officers or employees assessed the suitability of the securities to which this document relates for any particular investor or type of investor. If you do not understand the contents of this document or are unsure whether the securities are suitable for your individual investment objectives and circumstances, you should consult an authorized financial advisor.**

<b>Number of the Tranche issued under the Programme</b>	[●].
<b>Type of Securities</b>	[●].
<b>Issue and trading currency</b>	[●].
<b>Aggregate principal amount</b>	[●].
<b>Nominal Value</b>	[●].
<b>Number of Bonds offered</b>	[●].
<b>Guarantee</b>	[●].
<b>ISIN</b>	[●].
<b>Issue Date</b>	[●].
<b>Maturity Date</b>	[●].
<b>Bond circulation period</b>	[●].
<b>Admission to listing and trading</b>	Applications have been made for the Bonds to be admitted to the Official List of the AIX on [●] and to trading on the AIX on [●].
<b>Coupon Interest Rate</b>	[●].

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**Terms and procedure of the coupon payment** [●].

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**Offering method** Offering of the Bonds will be made through the trading system of the AIX in accordance with the AIFC Market Rules, AIX Business Rules, AIX CSD Rules, AIX Registrar Rules.

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**Offer period opening and closing date** The Bonds can be offered during the entire period of circulation starting from the Issue Date until the Maturity Date through the trading system of the AIX in accordance with the AIFC Market Rules, AIX Business Rules, AIX CSD Rules, AIX Registrar Rules.

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**Allotment of the Bonds** There is no book-building. The settlement of the Bond's transactions executed on the AIX during the entire period of circulation period is T+2 in accordance with AIX CSD Rules and AIX Registrar Rules.

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**Repurchase at the option of the Issuer (if applicable to this Tranche)** [●].

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**Repurchase at the option of the Bondholders (if applicable to this Tranche)**

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**Estimated expenses** [●].

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**Estimated net amount of proceeds** [●].

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#### COUPON PAYMENT SCHEDULE

Number	Coupon period commencement date	Coupon period expiry date and Record Date (23:59:59 Astana time)	Coupon Payment Dates (the first day of the coupon interest payment period)	The last day of the coupon interest payment period
1	[●]	[●]	[●]	[●]
2	[●]	[●]	[●]	[●]
...	[●]	[●]	[●]	[●]
...	[●]	[●]	[●]	[●]
N	[●]	[●]	[●]	[●]

If any date for payment in respect of the Bonds is not a Business Day, the Bondholder shall not be entitled to payment nor to any coupon interest or other sum in respect of such postponed payment until the next following Business Day.

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*(Name, position)*

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*(Stamp and Signature)*

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*Date*

**SCHEDULE 3. AUDITED FINANCIAL STATEMENTS**

**Microfinance organization Finbox  
Limited Liability Partnership**

**Financial statements  
for the year ended December 31, 2022  
with the Independent Auditor's Report**

Prepared in accordance with  
International Financial Reporting Standards

# Microfinance organization Finbox LLP

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**MICROFINANCE ORGANIZATION FINBOX LLP**

**MANAGEMENT CONFIRMATION OF RESPONSIBILITY FOR THE PREPARATION AND APPROVAL OF FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022.**

Management of Microfinance organization Finbox LLP (hereinafter - the Company) is responsible for the preparation of audited financial statements that present fairly the financial position of the Company on December 31, 2022, in all material respects, and the results of its operations, cash flows and changes in equity for the period then ended, in accordance with International Financial Reporting Standards (IFRS).

In preparing financial statements, the management of the Company is responsible for:

- selection of appropriate accounting principles and applying them consistently;
- application of reasonable estimates and calculations;
- compliance with the requirements of the legislation of the Republic of Kazakhstan and International Financial Reporting Standards;
- preparation of financial statements based on the assumption that the Company will continue its activities in the foreseeable future, except for cases when such assumption is unlawful.

The management of the Company is also responsible for:

- develop, implement and ensure the functioning of an effective and reliable system of internal control in the Company;
- maintaining the accounting system, at all times preparing with sufficient accuracy information on the financial position of the Company and ensuring that the financial statements comply with the requirements of the Management;
- taking measures within its competence to protect the assets of the Company and to detect and prevent fraud and other abuses.

These financial statements of the Company for the year ended December 31, 2022 were authorized for issuance on **April 15, 2023**.

**Director**

  
D.N. Medeubekov

**Chief Accountant**

  
N.V. Glazyrina

Almaty,  
Republic of Kazakhstan



## INDEPENDENT AUDITOR'S REPORT

### To the Members and the Management of Microfinance organization Finbox LLP

#### Opinion

We have audited the accompanying financial statements of Microfinance organization Finbox LLP (hereinafter – the Company), which comprise the statement of financial position on December 31, 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended December 31, 2022, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company on December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

#### The basis for the expression of opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities in accordance with these standards are described further in the *Auditor's Responsibility for the Audit of the Financial Statements* section of our report.

We are independent of Microfinance organization Finbox LLP in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with 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 for the preparation of financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS and for the internal control system that management considers necessary to prepare financial statements that are free from material misstatement due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of the Company to continue to operate continuously, for disclosing, as appropriate, information related to business continuity, and for preparing statements based on the going concern assumption, unless management intends to liquidate the Company, terminate its activity or when it does not have any other real alternative, except liquidation or termination of activity.

Those responsible for corporate governance are responsible for overseeing the preparation of the financial statements of the Company.

#### Responsibilities of the auditor

Our goal is to obtain reasonable assurance that the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report containing our opinion. Reasonable assurance represents a high degree of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always reveal material misstatement, if any. Misstatements may be the result of fraud or error and are considered material if it can reasonably be assumed that, individually or collectively, it may affect the economic decisions of users based on these financial statements.

We apply professional judgment and maintain professional skepticism throughout the audit as part of the audit conducted in accordance with the International Auditing Standards. In addition, we do the following:

- we identify and assess the risks of material misstatement of the financial statements due to fraud or error; We develop and conduct audit procedures in response to these risks; We obtain audit evidence that is sufficient and appropriate to serve as the basis for our opinion. The risk of not detecting material misstatement as a result of fraud is higher than the risk of not detecting material misstatement as a result of an error, as fraud can include conspiracy, forgery, intentional omission, misrepresentation of information or actions that bypass the internal control system;
- we gain an understanding of the internal control system that is relevant to the audit, with the aim of developing audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control system;
- we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures by management;

- we conclude that it is legitimate for management to apply the going concern assumption, and based on the audit evidence obtained, it concludes that there is significant uncertainty in connection with events or conditions that could result in significant doubts about the Company's ability to continue its business. If we conclude that there is material uncertainty, we must draw attention in our audit report to the appropriate disclosures in the financial statements or, if such disclosures are inappropriate, to modify our opinion. Our findings are based on audit evidence obtained prior to the date of our audit opinion. However, future events or conditions may cause the Company to lose its ability to continue to operate continuously;
- we evaluate the presentation of the financial statements as a whole, its structure and content, including disclosure of information, as well as whether the financial statements represent the underlying operations and events in such a way that their reliable presentation is ensured.

We carry out informational interaction with persons responsible for corporate governance, bringing to their attention, among other things, information about the planned volume and timing of the audit, significant observations on the results of the audit, as well as significant shortcomings of the internal control system that we identify during the audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We describe these issues in our audit opinion, except when public disclosure of information about these issues is prohibited by law or regulation, or when, in extremely rare cases, we conclude that information about any issue should not be communicated in our conclusion, since it can reasonably be assumed that the negative consequences of the communication of such information will exceed the socially significant benefit of its communication.

**Other information**

The separate financial statements of the Company for the year ended December 31, 2021 were audited by IAC Russell Bedford A+ Partners LLP without qualification.

  
**Shyngysbek Sartayev**  
**Audit Partner**  
**Russell Bedford A+ Partners Ltd. PC**



License for the provision of ancillary services No. AFSA-A-LA-2020-0024 issued by AFSA, the AIFC regulatory body on July 1, 2020.

The qualification certificate of the auditor No. MF-0000297 dated November 9, 2015.

55/8 Mangilik El Avenue, Nur-Sultan,  
Z05M0M5, Republic of Kazakhstan

**April 15, 2023**  
Almaty, Republic of Kazakhstan



Microfinance organization Finbox LLP

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
for the year ended December 31, 2022  
in thousands of Kazakhstani tenge

Name of indicators	Note	2022	2021
Income related to receipt of remuneration	4	3 651 936	1 656 336
Income from reversal of provisions for possible losses on transactions	4	1 029 999	807 854
Other income	4	840 584	2 323 885
Income/expense from exchange rate differences (net)		12 095	-
<b>Total income</b>		<b>5 534 614</b>	<b>4 788 075</b>
Expenses on creation of provisions for possible losses on transactions	5	(2 670 729)	(1 528 028)
Operational expenses	5	(1 621 557)	(1 434 040)
Other expenses	5	(383 932)	(29 954)
<b>Total expenses</b>		<b>(4 676 218)</b>	<b>(2 992 022)</b>
<b>Net profit (loss) before corporate income tax</b>		<b>858 396</b>	<b>1 796 053</b>
<b>Income tax expenses</b>	6	(188 520)	(359 475)
<b>Net profit (loss) after corporate income tax</b>		<b>669 876</b>	<b>1 436 578</b>
Other comprehensive income		-	-
<b>Total net profit (loss) for the period</b>		<b>669 876</b>	<b>1 436 578</b>

These financial statements were approved by management of the Company on April 15, 2023 and signed on its behalf:

Director

D.N. Medeubekov

Chief Accountant

N.V. Glazyrina



The explanatory notes are an integral part of these financial statements



**Microfinance organization Finbox LLP**

**STATEMENT OF FINANCIAL POSITION**

**on December 31, 2022**

in thousands of Kazakhstani tenge

Name of indicators	Note	December 31, 2022	December 31, 2021
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment (less depreciation and impairment losses)	7	84 544	29 037
Intangible assets (less amortization and impairment losses)	8	18 006	20 261
Long-term loans (microloans) issued (less provisions for impairment)	9	55 823	200 289
Long-term trade and other receivables	10	-	328
Long-term advances paid	14	34 915	-
Other long-term financial assets	13	859	-
Other non-current assets	11	2 540	3 200
Deferred tax assets	6	7 764	8 418
<b>Total non-current assets</b>		<b>204 451</b>	<b>261 533</b>
<b>Current assets</b>			
Cash and cash equivalents	12	213 415	47 588
Short-term trade and other receivables	10	119 674	51 639
Other short-term financial assets	13	180 716	9 651
Short-term advances paid	14	12 983	11 472
Loans (microloans) issued (less provisions for impairment)	9	1 782 706	1 829 071
Inventories	15	127	-
Other current assets	11	38 529	701
<b>Total current assets</b>		<b>2 348 150</b>	<b>1 950 122</b>
<b>Total assets</b>		<b>2 552 601</b>	<b>2 211 655</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Authorized capital	16	100 000	70 000
Retained earnings (uncovered loss)	16	487 441	937 365
<b>Total equity</b>		<b>587 441</b>	<b>1 007 365</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payables	17	51 164	55 485
Current tax liabilities and obligatory payments to the budget	18	1 368	61 037
Short-term liabilities on long-term loans received	19	-	20 719
Other financial liabilities	20	4 500	5 300
Issued securities and debt on accrued coupon	21	1 881 103	572 611
Dividends payable	22	-	380 000
Other current liabilities	23	1 096	1 642
<b>Total current liabilities</b>		<b>1 939 231</b>	<b>1 096 794</b>



Microfinance organization Finbox LLP

STATEMENT OF FINANCIAL POSITION

on December 31, 2022

in thousands of Kazakhstani tenge

Name of indicators	Note	December 31, 2022	December 31, 2021
<b>Non-current liabilities</b>			
Long-term liabilities on loans received	19	-	73 272
Other non-current liabilities	23	25 929	34 224
<b>Total non-current liabilities</b>		<b>25 929</b>	<b>107 496</b>
<b>Total equity and liabilities</b>		<b>2 552 601</b>	<b>2 211 655</b>

These financial statements were approved by management of the Company on April 15, 2023 and signed on its behalf:

Director

D.N. Medeubekov

Chief Accountant

N.V. Glazyrina



The explanatory notes are an integral part of these financial statements



**Microfinance organization Finbox LLP**

**STATEMENT OF CASH FLOW (direct method)**

**for the year ended December 31, 2022**

in thousands of Kazakhstani tenge

<b>Name of indicators</b>	<b>2022</b>	<b>2021</b>
<b>Cash flow from operating activities</b>		
<b><i>Cash inflow, total</i></b>	<b>20 712 497</b>	<b>17 990 980</b>
including:		
service provision	3 285 449	1 293 141
repayment of microloans	16 563 440	11 975 900
other receipts	863 608	4 721 939
<b><i>Cash outflow, total</i></b>	<b>(19 703 472)</b>	<b>(17 981 981)</b>
including:		
payments to suppliers for goods and services	(262 245)	(271 216)
advances paid	(340 689)	(310 125)
payments on salaries and other remuneration of labor	(668 304)	(567 699)
other payments to the budget	(568 773)	(533 426)
payment of interest on loans received	(2 942)	(3 918)
microcredits issued	(17 739 455)	(13 479 221)
other payments	(121 064)	(2 816 376)
<b>Net cash flow from operating activities</b>	<b>1 009 025</b>	<b>8 999</b>
<b>Cash flow from investing activities</b>		
<b><i>Cash inflow, total</i></b>	<b>2 607</b>	<b>895</b>
including:		
sale of property, plant and equipment	317	20
repayment of loans	2 290	875
<b><i>Cash outflow, total</i></b>	<b>(454 032)</b>	<b>(119 819)</b>
including:		
purchase of property, plant and equipment and intangible assets	(77 307)	(20 589)
advances paid for the supply of property, plant and equipment and intangible assets	(34 915)	-
loans provision	(341 810)	(99 230)
<b>Net cash flow from investing activities</b>	<b>(451 425)</b>	<b>(118 924)</b>
<b>Cash flow from financing activities</b>		
<b><i>Cash inflow, total</i></b>	<b>1 461 539</b>	<b>791 972</b>
including:		
contribution to the authorized capital	30 000	20 000
receipts from loans	-	100 000
receipts from other financial liabilities	114 715	116 000
bond issue	1 316 824	555 972



**Microfinance organization Finbox LLP**

**STATEMENT OF CASH FLOW (direct method)  
for the year ended December 31, 2022**  
in thousands of Kazakhstani tenge

Name of indicators	2022	2021
<b>Cash outflow, total</b>	<b>(1 845 479)</b>	<b>(702 287)</b>
payments for loans received	(98 413)	(1 587)
disposals for other financial liabilities	(115 515)	(110 700)
disposal for interest on bonds	(290 651)	-
dividend payments to founders	(1 340 900)	(590 000)
<b>Net cash flow from financing activities</b>	<b>(383 940)</b>	<b>89 685</b>
<b>Total: Increase +/- decrease in cash</b>	<b>173 660</b>	<b>(20 240)</b>
Effect of exchange rates	(7 459)	-
Effect of estimated provision for expected credit losses	(374)	135
Cash and cash equivalents at the beginning of the reporting period	47 588	67 693
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>213 415</b>	<b>47 588</b>

These financial statements were approved by management of the Company on April 15, 2023 and signed on its behalf:

Director

D.N. Medeubekov

Chief Accountant

N.V. Glazyrina



The explanatory notes are an integral part of these financial statements



Microfinance organization Finbox LLP

**STATEMENT OF CHANGES IN EQUITY**  
**for the year ended December 31, 2022**  
in thousands of Kazakhstani tenge

Name of indicators	Authorized capital	Retained earnings (loss)	Total equity
<b>Balance on January 1, 2021</b>	<b>50 000</b>	<b>1 240 787</b>	<b>1 290 787</b>
Profit (loss) for the period	-	1 436 578	1 436 578
Contribution from members	20 000	-	20 000
Payment of dividends	-	(1 740 000)	(1 740 000)
<b>Balance on December 31, 2021</b>	<b>70 000</b>	<b>937 365</b>	<b>1 007 365</b>
<b>Balance on January 1, 2022</b>	<b>70 000</b>	<b>937 365</b>	<b>1 007 365</b>
Profit (loss) for the period	-	669 876	669 876
Contribution from members	30 000	-	30 000
Payment of dividends	-	(1 119 800)	(1 119 800)
<b>Balance on December 31, 2022</b>	<b>100 000</b>	<b>487 441</b>	<b>587 441</b>

These financial statements were approved by management of the Company on April 15, 2023 and signed on its behalf:

Director

  
D.N. Medeubekov

Chief Accountant

  
N.V. Glazyrina



The explanatory notes are an integral part of these financial statements



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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**NOTE 1. GENERAL INFORMATION**

Microfinance organization Finbox Limited Liability Partnership (hereinafter – the Company) is a legal entity under the legislation of the Republic of Kazakhstan, in accordance with the requirements of the Civil Code and the Law of the Republic of Kazakhstan On Partnerships with Limited and Additional Liability dated April 22, 1998.

Full name of the Company is Microfinance organization Finbox Limited Liability Partnership.

BIN 150 940 005 022

The Company is a commercial organization with the main purpose of generating income from its activities. The primary registration of the Company was held on September 7, 2015.

The Company was included in the register of microfinance organizations under No. 05.16.004 dated March 11, 2016.

Approval of the National Bank of the Republic of Kazakhstan for offering microcredits by microfinance organizations to their consumers was issued to the Company under No. 30-3-07/2218 dated April 19, 2016. License No. 02.21.0009.M. dated March 5, 2021.

The main activities of the Company are:

- activities on provision of microcredits to individuals and (or) legal entities with or without collateral in the amount and period not exceeding the requirements of the legislative acts of the Republic of Kazakhstan regulating microfinance activities.

In addition to providing microcredit, the Company has the right to carry out the following activities:

1) raising loans (except for raising money as a loan from citizens as an entrepreneurial activity) from residents and non-residents of the Republic of Kazakhstan;

2) investing own assets in securities and other financial instruments;

3) consulting services on issues related to microcredit activities

4) leasing (renting) own property

5) carrying out leasing activities;

6) selling specialized literature on microfinance organizations activity in any types of media

7) performance of functions of a paying agent and payment subagent

8) conclusion of insurance contracts on behalf of and on behalf of insurance organizations - residents of the Republic of Kazakhstan as an insurance agent

9) acting as an agent of the electronic money system in accordance with the laws of the Republic of Kazakhstan;

10) factoring operations: purchase of rights to demand payment from the buyer of goods (works, services) assuming the risk of non-payment;

11) forfeiting operations: payment of debt obligation of a buyer of goods (works, services) by purchasing a bill of exchange without a turnover to a seller

12) issuance of guarantees, sureties and other obligations providing for execution in monetary form.

Location of the Company: 114/85 Zhambyl street, Almaty city, 050012, Republic of Kazakhstan.



## Microfinance organization Finbox LLP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

The Company has branches and divisions on December 31, 2022, December 31, 2021:

Name	Quantity on	Quantity on
	December 31, 2022	December 31, 2021
Offices in the city of Almaty	16	21
Branches in the Republic of Kazakhstan	33	32
Offices of branches in the Republic of Kazakhstan	34	32

In accordance with the Charter of the Company, the Management bodies are:

- The supreme body is the General Meeting of Members.
- The executive body of the Company is the Director.

The right to sign banking and financial documents shall have

- First signature: Director
- Second signature: Chief Accountant.

The accounting of the Company is automated. The 1C-Enterprise (8.3) program is used.

The procedure for maintaining and organizing accounting is governed by the Accounting Policy of the Company, approved by the Minutes of the General Meeting No. 17 dated May 17, 2021.

Key management personnel of the Company on December 31, 2022 consists of five positions: Director, Deputy Director, Executive Director, Deputy Director for Legal Issues, Chief Accountant. Total remuneration of key management personnel included in general and administrative expenses in the statement of profit or loss and other comprehensive income was 76,925 thousand tenge on December 31, 2022.

Key management personnel of the Company on December 31, 2021 consists of five positions: Director, Deputy Director, Executive Director, Deputy Director for Legal Issues, Chief Accountant. Total remuneration of key management personnel included in general and administrative expenses in the statement of profit or loss and other comprehensive income was 75,288.00 thousand tenge on December 31, 2021.

The members of the Company on December 31, 2022, December 31, 2021 are:

Full name of the individual	On December 31, 2022		On December 31, 2021	
	Amount, in thousand of tenge	Share, in %	Amount, in thousand of tenge	Share, in %
Medeubekov Diyar Nurlanovich	60 000	60%	42 000	60%
Issayev Timur Beketovich	40 000	40%	28 000	40%
<b>Total</b>	<b>100 000,00</b>	<b>100%</b>	<b>70 000,00</b>	<b>100%</b>

The authorized capital of the Company on December 31, 2022 is 100,000 thousand tenge, in accordance with the foundation documents (Minutes No. 20 dated December 26, 2022, on increase in the authorized capital). The authorized capital was formed in full on December 31, 2022.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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**NOTE 2. BASIS FOR PREPARING FINANCIAL STATEMENTS**

**Basis for preparation**

The financial statements have been prepared under the principle of fair value accounting and only for property, plant and equipment, at historical cost.

**Significant assumptions and sources of uncertainty in estimates**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and underlying assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

**Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The Company maintains its records and provides financial statements in accordance with accounting and taxation legislation of the Republic of Kazakhstan and practices applicable in the Republic of Kazakhstan. These financial statements have been prepared on the assumption that the Company will continue in operation for the foreseeable future.

The financial statements have been prepared on the basis of the statutory accounting records.

These financial statements are presented in thousands of Kazakhstani tenge.

**Going concern**

The financial statements have been prepared on the assumption that the Company operates and will continue to operate for the foreseeable future. Thus, it is assumed that the Company has no intention or need to liquidate or substantially reduce the scope of its operations.

These financial statements do not contain any adjustments that would be necessary should the Company be unable to continue as a going concern.

**Functional currency**

Items included in the Company's financial statements are measured in the currency of the primary economic environment in which the Company operates (the functional currency). The functional currency of the Company is Tenge. The presentation currency of these financial statements of the Company is tenge. All values are rounded to the nearest thousand tenge unless otherwise stated.

**Offsetting**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when the Company has a legally enforceable right to offset the recognized amounts and the Company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expense are not offset in the statement of income or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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**Significant accounting judgments and estimates**

*Judgments*

The following judgments were used in relation to indicators of impairment in applying the accounting policies of the Company:

- The Company monitors internal and external indicators of impairment of tangible assets.
- The Company's management analyzed the likelihood of impairment indicators in relation to assets. The analysis was carried out, in particular, in connection with the ability of the equipment to work in the foreseeable future or a possible reduction in its market value.
- The work of external experts (independent appraisers) has not been conducted on December 31, 2022.

The accounting policies adopted in the preparation of the financial statements are consistent with those used in the preparation of the Company's financial statements for the year ended December 31, 2022, except for newly adopted standards effective on January 1, 2022.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2022, with early adoption permitted. However, the Company did not early-adopt the new and amended standards in the preparation of these financial statements.

- Amendment to IFRS 3 Updating a Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract
- Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards
- Amendment to IFRS 9 Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities

**Standards that have been issued but have not yet entered into force**

The following new standards, amendments and interpretations have been issued but are not yet effective up to the date of issuance of the Company's financial statements. The Company intends to adopt these standards, amendments and interpretations, if applicable, when they become effective.

- In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 Financial Instruments and IFRS 17 Insurance Contracts. The amendments provide two alternatives for entities issuing contracts within the scope of IFRS 4 Insurance Contracts, namely the temporary exemption and the overlay approach.
- In July 2020, the IASB issued an amendment to IAS 1, Classification of Liabilities as Current or Non-Current – Moving the Effective Date, which moved the effective date of the amendments to IAS 1, Classification of Liabilities as Current or Non-Current, from January 1, 2022 to January 1, 2023.
- In December 2015, the IASB deferred the effective date of the amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, indefinitely until its research project on the equity method was completed.
- Amendment to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.
- Amendment to IAS 8 – Definition of Accounting Estimates (Illustrations of Changes in Accounting Policies and Accounting Estimates)

The Company is currently evaluating the impact these amendments may have on the Company's accounting policy disclosures.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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**Uncertainty of estimates.**

The preparation of financial statements in accordance with IFRS requires management to make certain estimates and assumptions that affect the reflection of the amounts of assets and liabilities at the date of preparation of the financial statements, as well as the reflection of the amounts of income and expenses for the reporting period. Actual results may differ from these estimates.

The estimates and underlying assumptions are regularly reviewed. Changes in accounting estimates are recognized in the period in which the estimate is reviewed if the change affects only that period, or in the change period and future periods, if the change affects both current and future periods.

Uncertainty regarding these estimates and assumptions may result in results that may require significant adjustments to the carrying amount of the asset or liability in the future for which such estimates and assumptions are made.

In particular, information about significant estimates made by management in preparing the financial statements, in which there is material uncertainty, is contained in the following notes:

- Income taxes – management has made an assessment of the completeness of tax liabilities that may be audited by the tax authorities;
- Deferred tax assets – deferred tax assets are recognized to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available;
- Property, plant and equipment – valuation is made in determining the useful life of the assets. The Company estimates the remaining useful lives of items of property, plant and equipment if expectations differ from previous estimates, the changes are accounted for as a change in accounting estimates. These estimates could have a material impact on the carrying value of property, plant and equipment and the depreciation recognized in expenses;
- Accounts receivable/loans receivable – estimates are made for provisions for doubtful accounts receivable;
- Contingent liabilities – this disclosure requires management to estimate liabilities and determine the likelihood of future cash outflows.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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**NOTE 3. REVIEW OF SIGNIFICANT ASPECTS OF ACCOUNTING POLICIES**

The following significant accounting policies have been consistently applied in the preparation of the financial statements of the Company:

**Functional currency**

The Company's functional currency is defined as the currency of the primary economic environment in which it operates. The Company's functional currency is Kazakhstani tenge as the Company's principal operating activities are conducted in tenge. Transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of the transaction.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Russian ruble	6,43	5,76
US dollar	462,65	431,8
Euro	492,86	489,1

**Intangible assets**

Intangible assets acquired by the Company and having a finite useful life are accounted for at their historical cost less accumulated amortization and impairment losses. Intangible assets primarily include software acquisition costs.

The historical cost of software is the total amount paid and the fair value of any other consideration given to acquire the asset.

Expenditure, which enhances or extends the performance of computer software programs beyond their original specifications is recorded as a capital improvement and added to the original cost of the software. Intangible assets are amortized on a straight-line basis over their useful lives.

If impaired, the carrying amount of intangible assets is reduced to the higher of value in use and fair value less costs to sell.

The Company in reporting intangible assets may include:

- Trademarks;
- Computer software;
- License agreement and franchises;
- Other.

**Property, plant and equipment**

The Company considers land, buildings and constructions, machinery and equipment, vehicles and other to be PPE.

Property, plant and equipment may also include items the use of which may not bring direct economic benefits to the Company, but which are necessary to obtain benefits from the use of other items or to prevent the loss of economic benefits (indirect economic benefits).

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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The cost of each item of property, plant and equipment is depreciated over its useful life, which is determined taking into account both the physical life of the particular asset and the current assessment of economic viability and actual usage. Depreciation is charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of the individual assets.

No.	PPE group	Useful life, months
1	Buildings and constructions	240
2	Equipment	36-48
3	Vehicles	36-60
4	Computers and equipment	36-48
5	Other PPE	48-60

**Repairs and maintenance**

Expenses incurred to replace a component of an item of property, plant and equipment that is accounted for separately, are capitalized and the cost of the replaced component is written off (replacement method). Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other costs, including costs of technical supervision and capital repairs, are recognized in the statement of profit or loss and other comprehensive income as expenses of the period.

**Impairment**

The carrying value of non-current assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If any indication of impairment exists, an assessment is made as to whether the carrying amounts of the assets exceed their recoverable amounts. Such an analysis is performed separately for each asset, except for assets that do not generate cash inflows on their own. In this case, the analysis is performed at the cash-generating unit level.

A provision is made when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount to reflect the asset at the lower value. Impairment losses up to the amount previously recognized prior to valuation are recognized as a reduction in owners' equity, and the excess over the previously recognized revaluation surplus is recognized in the statement of profit or loss and other comprehensive income.

**Calculation of the recoverable amount**

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The recoverable amount of assets that do not generate cash inflows on their own is determined as part of the recoverable amount of the cash-generating unit to which the assets belong.

**Reversal of impairment losses**

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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**Inventories**

Raw materials and consumable supplies are accounted for using the weighted-average cost method and are stated at the lower of cost and net realizable value. The cost of inventories includes costs incurred in the normal course of business in bringing the material to its present location and condition. The cost of raw materials and consumable supplies represents the cost of acquisition.

Net realizable value is calculated based on estimated selling price in the ordinary course of business less incremental selling expenses.

**Accounts receivable**

Trade receivables are carried at original invoice amount (which is the fair value of the consideration receivable) less provision for impairment of these receivables. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to their original terms. The amount of the provision is the difference between the original carrying amount and the recoverable amount, which is the present value of expected payment flows. The amount of the provision is recognized in the statement of profit or loss and other comprehensive income.

**Cash and cash equivalents**

Cash and cash equivalents include cash in banks, cash in transit and on hand, short-term deposits held on call or with maturities of less than three months, and highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value, and bank overdrafts.

**Employee benefits**

*Salary system*

The Company independently determines the forms and system of salaries and provides for salary rates and salaries in employment contracts and staff schedules, while considering state tariffs as the minimum guarantee of salaries for workers and specialists of appropriate qualifications. The form, system and amount of remuneration, as well as other types of income of employees shall be established by the Employment Agreement.

*Pension contributions*

Employees of the Company, are responsible for their pension contributions in accordance with the current legislation of the Republic of Kazakhstan on pension provision. The Company, being an agent under the same legislation, is only obliged to withhold pension contributions from employees and transfer them to pension funds.

*Social security*

In accordance with the current legislation on social security, Companies in Kazakhstan are obliged to pay mandatory social contributions for their employees, which go to special personal accounts opened with the State Social Insurance Fund. These accumulations may be used within the limits established by the state only for payment of disability and loss of job benefits, and, since 2008, for the time spent on maternity leave as well.

**Income**

Income is recognized to the extent that it is probable that economic benefits will flow to the Company and the amount of income can be measured reliably. Income does not include any indirect taxes.

Revenues are measured at the fair value of the consideration received or receivable.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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**Income tax**

Income tax for the reporting year includes current and deferred tax. Income tax is recognized in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognized directly in equity. In those cases, it is recognized in equity. Current tax expense is the expected tax payable on taxable income for the reporting year and an adjustment to tax payable for prior years.

Deferred tax is determined using the balance method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized 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 assets are recognized only to the extent that it is probable that future taxable income will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**Borrowing costs**

All borrowing costs are recognized in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

**Dividends**

Dividends are recognized as a liability in the period in which they are approved.

**Financial instruments**

*The main approaches to valuation*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is a quoted market price in an active market. An active market is one in which transactions for the asset or liability occurs with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial instruments traded in an active market is measured as the amount obtained by multiplying the quoted market price for the individual asset or liability by the number of instruments held by the Company. This is the case even if the normal daily market turnover is insufficient to absorb the quantity of assets and liabilities held and placing orders to sell positions in an individual transaction might affect the market quotation.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investee are used to fair value certain financial instruments for which external market pricing information is not available. The results of the fair value measurements are analyzed and allocated by level in the fair value hierarchy.

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



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

*The effective interest method* is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or, when appropriate, a shorter period to the gross carrying amount of the financial instrument. Such premiums or discounts are amortized over the expected life of the instrument. The present value calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate. For assets that are purchased or originated credit-impaired (POCI) financial assets at initial recognition, the effective interest rate is adjusted for credit risk, i.e. it is calculated based on the expected cash flows at initial recognition rather than the contractual cash flows.

*(ii) Initial recognition of financial instruments*

Financial instruments at fair value through profit or loss are initially recognized at fair value. All other financial instruments are initially recorded at fair value, including transaction costs. The best evidence of fair value at initial recognition is the transaction price. A profit or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation model whose inputs include only data from observable markets. After initial recognition, for financial assets measured at amortized cost and investments in debt instruments measured at fair value through other comprehensive income, a valuation provision for expected credit losses is recognized, resulting in an accounting loss recognized immediately after initial recognition of the asset.

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

*(iii) Classification and subsequent measurement of financial assets: measurement categories*

The Company classifies financial assets using the following measurement categories: measured at fair value through profit or loss, measured at fair value through other comprehensive income, and measured at amortized cost. The classification and subsequent measurement of debt financial assets depends on: (i) the Company’s business model for managing the related asset portfolio and (ii) the cash flow characteristics of the asset.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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*(iv) Classification and subsequent measurement of financial assets: the business model*

The business model reflects the manner in which the Company manages assets to generate cash flows, whether the Company's objective is to (i) only receive contractual cash flows from the assets ("holding assets to generate contractual cash flows"), or (ii) to generate contractual cash flows and cash flows from the sale of the assets or, if neither (i) nor (ii) applies, the financial assets qualify as "other" business models and are measured at fair value through profit or loss.

The business model is determined for a group of assets (at the portfolio level) based on all relevant evidence of the activities that the Company intends to undertake to achieve the objective established for the portfolio available at the measurement date. Factors considered by the Company in determining the business model include the purpose and composition of the portfolio, past experience in generating cash flows from the relevant assets and approaches to measurement and risk management.

*(v) Classification and subsequent measurement of financial assets: characteristics of cash flows*

If the business model requires assets to be held to collect contractual cash flows or to generate contractual cash flows and sales, the Company evaluates whether the cash flows represent solely payments of principal and interest ("SPPI test").

Financial assets with embedded derivatives are considered in the aggregate to determine whether their cash flows represent solely payments of principal and interest. In making this assessment, the Company considers whether the contractual cash flows are consistent with the terms of the underlying loan agreement, i.e., interest only includes compensation for credit risk, time value of money, other risks of the underlying loan agreement and a profit margin.

If the terms of the contract provide for exposure to risk or volatility that does not meet the terms of the underlying loan agreement, the corresponding financial asset is classified and measured at fair value through profit or loss. The test for payments of principal and interest only is performed at initial recognition of the asset and no subsequent reassessment is made.

*(vi) Reclassification of financial assets*

Financial instruments are reclassified only if the business model for managing the portfolio as a whole is changed. Reclassifications are made prospectively from the beginning of the first reporting period following a change in the business model. The Company has not changed its business model during the current or comparative period and has not made any reclassifications.

*(vii) Impairment of financial assets: measurement provision for expected credit losses*

Based on forecasts, the Company estimates expected credit losses associated with debt instruments measured at amortized cost and at fair value through other comprehensive income and risks arising from loan commitments and financial guarantee contracts. The Company estimates expected credit losses and recognizes a valuation provision for credit losses at each reporting date. The estimate of expected credit losses reflects an unbiased and probability-weighted amount determined by estimating a range of possible outcomes, (ii) the time value of money, and (iii) all reasonable and supportable information about past events, current conditions and projected future economic conditions available at the reporting date without undue cost or effort.

Debt instruments measured at amortized cost are presented in the statement of financial position net of any provision for expected credit losses. A separate provision for expected credit losses is recognized for loan commitments and financial guarantees within liabilities in the statement of financial position. Changes in the amortized cost of debt instruments measured at fair value through other comprehensive income without provision for expected credit losses are recognized in profit or loss. Other changes in the carrying amount are recorded in other comprehensive income as gains less losses from debt instruments measured through other comprehensive income.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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The Company applies a “three-step” impairment accounting model based on changes in credit quality since initial recognition. The financial instrument, which is not impaired at initial recognition, is classified as a Stage 1 financial instrument. For Stage 1 financial assets, expected credit losses are measured at an amount equal to a portion of the lifetime expected credit losses that arise from defaults that may occur over the next 12 months or until the contractual maturity date, if it occurs before the 12-month period (12-month expected credit losses). If the Company identifies a significant increase in credit risk since initial recognition, the asset is transferred to Stage 2 and expected credit losses on that asset are measured based on expected credit losses over the full term, that is, through the contractual maturity date, but including expected prepayments, if provided for (expected credit losses over the full term). If the Company determines that a financial asset is impaired, the asset is transferred to Stage 3 and the expected credit losses thereon are measured as expected credit losses over the entire term.

*(viii) Write-off of financial assets*

Financial assets are written off in whole or in part when the Company has exhausted all practicable means of recovery and concludes that expectations regarding recovery of such assets are unjustified. A write-off represents a derecognition. The Company may write off financial assets that are still in the process of collection when the Company attempts to collect amounts due under the contract even though it has no reasonable expectation of collection.

*(ix) Derecognition of financial assets*

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

*(x) Modification of financial assets*

Sometimes, the Company renegotiates or otherwise modifies the contractual terms of financial assets. The Company assesses whether the contractual modification of cash flows is significant considering, among other things, the following factors: the existence of new contractual terms that significantly affect the risk profile of the asset (e.g., profit participation or return on equity), a significant change in interest rates, changes in currency denominations, new or additional credit enhancements that significantly affect the credit risk of the asset, or significant extensions of credit terms.

If the modified terms differ materially such that the rights to cash flows from the original asset expire, the Company derecognizes the original financial asset and recognizes the new asset at fair value. The date of renegotiation is the date of initial recognition for the purposes of calculating the subsequent impairment, including to determine whether there has been a significant increase in credit risk. The Company also assesses whether the new loan or debt instrument meets the criterion of making payments solely on account of principal and interest. Any difference between the carrying amount of the original asset derecognized and the fair value of the new, substantially modified asset is recognized in profit or loss, unless the substance of the difference relates to an equity transaction with owners.



**NOTES TO THE FINANCIAL STATEMENTS  
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In situations where the renegotiation was due to financial difficulties of the counterparty and its inability to meet the originally agreed payments, the Company compares the original and adjusted expected cash flows of the asset for any significant difference between the risks and rewards of the asset as a result of the modification of the contractual terms. If the risks and rewards do not change, there is no significant difference between the modified asset and the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows at the original effective interest rate (or the credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets) and recognizes the profit or loss on the modification in profit or loss.

*(xi) Categories for measurement of financial liabilities*

Financial liabilities are classified as subsequently measured at amortized cost other than: (i) financial liabilities measured at fair value through profit or loss: this classification applies to derivative financial instruments, financial liabilities held for trading (such as short positions in securities), contingent consideration recognized by the acquirer in a business combination, and other financial liabilities designated as such upon initial recognition; and (ii) financial guarantee contracts and loan commitments.

*(xii) Derecognition of financial liabilities*

Financial liabilities are derecognized when they are extinguished (i.e., when the obligation specified in the contract is discharged or terminated or expires).

An exchange of debt instruments with substantially different terms between the Company and its original lenders, as well as material modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Terms are considered to be substantially different if the discounted present value of the cash flows under the new terms, including all fees paid less fees received, discounted using the original effective interest rate, differs by at least 10% from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency in which the instrument is denominated, changes in the type of interest rate, new terms of the instrument's conversion and changes in the terms of the loan covenants, are taken into account. If an exchange or modification of terms is accounted for as redemption, any costs or fees paid are recognized in profit or loss on redemption. If the exchange or modification is not accounted for as an extinguishment, any costs or fees paid are recognized as an adjustment to the carrying amount of the liability and are amortized over the remaining term of the modified liability.

Modifications to liabilities that do not result in extinguishment are accounted for as a change in estimate under the cumulative retrospective amortization method, with a profit or loss recognized in profit or loss, unless the economic substance of the difference in the carrying amount relates to an equity transaction with owners.

*(xiii) Offsetting of financial instruments*

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts, and there is an intention to either settle on a net basis, or to realize the asset and settle the liability simultaneously. The right of set-off under consideration (a) must not be contingent on possible future events and (b) must be legally enforceable in the following circumstances: (i) in the ordinary course of business, (ii) in the event of default (event of default) and (iii) in the event of insolvency or bankruptcy.



**NOTES TO THE FINANCIAL STATEMENTS  
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*Subsequent events*

Events occurring after the end of the year that provide additional information about the Company's position on the date of the financial statements (adjusting events) are reflected in the financial statements. Events that occurred after the end of the reporting year and are not adjusting events are disclosed in the notes to the financial statements if they are material.

*Related parties*

The party is related to the organization, when the party directly or indirectly through one or more intermediaries controls the organization, owns an interest in the Company and has significant influence (more than 20%); the party conducts joint activities with the Company; organizations, whose first manager is the head of the Company on a combined basis; the party with which the Company enters into significant transactions on the basis of its economic dependence on it.

**NOTE 4. INCOME.**

The following tables provide an analysis of the main components of income for the reporting period:

<i>in thousands of Kazakhstani tenge</i>	<b>2022</b>	<b>2021</b>
Income from receipt of interest on issued microloans	3 651 936	1 656 336
Income from reversal of provisions for possible losses on operations on microcredits issued	1 029 999	807 854
Income from exchange rate differences (net)	12 095	-
Other income	840 584	2 323 885
<b>Total</b>	<b>5 534 614</b>	<b>4 788 075</b>

Other income is represented by the following types of income:

<i>in thousands of Kazakhstani tenge</i>	<b>2022</b>	<b>2021</b>
Income from accrual of penalties on microloans and administrative fines on employees, other income	824 734	2 313 472
Income from securities	14 500	5 972
Income from (accrual)/recovery of discount	-	4 421
Income from sale of assets	322	20
Other income	1 028	-
<b>Total</b>	<b>840 584</b>	<b>2 323 885</b>

Income from exchange rate differences is presented as follows:

<i>in thousands of Kazakhstani tenge</i>	<b>2022</b>	<b>2021</b>
Income from exchange rate differences	49 235	3
Expenses from exchange rate differences	(37 140)	(3)
<b>Income/expenses from exchange rate differences (net)</b>	<b>12 095</b>	<b>-</b>



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**NOTE 5. EXPENSES.**

Analysis of the main components of expenses for the reporting period:

<i>in thousands of Kazakhstani tenge</i>	<b>2022</b>	<b>2021</b>
Expenses on creation of provisions for possible losses on operations on microcredits issued	(2 670 729)	(1 528 028)
Operational expenses	(1 621 557)	(1 434 040)
Other expenses	(383 932)	(29 954)
<b>Total</b>	<b>(4 676 218)</b>	<b>(2 992 022)</b>

The following tables provide an analysis of the main components of operational expenses:

	<i>in thousands of Kazakhstani tenge</i>	
<b>Operational expenses</b>	<b>2022</b>	<b>2021</b>
Salaries and other payroll expenses	(833 668)	(712 297)
Rent of premises	(168 067)	(155 855)
Notary services	(152 012)	(193 459)
Advertising expenses	(53 927)	(49 458)
Social tax	(47 427)	(41 599)
Expenses from write-off of inventory	(47 465)	(29 771)
Acceptance and transfer of payments	(32 962)	(27 082)
Depreciation of PPE and amortization of IA	(23 671)	(14 724)
Communication, internet and postal services	(23 314)	(17 201)
Social contributions	(22 490)	(17 851)
CSHI contributions	(21 102)	(11 486)
Archive management services	(18 759)	(19 427)
SMS sending services	(18 075)	(10 944)
Security services	(17 841)	(18 222)
Fee for placement of outdoor advertising	(15 690)	(14 033)
Bond issue expenses	(11 919)	(10 799)
Services on repair of premises	(12 067)	(13 821)
Bank services	(9 556)	(7 785)
Software maintenance services	(3 870)	(8 780)
Fee and commission expense	-	(7 203)
Other services	(87 675)	(52 243)
<b>Total</b>	<b>(1 621 557)</b>	<b>(1 434 040)</b>

Other expenses consist of the following types of expenses:

<i>in thousands of Kazakhstani tenge</i>	<b>2022</b>	<b>2021</b>
Expenses from coupon payment	(316 373)	(22 611)
Other expenses	(56 098)	(1 302)
Expenses from accrual/amortization of discount	(5 802)	-
Expenses related to payment of interest	(3 467)	(4 605)
Expenses from valuation provisions for expected credit losses	(1 742)	(1 070)
Expenses from disposal of assets	(450)	(366)
<b>Total</b>	<b>(383 932)</b>	<b>(29 954)</b>



NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 6. INCOME TAX.**

The income tax rate is 20% in 2022 and 2021:

<i>in thousands of Kazakhstani tenge</i>	<u>2022</u>	<u>2021</u>
Current income tax	(187 866)	(359 330)
Savings on deferred income tax	(654)	(145)
<b>Income tax expense</b>	<b>(188 520)</b>	<b>(359 475)</b>

a) The reconciliation of pretax income tax with theoretical income tax at a tax rate of 20% for the year ended December 31 is as follows:

<i>in thousands of Kazakhstani tenge</i>	<u>2022</u>	<u>2021</u>
Profit before income tax expense	858 396	1 796 053
Statutory income tax rate	20%	20%
<b>Contingent income tax expense</b>	<b>(171 679)</b>	<b>(359 210)</b>
Tax effect of permanent differences	(16 841)	(265)
<b>Income tax expense</b>	<b>(188 520)</b>	<b>(359 475)</b>

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial and tax accounting purposes. Deferred income tax assets and liabilities are measured at the rates that are expected to apply to the period when the assets are recovered or the liabilities are settled.

b) Deferred tax assets/liabilities for the period beginning January 1, 2022 and ended December 31, 2022 were:

	<u>Tax accounting</u>	<u>Accounting</u>	<u>Difference</u>
<b>Deferred tax asset, including:</b>			
Provision for employee vacations	-	44 737	44 737
Taxes payable	41	1 368	1 327
Provision for expected credit losses	-	621	621
Provisions for doubtful debts	-	8 408	8 408
<b>Total deferred tax asset (20%)</b>	<b>8</b>	<b>11 027</b>	<b>11 019</b>
<b>Deferred tax liability, including:</b>			
Property, plant and equipment and intangible assets	86 275	102 550	(16 275)
<b>Total deferred tax liability (20%)</b>	<b>17 255</b>	<b>20 510</b>	<b>(3 255)</b>
<b>Net deferred tax asset (liability)</b>			<b>7 764</b>



**NOTES TO THE FINANCIAL STATEMENTS  
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c) Deferred tax assets/liabilities for the period beginning January 1, 2021 and ended December 31, 2021 were:

<i>Deferred tax asset, including:</i>	<b>Tax accounting</b>	<b>Accounting</b>	<b>Difference</b>
Provision for employee vacations	-	45 079	45 079
Taxes payable	19	1 143	1 124
Provision for expected credit losses	-	6 663	6 663
<b>Total deferred tax asset</b>	<b>4</b>	<b>10 577</b>	<b>10 573</b>
<i>Deferred tax liability, including:</i>	<b>Tax accounting</b>	<b>Accounting</b>	<b>Difference</b>
Property, plant and equipment and intangible assets	42 941	49 298	(6 357)
Loans received	93 992	98 413	(4 421)
<b>Total deferred tax liability</b>	<b>27 387</b>	<b>29 542</b>	<b>(2 155)</b>
<b>Net deferred tax asset (liability)</b>			<b>8 418</b>

**NOTE 7. PROPERTY, PLANT AND EQUIPMENT.**

a) The movements in property, plant and equipment for the period from January 1, 2022 to December 31, 2022, were as follows:

<i>in thousands of Kazakhstani tenge</i>	<b>Computers</b>	<b>Machinery and equipment</b>	<b>Other (office furniture)</b>	<b>Vehicles</b>	<b>Total</b>
<b>Cost</b>					
On January 1, 2022	<b>68 641</b>	<b>22 057</b>	<b>15 023</b>	-	<b>105 721</b>
Receipts	13 345	3 647	1 602	57 097	75 691
Reclassification	10	-	(10)	-	-
Disposal / write-off	(2 871)	(721)	(838)	-	(4 430)
<b>On December 31, 2022</b>	<b>79 125</b>	<b>24 983</b>	<b>15 777</b>	<b>57 097</b>	<b>176 982</b>
<b>Depreciation</b>					
<b>On January 1, 2022</b>	<b>(52 036)</b>	<b>(13 944)</b>	<b>(10 704)</b>	-	<b>(76 684)</b>
Depreciation expense	(9 508)	(3 746)	(1 753)	(4 681)	(19 688)
Depreciation of written-off	2 790	536	608	-	3 934
<b>On December 31, 2022</b>	<b>(58 754)</b>	<b>(17 154)</b>	<b>(11 849)</b>	<b>(4 681)</b>	<b>(92 438)</b>
<b>Residual value</b>					
<b>On January 1, 2022</b>	<b>16 605</b>	<b>8 113</b>	<b>4 319</b>	-	<b>29 037</b>
<b>On December 31, 2022</b>	<b>20 371</b>	<b>7 829</b>	<b>3 928</b>	<b>52 416</b>	<b>84 544</b>



Microfinance organization Finbox LLP

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b) The movements in property, plant and equipment for the period from January 1, 2021 to December 31, 2021, were as follows:

<i>in thousands of Kazakhstani tenge</i>	Computers	Machinery and equipment	Other (office furniture)	Total
<b>Cost</b>				
On January 1, 2021	57 578	17 681	13 568	88 827
Receipts	12 539	5 143	1 945	19 627
Disposal / write-off	(1 476)	(767)	(490)	(2 733)
<b>On December 31, 2021</b>	<b>68 641</b>	<b>22 057</b>	<b>15 023</b>	<b>105 721</b>
<b>Depreciation</b>				
On January 1, 2021	(46 332)	(11 480)	(9 038)	(66 850)
Depreciation expense	(7 126)	(3 119)	(1 936)	(12 181)
Depreciation of written-off	1 422	655	270	2 347
<b>On December 31, 2021</b>	<b>(52 036)</b>	<b>(13 944)</b>	<b>(10 704)</b>	<b>(76 684)</b>
<b>Residual value</b>				
On January 1, 2021	11 246	6 201	4 530	21 977
On December 31, 2021	16 605	8 113	4 319	29 037

NOTE 8. INTANGIBLE ASSETS.

a) The movements in intangible assets for the period from January 1, 2022 to December 31, 2022, were as follows:

<i>in thousands of Kazakhstani tenge</i>	Software	Licenses	Other intangible assets	Total
<b>Cost</b>				
On January 1, 2022	21 791	437	5 809	28 037
Receipts	-	1 728	-	1 728
Disposal / write-off				
<b>On December 31, 2022</b>	<b>21 791</b>	<b>2 165</b>	<b>5 809</b>	<b>29 765</b>
<b>Depreciation</b>				
On January 1, 2022	(4 628)	(437)	(2 711)	(7 776)
Depreciation expense	(1 962)	(1 440)	(581)	(3 983)
<b>On December 31, 2022</b>	<b>(6 590)</b>	<b>(1 877)</b>	<b>(3 292)</b>	<b>(11 759)</b>
<b>Residual value</b>				
On January 1, 2022	17 163	-	3 098	20 261
On December 31, 2022	15 201	288	2 517	18 006



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b) The movements in intangible assets for the period from January 1, 2021 to December 31, 2021, were as follows:

<i>in thousands of Kazakhstani tenge</i>	Software	Licenses	Other intangible assets	Total
<b>Cost</b>				
<b>On January 1, 2021</b>	20 629	437	5 809	26 875
Receipts	1 162	-	-	1 162
<b>On December 31, 2021</b>	21 791	437	5 809	28 037
<b>Depreciation</b>				
<b>On January 1, 2021</b>	(2 666)	(437)	(2 130)	(5 233)
Depreciation expense	(1 962)	-	(581)	(2 543)
<b>On December 31, 2021</b>	(4 628)	(437)	(2 711)	(7 776)
<b>Residual value</b>				
<b>On January 1, 2021</b>	17 963	-	3 679	21 642
<b>On December 31, 2021</b>	17 163	-	3 098	20 261

**NOTE 9. LOANS (MICROLOANS) ISSUED (LESS PROVISIONS FOR IMPAIRMENT).**

Loans (microloans) issued (less provisions for impairment)

- short-term loans (microloans) issued (less provisions for impairment)

<i>in thousands of Kazakhstani tenge</i>	December 31, 2022	December 31, 2021
Microloans (loans) issued	4 823 961	3 600 643
Accrued interest	764 808	402 560
Accrued penalties	2 349	2 163
<b>Total</b>	<b>5 591 118</b>	<b>4 005 366</b>
Provisions	(3 808 412)	(2 176 295)
<b>Total including provisions</b>	<b>1 782 706</b>	<b>1 829 071</b>

- long-term loans (microloans) issued (less provisions for impairment)

<i>in thousands of Kazakhstani tenge</i>	December 31, 2022	December 31, 2021
Microloans (loans) issued	63 188	205 921
<b>Total</b>	<b>63 188</b>	<b>205 921</b>
Provisions	(7 365)	(5 632)
<b>Total including provisions</b>	<b>55 823</b>	<b>200 289</b>

- by the method of collateral:

<i>in thousands of Kazakhstani tenge</i>	December 31, 2022	
	collateral	non-collateral
Microloans (loans) issued	178 968	4 708 181
Accrued interest	18 483	746 325
Accrued penalties	2 349	-
<b>Total</b>	<b>199 800</b>	<b>5 454 506</b>
Provisions	(123 494)	(3 692 283)
<b>Total including provisions</b>	<b>76 306</b>	<b>1 762 223</b>



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<i>in thousands of Kazakhstani tenge</i>	<b>December 31, 2021</b>	
	collateral	non-collateral
Microloans (loans) issued	308 577	3 497 988
Accrued interest	11 808	390 751
Accrued penalties	2 163	-
<b>Total</b>	<b>322 548</b>	<b>3 888 739</b>
Provisions	(59 263)	(2 122 664)
<b>Total including provisions</b>	<b>263 285</b>	<b>1 766 075</b>

a) Classification of loans and provisions created against them for the period from January 1, 2022 to December 31, 2022:

- classification of short-term loans and provisions created against them for the period from January 1, 2022 to December 31, 2022:

<b>The group of microloans according to the classification</b>	<i>in thousands of Kazakhstani tenge</i>			
	<b>Total principal amount</b>	<b>Amount of accrued remuneration</b>	<b>Amount of accrued penalty</b>	<b>Amount of actually created provisions</b>
<i>Standard</i>	-	-	-	-
<i>Doubtful</i>	<b>4 358 213</b>	<b>663 209</b>	-	<b>(3 241 064)</b>
- not overdue	1 114 069	121 781	-	(31 564)
- restructured	2 651 257	396 352	-	(3 047 609)
- from 1 to 30 days overdue	330 459	81 144	-	(50 622)
- from 31 to 90 days overdue	262 428	63 932	-	(111 269)
<i>Unreliable (more than 90 days overdue)</i>	<b>465 748</b>	<b>101 599</b>	<b>2 349</b>	<b>(567 348)</b>
<b>Total</b>	<b>4 823 961</b>	<b>764 808</b>	<b>2 349</b>	<b>(3 808 412)</b>
<b>1 782 706</b>				

- classification of long-term loans and provisions created against them for the period from January 1, 2022 to December 31, 2022:

<b>The group of microloans according to the classification</b>	<i>in thousands of Kazakhstani tenge</i>		
	<b>Total principal amount</b>	<b>Amount of accrued remuneration</b>	<b>Amount of actually created provisions</b>
<i>Standard</i>	-	-	-
<i>Doubtful</i>	<b>61 365</b>	-	<b>(5 542)</b>
- not overdue	37 000	-	(2 641)
- from 1 to 30 days overdue	24 365	-	(2 901)
- from 31 to 90 days overdue	-	-	-
<i>Unreliable (more than 90 days overdue)</i>	<b>1 823</b>	-	<b>(1 823)</b>
<b>Total</b>	<b>63 188</b>	-	<b>(7 365)</b>
<b>Total carrying amount including created provisions</b>			<b>55 823</b>



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b) Classification of loans and provisions created against them for the period from January 1, 2021 to December 31, 2021:

- classification of short-term loans and provisions created against them for the period from January 1, 2021 to December 31, 2021:

The group of microloans according to the classification	<i>in thousands of Kazakhstani tenge</i>			
	Total principal amount	Amount of accrued remuneration	Amount of accrued penalty	Total amount of actually created provisions
<i>Standard</i>	-	-	-	-
<i>Doubtful</i>	1 720 801	302 132	-	(196 025)
- from 1 to 30 days overdue	1 443 514	222 242	-	(78 880)
- from 31 to 90 days overdue	277 287	79 890	-	(117 145)
<i>Unreliable (more than 90 days overdue)</i>	1 879 842	100 428	2 163	(1 980 270)
<b>Total</b>	<b>3 600 643</b>	<b>402 560</b>	<b>2 163</b>	<b>(2 176 295)</b>
<b>Total carrying amount including created provisions</b>				<b>1 829 071</b>

- classification of long-term loans and provisions created against them for the period from January 1, 2021 to December 31, 2021:

The group of microloans according to the classification	<i>in thousands of Kazakhstani tenge</i>		
	Total principal amount	Amount of accrued remuneration	Total amount of actually created provisions
<i>Standard</i>	-	-	-
<i>Doubtful</i>	205 921	-	(5 632)
- from 1 to 30 days overdue	184 400	-	(4 619)
- from 31 to 90 days overdue	21 521	-	(1 013)
<i>Unreliable (more than 90 days overdue)</i>	-	-	-
<b>Total</b>	<b>205 921</b>	<b>-</b>	<b>(5 632)</b>
<b>Total carrying amount including created provisions</b>			<b>200 289</b>

**NOTE 10. TRADE AND OTHER RECEIVABLES.**

*in thousands of Kazakhstani tenge*

	December 31, 2022	December 31, 2021
Short-term trade and other receivables	119 674	51 639
Long-term trade and other receivables	-	328



**NOTES TO THE FINANCIAL STATEMENTS  
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Short-term trade and other receivables were formed by the following items:

*in thousands of Kazakhstani tenge*

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Short-term debts of accountable persons	119 674	51 639
<b>Total</b>	<b>119 674</b>	<b>51 639</b>

Long-term trade and other receivables were formed by the following items:

*in thousands of Kazakhstani tenge*

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Debts on paid salaries	3	162
Other long-term debts of employees (theft, deterioration, material damage, etc.)	2 401	2 401
Valuation provision for expected credit losses	(2 404)	(2 235)
<b>Total</b>	<b>-</b>	<b>328</b>

The most of the accountability on December 31, 2021 and 2022, was given to the following persons:  
-2022:

<i>in thousands of Kazakhstani tenge</i>	<b>Short-term debts of accountable persons on January 1, 2022</b>	<b>Issued to account</b>	<b>Return of sub- account</b>	<b>Short-term debts of accountable persons on December 31, 2022</b>
Y.A. Shulgina	29 100	2 756 815	(2 672 565)	113 350
<b>Total</b>	<b>29 100</b>	<b>2 756 815</b>	<b>(2 672 565)</b>	<b>113 350</b>

- 2021:

<i>in thousands of Kazakhstani tenge</i>	<b>Short-term debts of accountable persons on January 1, 2021</b>	<b>Issued to account</b>	<b>Return of sub-account</b>	<b>Short-term debts of accountable persons on December 31, 2021</b>
D.N. Medeubekov	165 000	231 000	(396 000)	-
T.B. Issayev	110 000	154 000	(264 000)	-
Y.A. Shulgina	49 950	1 641 415	(1 662 265)	29 100
<b>Total</b>	<b>324 950</b>	<b>2 026 415</b>	<b>(2 322 265)</b>	<b>29 100</b>

**NOTE 11. OTHER ASSETS.**

Other non-current assets consisted of the following items:

*in thousands of Kazakhstani tenge*

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Debts on claims	1 195	1 195
Security deposits under lease agreements	2 540	2 302
Debts on outstanding amounts	-	148
Debts on refunds (state fees, other)	2 365	2 993
Valuation provision for expected credit losses	(3 560)	(3 438)
<b>Total</b>	<b>2 540</b>	<b>3 200</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

Other current assets consisted of the following items:

<i>in thousands of Kazakhstani tenge</i>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Short-term future expenses	1 728	636
Debt on claims	1 191	625
Other debts	262	123
Current tax claim on other taxes	46	60
Current corporate income tax claim	36 366	-
Valuation provision for expected credit losses	(1 064)	(743)
<b>Total</b>	<b>38 529</b>	<b>701</b>

**NOTE 12. CASH AND CASH EQUIVALENTS.**

<i>in thousands of Kazakhstani tenge</i>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Cash on hand	2 503	2 120
Cash in current bank accounts	187 787	17 283
Cash in correspondent accounts	2 981	9 051
Cash in transit	20 765	18 020
Cash in other accounts	-	1 361
Valuation provision for expected credit losses	(621)	(247)
<b>Total</b>	<b>213 415</b>	<b>47 588</b>

Bank accounts are opened in the following second-tier banks of the Republic of Kazakhstan:

<i>in thousands of Kazakhstani tenge</i>	S&P/ Moody's Rating	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Kaspi bank JSC	BB/stable	47 329	17 283
Halyk Bank JSC	BB+/stable	143 439	-
Sberbank JSC	-	-	9 051
<b>Total</b>		<b>190 768</b>	<b>26 332</b>

No interest shall accrue on the current accounts of the Company.

No restriction is placed on the funds above or on their use as security for any warranties.

**NOTE 13. OTHER FINANCIAL ASSETS.**

Debts on loans issued to employees were formed under interest-free loans provided to employees (financial aid) under the concluded agreements:

Other financial assets consisted of the following items:

- other short-term financial assets:

<i>in thousands of Kazakhstani tenge</i>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Debts on loans issued to employees	180 716	9 651

- other long-term financial assets:

<i>in thousands of Kazakhstani tenge</i>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Debts on loans issued to employees	859	-



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE 14. ADVANCES ISSUED.**

Advances paid on December 31, 2022 and 2021 included the following:

<i>in thousands of Kazakhstani tenge</i>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
<b>Short-term advances issued, including:</b>	<b>12 983</b>	<b>11 472</b>
advances paid on leases	8 613	6 325
advances paid to other suppliers and contractors	4 370	5 147
<b>Long-term advances issued, including:</b>	<b>34 915</b>	-
advances paid to other suppliers and contractors	34 915	-

**NOTE 15. INVENTORIES.**

<i>in thousands of Kazakhstani tenge</i>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Inventories	127	-
<b>Total</b>	<b>127</b>	-

Raw materials mainly include office and other supplies.

A) Movement of inventories for the period from January 1 to December 31, 2022:

<i>in thousands of Kazakhstani tenge</i>	<b>Raw materials and supplies</b>	<b>Goods</b>	<b>Total</b>
<b>On January 1, 2022</b>	-	-	-
Receipts	48 295	97	48 392
Return to supplier	(63)	-	(63)
Written off for administrative and business needs	(47 368)	(97)	(47 465)
Used for maintenance	(737)	-	(737)
<b>On December 31, 2022</b>	<b>127</b>	-	<b>127</b>

b) Movement of inventories for the period from January 1 to December 31, 2021:

<i>in thousands of Kazakhstani tenge</i>	<b>Raw materials and supplies</b>	<b>Goods</b>	<b>Total</b>
<b>On January 1, 2021</b>	<b>806</b>	-	<b>806</b>
Receipts	30 332	112	30 444
Written off for administrative and business needs	(31 138)	(112)	(31 250)
<b>On December 31, 2021</b>	-	-	-

**NOTE 16. EQUITY**

The amount of Company's authorized capital is 100 000 000,00 tenge, the amount of unpaid capital on December 31, 2022 is absent.



Microfinance organization Finbox LLP

NOTES TO THE FINANCIAL STATEMENTS  
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The members of the Company on December 31, 2022 and 2021 are:

Full name of individual	On December 31, 2022		On December 31, 2021	
	Amount, in thousand of tenge	Share, in %	Amount, in thousand of tenge	Share, in %
Medeubekov Diyar Nurlanovich	60 000	60%	42 000	60%
Issayev Timur Beketovich	40 000	40%	28 000	40%
<b>Total</b>	<b>100 000</b>	<b>100%</b>	<b>70 000</b>	<b>100%</b>

The decision to increase the authorized capital was made in accordance with the Minutes of the Extraordinary General Meeting of Members No. 20 dated December 26, 2022. The authorized capital on December 31, 2022 was formed in full.

According to the Minutes of the Extraordinary General Meeting of Members No. 6 dated June 17, 2022, No. 12 dated August 17, 2022 and No. 17 dated December 27, 2022, decisions were made on the distribution of dividends among the participants of the Company:

<i>in thousands of Kazakhstani tenge</i>	December 31, 2022	December 31, 2021
<b>Authorized capital</b>	<b>100 000</b>	<b>70 000</b>
Paid-in capital	100 000	70 000
Retained earnings/loss of previous years	937 365	1 240 814
Retained earnings/loss of the reporting period	669 876	1 436 578
Adjustment of profit of previous years	-	(27)
Payment of dividends	(1 119 800)	(1 740 000)
<b>Total retained earnings/loss</b>	<b>487 441</b>	<b>937 365</b>
<b>Total equity</b>	<b>587 441</b>	<b>1 007 365</b>

NOTE 17. ACCOUNTS PAYABLE.

<i>in thousands of Kazakhstani tenge</i>	December 31, 2022	December 31, 2021
Accounts payable	51 164	55 485
<b>Total</b>	<b>51 164</b>	<b>55 485</b>

All payables are denominated in Kazakhstani tenge, there are no payables in foreign currency on December 31, 2022 and December 31, 2021.

Accounts payable were formed by the following items:

<i>in thousands of Kazakhstani tenge</i>	December 31, 2022	December 31, 2021
Short-term payables to suppliers and contractors	6 167	4 515
Short-term lease payables	121	651
Employee benefits and accrued provision for unused vacations	44 876	50 319

a) the table shows liabilities related to the personnel of the Company at each reporting date:

<i>in thousands of Kazakhstani tenge</i>	December 31, 2022	December 31, 2021
Debt on salaries	139	5 240
Provision for future vacations	44 737	45 079
<b>Total</b>	<b>44 876</b>	<b>50 319</b>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

Salary debts are current debts.

b) Provision for vacations at each reporting date:

<i>in thousands of Kazakhstani tenge</i>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
<b>Provisions for vacations on January 1</b>	<b>45 079</b>	<b>39 219</b>
(Accrual)/recovery for the year	45 843	38 348
Write-off	(46 185)	(32 488)
<b>Provisions for vacations on December 31</b>	<b>44 737</b>	<b>45 079</b>

**NOTE 18. LIABILITIES FOR TAXES AND OTHER PAYMENTS TO THE BUDGET.**

<i>in thousands of Kazakhstani tenge</i>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Liabilities for taxes and other payments to the budget	1 368	61 037

Liabilities for taxes and other payments to the budget at the reporting date were formed on the following taxes and obligatory payments to the budget:

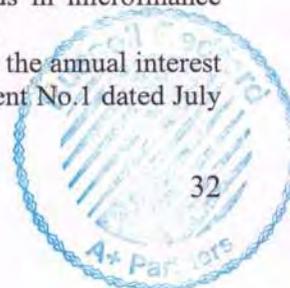
<i>in thousands of Kazakhstani tenge</i>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
<b>Tax liabilities</b>	<b>1 336</b>	<b>61 005</b>
Individual income tax	14	19
Social tax	7	-
Other liabilities	1 315	1 124
Corporate income tax	-	59 862
<b>Liabilities for other obligatory and voluntary payments</b>	<b>32</b>	<b>32</b>
Liabilities for social insurance and social health insurance contributions	14	6
Liabilities for pension contributions	18	26

**NOTE 19. FINANCIAL LIABILITIES.**

<i>in thousands of Kazakhstani tenge</i>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Debts on loans received, including:	-	93 991
- short-term loans received	-	20 719
- long-term loans received	-	73 272

The Company and Damu Entrepreneurship Development Fund JSC concluded Agreement No. MFO-41 dated June 25, 2021 on opening a credit line under conditional placement of funds in microfinance organizations for further financing of micro and small private entrepreneurship entities.

The Company received a credit tranche of 100,000.00 thousand tenge for 48 months at the annual interest rate of 9.59% under the open credit line in accordance with the terms of credit agreement No.1 dated July 8, 2021.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 20. OTHER FINANCIAL LIABILITIES.

<i>in thousands of Kazakhstani tenge</i>	December 31, 2022	December 31, 2021
Other financial liabilities under temporary financial aid agreements	4 500	5 300

NOTE 21. ISSUED SECURITIES AND DEBT ON ACCRUED COUPON.

<i>in thousands of Kazakhstani tenge</i>	December 31, 2022	December 31, 2021
Bonds issued	1 832 770	550 000
Payables on accrued coupon	48 333	22 611
<b>Total</b>	<b>1 881 103</b>	<b>572 611</b>

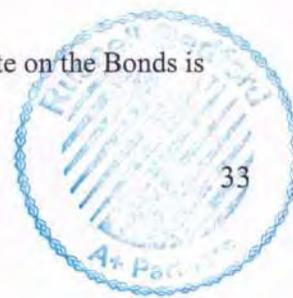
In 2022, the Company issued coupon bonds:

Financial advisor of the issuer: **BCC Invest JSC is a subsidiary of Bank CenterCredit JSC**  
 No. of sub-accounts (depo) **Agreement No. NDL6653 dated November 2, 2021**  
 Account No. **1025606653**  
 a) *Characteristics of security*

ISIN	Location of the issuer	Type and category of securities	Name of securities	Maturity date (for bonds)
KZX000001094	Kazakhstan	Bond	SR099	June 30, 2027
Nominal value of one security	Currency of the nominal	Amount of issue volume at nominal value (KZT)	Place of storage	Number of securities free from encumbrance on December 31, 2022 (pcs.)
100 000	USD	3 000 000	AIX CSD	30

**Start date:** June 30, 2022  
**Circulation period, years:** 5  
**Coupon payment period:** month (starting from August 12, 2022)

**Coupon rate** The annual coupon interest rate is 15%. The interest rate on the Bonds is fixed for the entire term of circulation of the Bonds.



**NOTES TO THE FINANCIAL STATEMENTS  
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In 2021, the Company issued coupon bonds:

Financial advisor of the issuer: **BCC Invest JSC is a subsidiary of Bank CenterCredit JSC**

No. of sub-accounts (depo) **Agreement No. NDL6653 dated November 2, 2021**

Account No. **1025606653**

*a) Characteristics of security*

ISIN	Location of the issuer	Type and category of securities	Name of securities	Maturity date (for bonds)
KZX000000765	Kazakhstan	Bond	FINB.1124	November 3, 2024
Nominal value of one security	Currency of the nominal	Amount of issue volume at nominal value (KZT)	Place of storage	Number of securities free from encumbrance on December 31, 2021 (pcs.)
50 000 000	KZT	1 450 000 000	AIX CSD	29

**Start date:** November 3, 2024

**Circulation period, years:** 3

**Coupon payment period:** quarter (from February 3, 2022)

**Coupon rate** The annual coupon rate is 25%. The rate was changed to 30% from December 20, 2021. The interest rate on the Bonds is fixed for the entire term of circulation of the Bonds.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

*b) The movement in securities for the period from January 1, 2022 to December 31, 2022, was as follows:*

Transaction date	number of securities (pcs.)			
	Opening balance	Income (number of registered bonds)	Expense (sale of securities)	Closing balance
<b>KZT</b>				
January 12, 2022	29	-	4	25
May 16, 2022	25	-	2	23
June 30, 2022	23	-	1	22
August 11, 2022	22	-	1	21
August 17, 2022	21	-	1	20
<b>Total securities in tenge</b>	<b>29</b>		<b>9</b>	<b>20</b>
<b>USD</b>				
June 30, 2022	-	30	-	30
August 4, 2022	30		2	28
August 10, 2022	28		5	23
September 7, 2022	23		3	20
October 21, 2022	20		2	18
October 27, 2022	18		3	15
December 22, 2022	15		3	12
<b>Total securities in dollars</b>	<b>-</b>	<b>30</b>	<b>18</b>	<b>12</b>
<b>Total securities</b>	<b>29</b>	<b>30</b>	<b>27</b>	<b>32</b>

The total amount of bonds issued in circulation for 2022 amounted to – 1,320,324 thousand tenge.

*c) The movement in securities for the period from January 1, 2021 to December 31, 2021, was as follows:*

Transaction date	number of securities (pcs.)			
	Opening balance	Income (number of registered bonds)	Expense (sale of securities)	Closing balance
November 3, 2021	-	40	-	40
November 9, 2021	40	-	3	37
November 9, 2021	37	-	2	35
November 25, 2021	35	-	4	31
November 30, 2021	31	-	2	29
<b>Total securities in tenge</b>	<b>-</b>	<b>40</b>	<b>11</b>	<b>29</b>

The total amount of bonds issued in circulation for 2021 amounted to – 550 000 thousand tenge.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE 22. DIVIDENDS PAYABLE.**

<i>in thousands of Kazakhstani tenge</i>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Dividends payable	-	380 000

**NOTE 23. OTHER LIABILITIES**

Other current liabilities are as follows:

<i>in thousands of Kazakhstani tenge</i>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Other current liabilities	1 096	1 642

Other current liabilities are presented as follows:

<i>in thousands of Kazakhstani tenge</i>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Debt on writs of execution	-	450
Amounts pending clarification	1 096	994
Prepayment on loans issued	-	198

Other non-current liabilities comprise:

<i>in thousands of Kazakhstani tenge</i>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Other non-current liabilities	25 929	34 224

**NOTE 24. CONTINGENT LIABILITIES**

*a) Political and economic conditions in the Republic of Kazakhstan*

Kazakhstan continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Kazakhstani economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

*b) Taxation*

Tax laws in the Republic of Kazakhstan are often changed and interpreted in different ways. The management's interpretation of such laws as applied to the Company's business may be challenged by the relevant tax authorities, which, by law, may impose fines and interest. The financial periods remain open to tax inspection for five calendar years.

The Company's management believes that it has accrued all tax amounts due and, accordingly, no provision has been made in the separate financial statements.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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*c) Legal actions*

In the ordinary course of business, the Company is subject to legal actions and complaints. The management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial conditions or the results of future operations of the Company.

*d) Insurance policies*

The Company insures its risks in the following areas:

- accident insurance of employees;
- voluntary insurance of civil liability to third parties.

*e) Environmental obligations*

The regulation of environmental protection in the Republic of Kazakhstan is in a state of development. The outcome of current and future environmental regulations cannot be determined at this time. As liabilities are determined, provisions will be made against them in accordance with the Company's accounting policies. Management believes that the Company does not have any significant liabilities under current legislation not accrued for in the Company's financial statements.

**NOTE 25. FINANCIAL INSTRUMENTS, GOALS AND POLICIES OF FINANCIAL RISK MANAGEMENT.**

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable, willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The management believes that the carrying value of the Company's financial liabilities does not differ materially from their fair value on December 31, 2022.

General management of risk management is the responsibility of the Director. His responsibilities include, but are not limited to:

- 1) approving the basic principles of risk management and assessing the adequacy of the Company's organizational structure to those principles;
- 2) control over the activities of the Company's risk management units, identification of weaknesses in risk management and taking appropriate measures.

Financial risk management is carried out through setting limits on transactions, compliance with which is obligatory for the appropriate subdivisions of the Company and officials of the Company authorized to conduct these operations. Structural subdivisions of the Company prepare on a regular basis the forms of management reporting, which provide the Company management bodies with information necessary for decision-making. Management of the following main risks and their assessment is carried out by the Company on an ongoing basis.

**Credit risk**

The Company assumes credit risk, i.e. the risk that the borrower will not be able to repay the debt in full by the due date. Credit risk limits are set in the form of limits on borrowers/loan products/other sections of the loan portfolio when transactions bearing credit risk are performed. At the same time, the Company assumes maximum automation of the limits and restrictions management process in order to timely monitor and eliminate the causes of increased credit risk. The objective of credit risk management is minimization of losses of the Company due to defaults of borrowers and maximization of profitability of the Company taking into account credit risk. The tasks of credit risk management are:

- analysis and assessment of credit risks;
- determination of the size of risks;
- credit risk management;
- control over efficiency of credit risk management



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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**Cash and cash equivalents**

The Company regularly reviews the financial stability of financial and banking institutions where it deposits cash and cash equivalents as part of its credit and liquidity risk management. Cash and cash equivalents have been deposited with major banks in Kazakhstan.

**Credit portfolio**

The main criteria for the evaluation of borrowers' microloans are:

- financial standing of the borrower;
- quality of debt service by the borrower.

Development, actualization and control of observance of restrictions on credit risk in the Company is carried out by responsible employees of the Company. When assessing the level of risk on all assets exposed to credit risk, a portfolio approach is used, when the risk level is assessed on the pool of homogeneous loans, combined into portfolios, without analysis of individual loans (individual approach). The fundamental criterion for combining loans into one portfolio is the product within which they are issued.

In assessing the loan portfolio assesses the concentration of risk in the loan portfolio. Concentration takes many forms and occurs when a significant number of loans have similar characteristics. The Company takes into account the diversification of the loan portfolio according to a number of criteria, the key ones being: maturity, number of borrower applications, established interest rates, number of days overdue. The main aspect of assessing the quality of the Company's loan portfolio is an analysis of the level of overdue principal: the volume and dynamics of overdue principal are analyzed on a regular basis to control compliance of actual indicators with the planned ones.

**Liquidity risk**

Liquidity risk is the risk of mismatching the maturity of assets and liabilities. Liquidity risk is assessed by:

- depending on the amount of assets available to the Company and the possible terms of their realization without considerable losses for the Company;
- depending on the existing liabilities, the terms to their repayment and the dynamics of changes in the number of liabilities over time.

A position is considered risky if liquid assets and projected receipts of financial resources are insufficient to meet the obligations within a certain period of time. Liquidity management activities are coordinated by the Director or his deputy by controlling short-, medium- and long-term liquidity. Regulation of liquidity risk is carried out by controlling the deficit/surplus of cash resources, distribution and redistribution of cash resources by instruments depending on maturities, degree of their liquidity and profitability level. Liquidity management requires analysis of the level of liquid assets necessary to settle liabilities as they fall due; providing access to various funding sources; having plans in case of funding problems and monitoring balance liquidity ratios against regulatory requirements of the National Bank of Kazakhstan. Ratios on December 31, 2022 and December 31, 2021 were significantly above the thresholds. The following tables show the undiscounted contractual cash flows on the Company's liabilities by remaining contractual maturities:



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

Name of indicators	<i>in thousands of Kazakhstani tenge</i>				
	December 31, 2022	Within 1 month	from 1 to 6 months	from 6 months to 1 year	More than 1 year
<b>Current liabilities</b>					
Accounts payable	51 164	6 427	-	44 737	-
Current tax liabilities and obligatory payments to the budget	1 368	1 368	-	-	-
Other current liabilities	1 096			1 096	
<b>Non-current liabilities</b>					
Other non-current liabilities	25 929	-	-	-	25 929

Name of indicators	<i>in thousands of Kazakhstani tenge</i>				
	December 31, 2021	Within 1 month	from 1 to 6 months	from 6 months to 1 year	More than 1 year
<b>Current liabilities</b>					
Accounts payable	55 485	10 406	-	45 079	-
Current tax liabilities and obligatory payments to the budget	61 037	1 175	59 862	-	-
Other liabilities	1 642	456	-	1 186	-
<b>Non-current liabilities</b>					
Other non-current liabilities	34 224	-	-	-	34 224

**Market risk**

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables. Given that the Company does not attract or issue instruments with floating interest rates and does not attract equity instruments, the Company's Management assesses the impact of exchange rate changes as a key market parameter affecting the Company's future cash flows. Currency risk is the risk of losses due to adverse changes in exchange rates on open positions in foreign currencies. The Company has no financial assets and financial liabilities denominated in Russian rubles, US dollars or euros:



**NOTES TO THE FINANCIAL STATEMENTS  
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	December 31, 2022	December 31, 2021
Exchange rate of US dollar to tenge, average for the year	460,48	431,08
Change in average exchange rate year to year	6,8%	2,4%
<b>Effect on the Company's profit before taxation</b>	<b>not applicable</b>	<b>not applicable</b>
Exchange rate of euro to tenge, average for the year	484,22	489,1
Change in average exchange rate year to year	0,99%	-5,3%
<b>Effect on the Company's profit before taxation</b>	<b>not applicable</b>	<b>not applicable</b>
Exchange rate of ruble to tenge, average for the year	6,96	5,76
Change in average exchange rate year to year	20,8%	2,5%
<b>Effect on the Company's profit before taxation</b>	<b>not applicable</b>	<b>not applicable</b>

**Operational risk**

Operational risk is the risk arising from system failure, human error, fraud or external events. When controls stop functioning, operational risks can damage reputation, have legal implications or lead to financial losses. The Company cannot assume that all operational risks have been eliminated, but through a system of controls and by monitoring and responding appropriately to potential risks, the Company actively manages such risks. Controls include effective segregation of duties, access rights, approval and reconciliation procedures, staff training, and evaluation procedures, including internal reviews.

**NOTE 26. FAIR VALUE OF FINANCIAL INSTRUMENTS.**

The management of the Company believes that the fair value of financial assets and liabilities approximates their carrying values and represents the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

For trade receivables and payables maturing in less than six months, the fair value does not differ materially from the carrying amount because the effect of the time value of money is immaterial.

The following methods and assumptions were used to determine fair values:

- The fair values of cash, trade receivables, trade payables and other current assets and liabilities approximate their carrying amounts largely due to the fact that these instruments will be repaid in the near future.
- The fair value of unquoted instruments is determined by discounting future cash flows using current rates for debts with similar terms, credit risk and remaining maturities. The Company's management believes that the carrying amount of such instruments approximates their fair value.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE 27. RELATED PARTY DISCLOSURES.**

The 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 for the purposes of these financial statements. Parties that are under common control with the Company are also considered to be related. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The following are related parties to the Company:

<b>Name of related party</b>	<b>Degree of affiliation of the related party</b>
D.N. Medeubekov	Founder Director
T.B. Issayev	Founder Advisor of the Director
Finbox LLP	Founders – D.N. Medeubekov and T.B. Issayev
E-Pocket.kz LLP	Director – T.B. Issayev
D.B. Issayeva Notary	Sister of the founder
Y.A. Shulgina	Executive Director
MTSP-KZ LLP	Director – Y.A. Shulgina

a) Related party transactions that were entered into with related parties during the period from January 1 to December 31, 2022:

Temporary financial aid received on December 31, 2022:

<i>in thousands of Kazakhstani tenge</i>	<b>Accounts receivable on January 1, 2022</b>	<b>Financial assistance paid</b>	<b>Repayment of financial assistance</b>	<b>Accounts receivable on December 31, 2022</b>
D.N. Medeubekov	-	18 714	(18 714)	-
T.B. Issayev	-	60 000	(60 000)	-
MTSP-KZ LLP	-	20 000	(20 000)	-
Finbox LLP	5 300	6 000	(6 800)	4 500
<b>Total</b>	<b>5 300</b>	<b>104 714</b>	<b>(105 514)</b>	<b>4 500</b>

Temporary financial assistance from the founders was received on December 31, 2022:

<i>in thousands of Kazakhstani tenge</i>	<b>Accounts receivable on January 1, 2022</b>	<b>Financial assistance paid</b>	<b>Repayment of financial assistance</b>	<b>Accounts receivable on December 31, 2022</b>
D.N. Medeubekov	-	163 895	(95 537)	68 358
T.B. Issayev	-	170 645	(63 363)	107 282
Finbox LLP	-	10 000	(10 000)	-
<b>Total</b>	<b>-</b>	<b>344 540</b>	<b>(168 900)</b>	<b>175 640</b>



Microfinance organization Finbox LLP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

The Company issued coupon bonds on December 31, 2022:

	Accounts payable on January 1, 2022	Bond issue	Exchange rate difference, net	Bond redemption	Accounts payable on December 31, 2022
<b>E-Pocket.kz LLP</b>	-				-
<i>in thousands of Kazakhstani tenge</i>		852 324	(19 554)		832 770
<i>in thousands of US dollars</i>		1 800			1 800
<i>Quantity</i>		18			
<b>Total</b>	-	<b>852 324</b>	<b>(19 554)</b>		<b>832 770-</b>

The Company has accrued and paid coupons on December 31, 2022 in the amount of:

<i>in thousands of Kazakhstani tenge</i>	Accounts payable on January 1, 2022	Coupons accrued	Coupons paid	Accounts payable on December 31, 2022
E-Pocket.kz LLP	-	39 164	(39 164)	-
<b>Total</b>	-	<b>39 164</b>	<b>(39 164)</b>	-

The Company received services from D.B. Isaeva, a notary public on December 31, 2022:

<i>in thousands of Kazakhstani tenge</i>	Accounts payable on January 1, 2022	Paid for services	Services received	Accounts payable on December 31, 2022
D.B. Issayeva Notary	-	151 168	(151 168)	-

The Company has on hand the following amounts on December 31, 2022:

<i>in thousands of Kazakhstani tenge</i>	Short-term debts of accountable persons on January 1, 2022	Issued on account	Return of sub-account	Short-term debts of accountable persons on December 31, 2022
Y.A. Shulgina	29 100	2 756 815	(2 672 565)	113 350
<b>Total</b>	<b>29 100</b>	<b>2 756 815</b>	<b>(2 672 565)</b>	<b>113 350</b>

Key management personnel of the Company on December 31, 2022 consists of five persons-Director, Deputy Director, Executive Director, Deputy Director for Legal Matters, Chief Accountant. Total remuneration of key management personnel included in general and administrative expenses in the statement of profit or loss and other comprehensive income amounted to 76,925 thousand tenge on December 31, 2022.

The amount of remuneration of the director's advisor amounted to 28,920 thousand tenge.

b) Related party transactions that were entered into with related parties during the period from January 1 to December 31, 2021:

Temporary financial assistance from the founders was received on December 31, 2021.

<i>in thousands of Kazakhstani tenge</i>	Accounts payable on January 1, 2021	Financial assistance paid	Repayment of financial assistance	Accounts payable on December 31, 2021
D.N. Medeubekov	-	50 000	(50 000)	-
T.B. Issayev	-	60 000	(60 000)	-
<b>Total</b>	-	<b>110 000</b>	<b>(110 000)</b>	-
Finbox LLP		6 000	(700)	5 300
<b>Total</b>	-	<b>115 300</b>	<b>(115 300)</b>	<b>5 300</b>





**Microfinance organization “Finbox”  
Limited Liability Partnership**

**Financial statement  
for the year ended December 31, 2021  
with the Independent Auditor’s Report**

Prepared in accordance  
with International Financial Reporting Standards

# Microfinance organization “Finbox” LLP

## CONTENT

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**MICROFINANCE ORGANIZATION "FINBOX" LLP**

**MANAGEMENT CONFIRMATION OF RESPONSIBILITY FOR THE PREPARATION AND APPROVAL OF FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021.**

Management is responsible for the preparation of financial statements that adequately reflect the financial position of Microfinance organization "Finbox" LLP (hereinafter – the Partnership) on December 31, 2021, as well as its financial results, cash flows and changes in equity for the year ended December 31, 2021 in accordance with International Financial Reporting Standards (IFRS).

In preparing financial statements, the management of the Partnership is responsible for:

- selection of appropriate accounting principles and applying them consistently;
- application of reasonable estimates and calculations;
- compliance with the requirements of the legislation of the Republic of Kazakhstan and International Financial Reporting Standards;
- preparation of financial statements based on the assumption that the Partnership will continue its activities in the foreseeable future, except for cases when such assumption is unlawful.

The management of the Partnership is also responsible for:

- develop, implement and ensure the functioning of an effective and reliable system of internal control in the Partnership;
- maintaining the accounting system, at all times preparing with sufficient accuracy information on the financial position of the Partnership and ensuring that the financial statements comply with the requirements of the Management;
- taking measures within its competence to protect the assets of the Partnership and to detect and prevent fraud and other abuses.

These financial statements of the Partnership for the year ended December 31, 2021 were approved for issue on **May 18, 2022**.

**Director**

  
\_\_\_\_\_  
**D.N. Medeubekov**

**Chief Accountant**

  
\_\_\_\_\_  
**N.V. Glazyrina**

Almaty,

Republic of Kazakhstan



## **INDEPENDENT AUDITOR'S REPORT**

**To the Members and the Management of Microfinance organization "Finbox" LLP**

### **Opinion**

We have audited the financial statements of Microfinance organization "Finbox" LLP (hereinafter – the Partnership), which comprise the statement of financial position on December 31, 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity, and the statement of cash flows for the year then ended, and the 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 Partnership on December 31, 2021, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS).

### **The basis for the expression of opinion**

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities in accordance with these standards are described further in the "*Auditor's Responsibility for the Audit of the Financial Statements*" section of our report.

We are independent of the Partnership in accordance with the *Code of Ethics of Professional Accountants* of the Council on International Ethics Standards for Accountants (CIESA Code), and we have fulfilled other ethical obligations in accordance with the CIESA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to warrant the expression of our opinion.

### **Responsibilities of management for the preparation of financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS and for the internal control system that management considers necessary to prepare financial statements that are free from material misstatement due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of the Partnership to continue to operate continuously, for disclosing, as appropriate, information related to business continuity, and for preparing statements based on the going concern assumption, unless management intends to liquidate the Partnership, terminate its activity or when it does not have any other real alternative, except liquidation or termination of activity.

Those responsible for corporate governance are responsible for overseeing the preparation of the financial statements of the Partnership.

### **Responsibilities of the auditor**

Our goal is to obtain reasonable assurance that the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report containing our opinion. Reasonable assurance represents a high degree of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always reveal material misstatement, if any. Misstatements may be the result of fraud or error and are considered material if it can reasonably be assumed that, individually or collectively, it may affect the economic decisions of users based on these financial statements.

We apply professional judgment and maintain professional skepticism throughout the audit as part of the audit conducted in accordance with the International Auditing Standards. In addition, we do the following:

- we identify and assess the risks of material misstatement of the financial statements due to fraud or error; We develop and conduct audit procedures in response to these risks; We obtain audit evidence that is sufficient and appropriate to serve as the basis for our opinion. The risk of not detecting material misstatement as a result of fraud is higher than the risk of not detecting material

## Microfinance organization "Finbox" LLP

- misstatement as a result of an error, as fraud can include conspiracy, forgery, intentional omission, misrepresentation of information or actions that bypass the internal control system;
- we gain an understanding of the internal control system that is relevant to the audit, with the aim of developing audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control system;
  - we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures by management;
  - we conclude that it is legitimate for management to apply the going concern assumption, and based on the audit evidence obtained, it concludes that there is significant uncertainty in connection with events or conditions that could result in significant doubts about the Partnership's ability to continue its business. If we conclude that there is material uncertainty, we must draw attention in our audit report to the appropriate disclosures in the financial statements or, if such disclosures are inappropriate, to modify our opinion. Our findings are based on audit evidence obtained prior to the date of our audit opinion. However, future events or conditions may cause the Partnership to lose its ability to continue to operate continuously;
  - we evaluate the presentation of the financial statements as a whole, its structure and content, including disclosure of information, as well as whether the financial statements represent the underlying operations and events in such a way that their reliable presentation is ensured.

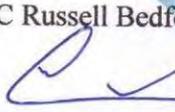
We carry out informational interaction with persons responsible for corporate governance, bringing to their attention, among other things, information about the planned volume and timing of the audit, significant observations on the results of the audit, as well as significant shortcomings of the internal control system that we identify during the audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We describe these issues in our audit opinion, except when public disclosure of information about these issues is prohibited by law or regulation, or when, in extremely rare cases, we conclude that information about any issue should not be communicated in our conclusion, since it can reasonably be assumed that the negative consequences of the communication of such information will exceed the socially significant benefit of its communication.

### Other information

The separate financial statements of the Partnership for the year ended December 31, 2020 were audited by IAC Russell Bedford A+ Partners LLP without qualification.

  
Shyngysbek Sartayev  
Audit Partner

PC Russell Bedford A+ Partners Ltd.



License for the provision of ancillary services No. AFSA-A-LA-2020-0024 issued by AFSA, the AIFC regulatory body on July 1, 2020.

The qualification certificate of the auditor No. MF-0000297 dated November 9, 2015.

55/8 Mangilik El Avenue, Nur-Sultan,  
Z05M0M5, Republic of Kazakhstan

May 18, 2022  
Almaty, Republic of Kazakhstan



Microfinance organization "Finbox" LLP

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
for the year ended December 31, 2021  
in thousands of Kazakhstani tenge

Name of indicators	Note	2021	2020
Income related to receipt of remuneration	4	1 656 336	312 211
Income from reversal of provisions for possible losses on transactions	4	807 854	599 542
Other income	4	2 323 885	1 938 856
<b>Total income</b>		<b>4 788 075</b>	<b>2 850 609</b>
Expenses on creation of provisions for possible losses on transactions	5	(1 528 028)	(863 262)
Operational expenses	5	(1 434 040)	(1 040 083)
Other expenses	5	(29 954)	(2 924)
<b>Total expenses</b>		<b>(2 992 022)</b>	<b>(1 906 269)</b>
<b>Net profit (loss) before corporate income tax</b>		<b>1 796 053</b>	<b>944 340</b>
Income tax expenses	6	(359 475)	(189 671)
<b>Net profit (loss) after corporate income tax</b>		<b>1 436 578</b>	<b>754 669</b>
Other comprehensive income		-	-
<b>Total net profit (loss) for the period</b>		<b>1 436 578</b>	<b>754 669</b>

These financial statements were approved by management of the Partnership on May 18, 2022 and signed on its behalf:

Director

Chief Accountant



D.N. Medeubekov

N.V. Glazyrina

The explanatory notes are an integral part of these financial statements



**Microfinance organization “Finbox” LLP**

**STATEMENT OF FINANCIAL POSITION  
on December 31, 2021**

in thousands of Kazakhstani tenge

Name of indicators	Note	December 31, 2021	December 31, 2020
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment (less depreciation and impairment losses)	7	29 037	21 977
Intangible assets (less amortization and impairment losses)	8	20 261	21 642
Long-term loans (microloans) issued (less provisions for impairment)	9	200 289	-
Long-term trade and other receivables	10	328	748
Other non-current assets	11	3 200	4 183
Deferred tax assets	6	8 418	8 563
<b>Total non-current assets</b>		<b>261 533</b>	<b>57 113</b>
<b>Current assets</b>			
Cash and cash equivalents	12	47 588	67 693
Short-term trade and other receivables	10	51 639	343 900
Other short-term financial assets	13	9 651	26 228
Advances paid	14	11 472	10 549
Loans (microloans) issued (less provisions for impairment)	9	1 829 071	889 690
Inventories	15	-	806
Other current assets	11	701	895
<b>Total current assets</b>		<b>1 950 122</b>	<b>1 339 761</b>
<b>Total assets</b>		<b>2 211 655</b>	<b>1 396 874</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Authorized capital	16	70 000	50 000
Retained earnings (uncovered loss)	16	937 365	1 240 814
<b>Total equity</b>		<b>1 007 365</b>	<b>1 290 814</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payables	17	55 485	45 422
Current tax liabilities and obligatory payments to the budget	18	61 037	17 329
Short-term liabilities on long-term loans received	19	20 719	-
Other financial liabilities	20	5 300	-
Issued securities and debt on accrued coupon	21	572 611	-
Dividends payable	22	380 000	-
Other current liabilities	23	1 642	5 753
<b>Total current liabilities</b>		<b>1 096 794</b>	<b>68 504</b>



Microfinance organization "Finbox" LLP

STATEMENT OF FINANCIAL POSITION  
on December 31, 2021

in thousands of Kazakhstani tenge

Name of indicators	Note	December 31, 2021	December 31, 2020
<b>Non-current liabilities</b>			
Long-term liabilities on loans received	19	73 272	-
Other non-current liabilities	23	34 224	37 556
<b>Total non-current liabilities</b>		<b>107 496</b>	<b>37 556</b>
<b>Total equity and liabilities</b>		<b>2 211 655</b>	<b>1 396 874</b>

These financial statements were approved by management of the Partnership on May 18, 2022 and signed on its behalf:

Director

Chief Accountant



D.N. Medeubekov

N.V. Glazyrina

The explanatory notes are an integral part of these financial statements



**Microfinance organization "Finbox" LLP**

**STATEMENT OF CASH FLOW (direct method)**

**for the year ended December 31, 2021**

**In thousands of Kazakhstani tenge**

<b>Name of indicators</b>	<b>2021</b>	<b>2020</b>
<b>Cash flow from operating activities</b>		
<b><i>Cash inflow, total</i></b>	<b>17 990 980</b>	<b>8 904 697</b>
including:		
service provision	1 293 141	257 968
repayment of microloans	11 975 900	5 440 497
other receipts	4 721 939	3 206 232
<b><i>Cash outflow, total</i></b>	<b>(17 981 981)</b>	<b>(8 810 352)</b>
including:		
payments to suppliers for goods and services	(271 216)	(163 685)
advances paid	(310 125)	(231 041)
payments on salaries and other remuneration of labor	(567 699)	(437 044)
other payments to the budget	(533 426)	(399 211)
payment of interest on loans received	(3 918)	-
microcredits issued	(13 479 221)	(6 028 230)
other payments	(2 816 376)	(1 551 141)
<b>Net cash flow from operating activities</b>	<b>8 999</b>	<b>94 345</b>
<b>Cash flow from investing activities</b>		
<b><i>Cash inflow, total</i></b>	<b>895</b>	<b>2 164</b>
including:		
sale of property, plant and equipment	20	-
repayment of loans	875	2 164
<b><i>Cash outflow, total</i></b>	<b>(119 819)</b>	<b>(112 978)</b>
including:		
purchase of property, plant and equipment and intangible assets	(20 589)	(11 739)
loans provision	(99 230)	(101 239)
<b>Net cash flow from investing activities</b>	<b>(118 924)</b>	<b>(110 814)</b>
<b>Cash flow from financing activities</b>		
<b><i>Cash inflow, total</i></b>	<b>791 972</b>	<b>20 000</b>
including:		
contribution to the authorized capital	20 000	20 000
receipts from loans	100 000	-
receipts from other financial liabilities	116 000	-
bond issue	555 972	-
<b><i>Cash outflow, total</i></b>	<b>(702 287)</b>	<b>-</b>
payments for loans received	(1 587)	-
disposals for other financial liabilities	(110 700)	-
dividend payments to founders	(590 000)	-
<b>Net cash flow from financing activities</b>	<b>89 685</b>	<b>20 000</b>



Microfinance organization "Finbox" LLP

STATEMENT OF CASH FLOW (direct method)

for the year ended December 31, 2021

In thousands of Kazakhstani tenge

Name of indicators	2021	2020
<b>Total: Increase +/- decrease in cash</b>	<b>(20 240)</b>	<b>3 531</b>
Effect of exchange rates	-	(33)
Effect of estimated provision for expected credit losses	135	(80)
Cash and cash equivalents at the beginning of the reporting period	67 693	64 275
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>47 588</b>	<b>67 693</b>

These financial statements were approved by management of the Partnership on May 18, 2022 and signed on its behalf:

Director

Chief Accountant



D.N. Medeubekov

N.V. Glazyrina

The explanatory notes are an integral part of these financial statements



Microfinance organization "Finbox" LLP

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

In thousands of Kazakhstani tenge

Name of indicators	Authorized capital	Retained earnings (loss)	Total equity
<b>Balance on January 1, 2020</b>	<b>30 000</b>	<b>2 836 833</b>	<b>2 866 833</b>
Profit (loss) for the period	-	754 669	754 669
Contribution from members	20 000	-	20 000
Payment of dividends	-	(2 350 688)	(2 350 688)
Other comprehensive income	-	-	-
<b>Balance on December 31, 2020</b>	<b>50 000</b>	<b>1 240 814</b>	<b>1 290 814</b>
Adjustment of previous years	-	(27)	(27)
<b>Recalculated balance on January 1, 2021</b>	<b>50 000</b>	<b>1 240 787</b>	<b>1 290 787</b>
Profit (loss) for the period	-	1 436 578	<b>1 436 578</b>
Contribution from members	20 000	-	20 000
Payment of dividends	-	(1 740 000)	(1 740 000)
Other comprehensive income	-	-	-
<b>Balance on December 31, 2021</b>	<b>70 000</b>	<b>937 365</b>	<b>1 007 365</b>

These financial statements were approved by management of the Partnership on May 18, 2022 and signed on its behalf:

Director

Chief Accountant



D.N. Medeubekov

N.V. Glazyrina

The explanatory notes are an integral part of these financial statements



## Microfinance organization “Finbox” LLP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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#### NOTE 1. GENERAL INFORMATION

Microfinance organization “Finbox” Limited Liability Partnership (hereinafter – the Partnership) is a legal entity under the legislation of the Republic of Kazakhstan, in accordance with the requirements of the Civil Code and the Law of the Republic of Kazakhstan “On Partnerships with Limited and Additional Liability” dated April 22, 1998.

Full name of the Partnership is Microfinance organization “Finbox” Limited Liability Partnership.

BIN 150 940 005 022

The Partnership is a commercial organization with the main purpose of generating income from its activities.

The primary registration of the Partnership was held on September 7, 2015.

The Partnership was included in the register of microfinance organizations under No. 05.16.004 dated March 11, 2016.

Approval of the National Bank of the Republic of Kazakhstan for offering microcredits by microfinance organizations to their consumers was issued to the Partnership under No. 30-3-07/2218 dated April 19, 2016.

License No. 02.21.0009.M. dated March 5, 2021.

The main activities of the Partnership are:

- activities on provision of microcredits to individuals and (or) legal entities with or without collateral in the amount and period not exceeding the requirements of the legislative acts of the Republic of Kazakhstan regulating microfinance activities.

In addition to providing microcredit, the Partnership has the right to carry out the following activities:

- 1) raising loans (except for raising money as a loan from citizens as an entrepreneurial activity) from residents and non-residents of the Republic of Kazakhstan;
- 2) investing own assets in securities and other financial instruments;
- 3) consulting services on issues related to microcredit activities
- 4) leasing (renting) own property
- 5) carrying out leasing activities;
- 6) selling specialized literature on microfinance organizations activity in any types of media
- 7) performance of functions of a paying agent and payment subagent
- 8) conclusion of insurance contracts on behalf of and on behalf of insurance organizations - residents of the Republic of Kazakhstan as an insurance agent
- 9) acting as an agent of the electronic money system in accordance with the laws of the Republic of Kazakhstan;
- 10) factoring operations: purchase of rights to demand payment from the buyer of goods (works, services) assuming the risk of non-payment;
- 11) forfeiting operations: payment of debt obligation of a buyer of goods (works, services) by purchasing a bill of exchange without a turnover to a seller
- 12) issuance of guarantees, sureties and other obligations providing for execution in monetary form.

Location of the Partnership: Republic of Kazakhstan, 050012, Almaty city, Zhambyl street 114/85.

The Partnership has branches and divisions on December 31, 2021, December 31, 2020:



## Microfinance organization "Finbox" LLP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

Name	Quantity on December 31, 2021	Quantity on December 31, 2020
Offices in the city of Almaty	21	21
Branches in the Republic of Kazakhstan	32	32
Offices of branches in the Republic of Kazakhstan	32	32

In accordance with the Charter of the Partnership, the Management bodies are:

- The supreme body is the General Meeting of Members.
- The executive body of the Partnership is the Director.

The right to sign banking and financial documents shall have

- First signature: Director
- Second signature: Chief Accountant.

The accounting of the Partnership is automated. The 1C-Enterprise (8.3) program is used.

The procedure for maintaining and organizing accounting is governed by the Accounting Policy of the Participant, approved by the Minutes of the General Meeting No. 17 dated May 17, 2021.

Key management personnel of the Participant on December 31, 2021 consists of five positions: Director, Deputy Director, Executive Director, Deputy Director for Legal Issues, Chief Accountant. Total remuneration of key management personnel included in general and administrative expenses in the statement of profit or loss and other comprehensive income was 75,288.00 thousand tenge on December 31, 2021.

The key management personnel of the Partnership consist of seven positions on December 31, 2020: Director, Deputy Director, Executive Director, Financial Director, Deputy Director for Legal Affairs, Deputy Director for Development and Marketing, Chief Accountant. Total remuneration of key management personnel included in general and administrative expenses in the statement of profit or loss and other comprehensive income was 65 906,00 thousand tenge on December 31, 2020.

The members of the Partnership on December 31, 2021, December 31, 2020 are:

Full name of the individual	On December 31, 2021		On December 31, 2020	
	Amount, in thousand of tenge	Share, in %	Amount, in thousand of tenge	Share, in %
Medeubekov Diyar Nurlanovich	42 000	60%	30 000	60%
Issayev Timur Beketovich	28 000	40%	20 000	40%
<b>Total</b>	<b>70 000</b>	<b>100%</b>	<b>50 000,00</b>	<b>100%</b>

The authorized capital of the Partnership on December 31, 2021 is 70 000 thousand tenge, in accordance with the foundation documents (Minutes No. 43 dated December 20, 2021, on increase in the authorized capital). The authorized capital was formed in full on December 31, 2021.

The authorized capital of the Partnership on December 31, 2020 is 50 000 thousand tenge, in accordance with the foundation documents (Minutes No. 20 dated December 25, 2020, on increase in the authorized capital). The authorized capital was formed in full on December 31, 2020.

#### NOTE 2. BASIS FOR PREPARING FINANCIAL STATEMENTS

##### Basis for preparation

The financial statements have been prepared under the principle of fair value accounting and only for property, plant and equipment, at historical cost.

## Microfinance organization “Finbox” LLP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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#### **Significant assumptions and sources of uncertainty in estimates**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and underlying assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

#### **Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The Partnership maintains its records and provides financial statements in accordance with accounting and taxation legislation of the Republic of Kazakhstan and practices applicable in the Republic of Kazakhstan.

These financial statements have been prepared on the assumption that the Partnership will continue in operation for the foreseeable future.

The financial statements have been prepared on the basis of the statutory accounting records.

These financial statements are presented in thousands of Kazakhstani tenge.

#### **Going concern**

The financial statements have been prepared on the assumption that the Participant operates and will continue to operate for the foreseeable future. Thus, it is assumed that the Participant has no intention or need to liquidate or substantially reduce the scope of its operations.

These financial statements do not contain any adjustments that would be necessary should the Participant be unable to continue as a going concern.

#### **Functional currency**

Items included in the Partnership's financial statements are measured in the currency of the primary economic environment in which the Partnership operates (the functional currency). The functional currency of the Partnership is Tenge. The presentation currency of these financial statements of the Partnership is tenge. All values are rounded to the nearest thousand tenge unless otherwise stated.

#### **Offsetting**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when the Partnership has a legally enforceable right to offset the recognized amounts and the Partnership intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expense are not offset in the statement of income or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Partnership.

#### **Significant accounting judgments and estimates**

##### *Judgments*

The following judgments were used in relation to indicators of impairment in applying the accounting policies of the Partnership:

- The Partnership monitors internal and external indicators of impairment of tangible assets.
- The Partnership's management analyzed the likelihood of impairment indicators in relation to assets. The analysis was carried out, in particular, in connection with the ability of the equipment to work in the foreseeable future or a possible reduction in its market value.
- The work of external experts (independent appraisers) has not been conducted on December 31, 2021.

## **Microfinance organization “Finbox” LLP**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021**

The accounting policies adopted in the preparation of the financial statements are consistent with those used in the preparation of the Partnership’s financial statements for the year ended December 31, 2021, except for newly adopted standards effective on January 1, 2021.

#### **Below are the amendments and clarifications to the standards that are effective January 1, 2021**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2021, with early adoption permitted. However, the Participant did not early-adopt the new and amended standards in the preparation of these financial statements.

The following amendments to standards and interpretations are not expected to have a significant impact on the Participant’s financial statements:

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

#### **Standards that have been issued but have not yet entered into force**

The following new standards, amendments and interpretations have been issued but are not yet effective up to the date of issuance of the Participant’s financial statements. The Participant intends to adopt these standards, amendments and interpretations, if applicable, when they become effective.

- IFRS 17 Insurance Contracts
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- Amendments to IFRS 3 Business Combinations – References to Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract
- Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a First-time Adopter of International Financial Reporting Standards
- Amendment to IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities
- Amendment to IAS 41 Agriculture – Taxation in Fair Value Measurements
- Amendments to IAS 8 Definition of Accounting Estimates
- Amendments to IAS 1 and Practice Statement No. 2 on the Application of IFRS – Disclosure of Accounting Policies

The Participant is currently evaluating the impact these amendments may have on the Participant’s accounting policy disclosures.

#### **Uncertainty of estimates**

The preparation of financial statements in accordance with IFRS requires management to make certain estimates and assumptions that affect the reflection of the amounts of assets and liabilities at the date of preparation of the financial statements, as well as the reflection of the amounts of income and expenses for the reporting period. Actual results may differ from these estimates.

The estimates and underlying assumptions are regularly reviewed. Changes in accounting estimates are recognized in the period in which the estimate is reviewed if the change affects only that period, or in the change period and future periods, if the change affects both current and future periods.

## Microfinance organization "Finbox" LLP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

Uncertainty regarding these estimates and assumptions may result in results that may require significant adjustments to the carrying amount of the asset or liability in the future for which such estimates and assumptions are made.

In particular, information about significant estimates made by management in preparing the financial statements, in which there is material uncertainty, is contained in the following notes:

- Income taxes - management has made an assessment of the completeness of tax liabilities that may be audited by the tax authorities;
- Deferred tax assets - deferred tax assets are recognized to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available;
- Property, plant and equipment - valuation is made in determining the useful life of the assets. The Partnership estimates the remaining useful lives of items of property, plant and equipment if expectations differ from previous estimates, the changes are accounted for as a change in accounting estimates. These estimates could have a material impact on the carrying value of property, plant and equipment and the depreciation recognized in expenses;
- Accounts receivable/loans receivable - estimates are made for provisions for doubtful accounts receivable;
- Contingent liabilities - this disclosure requires management to estimate liabilities and determine the likelihood of future cash outflows.

#### NOTE 3. REVIEW OF SIGNIFICANT ASPECTS OF ACCOUNTING POLICIES

The following significant accounting policies have been consistently applied in the preparation of the financial statements of the Partnership:

##### Functional currency

The Partnership's functional currency is defined as the currency of the primary economic environment in which it operates. The Partnership's functional currency is Kazakhstani tenge as the Partnership's principal operating activities are conducted in tenge. Transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of the transaction.

	December 31, 2021	December 31, 2020
Russian ruble	5,76	5,62
US dollar	431,8	420,91
Euro	489,1	516,79

##### Intangible assets

Intangible assets acquired by the Partnership and having a finite useful life are accounted for at their historical cost less accumulated amortization and impairment losses. Intangible assets primarily include software acquisition costs.

The historical cost of software is the total amount paid and the fair value of any other consideration given to acquire the asset. Expenditure, which enhances or extends the performance of computer software programs beyond their original specifications is recorded as a capital improvement and added to the original cost of the software. Intangible assets are amortized on a straight-line basis over their useful lives.

If impaired, the carrying amount of intangible assets is reduced to the higher of value in use and fair value less costs to sell.

## Microfinance organization “Finbox” LLP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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The Partnership in reporting intangible assets may include:

- Trademarks;
- Computer software;
- License agreement and franchises;
- Other.

#### Property, plant and equipment

The Partnership considers land, buildings and constructions, machinery and equipment, vehicles and other to be PPE.

Property, plant and equipment may also include items the use of which may not bring direct economic benefits to the Partnership, but which are necessary to obtain benefits from the use of other items or to prevent the loss of economic benefits (indirect economic benefits).

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

The cost of each item of property, plant and equipment is depreciated over its useful life, which is determined taking into account both the physical life of the particular asset and the current assessment of economic viability and actual usage. Depreciation is charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of the individual assets.

PPE group	Useful life, months
1. Buildings and constructions	240
2. Equipment	36-48
3. Vehicles	36-60
4. Computers and equipment	36-48
5. Other PPE	48-60

#### Repairs and maintenance

Expenses incurred to replace a component of an item of property, plant and equipment that is accounted for separately, are capitalized and the cost of the replaced component is written off (replacement method). Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other costs, including costs of technical supervision and capital repairs, are recognized in the statement of profit or loss and other comprehensive income as expenses of the period.

#### Impairment

The carrying value of non-current assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If any indication of impairment exists, an assessment is made as to whether the carrying amounts of the assets exceed their recoverable amounts. Such an analysis is performed separately for each asset, except for assets that do not generate cash inflows on their own. In this case, the analysis is performed at the cash-generating unit level.

A provision is made when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount to reflect the asset at the lower value. Impairment losses up to the amount previously recognized prior to valuation are recognized as a reduction in owners' equity, and the excess over the previously recognized revaluation surplus is recognized in the statement of profit or loss and other comprehensive income.

## Microfinance organization "Finbox" LLP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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#### **Calculation of the recoverable amount**

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The recoverable amount of assets that do not generate cash inflows on their own is determined as part of the recoverable amount of the cash-generating unit to which the assets belong.

#### **Reversal of impairment losses**

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

#### **Inventories**

Raw materials and consumable supplies are accounted for using the weighted-average cost method and are stated at the lower of cost and net realizable value. The cost of inventories includes costs incurred in the normal course of business in bringing the material to its present location and condition. The cost of raw materials and consumable supplies represents the cost of acquisition.

Net realizable value is calculated based on estimated selling price in the ordinary course of business less incremental selling expenses.

#### **Accounts receivable**

Trade receivables are carried at original invoice amount (which is the fair value of the consideration receivable) less provision for impairment of these receivables. A provision for impairment of receivables is established when there is objective evidence that the Partnership will not be able to collect all amounts due according to their original terms. The amount of the provision is the difference between the original carrying amount and the recoverable amount, which is the present value of expected payment flows. The amount of the provision is recognized in the statement of profit or loss and other comprehensive income.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash in banks, cash in transit and on hand, short-term deposits held on call or with maturities of less than three months, and highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value, and bank overdrafts.

#### **Employee benefits**

##### *Salary system*

The Partnership independently determines the forms and system of salaries and provides for salary rates and salaries in employment contracts and staff schedules, while considering state tariffs as the minimum guarantee of salaries for workers and specialists of appropriate qualifications. The form, system and amount of remuneration, as well as other types of income of employees shall be established by the Employment Agreement.

##### *Pension contributions*

Employees of the Partnership, are responsible for their pension contributions in accordance with the current legislation of the Republic of Kazakhstan on pension provision. The Partnership, being an agent under the same legislation, is only obliged to withhold pension contributions from employees and transfer them to pension funds.



## Microfinance organization “Finbox” LLP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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#### *Social security*

In accordance with the current legislation on social security, Partnerships in Kazakhstan are obliged to pay mandatory social contributions for their employees, which go to special personal accounts opened with the State Social Insurance Fund. These accumulations may be used within the limits established by the state only for payment of disability and loss of job benefits, and, since 2008, for the time spent on maternity leave as well.

#### **Income**

Income is recognized to the extent that it is probable that economic benefits will flow to the Partnership and the amount of income can be measured reliably. Income does not include any indirect taxes.

Revenues are measured at the fair value of the consideration received or receivable.

#### **Income tax**

Income tax for the reporting year includes current and deferred tax. Income tax is recognized in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognized directly in equity. In those cases, it is recognized in equity. Current tax expense is the expected tax payable on taxable income for the reporting year and an adjustment to tax payable for prior years.

Deferred tax is determined using the balance method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized 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 assets are recognized only to the extent that it is probable that future taxable income will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### **Borrowing costs**

All borrowing costs are recognized in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

#### **Dividends**

Dividends are recognized as a liability in the period in which they are approved.

#### ***Financial instruments***

##### *(i) The main approaches to valuation*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is a quoted market price in an active market. An active market is one in which transactions for the asset or liability occurs with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial instruments traded in an active market is measured as the amount obtained by multiplying the quoted market price for the individual asset or liability by the number of instruments held by the Partnership. This is the case even if the normal daily market turnover is insufficient to absorb the quantity of assets and liabilities held and placing orders to sell positions in an individual transaction might affect the market quotation.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investee are used to fair value certain financial instruments for which external market pricing information is not available. The results of the fair value measurements are analyzed and allocated by level in the fair value hierarchy.

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

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

*The effective interest method* is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or, when appropriate, a shorter period to the gross carrying amount of the financial instrument. Such premiums or discounts are amortized over the expected life of the instrument. The present value calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate.

For assets that are purchased or originated credit-impaired financial assets at initial recognition, the effective interest rate is adjusted for credit risk, i.e. it is calculated based on the expected cash flows at initial recognition rather than the contractual cash flows.

*(ii) Initial recognition of financial instruments*

Financial instruments at fair value through profit or loss are initially recognized at fair value. All other financial instruments are initially recorded at fair value, including transaction costs. The best evidence of fair value at initial recognition is the transaction price. A profit or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation model whose inputs include only data from observable markets. After initial recognition, for financial assets measured at amortized cost and investments in debt instruments measured at fair value through other comprehensive income, a valuation provision for expected credit losses is recognized, resulting in an accounting loss recognized immediately after initial recognition of the asset.

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

## Microfinance organization “Finbox” LLP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

#### *(iii) Classification and subsequent measurement of financial assets: measurement categories*

The Partnership classifies financial assets using the following measurement categories: measured at fair value through profit or loss, measured at fair value through other comprehensive income, and measured at amortized cost. The classification and subsequent measurement of debt financial assets depends on: (i) the Partnership’s business model for managing the related asset portfolio and (ii) the cash flow characteristics of the asset.

#### *(iv) Classification and subsequent measurement of financial assets: the business model*

The business model reflects the manner in which the Partnership manages assets to generate cash flows, whether the Partnership’s objective is to (i) only receive contractual cash flows from the assets (“holding assets to generate contractual cash flows”), or (ii) to generate contractual cash flows and cash flows from the sale of the assets or, if neither (i) nor (ii) applies, the financial assets qualify as “other” business models and are measured at fair value through profit or loss.

The business model is determined for a group of assets based on all relevant evidence of the activities that the Partnership intends to undertake to achieve the objective established for the portfolio available at the measurement date. Factors considered by the Partnership in determining the business model include the purpose and composition of the portfolio, past experience in generating cash flows from the relevant assets and approaches to measurement and risk management.

#### *(v) Classification and subsequent measurement of financial assets: characteristics of cash flows*

If the business model requires assets to be held to collect contractual cash flows or to generate contractual cash flows and sales, the Partnership evaluates whether the cash flows represent solely payments of principal and interest (“SPPI test”).

Financial assets with embedded derivatives are considered in the aggregate to determine whether their cash flows represent solely payments of principal and interest. In making this assessment, the Partnership considers whether the contractual cash flows are consistent with the terms of the underlying loan agreement, i.e., interest only includes compensation for credit risk, time value of money, other risks of the underlying loan agreement and a profit margin.

If the terms of the contract provide for exposure to risk or volatility that does not meet the terms of the underlying loan agreement, the corresponding financial asset is classified and measured at fair value through profit or loss. The test for payments of principal and interest only is performed at initial recognition of the asset and no subsequent reassessment is made.

#### *(vi) Reclassification of financial assets*

Financial instruments are reclassified only if the business model for managing the portfolio as a whole is changed. Reclassifications are made prospectively from the beginning of the first reporting period following a change in the business model. The Partnership has not changed its business model during the current or comparative period and has not made any reclassifications.

#### *(vii) Impairment of financial assets: measurement provision for expected credit losses*

Based on forecasts, the Partnership estimates expected credit losses associated with debt instruments measured at amortized cost and at fair value through other comprehensive income and risks arising from loan commitments and financial guarantee contracts. The Partnership estimates expected credit losses and recognizes a valuation provision for credit losses at each reporting date. The estimate of expected credit losses reflects (i) an unbiased and probability-weighted amount determined by estimating a range of possible outcomes, (ii) the time value of money, and (iii) all reasonable and supportable information about past events, current conditions and projected future economic conditions available at the reporting

**Microfinance organization “Finbox” LLP**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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date without undue cost or effort.

Debt instruments measured at amortized cost are presented in the statement of financial position net of any provision for expected credit losses. A separate provision for expected credit losses is recognized for loan commitments and financial guarantees within liabilities in the statement of financial position. Changes in the amortized cost of debt instruments measured at fair value through other comprehensive income without provision for expected credit losses are recognized in profit or loss. Other changes in the carrying amount are recorded in other comprehensive income as gains less losses from debt instruments measured through other comprehensive income.

The Partnership applies a “three-step” impairment accounting model based on changes in credit quality since initial recognition. The financial instrument, which is not impaired at initial recognition, is classified as a Stage 1 financial instrument. For Stage 1 financial assets, expected credit losses are measured at an amount equal to a portion of the lifetime expected credit losses that arise from defaults that may occur over the next 12 months or until the contractual maturity date, if it occurs before the 12-month period (12-month expected credit losses). If the Partnership identifies a significant increase in credit risk since initial recognition, the asset is transferred to Stage 2 and expected credit losses on that asset are measured based on expected credit losses over the full term, that is, through the contractual maturity date, but including expected prepayments, if provided for (expected credit losses over the full term). If the Partnership determines that a financial asset is impaired, the asset is transferred to Stage 3 and the expected credit losses thereon are measured as expected credit losses over the entire term.

*(viii) Write-off of financial assets*

Financial assets are written off in whole or in part when the Partnership has exhausted all practicable means of recovery and concludes that expectations regarding recovery of such assets are unjustified. A write-off represents a derecognition. The Partnership may write off financial assets that are still in the process of collection when the Partnership attempts to collect amounts due under the contract even though it has no reasonable expectation of collection.

*(ix) Derecognition of financial assets*

The Partnership derecognizes financial assets when (a) the assets are redeemed or the rights to cash flows from the assets have otherwise expired or (b) the Partnership has transferred the rights to the cash flows from the financial assets or entered into a transfer arrangement while (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership but losing control over the assets. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without imposing restrictions on the sale.

*(x) Modification of financial assets*

Sometimes, the Partnership renegotiates or otherwise modifies the contractual terms of financial assets. The Partnership assesses whether the contractual modification of cash flows is significant considering, among other things, the following factors: the existence of new contractual terms that significantly affect the risk profile of the asset (e.g., profit participation or return on equity), a significant change in interest rates, changes in currency denominations, new or additional credit enhancements that significantly affect the credit risk of the asset, or significant extensions of credit terms.

## Microfinance organization "Finbox" LLP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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If the modified terms differ materially such that the rights to cash flows from the original asset expire, the Partnership derecognizes the original financial asset and recognizes the new asset at fair value. The date of renegotiation is the date of initial recognition for the purposes of calculating the subsequent impairment, including to determine whether there has been a significant increase in credit risk. The Partnership also assesses whether the new loan or debt instrument meets the criterion of making payments solely on account of principal and interest. Any difference between the carrying amount of the original asset derecognized and the fair value of the new, substantially modified asset is recognized in profit or loss, unless the substance of the difference relates to an equity transaction with owners.

In situations where the renegotiation was due to financial difficulties of the counterparty and its inability to meet the originally agreed payments, the Partnership compares the original and adjusted expected cash flows of the asset for any significant difference between the risks and rewards of the asset as a result of the modification of the contractual terms. If the risks and rewards do not change, there is no significant difference between the modified asset and the original asset and the modification does not result in derecognition. The Partnership recalculates the gross carrying amount by discounting the modified contractual cash flows at the original effective interest rate (or the credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets) and recognizes the profit or loss on the modification in profit or loss.

#### *(xi) Categories for measurement of financial liabilities*

Financial liabilities are classified as subsequently measured at amortized cost other than: (i) financial liabilities measured at fair value through profit or loss: this classification applies to derivative financial instruments, financial liabilities held for trading (such as short positions in securities), contingent consideration recognized by the acquirer in a business combination, and other financial liabilities designated as such upon initial recognition; and (ii) financial guarantee contracts and loan commitments.

#### *(xii) Derecognition of financial liabilities*

Financial liabilities are derecognized when they are extinguished (i.e., when the obligation specified in the contract is discharged or terminated or expires).

An exchange of debt instruments with substantially different terms between the Partnership and its original lenders, as well as material modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Terms are considered to be substantially different if the discounted present value of the cash flows under the new terms, including all fees paid less fees received, discounted using the original effective interest rate, differs by at least 10% from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency in which the instrument is denominated, changes in the type of interest rate, new terms of the instrument's conversion and changes in the terms of the loan covenants, are taken into account. If an exchange or modification of terms is accounted for as redemption, any costs or fees paid are recognized in profit or loss on redemption. If the exchange or modification is not accounted for as an extinguishment, any costs or fees paid are recognized as an adjustment to the carrying amount of the liability and are amortized over the remaining term of the modified liability.

Modifications to liabilities that do not result in extinguishment are accounted for as a change in estimate under the cumulative retrospective amortization method, with a profit or loss recognized in profit or loss, unless the economic substance of the difference in the carrying amount relates to an equity transaction with owners.

## Microfinance organization "Finbox" LLP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

#### (xiii) *Offsetting of financial instruments*

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts, and there is an intention to either settle on a net basis, or to realize the asset and settle the liability simultaneously. The right of set-off under consideration (a) must not be contingent on possible future events and (b) must be legally enforceable in the following circumstances: (i) in the ordinary course of business, (ii) in the event of default (event of default) and (iii) in the event of insolvency or bankruptcy.

#### *Subsequent events*

Events occurring after the end of the year that provide additional information about the Partnership's position on the date of the financial statements (adjusting events) are reflected in the financial statements. Events that occurred after the end of the reporting year and are not adjusting events are disclosed in the notes to the financial statements if they are material.

#### *Related parties*

The party is related to the organization, when the party directly or indirectly through one or more intermediaries controls the organization, owns an interest in the Partnership and has significant influence (more than 20%); the party conducts joint activities with the Partnership; organizations, whose first manager is the head of the Partnership on a combined basis; the party with which the Partnership enters into significant transactions on the basis of its economic dependence on it.

#### NOTE 4. INCOME

The following tables provide an analysis of the main components of income for the reporting period:

<i>in thousands of Kazakhstani tenge</i>	2021	2020
Income from receipt of interest on issued microloans	1 656 336	312 211
Income from reversal of provisions for possible losses on operations on microcredits issued	807 854	599 542
Other income	2 323 885	1 938 856
<b>Total</b>	<b>4 788 075</b>	<b>2 850 609</b>

Other income is represented by the following types of income:

<i>in thousands of Kazakhstani tenge</i>	2021	2020
Income from accrual of penalties on microloans and administrative fines on employees, other income	2 313 472	1 938 851
Income from securities	5 972	-
Income from (accrual)/recovery of discount	4 421	-
Income from sale of assets	20	5
<b>Total</b>	<b>2 323 885</b>	<b>1 938 856</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE 5. EXPENSES**

The following tables provide an analysis of the main components of expenses for the reporting period:

<i>in thousands of Kazakhstani tenge</i>	<b>2021</b>	<b>2020</b>
Expenses on creation of provisions for possible losses on operations on microcredits issued	(1 528 028)	(863 262)
Operational expenses	(1 434 040)	(1 040 083)
Other expenses	(29 954)	(2 924)
<b>Total</b>	<b>(2 992 022)</b>	<b>(1 906 269)</b>

The following tables provide an analysis of the main components of operational expenses:

<b>Operational expenses</b>	<i>in thousands of Kazakhstani tenge</i>	
	<b>2021</b>	<b>2020</b>
Salaries and other payroll expenses	712 297	533 901
Notary services	193 459	116 254
Rent of premises	155 855	133 223
Advertising expenses	49 458	22 249
Social tax	41 599	31 047
Expenses from write-off of inventory	29 771	17 528
Acceptance and transfer of payments	27 082	7 907
Archive management services	19 427	15 214
Security services	18 222	17 756
Social contributions	17 851	14 029
Communication, internet and postal services	17 201	15 449
Depreciation of PPE and amortization of IA	14 724	17 641
Fee for placement of outdoor advertising	14 033	11 460
Services on repair of premises	13 821	7 044
CSHI contributions	11 486	9 148
SMS sending services	10 944	7 884
Bond issue expenses	10 799	-
Services for 1C, software maintenance	8 780	11 906
Bank services	7 785	7 419
Fee and commission expense	7 203	-
Other services	52 243	43 024
<b>Total</b>	<b>1 434 040</b>	<b>1 040 083</b>

Other expenses consist of the following types of expenses:

<i>in thousands of Kazakhstani tenge</i>	<b>2021</b>	<b>2020</b>
Expenses for coupon payment	(22 611)	-
Expenses related to the payment of remuneration	(4 605)	-
Other expenses	(1 302)	(1 772)
Expenses for valuation provisions for expected credit losses	(1 070)	(556)
Expenses from disposal of assets	(366)	(596)
<b>Total</b>	<b>(29 954)</b>	<b>(2 924)</b>

Microfinance organization "Finbox" LLP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 6. INCOME TAX**

The income tax rate is 20% in 2020 and 2021:

<i>in thousands of Kazakhstani tenge</i>	<b>2021</b>	<b>2020</b>
Current income tax	(359 330)	(190 841)
Savings on deferred income tax	(145)	1 170
<b>Income tax expense</b>	<b>(359 475)</b>	<b>(189 671)</b>

a) The reconciliation of pretax income tax with theoretical income tax at a tax rate of 20% for the year ended December 31 is as follows:

<i>in thousands of Kazakhstani tenge</i>	<b>2021</b>	<b>2020</b>
Profit before income tax expense	1 796 053	944 340
Statutory income tax rate	20%	20%
<b>Contingent income tax expense</b>	<b>(359 210)</b>	<b>(188 868)</b>
Tax effect of permanent differences	(265)	(803)
<b>Income tax expense</b>	<b>(359 475)</b>	<b>(189 671)</b>

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial and tax accounting purposes. Deferred income tax assets and liabilities are measured at the rates that are expected to apply to the period when the assets are recovered or the liabilities are settled.

b) Deferred tax assets/liabilities for the period beginning January 1, 2021 and ended December 31, 2021 were:

<i>Deferred tax asset, including:</i>	<b>Tax accounting</b>	<b>Accounting</b>	<b>Difference</b>
Provision for employee vacations	-	45 079	45 079
Taxes payable	19	1 143	1 124
Provision for expected credit losses	-	6 663	6 663
<b>Total deferred tax asset</b>	<b>4</b>	<b>10 577</b>	<b>10 573</b>
<i>Deferred tax liability, including:</i>	<b>Tax accounting</b>	<b>Accounting</b>	<b>Difference</b>
Property, plant and equipment and intangible assets	42 941	49 298	(6 357)
Loans received	93 992	98 413	(4 421)
<b>Total deferred tax liability</b>	<b>27 387</b>	<b>29 542</b>	<b>(2 155)</b>
<b>Net deferred tax asset (liability)</b>			<b>8 418</b>

c) Deferred tax assets/liabilities for the period beginning January 1, 2020 and ended December 31, 2020 were:

<i>Deferred tax asset, including:</i>	<b>Tax accounting</b>	<b>Accounting</b>	<b>Difference</b>
Provision for employee vacations	-	39 219	39 219
Provision for expected credit losses	-	5 593	5 593
<b>Total deferred tax asset (20%)</b>	<b>-</b>	<b>8 962</b>	<b>8 962</b>
<i>Deferred tax liability, including:</i>	<b>Tax accounting</b>	<b>Accounting</b>	<b>Difference</b>
Property, plant and equipment and intangible assets	41 360	43 619	(2 259)
Taxes payable	(21)	(287)	266
<b>Total deferred tax liability (20%)</b>	<b>8 268</b>	<b>8 667</b>	<b>(399)</b>
<b>Net deferred tax asset (liability)</b>			<b>8 563</b>



Microfinance organization "Finbox" LLP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 7. PROPERTY, PLANT AND EQUIPMENT

a) Movements in property, plant and equipment for the period from January 1, 2021 to December 31, 2021, were as follows:

in thousands of Kazakhstani tenge	Computers	Machinery and equipment	Other (office furniture)	Total
<b>Cost</b>				
On January 1, 2021	57 578	17 681	13 568	88 827
Receipts	12 539	5 143	1 945	19 627
Disposal / write-off	(1 476)	(767)	(490)	(2 733)
<b>On December 31, 2021</b>	<b>68 641</b>	<b>22 057</b>	<b>15 023</b>	<b>105 721</b>
<b>Depreciation</b>				
On January 1, 2021	46 332	11 480	9 038	66 850
Depreciation expense	7 126	3 119	1 936	12 181
Depreciation of written-off	(1 422)	(655)	(270)	(2 347)
<b>On December 31, 2021</b>	<b>52 036</b>	<b>13 944</b>	<b>10 704</b>	<b>76 684</b>
<b>Residual value</b>				
On January 1, 2021	11 246	6 201	4 530	21 977
<b>On December 31, 2021</b>	<b>16 605</b>	<b>8 113</b>	<b>4 319</b>	<b>29 037</b>

b) Movements in property, plant and equipment for the period from January 1, 2020 to December 31, 2020, were as follows:

in thousands of Kazakhstani tenge	Computers	Machinery and equipment	Other (office furniture)	Total
<b>Cost</b>				
On January 1, 2020	54 643	14 917	12 992	82 552
Receipts	5 428	5 383	911	11 722
Disposal / write-off	(2 493)	(2 619)	(335)	(5 447)
<b>On December 31, 2020</b>	<b>57 578</b>	<b>17 681</b>	<b>13 568</b>	<b>88 827</b>
<b>Depreciation</b>				
On January 1, 2020	39 324	10 646	6 693	56 663
Depreciation expense	9 473	3 008	2 556	15 037
Depreciation of written-off	(2 465)	(2 174)	(211)	(4 850)
<b>On December 31, 2020</b>	<b>46 332</b>	<b>11 480</b>	<b>9 038</b>	<b>66 850</b>
<b>Residual value</b>				
On January 1, 2020	15 319	4 271	6 299	25 889
<b>On December 31, 2020</b>	<b>11 246</b>	<b>6 201</b>	<b>4 530</b>	<b>21 977</b>

Microfinance organization "Finbox" LLP

NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 8. INTANGIBLE ASSETS

a) movements in intangible assets for the period from January 1, 2021 to December 31, 2021, were as follows:

<i>in thousands of Kazakhstani tenge</i>	Software	Licenses	Other intangible assets	Total
<b>Cost</b>				
On January 1, 2021	20 629	437	5 809	26 875
Receipts	1 162	-	-	1 162
On December 31, 2021	21 791	437	5 809	28 037
<b>Amortization</b>				
On January 1, 2021	2 666	437	2 130	5 233
Amortization expense	1 962	-	581	2 543
On December 31, 2021	4 628	437	2 711	7 776
<b>Residual value</b>				
On January 1, 2021	17 963	-	3 679	21 642
On December 31, 2021	17 163	-	3 098	20 261

b) movements in intangible assets for the period from January 1, 2020 to December 31, 2020, were as follows:

<i>in thousands of Kazakhstani tenge</i>	Software	Licenses	Other intangible assets	Total
<b>Cost</b>				
On January 1, 2020	23 174	437	5 809	29 420
Disposal / write-off	(2 545)	-	-	(2 545)
On December 31, 2020	20 629	437	5 809	26 875
<b>Amortization</b>				
On January 1, 2020	3 244	381	1 549	5 174
Amortization expense	1 967	56	581	2 604
Amortization of written-off	(2 545)	-	-	(2 545)
On December 31, 2020	2 666	437	2 130	5 233
<b>Residual value</b>				
On January 1, 2020	19 930	56	4 260	24 246
On December 31, 2020	17 963	-	3 679	21 642

NOTE 9. LOANS (MICROLOANS) ISSUED (LESS PROVISIONS FOR IMPAIRMENT)

- Loans (microloans) issued (less provisions for impairment)

<i>in thousands of Kazakhstani tenge</i>	December 31, 2021	December 31, 2020
Microloans (loans) issued	3 600 643	2 314 297
Accrued interest	402 560	91 744
Accrued penalties	2 163	-
<b>Total</b>	<b>4 005 366</b>	<b>2 406 041</b>
Provisions	(2 176 295)	(1 516 351)
<b>Total including provisions</b>	<b>1 829 071</b>	<b>889 690</b>

Microfinance organization "Finbox" LLP

NOTES TO THE FINANCIAL STATEMENTS  
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- long-term loans (microloans) issued (less provisions for impairment)

<i>in thousands of Kazakhstani tenge</i>	December 31, 2021	December 31, 2020
Microloans (loans) issued	205 921	-
<b>Total</b>	<b>205 921</b>	-
Provisions	(5 632)	-
<b>Total including provisions</b>	<b>200 289</b>	-

a) Classification of loans and provisions created against them for the period from January 1, 2021 to December 31, 2021:

- classification of short-term loans and provisions created against them for the period from January 1, 2021 to December 31, 2021:

The group of microloans according to the classification	Total principal amount	Amount of accrued remuneration	<i>in thousands of Kazakhstani tenge</i>	
			Amount of accrued penalty	Total amount of actually created provisions
<i>Standard</i>	-	-	-	-
<i>Doubtful</i>	1 720 801	302 132	-	(196 025)
- 1 to 30 days overdue	1 443 514	222 242	-	(78 880)
- 31 to 90 days overdue	277 287	79 890	-	(117 145)
<i>Unreliable (more than 90 days overdue)</i>	1 879 842	100 428	2 163	(1 980 270)
<b>Total</b>	<b>3 600 643</b>	<b>402 560</b>	<b>2 163</b>	<b>(2 176 295)</b>
<b>Total amount including provisions created</b>				<b>1 829 071</b>

- classification of long-term loans and provisions created against them for the period from January 1, 2021 to December 31, 2021:

The group of microloans according to the classification	Total principal amount	Amount of accrued remuneration	<i>in thousands of Kazakhstani tenge</i>	
			Amount of accrued penalty	Total amount of actually created provisions
<i>Standard</i>	-	-	-	-
<i>Doubtful</i>	205 921	-	-	(5 632)
- 1 to 30 days overdue	184 400	-	-	(4 619)
- 31 to 90 days overdue	21 521	-	-	(1 013)
<i>Unreliable (more than 90 days overdue)</i>	-	-	-	-
<b>Total</b>	<b>205 921</b>	-	-	<b>(5 632)</b>
<b>Total amount including provisions created</b>				<b>200 289</b>



Microfinance organization "Finbox" LLP

NOTES TO THE FINANCIAL STATEMENTS  
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The most of the accountability on December 31, 2021 and 2020, was given to the following persons:  
- 2021:

<i>in thousands of Kazakhstani tenge</i>	Short-term debts of accountable persons on January 1, 2021	Issued to account	Return of sub- account	Short-term debts of accountable persons on December 31, 2021
D.N. Medeubekov	165 000	231 000	(396 000)	-
T.B. Issayev	110 000	154 000	(264 000)	-
Y.A. Shulgina	49 950	1 641 415	(1 662 265)	29 100
<b>Total</b>	<b>324 950</b>	<b>2 026 415</b>	<b>(2 322 265)</b>	<b>29 100</b>

<i>in thousands of Kazakhstani tenge</i>	Short-term debts of accountable persons on January 1, 2020	Issued to account	Return of sub- account	Short-term debts of accountable persons on December 31, 2020
D.N. Medeubekov	-	165 000	-	165 000
T.B. Issayev	-	110 000	-	110 000
<b>Total</b>	<b>-</b>	<b>275 000</b>	<b>-</b>	<b>275 000</b>

**NOTE 11. OTHER ASSETS**

Other non-current assets consisted of the following items:  
*in thousands of Kazakhstani tenge*

	December 31, 2021	December 31, 2020
Debts on claims	1 195	1 170
Security deposits under lease agreements	2 302	2 258
Debts on outstanding amounts	148	148
Debts on refunds (state fees, other)	2 993	3 849
Valuation provision for expected credit losses	(3 438)	(3 242)
<b>Total</b>	<b>3 200</b>	<b>4 183</b>

Other current assets consisted of the following items:  
*in thousands of Kazakhstani tenge*

	December 31, 2021	December 31, 2020
Short-term future expenses	636	618
Debt on claims	625	-
Security deposits under lease agreements	-	211
Other debts	123	125
Other taxes and payments to the budget	60	54
Valuation provision for expected credit losses	(743)	(113)
<b>Total</b>	<b>701</b>	<b>895</b>

Microfinance organization "Finbox" LLP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 12. CASH AND CASH EQUIVALENTS**

*in thousands of Kazakhstani tenge*

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Cash on hand	2 120	9 204
Cash in current bank accounts	17 283	41 083
Cash in correspondent accounts	9 051	-
Cash in transit	18 020	17 788
Cash in other accounts	1 361	-
Valuation provision for expected credit losses	(247)	(382)
<b>Total</b>	<b>47 588</b>	<b>67 693</b>

Bank accounts are opened in the following second-tier banks of the Republic of Kazakhstan:

<i>in thousands of Kazakhstani tenge</i>	S&P/ Moody's Rating	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Kaspi bank JSC	BB-/stable	17 283	41 083
Sberbank JSC	Ba1/stable	9 051	-
<b>Total</b>		<b>26 332</b>	<b>41 083</b>

No interest shall accrue on the current accounts of the Partnership. No restriction is placed on the funds above or on their use as security for any warranties.

**NOTE 13. OTHER FINANCIAL ASSETS**

Debts on loans issued to employees were formed under interest-free loans provided to employees (financial aid) under the concluded agreements:

Short-term trade and other receivables were formed under the following items:

<i>in thousands of Kazakhstani tenge</i>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Debts on loans issued to employees	9 651	26 228

**NOTE 14. ADVANCES PAID**

Advances paid on December 31, 2021 and 2020 included the following:

<i>in thousands of Kazakhstani tenge</i>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
<b>Advances paid, including:</b>	<b>11 472</b>	<b>10 549</b>
advances paid on leases	6 325	6 975
advances paid to other suppliers and contractors	5 147	3 574

**NOTE 15. INVENTORIES**

*in thousands of Kazakhstani tenge*

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Inventories	-	806
<b>Total</b>	<b>-</b>	<b>806</b>

Raw materials mainly include office and other supplies.



Microfinance organization "Finbox" LLP

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

a) Movement of inventories for the period from January 1 to December 31, 2020:

<i>in thousands of Kazakhstani tenge</i>	<b>Raw materials</b>	<b>Goods</b>	<b>Total</b>
<b>On January 1, 2020</b>	<b>806</b>	-	<b>806</b>
Receipts	17 611	-	17 611
Written off for administrative and business needs	(17 611)	-	(17 611)
<b>On December 31, 2020</b>	<b>806</b>	-	<b>806</b>

b) Movement of inventories for the period from January 1 to December 31, 2021:

<i>in thousands of Kazakhstani tenge</i>	<b>Raw materials</b>	<b>Goods</b>	<b>Total</b>
<b>On January 1, 2021</b>	806	-	806
Receipts	30 332	112	30 444
Written off for administrative and business needs	(29 766)	(112)	(29 878)
Use of materials for repairs	(1 372)	-	(1 372)
<b>On December 31, 2021</b>	-	-	-

**NOTE 16. AUTHORIZED CAPITAL**

The amount of Partnership's authorized capital is 70 000 000,00 tenge, the amount of unpaid capital on December 31, 2020 is absent.

The members of the Partnership on December 31, 2020 and 2021 are:

<b>Full name of individual</b>	<b>December 31, 2021</b>		<b>December 31, 2020</b>	
	<b>Amount, in thousand of tenge</b>	<b>Share, in %</b>	<b>Amount, in thousand of tenge</b>	<b>Share, in %</b>
Medeubekov Diyar Nurlanovich	42 000	60%	30 000	60%
Issayev Timur Beketovich	28 000	40%	20 000	40%
<b>Total</b>	<b>70 000</b>	<b>100%</b>	<b>50 000</b>	<b>100%</b>

The decision to increase the authorized capital was made in accordance with the Minutes of the Extraordinary General Meeting of Members No. 43 dated December 20, 2021. The authorized capital on December 31, 2021 was formed in full.

According to the Minutes of the Extraordinary General Meeting of Members No.11 dated March 18, 2021, No.24 dated July 1, 2021, No.37 dated November 12, 2021, No.36 dated November 12, 2021 and No.42 dated December 20, 2021, it was decided to distribute dividends among the participants of the Partnership:



Microfinance organization "Finbox" LLP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

<i>in thousands of Kazakhstani tenge</i>	December 31, 2021	December 31, 2020
<b>Authorized capital</b>	<b>70 000</b>	<b>50 000</b>
Paid-in capital	70 000	50 000
Retained earnings/loss of previous years	1 240 814	2 836 833
Retained earnings/loss of the reporting period	1 436 578	754 669
Adjustment of profit of previous years	(27)	-
Payment of dividends	(1 740 000)	(2 350 688)
<b>Total retained earnings/loss</b>	<b>937 365</b>	<b>1 240 814</b>
<b>Total equity</b>	<b>1 007 365</b>	<b>1 290 814</b>

NOTE 17. ACCOUNTS PAYABLES

<i>in thousands of Kazakhstani tenge</i>	December 31, 2021	December 31, 2020
Accounts payable to suppliers and contractors	55 485	45 422
<b>Total</b>	<b>55 485</b>	<b>45 422</b>

All payables are denominated in Kazakhstani tenge, there are no payables in foreign currency on December 31, 2020 and December 31, 2021.

Accounts payable were formed by the following items:

<i>in thousands of Kazakhstani tenge</i>	December 31, 2021	December 31, 2020
Short-term payables to suppliers and contractors	4 515	1 266
Short-term lease payables	651	439
Employee benefits and accrued provision for unused vacations	50 319	43 717

a) the table shows liabilities related to the personnel of the Partnership at each reporting date:

<i>in thousands of Kazakhstani tenge</i>	December 31, 2021	December 31, 2020
Debt on salaries	5 240	4 498
Provision for future vacations	45 079	39 219
<b>Total</b>	<b>50 319</b>	<b>43 717</b>

Salary debts are current debts.

b) Provision for vacations at each reporting date:

<i>in thousands of Kazakhstani tenge</i>	December 31, 2021	December 31, 2020
<b>Provisions for vacations on January 1</b>	<b>39 219</b>	<b>32 576</b>
(Accrual)/recovery for the year	38 348	29 731
Write-off	(32 488)	(23 088)
<b>Provisions for vacations on December 31</b>	<b>45 079</b>	<b>39 219</b>

Microfinance organization "Finbox" LLP

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 18. LIABILITIES FOR TAXES AND OTHER PAYMENTS TO THE BUDGET

<i>in thousands of Kazakhstani tenge</i>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Liabilities for taxes and other payments to the budget	61 037	17 329

Liabilities for taxes and other payments to the budget at the reporting date were formed on the following taxes and obligatory payments to the budget:

<i>in thousands of Kazakhstani tenge</i>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
<b>Tax liabilities</b>	<b>61 005</b>	<b>17 318</b>
Individual income tax	19	11
Social tax	-	3
Other liabilities	1 124	262
Corporate income tax	59 862	17 042
<b>Liabilities for other obligatory and voluntary payments</b>	<b>32</b>	<b>11</b>
Liabilities for social insurance and social health insurance contributions	6	4
Liabilities for pension contributions	26	7

NOTE 19. FINANCIAL LIABILITIES

<i>in thousands of Kazakhstani tenge</i>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Debts on loans received, including:	93 991	-
- short-term loans received	20 719	-
- long-term loans received	73 272	-

The Partnership and Damu Entrepreneurship Development Fund JSC concluded Agreement No. MFO-41 dated June 25, 2021 on opening a credit line under conditional placement of funds in microfinance organizations for further financing of micro and small private entrepreneurship entities.

The Partnership received a credit tranche of 100,000.00 thousand tenge for 48 months at the annual interest rate of 9.59% under the open credit line in accordance with the terms of credit agreement No.1 dated July 8, 2021.



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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 20. OTHER FINANCIAL LIABILITIES

<i>in thousands of Kazakhstani tenge</i>	December 31, 2021	December 31, 2020
Other financial liabilities under temporary financial aid agreements	5 300	-

NOTE 21. ISSUED SECURITIES AND DEBT ON ACCRUED COUPON

<i>in thousands of Kazakhstani tenge</i>	December 31, 2021	December 31, 2020
Bonds issued	550 000	-
Payables on accrued coupon	22 611	-
<b>Total</b>	<b>572 611</b>	<b>-</b>

During the reporting period, the Partnership issued coupon bonds:

Financial advisor of the issuer:

**BCC Invest JSC is a subsidiary of Bank CenterCredit JSC**

No. of sub-accounts (depo)

**Agreement No. NDЛ6653 dated November 2, 2021**

Account No.

**1025606653**

*a) Characteristics of security*

ISIN	Location of the issuer	Type and category of securities	Name of securities	Maturity date
KZX000000765	Kazakhstan	Bond	FINB.1124	November 3, 2024
Nominal value of one security	Currency of the nominal	Amount of issue volume at nominal value (KZT)	Place of storage	Number of securities free from encumbrance on December 31, 2021 (pcs.)
50 000 000	KZT	1 450 000 000	AIX CSD	29

Start date:

November 3, 2021

Circulation period, years:

3

Coupon payment period:

quarter (from February 3, 2022)



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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**Coupon rate** The annual coupon rate is 25%. The rate was changed to 30% from December 20, 2021. The interest rate on the Bonds is fixed for the entire term of circulation of the Bonds.

*b) The movement in securities for the period from January 1, 2021 to December 31, 2021, was as follows:*

**in units**

Transaction date	number of securities (pcs.)			Closing balance
	Opening balance	Income (number of registered bonds)	Expense (sale of securities)	
November 3, 2021	-	40	-	40
November 9, 2021	40	-	3	37
November 9, 2021	37	-	2	35
November 25, 2021	35	-	4	31
November 30, 2021	31	-	2	29
December 31, 2021	29	-	-	29

The total amount of bonds issued in circulation for 2021 amounted to - 550 000 thousand tenge.

**NOTE 22. DIVIDENDS PAYABLE**  
*in thousands of Kazakhstani tenge*

	December 31, 2021	December 31, 2020
Dividends payable	380 000	-

**NOTE 23. OTHER LIABILITIES**

Other current liabilities are as follows:

*in thousands of Kazakhstani tenge*

	December 31, 2021	December 31, 2020
Other current liabilities	1 642	5 753

Other current liabilities are presented as follows:

*in thousands of Kazakhstani tenge*

	December 31, 2021	December 31, 2020
Debt on writs of execution	450	157
Amounts pending clarification	994	5 596
Prepayment on loans issued	198	-



## Microfinance organization “Finbox” LLP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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Other non-current liabilities are presented as follows:

<i>in thousands of Kazakhstani tenge</i>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Amounts pending clarification	34 224	37 556

#### NOTE 24. CONTINGENT LIABILITIES

##### *a) Political and economic conditions in the Republic of Kazakhstan*

Kazakhstan continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Kazakhstani economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

##### *b) Taxation*

Tax laws in the Republic of Kazakhstan are often changed and interpreted in different ways. The management’s interpretation of such laws as applied to the Partnership’s business may be challenged by the relevant tax authorities, which, by law, may impose fines and interest. The financial periods remain open to tax inspection for five calendar years.

The Partnership’s management believes that it has accrued all tax amounts due and, accordingly, no provision has been made in the separate financial statements.

##### *c) Legal actions*

In the ordinary course of business, the Partnership is subject to legal actions and complaints. The management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial conditions or the results of future operations of the Partnership.

##### *d) Insurance policies*

The Partnership insures its risks in the following areas:

- accident insurance of employees;
- voluntary insurance of civil liability to third parties.

##### *e) Environmental obligations*

The regulation of environmental protection in the Republic of Kazakhstan is in a state of development. The outcome of current and future environmental regulations cannot be determined at this time. As liabilities are determined, provisions will be made against them in accordance with the Partnership’s accounting policies. Management believes that the Partnership does not have any significant liabilities under current legislation not accrued for in the Partnership’s financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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**NOTE 25. FINANCIAL INSTRUMENTS, GOALS AND POLICIES OF FINANCIAL RISK MANAGEMENT**

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable, willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The management believes that the carrying value of the Partnership's financial liabilities does not differ materially from their fair value on December 31, 2021.

General management of risk management is the responsibility of the Director. His responsibilities include, but are not limited to:

- 1) approving the basic principles of risk management and assessing the adequacy of the Partnership's organizational structure to those principles;
- 2) control over the activities of the Partnership's risk management units, identification of weaknesses in risk management and taking appropriate measures.

Financial risk management is carried out through setting limits on transactions, compliance with which is obligatory for the appropriate subdivisions of the Partnership and officials of the Partnership authorized to conduct these operations. Structural subdivisions of the Partnership prepare on a regular basis the forms of management reporting, which provide the Partnership management bodies with information necessary for decision-making. Management of the following main risks and their assessment is carried out by the Partnership on an ongoing basis.

**Credit risk**

The Partnership assumes credit risk, i.e. the risk that the borrower will not be able to repay the debt in full by the due date. Credit risk limits are set in the form of limits on borrowers/loan products/other sections of the loan portfolio when transactions bearing credit risk are performed. At the same time, the Partnership assumes maximum automation of the limits and restrictions management process in order to timely monitor and eliminate the causes of increased credit risk. The objective of credit risk management is minimization of losses of the Partnership due to defaults of borrowers and maximization of profitability of the Partnership taking into account credit risk. The tasks of credit risk management are:

- analysis and assessment of credit risks;
- determination of the size of risks;
- credit risk management;
- control over efficiency of credit risk management

**Cash and cash equivalents**

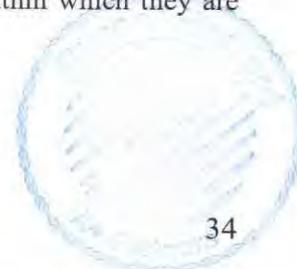
The Partnership, as part of its credit and liquidity risk management, regularly reviews the financial stability of the financial and banking institutions where it deposits cash and cash equivalents. Cash and cash equivalents have been deposited with major banks in Kazakhstan.

**Credit portfolio**

The main criteria for the evaluation of borrowers' microloans are:

- financial standing of the borrower;
- quality of debt service by the borrower.

Development, actualization and control of observance of restrictions on credit risk in the Partnership is carried out by responsible employees of the Partnership. When assessing the level of risk on all assets exposed to credit risk, a portfolio approach is used, when the risk level is assessed on the pool of homogeneous loans, combined into portfolios, without analysis of individual loans (individual approach). The fundamental criterion for combining loans into one portfolio is the product within which they are issued.



## Microfinance organization “Finbox” LLP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

In assessing the loan portfolio assesses the concentration of risk in the loan portfolio. Concentration takes many forms and occurs when a significant number of loans have similar characteristics. The Partnership takes into account the diversification of the loan portfolio according to a number of criteria, the key ones being: maturity, number of borrower applications, established interest rates, number of days overdue. The main aspect of assessing the quality of the Partnership’s loan portfolio is an analysis of the level of overdue principal: the volume and dynamics of overdue principal are analyzed on a regular basis to control compliance of actual indicators with the planned ones.

#### **Liquidity risk**

Liquidity risk is the risk of mismatching the maturity of assets and liabilities. Liquidity risk is assessed by:

- depending on the amount of assets available to the Partnership and the possible terms of their realization without considerable losses for the Partnership;
- depending on the existing liabilities, the terms to their repayment and the dynamics of changes in the number of liabilities over time.

A position is considered risky if liquid assets and projected receipts of financial resources are insufficient to meet the obligations within a certain period of time. Liquidity management activities are coordinated by the Director or his deputy by controlling short-, medium- and long-term liquidity. Regulation of liquidity risk is carried out by controlling the deficit/surplus of cash resources, distribution and redistribution of cash resources by instruments depending on maturities, degree of their liquidity and profitability level. Liquidity management requires analysis of the level of liquid assets necessary to settle liabilities as they fall due; providing access to various funding sources; having plans in case of funding problems and monitoring balance liquidity ratios against regulatory requirements of the National Bank of Kazakhstan. Ratios on December 31, 2020 and December 31, 2021 were significantly above the thresholds. The following tables show the undiscounted contractual cash flows on the Partnership’s liabilities by remaining contractual maturities:

<i>in thousands of Kazakhstani tenge</i>	<b>December 31, 2021</b>	<b>Within 1 month</b>	<b>from 1 to 6 months</b>	<b>from 6 months to 1 year</b>	<b>More than 1 year</b>
Accounts payable	55 485	10 406	-	45 079	-
Current tax liabilities and obligatory payments to the budget	61 037	1 175	59 862	-	-
Other liabilities	1 642	456	-	1 186	-
<b>Non-current liabilities</b>					
Other non-current liabilities	34 224	-	-	-	34 224

<i>in thousands of Kazakhstani tenge</i>	<b>December 31, 2020</b>	<b>Within 1 month</b>	<b>from 1 to 6 months</b>	<b>from 6 months to 1 year</b>	<b>More than 1 year</b>
<b>Current liabilities</b>					
Accounts payable	45 422	6 203	-	39 219	-
Current tax liabilities and obligatory payments to the budget	17 329	287	17 042	-	-
Other current liabilities	5 753	237	-	5 516	-
<b>Non-current liabilities</b>					
Other non-current liabilities	37 566	-	-	-	37 556

## Microfinance organization "Finbox" LLP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

#### Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables. Given that the Partnership does not attract or issue instruments with floating interest rates and does not attract equity instruments, the Partnership's Management assesses the impact of exchange rate changes as a key market parameter affecting the Partnership's future cash flows. Currency risk is the risk of losses due to adverse changes in exchange rates on open positions in foreign currencies. The Partnership has no financial assets and financial liabilities denominated in Russian rubles, US dollars or euros:

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Exchange rate of US dollar to tenge, average for the year	431,08	420,91
Change in average exchange rate year to year	2,4%	9,9%
<b>Effect on the Partnership's profit before taxation</b>	<b>not applicable</b>	<b>not applicable</b>
Exchange rate of euro to tenge, average for the year	489,1	516,79
Change in average exchange rate year to year	-5,3%	20,6%
<b>Effect on the Partnership's profit before taxation</b>	<b>not applicable</b>	<b>not applicable</b>
Exchange rate of ruble to tenge, average for the year	5,76	5,62
Change in average exchange rate year to year	2,5%	-5,0%
<b>Effect on the Partnership's profit before taxation</b>	<b>not applicable</b>	<b>not applicable</b>

#### Operational risk

Operational risk is the risk arising from system failure, human error, fraud or external events. When controls stop functioning, operational risks can damage reputation, have legal implications or lead to financial losses. The Partnership cannot assume that all operational risks have been eliminated, but through a system of controls and by monitoring and responding appropriately to potential risks, the Partnership actively manages such risks. Controls include effective segregation of duties, access rights, approval and reconciliation procedures, staff training, and evaluation procedures, including internal reviews.

#### NOTE 26. FAIR VALUE OF FINANCIAL INSTRUMENTS

The management of the Partnership believes that the fair value of financial assets and liabilities approximates their carrying values and represents the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

For trade receivables and payables maturing in less than six months, the fair value does not differ materially from the carrying amount because the effect of the time value of money is immaterial.

The following methods and assumptions were used to determine fair values:

- The fair values of cash, trade receivables, trade payables and other current assets and liabilities approximate their carrying amounts largely due to the fact that these instruments will be repaid in the near future.
- The fair value of unquoted instruments is determined by discounting future cash flows using current rates for debts with similar terms, credit risk and remaining maturities. The Partnership's management believes that the carrying amount of such instruments approximates their fair value.

**Microfinance organization “Finbox” LLP**

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FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE 27. RELATED PARTY DISCLOSURES**

The 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 for the purposes of these financial statements. Parties that are under common control with the Partnership are also considered to be related. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The following are related parties to the Partnership:

<b>Name of related party</b>	<b>Degree of affiliation of the related party</b>
D.N. Medeubekov	Founder
	Director
T.B. Issayev	Founder
	Advisor Director
Finbox LLP	Founders –D.N. Medeubekov and T.B. Issayev
D.B. Issayeva Notary	Sister of the founder

Related party transactions that were entered into with related parties during the period from January 1 to December 31, 2021, from January 1 to December 31, 2020:

a) Temporary financial assistance from the founders was received on December 31, 2021.

<i>in thousands of Kazakhstani tenge</i>	<b>Accounts receivable on January 1, 2021</b>	<b>Financial assistance paid</b>	<b>Repayme nt of financial assistance</b>	<b>Accounts receivable on December 31, 2021</b>
D.N. Medeubekov	-	50 000	(50 000)	-
T.B. Issayev	-	60 000	(60 000)	-
<b>Total</b>	<b>-</b>	<b>110 000</b>	<b>(110 000)</b>	<b>-</b>

The Partnership provided non-repayable refundable financial assistance on December 31, 2021:

<i>in thousands of Kazakhstani tenge</i>	<b>Accounts receivable on January 1, 2021</b>	<b>Financial assistanc e paid</b>	<b>Repayment of financial assistance</b>	<b>Accounts receivable on December 31, 2021</b>
D.N. Medeubekov	15 000	51 000	(66 000)	-
T.B. Issayev	10 000	-	(10 000)	-
<b>Total</b>	<b>25 000</b>	<b>51 000</b>	<b>(76 000)</b>	<b>-</b>



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NOTES TO THE FINANCIAL STATEMENTS  
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The Partnership has provided the following amounts on account on December 31, 2021:

<i>in thousands of Kazakhstani tenge</i>	Short-term debts of accountable persons on January 1, 2021	Issued on account	Return of sub- account	Short-term debts of accountable persons on December 31, 2021
D.N. Medeubekov	165 000	231 000	(396 000)	-
T.B. Issayev	110 000	154 000	(264 000)	-
<b>Total</b>	<b>275 000</b>	<b>385 000</b>	<b>(660 000)</b>	<b>-</b>

The Partnership received services from D.B. Issayeva notary on December 31, 2021:

<i>in thousands of Kazakhstani tenge</i>	Accounts payable on January 1, 2021	Paid for services	Services received	Accounts payable on December 31, 2021
D.B. Issayeva Notary	-	192 709	(192 709)	-

The Partnership paid advances to D.B. Issayeva notary on December 31, 2021:

<i>in thousands of Kazakhstani tenge</i>	Advances paid on January 1, 2021	Paid for the period	Repaid for the period	Advances paid on December 31, 2021
D.B. Issayeva Notary	-	14 615	(14 615)	-

Key management personnel of the Partnership on December 31, 2021 consists of five positions - Director, Deputy Director, Executive Director, Deputy Director for Legal Affairs, Chief Accountant. Total remuneration of key management personnel included in general and administrative expenses in the statement of profit or loss and other comprehensive income was **75 288** thousand tenge on December 31, 2021.

The amount of remuneration of the Advisor Director amounted to **28 878.00** thousand tenge.

b) Temporary financial assistance from the founders was received on December 31, 2020.

The Partnership provided non-repayable refundable financial assistance on December 31, 2020:

<i>in thousands of Kazakhstani tenge</i>	Accounts receivable on January 1, 2020	Financial assistanc e paid	Repayment of financial assistance	Accounts receivable on December 31, 2020
D.N. Medeubekov	1 367 413	58 000	(1 410 413)	15 000
T.B. Issayev	911 481	38 794	(940 275)	10 000
<b>Total</b>	<b>2 278 894</b>	<b>96 794</b>	<b>(2 350 688)</b>	<b>25 000</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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The Partnership has provided the following amounts on account on December 31, 2020:

<i>in thousands of Kazakhstani tenge</i>	<b>Short-term debts of accountable persons on January 1, 2020</b>	<b>Issued on account</b>	<b>Return of sub- account</b>	<b>Short-term debts of accountable persons on December 31, 2020</b>
D.N. Medeubekov	-	165 000	-	165 000
T.B. Issayev	-	110 000	-	110 000
<b>Total</b>	-	<b>275 000</b>	-	<b>275 000</b>

The Partnership received services from D.B. Issayeva notary on December 31, 2020:

<i>in thousands of Kazakhstani tenge</i>	<b>Accounts payable on January 1, 2020</b>	<b>Paid for services</b>	<b>Services received</b>	<b>Accounts payable on December 31, 2020</b>
D.B. Issayeva Notary	-	116 248	(116 248)	-

The Partnership paid advances to D.B. Issayeva notary on December 31, 2021:

<i>in thousands of Kazakhstani tenge</i>	<b>Advances paid on January 1, 2020</b>	<b>Paid for the period</b>	<b>Repaid for the period</b>	<b>Advances paid on December 31, 2020</b>
D.B. Issayeva Notary	1 392	3 507	(4 899)	-

Key management personnel of the Partnership on December 31, 2020 consists of seven positions – Director, Deputy Director, Executive Director, Financial Director, Deputy Director for Legal Affairs, Deputy Director for Development and Marketing and Chief Accountant. Total remuneration of key management personnel included in general and administrative expenses in the statement of profit or loss and other comprehensive income was 65 906 thousand tenge on December 31, 2020.

The amount of remuneration of the Advisor Director amounted to 21 393.00 thousand tenge.

**NOTE 28. EVENTS AFTER THE REPORTING DATE**

Protests in Kazakhstan began on January 2, 2022, after a sharp increase in the price of liquefied gas, which occurred on January 1, 2022, due to the transition to a market-based pricing mechanism. The protests, which then turned into an armed confrontation with security forces, violence, seizures of administrative buildings, strategic facilities and looting were a classic attempt at a coup d'état. As a result of the above mentioned, several structural divisions of the Partnership in the Almaty were damaged, with subsequent execution of a damage compensation package and filing of a damage compensation application to the Atameken Chamber of Entrepreneurs, as well as filing an application to the law enforcement bodies on the fact of looting and damage caused by the mass unrest.



**NOTES TO THE FINANCIAL STATEMENTS  
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The ARDFM adopted the procedure for deferring payments (Order of ARDFM No. 8 On Support Measures for Individuals and Legal Entities Affected by the Emergency Provision dated January 10, 2022). It provides for granting a 3-month deferral of payments on all types of loans of banks and microfinance institutions issued to citizens and businesses, including individual entrepreneurs, affected by the state of emergency.

In order to obtain a deferral with the Partnership, the borrower must have applied by April 4, 2022 (inclusive). Regardless of the date of application, the deferment of the loan is issued from January 5 through April 5, 2022. A different deferral period may be established by agreement between the borrower and the Partnership. The Partnership grants a deferment of payments on the borrower's loan if there is information about the deterioration of the borrower's financial condition or damage caused during the state of emergency.

There are 3 alternative repayment schedules for deferred loan payments that the borrower can choose from:

1) in the form of equal distribution of deferred payments until the end of the loan term; 2) increase of the loan term for the period of deferment; 3) other method of repayment specified in the loan/microcredit agreement or in the borrower's application.

The application could be submitted in any form by e-mail, online resource, mobile application, other means of communication, or in the offices of the structural units and the administrative office.

The management of the Partnership is currently analyzing the potential impact of changing micro- and macroeconomic conditions on the Partnership's financial position and results of operations. The devaluation of Kazakhstani tenge that occurred in March 2022 and decline in activity of companies of the Russian Federation in the world markets increased the level of uncertainty of business environment of enterprises of the Republic of Kazakhstan. The management of the Partnership is assessing the impact of these events on the financial results of the Partnership for the coming year 2022.

According to the Chairman of the National Bank there is a question of the impact of the conflict, which began in Ukraine on the economy of the country, as Kazakhstan is a member of the Eurasian Economic Union in February 2022. The Russian Federation is a key trade partner, which accounts for 42% of Kazakhstan's imports. In this regard, the aggravation of the geopolitical situation and the imposition of sanctions against Russia is also transmitted to the Kazakh economy. As a result of significant weakening of Russian ruble there is a growing pressure on the financial market of Kazakhstan. These events were followed in Kazakhstan by the termination of SB Sberbank JSC and Subsidiary Bank ALFA-BANK JSC, which directly affected the Partnership's current and corporate accounts.

