Solva Group Ltd.

(registered as a private company under the legislation of the Astana International Financial Centre with business identification number 220640900471)

USD 150,000,000 Coupon Bond Programme valid until 1 January 2030

Solva Group Ltd. (the **Issuer or** the **Group**) has established a 150 000 000 USD coupon bond programme valid till 01.01.2030 (the "**Programme**"), pursuant to which the Issuer may from time-to-time issue bonds denominated in U.S. Dollars (the "**Securities**" or the "**Bonds**", and each a "**Bond**") in accordance with the Acting Law of the Astana International Financial Center (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 of Bonds issued on the same or different dates.

This document constitutes the Prospectus of the Programme (the "**Prospectus**") described herein and is prepared for the purposes of the AIFC rules, including Rule 1.3 of the AIFC Market Rules (AIFC Rules No. FR0003 of 2017). Full information on the Issuer and the offer of the Bonds is only available on the basis of this Prospectus and final Offer Terms (the "**Offer Terms**"). This Prospectus has been published on the website of the Astana International Exchange Ltd. ("**AIX**") at https://www.aix.kz and on the website of the Issuer at https://www.solva.kz/.The Offer Terms of each Tranche will be published on AIX and on the Issuer' website accordingly.

Application has been made for the Bonds issued under the Programme to be admitted to the Official List of AIX and to be admitted to trading on AIX (the "**Admission**"). Notice of the aggregate nominal amount and completion of certain other terms and conditions which are applicable to each Tranche of Bonds will be set forth in the form of Offer Terms in Schedule 2. In order for Bonds to be admitted to the Official List of AIX and to be admitted to trading by AIX this Prospectus and the Offer Terms under each such Tranche will be delivered to AIX for approval before the date of the issue of the Bonds of such Tranche.

AIX does not guarantee that the Bonds will be admitted to the Official List of AIX. AIX reserves the right to grant admission of the Bonds to the Official List of AIX only where it is satisfied that such admission is in accordance with the AIX Markets Listing Rules and AIX Admissions and Disclosure Standards for Issuers.

The Issuer did not seek independent legal advice with respect to listing the Bonds on 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 securities are suitable for your individual investment objectives and circumstances, you should consult an authorised financial advisor.

No action has been or will be taken in any jurisdiction by the Issuer that would permit a public offering of the Bonds in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Prospectus or any amendment or supplement thereto or any other offering or publicity material relating to the Bonds, may be distributed in or from, or published in any country or jurisdiction, except under circumstances that will result to the best of the Issuer's knowledge and belief in compliance with any applicable securities laws or regulations.

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 these securities in any jurisdiction or under any circumstances in which such offer, solicitation or sale is not authorised 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.

All subsequent references in this Prospectus to "Bonds" are to the Bonds which are subject of the relevant Offer Terms. All capitalised terms that are not defined in this Prospectus will have the meaning given to them in the relevant Offer Terms.

These Bonds constitute debt instruments. An investment in the Bonds involves risks. By subscribing to the Bonds, investors lend money to the Issuer who undertakes to reimburse the principal in accordance with section 4.1 (*Payment*) of the Securities Note. In case of bankruptcy or default by the Issuer, the 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 the interest rates in light of their knowledge and financial experience. An investment decision must

solely be based on the information contained in this Prospectus. Before making any investment decision, the investors must read the Prospectus and the Offer Terms in their entirety (and, in particular, section 2.2 (*Risk factors*) of the Registration Document and section 1.1 (*Risk factors material to the Securities*) of the Securities Note). Each potential investor must investigate carefully whether it is appropriate for this type of investor to invest in the Bonds, taking into account their knowledge and experience and must, if needed, obtain professional advice.

The date of this Prospectus is January 26, 2024

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PROSPECTUS SUMMARY

1. Introduction

The Prospectus Summary should be read as an introduction to this Prospectus. Any decision to invest in the Securities should be based on a consideration of this Prospectus and the Offer Terms as a whole by the investor. These Securities (Bonds) constitute debt instruments. An investment in the Bonds involves risks. By subscribing to the Bonds, investors lend money to the Issuer who undertakes to reimburse the principal in accordance with section 4.1 (Payment) of the Securities Note. In case of bankruptcy or default by the Issuer, the 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 this Prospectus and the Offer Terms, or where it does not provide, when read together with the other parts of this Prospectus and/or the Offer Terms, key information in order to aid investors when considering whether to invest in such Securities.

Programme	US$ 150 000 000 coupon Bonds
Issuer	Solva Group Ltd., BIN 220640900471 55/20 Mangilik Yel avenue, Astana, Z05T3D0, Republic of Kazakhstan, ir@solva.kz
Aunthority approving the Prospectus	Astana International Exchange ("**AIX**") 55/19 Mangilik Yel avenue, block C 3.4. Astana, Republic of Kazakhstan, Z05T3C4 and its telephone number is +7 717 223 5366
Prospectus	This Prospectus was approved by AIX on January 26, 2024.

2. Key Information on the Issuer

2.1. Who is the Issuer of the Bonds?

Issuer

Solva Group Ltd. is a private company incorporated in the AIFC jurisdiction on June 29, 2022. The Legal Entity Identifier has not been assigned.

The business identification number (BIN) of the Issuer is 220640900471.

Principal activities

The Issuers' principal activity is activities of holding companies. Solva Group Ltd. is the holding company of the Solva Group (the "**Group**"). Solva Group is a group of companies whose main activities are SME and consumer lending, credit-impaired loan portfolios purchase and service.

The Group includes the following subsidiaries as at December 31, 2022 and 2021:

Entity	Country of registration	Activity	Share of capital December 31, 2022	Share of capital December 31, 2021
IDF Eurasia (Kazakhstan) Limited	Kazakhstan	Holding company	100%[1]	0%
Microfinance Organization "OnlineKazFinance" JSC	Kazakhstan	Consumer lending, lending to small and medium businesses	100%[2]	0%
Microfinance Organization "FintechFinance" LLP	Kazakhstan	Customer credit	100%[3]	0%
Collection agency ID Collect LLP	Kazakhstan	Pre-trial collection and debt settlement	99%[4]	0%

[1] In July 2022, 100% of the shares in the authorized capital of IDF Eurasia (Kazakhstan) Limited were transferred from IDF Holding Limited, registered in Cyprus, in favor of Solva Group Ltd. IDF Eurasia (Kazakhstan) Limited operates in accordance with the special legal regime in the financial sector, established by the Constitutional Statute of the Republic of Kazakhstan "On the Astana International Financial Center" (hereinafter referred to as AIFC), and AIFC legislation, in favor of Solva Group Ltd.

[2] In March 2022, 99% of the shares in the authorized capital of Microfinance Organization OnlineKazFinance JSC were transferred from Online Microfinance LLC in favor of Microfinance Organization FintechFinance LLP. In July 2022, a 1% stake in the authorized capital of MFO OnlineKazFinance JSC was transferred from IDF Holding Limited in favor of MFO FintechFinance LLP.

[3] In March 2022, a 99% stake in the authorized capital of MFO FintechFinance LLP was transferred from IDF Holding Limited to IDF Eurasia (Kazakhstan) Limited. In July 2022, a 1% stake in the authorized capital of MFO FintechFinance LLP was transferred from IDF Holding Limited to Solva Group Ltd.

[4] In March 2022, a 99% stake in the authorized capital of ID Collect Collection Agency LLP was transferred from IDF Holding Limited to IDF Eurasia (Kazakhstan) Ltd. In January 2023, a 1% stake in the authorized capital of ID Collect Collection Agency LLP was transferred from IDF Holding Limited to Solva Group Ltd.

Major shareholders	The major shareholders of the Issuer are Neo Crystal Holdings Ltd., Boris Batine and Aleksandr Dunaev who own 40,12692%, 25,1937% and 24, 9423% of shares respectively.
Members of the Board of Directors	Aleksandr Dunaev – Member of the Board Boris Batine – Member of the Board Ehab Ahmed Amr Ehab Tantawy – Member of the Board Omar Amin Hisham Mohamed Amin Ezzalarab – Member of the Board
Members of the Management Board	Konstantin Barabanov – Chief Executive Officer. Holds Executive MBA from London Business School as well as CPA certification.
Auditors	The independent auditor of the Issuer is Baker Tilly Qazaqstan Advisory LLP. 19 Al-Farabi Avenue, BC "Nurly Tau", Block 2B, office 201 and 205, Almaty, 050059, Republic of Kazakhstan

2.2. What is the key financial information regarding the Issuer?

The principal source of the Issuer's revenue are interest and non-interest income generated from provision of consumer loans, MSMEs loans and debt collection from the companies in the group. Key financial information is presented in the table below.

KZT thousands

Balance sheet	30 June, 2023	6 months ended 30 June 2022	December 31, 2022	December 31, 2021
Total Assets	112 241 366	N/A	95 146 168	78 528 950
Total Liabilities	92 208 402	N/A	72 719 595	60 948 073
Total Equity	20 032 964	N/A	22 426 573	17 580 877

Income statement	6 months ended 30 June 2023	6 months ended 30 June 2022	2022	2021
Net interest income	10 509 356	13 695 281	30 115 283	20 819 602
Non-interest income	5 250 365	3 302 401	5 992 011	5 502 035
Profit for the year	1 920 501	2 734 657	6 612 844	7 548 983

Cashflow statement	6 months ended 30 June 2023	6 months ended 30 June 2022	2022	2021
Net cash used in operating activities	(1 842 131)	(4 220 464)	(40 377)	(17 157 851)
Net cash used in investing activities	(1 078 038)	(1 504 897)	(5 596 229)	(1 319 935)
Net cash from financing activities	5 652 347	4 810 604	4 491 737	19 850 323

The independent auditor Baker Tilly Qazaqstan Advisory LLP issued unqualified independent auditor's report in respect of the Issuer's audited financial statements as at and for the year ending 31 December 2022, which include comparative data as at and for the year ending 31 December 2021. Unaudited financial statements for six months ending 30 June 2023 and 30 June 2022 are available at https://solva.kz in compliance with 1.3.5 of the AIFC Market Rules.

2.3. What are the key risks that are specific to the Issuer?

1. Economic uncertainty or deteriorations in economic conditions have adversely affected the Issuer's results and could continue to do so.
2. Issuer is affected by the general business and economic conditions, which could materially and adversely impact the Issuer's business, financial condition, and results of operations.
3. Unforeseen or catastrophic events, including the emergence of a pandemic, terrorist attacks, extreme weather events or other natural disasters could materially negatively impact the Issuer.
4. The Issuer is exposed to liquidity risk and foreign currency fluctuations that may adversely affect the Issuer's financial performance and its future operations.
5. The inability to attract sufficient funds for operations may adversely affect the Issuer's financial condition, results of operations and prospects.
6. Existing and future funding terms may impose financial and operating restrictions on the Issuer.
7. The Issuer faces intense competition in the out-of-home advertising business.
8. The success of the Issuer's business is also dependent on the ability to obtain and renew contracts with municipalities, transit authorities and private landlords, which we may not be able to obtain on favorable terms.
9. The financial performance may be adversely affected by many factors beyond Issuer's control.
10. Non-compliance with anti-corruption laws, including bribery laws, can adversely affect reputation and business of the Issuer's subsidiaries and entities under common control.
11. The Issuer could be adversely affected by contractual claims and complaints.
12. The Issuer operations largely depend on efficient and uninterrupted functioning of information systems.
13. The Issuer will suffer if it fails to attract and retain key management, employees, or other qualified personnel.
14. The Issuer is a holding company with little or no operations of its own other than the funding and management of its operating subsidiaries. The Issuers's profitability is largely dependent on the profitability of its subsidiaries, whose business activity is subject to licensing by the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market. The inability to retain the relevant license could negatively affect the Company's business, financial condition, results of operations and prospects.
15. The Issuer may be unable to identify, acquire, close or integrate acquisition targets successfully.

3. Key Information on the Securities

3.1. What are the main features of the Securities?

Programme	US$150 000 000 coupon Bonds. All the terms and conditions of this Prospectus apply to every Tranche under the Programme. The Tranches under the Programme may be issued at the sole discretion of the Issuer. The aggregate amount of all Tranches may not exceed US$ 150 000 000.
Currency	U.S. Dollars
Denomination	US$ 100
Number	The number of Bonds will be defined in Offer Terms of each Tranche.
Offer Price	The exact Offer Price shall be determined in accordance with the relevant Offer Terms of each Tranche. The number and size of Tranches will depend on future needs in financing based on the market conditions. Each Offer Terms will be submitted to AIX as a supplement document to this Prospectus.

Rights attached to the Securities	The Bondholders have the right to: • receive Coupon Payments in the time and amount stipulated by Prospectus. • receive Nominal Value upon redemption and at Maturity Date in the time and amount stipulated by Prospectus. • freely transfer the Bonds. • receive information concerning the Issuer's operations. • attend, participate in and vote at meetings of Bondholders in accordance with the terms and conditions of the Bond specified in the Securities Note section of the Prospectus. • If any of the events mentioned in Condition 4.3 of Securities Notes occurs and continues for more than 30 (thirty) calendar days, require that the Bonds shall immediately become due and repayable at their par value together with accrued coupon interest.
Ranking	The Bonds shall constitute direct, general, and unconditional obligations, which will rank *pari passu* among themselves and rank *pari passu*, in terms of payment rights, with all other current or future unsubordinated and unsecured obligations of the Issuer, except for liabilities mandatorily preferred by law.
Restrictions on the free transferability	The Bonds are freely transferable in accordance with the laws of the AIFC and the AIX rules.

3.2. Where will the Securities be traded?

Application has been made for admission of the Bonds described in this Prospectus to the Official List of AIX and for trading on AIX.

The Issuer, at its own discretion, may apply for Bonds issued under the Programme to be admitted to the "bonds" category of the "debt securities" sector of the "alternative" or "main" platform of the official list of the Kazakhstan Stock Exchange (the "**KASE**"), subject to the rules of such other stock exchange and applicable law.

3.3. What are the key risks that are specific to the Securities?

1. The Bonds are subject to modification, waivers and substitution.
2. Delisting of the Bonds from the Official List of AIX may subject gains and Coupon Payments on the Bonds to tax in the Republic of Kazakhstan.
3. The Bondholders may be subject to exchange rate risks and currency controls.
4. The market price of the Bonds may be volatile.

4. Key information on the admission to trading

4.1. Under which conditions and timetable can I invest in this Security?

Admission	The Bonds issued under the Programme have been approved by AIX for admission to the Official List of AIX; and each tranche of the Bonds to be issued under the Programme will be admitted to trading on AIX based on separate applications.
Plan for distribution	The Bonds will be offered in Kazakhstan to a wide range of investors (subject to applicable laws and regulations).
Offering method	Offering method of the Bonds shall be specified in the relevant Offer Terms of each Tranche.
Offer period	The offer period including opening and closing dates shall be specified in the relevant Offer Terms of each Tranche.
Selling restrictions	The offering and sale of the Bonds is subject to applicable laws and regulations, including the AIFC Market Rules and AIX Business Rules. The Bonds may not be sold in other jurisdictions, including without limitation the United States, the United Kingdom, and the European Economic Area. The Bonds have not and will not be registered under the U.S. Securities Act of 1933 or the securities laws of any state of the United States and may not be offered, sold, or delivered within the United States or to, or for the account or benefit of, U.S. persons.

Notification process for investors	Prior to the start of the offering process the Issuer will communicate the information relating to an offering by means of Offer Terms related to each Tranche. The Offer Terms will be published on the Issuer's website and before admission to trading on AIX website. Dealings in the Bonds shall not commence prior to admission to trading of the Bonds by the AIX or prior to the said notification. Post-listing notifications related to each Tranche will be published on AIX website via AIX Regulatory Announcement Service. All other significant announcements will be made by the Issuer via the AIX Regulatory Announcement Service.
Estimated Expenses	Fees associated with admission of the Bonds to the Official List of AIX and to trading on AIX pursuant to the AIX Fee Schedule.

4.2. Why is this Prospectus being produced?

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

Reasons for the Admission / Use of Proceeds of the Programme	This Prospectus has been produced in connection with the offer of the Bonds and the Admission. The Issuer is seeking the Admission and will be using proceeds of the issue of the Bonds for general corporate purposes (e.g. to finance the development of retail consumer and card loans and refinance any Indebtedness of the Issuer).
Estimated net amount of proceeds	As specified in the Offer Terms.
Financial advisor	N/A
Conflict of interest	No material conflicts of interest were indicated related to the Admission.

REGISTRATION DOCUMENT

1. Information about the Issuer

1.1. General information

Full legal name of the Issuer	Solva Group Ltd.
Short legal name of the Issuer	Not applicable
Legal form of the Issuer	Private company
Country of incorporation of the Issuer	Astana International Financial Centre (Republic of Kazakhstan)
Incorporation number	BIN 220640900471
Date of incorporation	June 29, 2022
Date of registration	October 11, 2022 (re-registration due to change of shareholders)
Time the Issuer has remained incorporated or registered	More than 1 year
Registered office	55/20 Mangilik Yel avenue, Astana, Z05T3D0, Republic of Kazakhstan +77014857776

1.2. Investments

Historically, due to the microfinance activity of the subsidiaries of the holding company, the Issuer mainly invests in licenses and software. The sources of financing are the net profit of the enterprise and/ or financing raised through the issuance of debt securities.

Investments made for the 6 months ended 30 June 2023

During the six months of 2023, most of the inflows of intangible assets are represented by investments in software. Total investments amounted to 475,5 thousand, whereas software investments equated to 469,5 thousand.

Investments made in the year ended 31 December 2022

In 2022, additions of intangible assets are represented by the costs incurred for the development of program modules as part of the introduction of new lending products. Total investments exceeded KZT 2,867 mln – mainly consisting of an investment in the licences of the Group – KZT 1,034 mln and investments in software – 1,830 mln.

2. Operational financial overview

2.1. Actual and proposed business activities:

History of the Issuer

Since the beginning of 2022, the Group has been in the process of restructuring and forming a target structure. The purpose of this restructuring is to separate the business localized in Kazakhstan into a separate group. As part of the restructuring, Solva Group Ltd was registered, which, according to the target structure, became the parent of Group's companies on July 12, 2022. Corporate restructurings were completed on June 29, 2023 with key events described below.

The founders and major shareholder of the Solva Group Ltd. were Aleksandr Dunaev and Boris Batine who jointly held 91.16% stake of the Group. In November 2023 pursuant to the share purchase agreement executed between Dunaev, Batine and Neo Crystal Holdings Ltd, the 40.12692% stake was transferred to the latter.

IDF Eurasia (Kazakhstan) Ltd.

IDF Eurasia (Kazakhstan) Limited (hereinafter, the "**Company**") was registered as a private company in AIFC on 10 December 2021. IDF Eurasia (Kazakhstan) Ltd.'s principal business activities are activities of holding companies.

Upon purchase of 100% shares of IDF Eurasia Ltd. from IDF Holding Ltd. Solva Group Ltd. became the Company's Sole shareholder.

IDF Eurasia (Kazakhstan) purchased 99% shares in the share capital of FintechFinance MFO LLP from IDF Holding on the basis of share purchase agreement dated 3 March 2022 and 99% shares in authorized capital of ID Collect Collection Agency LLP from IDF Holding on the basis of agreement dated 9 March 2022.

OnlineKazFinance Microfinance Organization Joint Stock Company

OnlineKazFinance Microfinance Organization Joint Stock Company (hereinafter, the "OKF") is registered on the territory of the Republic of Kazakhstan based on the Minutes of the General Meeting of Participants dated 21 July 2016 and operates in accordance with the legislation of the Republic of Kazakhstan. OKF's registered address is 502 Seifullin ave., Almaty, 050012, Republic of Kazakhstan. Until 9 December 2022, the organizational and legal form of OKF was a limited liability partnership.

In accordance with notification of the National Bank of the Republic of Kazakhstan (hereinafter, the "NBK") No. KZ41VGY00000314 dated 17 April 2017, OKF was included in the register of the microfinance organizations of the Republic of Kazakhstan on 17 April 2017 under No. 05.17.006. From 1 January 2020, OKF's activities are regulated and overseen by the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market. On 1 March 2021, OKF obtained license No. 02.21.0004.M to perform microfinance activities, which was subsequently renewed due to re-organisation into a joint stock company (license for conducting microfinance activity No.02.21.0004M dated 06.03.2023)

As of 31 December 2022, OKF's shareholder holding 100% of the outstanding shares was FintechFinance MFO LLP. In June 2023, Solva Group Ltd. acquired 11 201 512 ordinary shares of OKF (100% of the outstanding shares at the time of the transaction) from FintechFinance MFO LLP.

As of 30 June 2023, OKF's shareholders were Solva Capital LLP (88.8%). and Solva Group Ltd. (11.2%).

In December 2023 shareholder structure of OKF has changed as the Abu Dhabi Global Market registered Neo Crystal Holdings Ltd. acquired 2.37% of preferred shares of OFK from Solva Group Ltd. Thus, as of 31 December 2023, OKF's shareholders were Solva Capital LLP (88.8%), Solva Group Ltd. (8,83%), and Neo Crystal Holdings Ltd. (2,37%).

As of 31 December 2023, and 31 December 2022, OKF had no single ultimate beneficiary with a controlling interest. The maximum ownership share of one beneficiary does not exceed 50%, while Boris Batine and Aleksandr Dunaev have the largest ownership shares.

FintechFinance Microfinance Organization Limited Liability Partnership

""FintechFinance" Microfinance Organization" Limited Liability Partnership (hereinafter referred to as "FintechFinance") was registered on the territory of the Republic of Kazakhstan based on the Decision of the Sole Participant of FintechFinance dated July 23, 2020, and operates in accordance with the legislation of the Republic of Kazakhstan. The registered office of FintechFinance is located at 502 Seifullin ave., Almaty, 050012, Republic of Kazakhstan.

Since 1 January 2020, the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market has been regulating and supervising FintechFinance's field of activity. On 29 March 2021, FintechFinance was granted a license for microfinance activities number 02.21.0052.M.

Solva Group Ltd. indirectly owns 99% of shares in authorized capital of FintechFinance through IDF Eurasia (Kazakhstan) Ltd. and directly owns 1 % of FintechFinance's share capital.

In March and July 2022, FintechFinance acquired an aggregate 100% interest in MFO OnlineKazFinance LLP from related parties IDF Holding Ltd. (1%) and OnlineMicrofinance LLC (99%).

FintechFinance's activities are carried out in Kazakhstan. Accordingly, FitechFinance's business is influenced by the economy and financial markets of Kazakhstan, which can be characterized as an emerging market. However, legal, tax, and administrative systems continue to evolve, and their requirements are subject to ambiguous interpretations as well as frequent changes.

ID Collect Collection Agency Limited Liability Partnership

ID Collect Collection Agency Limited Liability Partnership (hereinafter referred to as the "IDC") was registered on the territory of the Republic of Kazakhstan on August 24, 2020, based on the Decision of the Sole participant dated August 14, 2020, and operates in accordance with the legislation of the Republic of Kazakhstan. The registered office of ICD is located at 502 Seifullin ave., Almaty, 050012, Republic of Kazakhstan.

Regulation and supervision of IDC's sphere of activity is carried out by the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market since January 1, 2020. On October 26, 2020, IDC was included into the register of collection agencies number with register number 02K20.027.

Solva Group Ltd. indirectly owns 99% of shares in authorized capital of IDC through IDF Eurasia (Kazakhstan) Ltd and directly owns 1% of IDC's share capital.

Description of the principal activities and business of the Issuer

In accordance with the Articles of Association of the Issuer, the Issuer's principal business activities are activities of holding companies, and any other lawful activity for which companies may be incorporated under the AIFC Companies Regulations.

The principle activities of IDF Eurasia (Kazakhstan) Ltd. is also activities of holding companies and any other lawful activity for which companies may be incorporated under the AIFC Companies Regulations.

OKF is represented in Kazakhstan as Solva trademark. The principal activities of OKF are provision of loans to small and medium enterprises ("**SMEs**") and individuals in the amount ranging from KZT 200,000 to KZT 10,000,000 with maturities ranging from 6 months to 5 years, bearing interest rates not exceeding the maximum threshold established by the NBK. Loans to individuals and SMEs are extended based on internal credit assessment without collateral. OKF's products are highly affordable in the regions across Kazakhstan, and the credit decision on new loans is made very quickly. OKF's business model is unique as it is the first digital microfinance company in Kazakhstan, that provides loans for up to 5 years online.

FintechFinance represents MoneyMan trademark in the territory of Kazakhstan. The main activity of FintechFinance is the provision of payday microcredits to individuals for up to 45 days. Microcredits to individuals are issued based on credit scoring, without any pledge or collateral. FintechFinance's product is characterized by high availability in the regions, as well as the speed of approval and issuance.

The main activity of IDC is the activities aimed at pre-trial debt collection and settlement, as well as collecting information related to debt.

Description of, and key factors relating to, the nature of the Issuer's operations and its principal activities, specifying the main categories of products sold and/or services performed for each financial year for the period covered by the historical financial information.

This is not applicable to the holding company, as it is not involved in manufacturing or selling of goods, performing services, or engaging in any business activities.

Since one of the Issuer's subsidiaries, IDF Eurasia Kazakhstan Ltd. is also involved in the activities of the holding company, this clause is not applicable to it as well.

As mentioned earlier two of the subsidiaries of the Issuer are involved in microfinance activity, particularly FintechFInance is involved only in consumer lending, whereas OKF is involved in both consumer lending and lending to small and medium businesses. Since this type of activity is licensed on the territory of Republic of Kazkahstan OKF and FintechFinance have successfully obtained licences No. 02.21.0004.M on 1 March 2021 and 02.21.0052.M on 29 March 2021 respectively in accordance with the Licensing Regulation issued by the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market (Microfinance Activities license). The subsidiaries of the Issuer conduct their activities under the Law of the Republic of Kazakhstan "On Microfinance Activity" and Microfinance Activities license issued by the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market.

Both companies operate in a highly regulated environment, and inability to maintain the Microfinance Activities license by the Company could have a material adverse effect on the Issuer's business. Existing laws and regulations could be amended, the manner in which laws and regulations are enforced or interpreted could change and new laws or regulations could be adopted. Certain failures by the subsidiaries' to comply with applicable laws or regulations could result in the withdrawal of and Microfinance Activities license, which would have a material adverse effect on the Issuer's business, financial condition, results of operations or prospects.

The annual effective interest rate for customers loans should not exceed 56% in accordance with the requirements of the Agency for regulation and development of financial market and other applicable laws the Republic of Kazakhstan (Resolution of the Board of the National Bank of the Republic of Kazakhstan dated December 24, 2012 No. 377 "On approval of the maximum annual effective interest rate"). For the calculation of the annual effective rate as well as the procedure of setting the rate the subsidiaries adhere to and comply with the regulations and requirements of the Agency for regulation and development of financial market and other applicable laws the Republic of Kazakhstan.

The below table represents historical and current share of Issuer's credit products in the loan portfolio:

	30 June, 2023	December 31, 2022	December 31, 2021	January 1, 2021
Loans to individuals	34,27%	36,40%	43,29%	50,00%
Installment loans	*29,42%*	*31,55%*	*38,27%*	*46,34%*
Short term loans	*4,85%*	*4,85%*	*5,03%*	*3,66%*
SME loans	31,45%	27,20%	13,42%	-
Loans to clients	100%	100%	100%	100%

Another subsidiary of the issuer IDC is involved in collection business, particularly activities aimed at pre-trial collection and settlement of debt, as well as collecting information related to debt. Since January 1, 2020 regulation and supervision of the IDC's activities is carried out by the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market. On October 26, 2020, the subsidiary issued a notice of inclusion of the Company in the register of collection agencies number 02K20.027. The main asset of the collection business are purchased credit-impaired loan portfolios that generates the interest income for the company in the course otf its activities.

The below table represents historical and current data on Issuer's impaired loan portfolios, thousands of tenge:

	30 June, 2023	December 31, 2022	December 31, 2021	January 1, 2021
Purchased credit-impaired loan portfolios	9 356 569	10 638 714	4 043 938	828 683

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.

There are no new products or services that are significant to the Issuer's business that were introduced or are in the process of being developed by the Issuer or its subsidiaries.

Description of the principal markets in which the Issuer operates, including a breakdown of total revenues by category of activity and geographic market for each financial year for the period covered by the historical financial information.

The Issuer operates exclusively in Kazakhstan. 100% of revenues for the financial years of 2021, 2022 and 6 months of 2023 came from Kazakhstan market.

KZT thousands

	6 months ended 30 June, 2023	6 months ended 30 June, 2022	2022	2021
Interest revenue calculated using effective interest rate	**18 072 482**	**18 978 132**	**41 230 879**	**27 961 966**
Fee and commission income	**4 901 187**	**4 796 839**	**4 822 076**	**4 378 792**
Net gains/(losses) from transactions with currency derivatives	**(1 220 378)**	**429 311**	**164 852**	**(2 065 707)**
Net (losses)/gains on transactions with foreign currencies	**586 401**	**(3 298 156)**	**(1 586 895)**	**1 378 472**
Other income	**5 250 365**	**1 374 407**	**2 591 978**	**1 810 478**

If material to the Issuer's business or profitability, a summary of the extent to which the Issuer is dependent on any patents or licenses, industrial, commercial, or financial contracts or new manufacturing processes.

The subsidiaries of the Issuer, FintechFinance and OKF are involved in microfinance activity and are subjects to licensing by the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market. The inability to retain the relevant license would negatively affect the subsidiaries business, and, therefore the Issuer's business and profitability.

The basis for any statement made by the Issuer regarding its competitive position.

The Issuer's subsidiary OKF with the Solva brand ranks fourth among the largest MFOs in Kazakhstan in terms of assets, as of July 1, 2023, according to the NBK. The issuer occupies 7.7% of the microfinance market share in terms of assets. Loans to the Issuer's clients as of June 30, 2023 amounted to 76.8 billion tenge. The Issuer's net profit for 2022 amounted to 3.7 billion tenge, which is 15.9% less than the net profit for 2021 (4.4 billion tenge).

The Issuer's subsidiary FintechFinance with MoneyMan brand ranks 18th among the largest MFOs in Kazakhstan in terms of assets, as of July 1, 2023, according to the NBK. The issuer occupies 1.05% of the microfinance market share in terms of assets. Loans to the Issuer's clients as of December 31, 2022 amounted to 5.7 billion tenge. The Issuer's net profit for 2022 amounted to 2.25 billion tenge, which is 4.5% more than the same figure for 2021 (2.16 billion tenge).

According to the information published by the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market, as of 05.10.2023, there are a total of 323 collection agencies in the General Register, out of which 184 collection agencies are included in the Register of existing collection agencies that have undergone registration with the regulator. The Issuer's subsidiary IDC is included in both abovementioned registers. Since collection agencies are not required by the Kazakhstani law to publish their financial statements, this lack of transparency makes it challenging to assess IDC's competitive position accurately.

2.3. Risk factors

The Issuer's business is affected by general business and economic conditions, which could materially and adversely impact its business, financial condition and results of operations.

Demand for the Issuer's products and services is affected by a number of general business and economic conditions. A decline in the Kazakhstani market or general economy could materially and adversely affect the Issuer's business, financial position, results of operations or cash flows. The Issuer's profit margins, as well as overall demand for its products and services, could decline as a result of a number of factors beyond the Issuer's control, including economic recessions, changes in customer preferences, investor and consumer confidence, inflation, availability of credit, fluctuation in interest and currency exchange rates, changes in the fiscal or monetary policies of governments, a widespread pandemic, such as COVID-19, and political circumstances (including wars and terrorist acts).

The Issuer cannot predict the duration of current conditions or the timing or strength of any future activities on the Kazakhstani economy generally. Weakness in the market in which the Issuer operates could have a material adverse effect on the Issuer's business, financial condition, results of operations or cash flows. More generally, because the Issuer's business is correlated to the general economic outlook, a significant deterioration in that outlook or realization of certain events could have a significant negative impact on the Issuer's businesses and overall results of operations.

The issuer stays vigilant about economic indicators and market trends, allowing the Issuer to anticipate changes and proactively adjust its strategies accordingly. It also implements robust risk management practices to identify, assess, and address potential threats arising from economic uncertainties, including hedging strategies or insurance coverage.

The Issuer's business activity is subject to licensing by the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market starting from 1 January 2021. The inability to retain the relevant license could negatively affect the Issuer's business, financial condition, results of operations and prospects.

The Issuer's business activity is subject to licensing starting from 1 January 2021. Issuer has successfully received the licenses in accordance with the Licensing Regulation issued by the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market. Inability to retain this license could adversely affect the Issuer's business, financial condition, results of operations and prospects as well as could lead to delisting of the Bonds from AIX Official List.

The Issuer considers this risk to be low as it relates to rather large microfinance institutions operating in full compliance with the requirements of the regulator to the organization of activities and the level of prudential norms. The Issuer has systematized the work on providing reports and information to the regulator in order to further reduce the level of this risk.

The Issuer is exposed to liquidity risk, foreign currency and market interest rate fluctuations that may adversely affect the Issuer's financial performance and its future operations.

An important factor for assuring future performance of the Issuer is its ability to manage business inherent liquidity risk. The Issuer's liquidity and working capital requirements derive from the increase or decrease in the demand for credit products, loans by customers. If cash flows from operations are not sufficient to finance ongoing cash needs, the Issuer may have to use available credit facilities to satisfy these needs or may as well search for potential sources of additional capital. Also, an economic or industry downturn may increase the level of non-performing loans. Since the Issuer provides uncollateralized loans, debt collection could be a potential issue. Significant deterioration in debt collection is also expected to affect cash flows and working capital as well as to have an adverse impact on the cost or availability of financing to the Issuer.

The Issuer is also exposed to the liquidity risk deriving from the mismatch between the maturities of its assets and liabilities, which may prevent the Issuer from performing its obligations in a timely manner. As of 30 June 2023, the Issuer had a positive accumulated net position between financial assets and financial liabilities that have contractual maturities of less than 12 months as well as from 1 to 3 years. Lack of access to short- term and long-term financing in international and domestic capital markets or mismatch between the maturities of assets and liabilities may have a material adverse impact on business, financial performance, operating results, prospects, or cash flows.

The Issuer conducts operations in a number of different currencies. Assets of the Issuer are denominated predominantly in national currency, while a significant part of liabilities is denominated in foreign currency. This subjects the Issuer to currency exchange rate risk. Fluctuations in currency exchange rates have had, and will continue to have, an impact on the Issuer's results of operations. There is no assurance that such currency exchange rate fluctuations will not adversely impact the Issuer's operating results, cash flows and financial condition. While the Issuer may employ strategies to hedge against currency fluctuations, the use of such strategies can also result in the loss of potential benefits that might result from favorable exchange rate fluctuations.

Internal procedures of financial risk management and continuous practices for currency exchange rate exposure reduction by means of shrinking the share of foreign currency denominated funds in total capitalization allows the Issuer to manage potential liquidity problems. However, the Issuer's inability to manage liquidity risk in future may negatively affect its operations.

Also, the risk of interest rate fluctuation is inherent to business operations. As market interest rates affect the Issuer's revenues generated through interest income and the interest expenses payable on liabilities, sharp fluctuations in the market interest rates directly affect the Issuer's cost of funding, interest income, net interest margin, profit margin and the financial performance. Market interest rates fluctuations stem from various factors beyond the control of the Issuer, such as the sector of regulatory framework and economic environment in Kazakhstan.

Liquidity risk is regulated by the management by controlling the deficit/excess of monetary resources, distributing and redistributing monetary resources among instruments depending on the maturity period, the degree of their liquidity and the level of profitability. The Issuer manages currency risk by balancing financial assets and financial liabilities denominated in Russian rubles, US dollars and euros. The issuer also hedges currency risk by entering into forward contracts for the currency subject to the greatest volatility.

The Issuer manages interest rate risk primarily by monitoring changes in interest rates. With a sharp increase in interest rates on borrowed funds, the Issuer plans to revise the structure of distribution of borrowed funds, taking into account priority financing of areas with higher profitability.

Failure to meet regulatory capital adequacy requirements could detrimentally affect the business, financial condition, results of operations and prospects.

As at 30 June 2023, the OKF's capital adequacy ratio (k1) calculated in accordance with NBK rules was 15.4%, compared to the minimum levels of 10% required under the NBK rules applicable to microfinance organizations.

As at 30 June 2023, the FintechFinance's capital adequacy ratio (k1) calculated in accordance with NBK rules was 14.4%, compared to the minimum levels of 10% required under the NBK rules applicable to microfinance organizations.

While the Issuer is currently in compliance with its existing prudential capital requirements, there is a risk that if the Issuer has, or is perceived to have, a shortfall of capital, it may be required to raise additional regulatory capital, become subject to regulatory intervention and sanctions, and/or could suffer a loss of confidence in the market. Any deterioration in the Issuer's loan portfolio quality and the consequent need to take additional impairment charges may also require the Issuer to raise additional capital to meet required capital adequacy levels. Moreover, any failure to raise capital as and when needed, could adversely affect the Issuer's ability to continue to comply with applicable capital adequacy requirements and substantially limit its ability to grow its business. Any such events would have a material adverse effect on the Issuer's business, financial condition, results of operations or prospects.

To mitigate the risk of failing to meet regulatory capital adequacy requirements, the Issuer continuously monitors capital levels and regulatory requirements, implements robust risk management practices to identify and address potential capital risks, maintains a cushion of capital above regulatory minimums to provide a safety net as well as strengthens internal controls to ensure accurate reporting and adherence to regulatory standards.

The inability to attract sufficient funds for operations may adversely affect the Issuer's business, financial condition, results of operations and prospects.

The Issuer requires significant capital, and its financial condition is dependent on timely access to, and the cost of capital. Although the Issuer's cash inflows and capital resources are sufficient to fund its debt service obligations and to satisfy its current working capital and other liquidity needs for at least the next 12 months, there can be no assurance that this will continue to be the case over the longer term due to the factors discussed below.

The Issuer depends on its ability to privately or publicly raise additional capital to manage its liquidity risk, pursue growth strategy, maintain interest margins and respond to business opportunities, competitive pressures, challenges or unforeseen circumstances. However, such financing might not be available when the Issuer needs it on acceptable terms, or at all.

The ability of the Issuer to raise capital in the future could be affected by a number of factors, including but not limited to:

- a deterioration in general economic conditions in Kazakhstan and globally;
- a sudden or unexpected shortage of funds in the banking and financial system;
- an increase in interest rates;
- a deterioration in the results of operations of the Issuer;
- insufficient competition among banks or other potential sources of financing;
- the inclusion of restrictive covenants in financing arrangements or the occurrence of events of default or breaches of these covenants; and/or
- insufficient demand for securities in the domestic debt capital market.

To mitigate the risk of the inability to attract sufficient funds for operations, an Issuer considers exploring various funding options, including debt financing, and strategic partnerships, to reduce reliance on a single source. It also cultivates positive relationships with banks, financial institutions, and investors to enhance credibility and increase the likelihood of securing funding when needed and maintains open and transparent communication with stakeholders, including investors, about the issuer's financial health, strategy, and funding requirements.

Existing and future funding terms may impose financial and operating restrictions on the Issuer.

The terms of the existing financing agreements of the Issuer contain covenants that require the Issuer to, among other things, maintain certain financial ratios that limit the Issuer's ability to, among other things, incur additional financial indebtedness, grant security or create any security interests over assets, change business profile, change ownership and pay dividends. As of the date of this Prospectus, the Issuer was in compliance with respective obligations under its current debt funding arrangements, and the Issuer is not aware of any circumstances which indicate that any of these obligations will be breached for at least the next 12 months. However, there can be neither assurance that the Issuer will not have instances of breaches in the longer term, nor that, in such circumstances, the Issuer would be able to obtain a waiver from the relevant lenders for such a breach, to restructure or amend the terms of the relevant financing agreements or to obtain alternative financing on acceptable terms or at all. Terms of certain financing agreements contain cross-default and cross-acceleration provisions. A failure to comply with the relevant obligations or to meet debt obligations under applicable financing arrangements may therefore result in an acceleration of certain of its outstanding debt, which could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

The Issuer establishes robust monitoring mechanisms to ensure ongoing compliance with funding terms and proactively address any potential issues and actively negotiate funding terms to minimize restrictive covenants and ensure flexibility.

The Issuer operates in a highly competitive industry and it may be unable to compete successfully against existing or new competitors

The Issuer has a number of competitors on the Kazakhstani market. As some of them do not have well-organized business model, they may face a risk of breaching regulatory requirements; however, even commercial banks are regarded as strong competitors. Customer segment of the Issuer differs from the target audience of commercial banks. However, due to fierce competition in the banking sector, some banks may switch focus on the clients of microfinance organizations, thus showing up as competitors on the market.

The Issuer may potentially face strong competition from the evolving nature of digital finance, which may allow existing microfinance organizations to grow their operations more rapidly through digital platforms or enable other new competitors to enter the microfinance industry. The ability of the Issuer to compete effectively is dependent on its ability to raise low-cost funding, maintain or decrease operating expenses and manage credit costs, and address adverse finance industry trends. There can be no assurance that the Issuer will be able to compete successfully against any or all of its current or future competitors. As a result, the Issuer could lose market share and its revenue could decline, thereby affecting business ability to generate sufficient cash flow to service financial debt or fund operations.

The Issuer monitors the market to stay informed about industry trends, competitor activities, and market dynamics for timely strategic adjustments. The issuer is also investing in the technology and speed of the loan process, as well as expanding the product line for SMEs.

Difficulties related to proper assessment of potential borrowers' credit risk may have negative implications on the quality of credit portfolio.
While the Issuer has advanced credit rating system and procedures for approving a loan, it may not be able to correctly assess financial status and repayment capacity of each potential borrower. Decisions are fully based on the information provided by loan applicants. Potential borrowers may fraudulently provide inaccurate information and if the fraud goes unnoticed, it may serve as the basis for credit rating. Failure to appropriately assess potential customers' credit risk – no matter whether it is due to incorrect assessment of a customer or inaccurate information provided by the customer in a fraudulent manner - will have a material adverse impact on financial performance, operating results or cash flows. The Issuer regularly analyzes the activities of clients in order to reduce this risk and creates provisions as per its provisioning policy to account for this risk.

If the Issuer is unable to manage the level of non-performing loans, or if the Issuer's loan loss reserves are insufficient, its business, financial condition, results of operations and prospects may be adversely affected.
There can be no assurance that the Issuer will be able to effectively maintain the level of impaired loans in its total loan portfolio at these levels. The proportion of non-performing loans may increase in the future as a result of growth in the Issuer's total loan portfolio, or due to factors beyond the Issuer's control. The clients of the Issuer are low-income and, as a result, are particularly vulnerable if economic conditions worsen and growth rates decelerate. In addition, current loan loss reserves may not be adequate to cover an increase in the amount of non-performing loans or any future deterioration in the overall credit quality of the total loan portfolio. As a result, if the quality of the total loan portfolio deteriorates, the Issuer may be required to increase loan loss reserves and/or write off loans, which may adversely affect its financial condition and/or results of operations.

Moreover, there is no precise method for predicting loan and credit losses, and there can be no assurance that the Issuer's monitoring and risk management procedures will effectively predict the amount of future losses or that loan loss reserves will be sufficient to cover any actual losses. If the Issuer is unable to continue to effectively control the level of its non-performing or poor credit quality loans, its business, financial condition, results of operations and prospects could be materially and adversely affected.

To mitigate the risk of non-performing loans the Issuer regularly works on updating the credit scoring model to adapt to changing economic conditions and borrower behaviors and ensures up-to-date data for borrowers, incorporating relevant financial and employment information.

Asset impairment loss allowance may not be sufficient to cover future credit losses
The Issuer sets up an allowance for impairment of extended loans in accordance with International Accounting Standards (IAS). Impairment loss is determined on the basis of the Issuer's internal provisioning procedures and guidelines, incorporating a number of factors such as characteristics of the borrowers and their activities, creditworthiness, economic conditions and trends.

Since the accounting standards require measurement and assessment of future credit risks over a certain period of time, the Issuer may not adequately evaluate future risks and the allowance may fall short to cover actual credit losses. Such could be a case in the event of unforeseen or undesirable changes in the Kazakhstan economy, alterations to the laws and regulations or other circumstances adversely affecting a particular borrower, industry or market. In such event, the Issuer may need to create an additional reserve that will significantly reduce its profit and will bear a material adverse effect on its business, financial condition and results of operations.

Failure to comply with anti-money laundering law enacted by the National Bank of the Republic of Kazakhstan in 2009, could have a negative impact on the Issuer's reputation and business operations

Starting from December, 2014 microfinance organizations in Kazakhstan are subject to the anti-money laundering law. Although the Issuer, as a financial institution, is required to comply with regulations that are generally less restrictive than those applicable to banks, it is still exposed to the risk of non-compliance and the risk of registration being suspended by the Agency for regulation and development of the financial market of the Republic of Kazakhstan. The Issuer has anti-money laundering strategies and procedures in place. However, these strategies may not prevent all possible violations of the law. Failure to comply with the anti-money laundering law may result in criminal and civil law sanctions and other remedies. Any sanctions, remedies or investigations into alleged violations of the anti-money laundering Law will undermine the Issuer's reputation and will have a serious adverse effect on business, financial condition, results of operations, prospects or cash flows.

The Issuer developed internal AML policies and procedures, actively monitor compliance with legislation on AML, and, if dealing with third parties, conducts due diligence on partners, vendors, and other intermediaries to ensure they adhere to AML standards.

Non-compliance with anti-corruption laws, including bribery laws, can adversely affect the Issuer's reputation and business

Notwithstanding its obligation to conduct business in accordance with the laws against corruption and bribery, the Issuer still risks that any stakeholder - be it a director, employee or business partner - may engage in such activities or establish relationships that violate such anti-corruption laws or may lead to lawsuits. Corruption is one of the major risks faced by the Issuer since start of operations in Kazakhstan. According to the International Monetary Fund, Kazakhstan is an emerging market and thus more vulnerable to corruption. According to Transparency International 2019 Corruption Perception Index, which rates corruption worldwide from 1 (the lowest level of corruption) to 180 (the highest level of corruption), Kazakhstan ranks 112th. For comparison purposes, Mongolia ranks 106th, Armenia – 77th, Belarus – 66th and Georgia 44th. It is difficult to predict the impact of corruption on the Issuer's business operations. In some cases, this may result in regulatory changes that may adversely affect the Issuer's financial position, results of operations, prospects or cash flows.

The Issuer could be adversely affected by contractual claims and complaints.

The Issuer might be adversely affected by contractual claims, complaints and litigation, resulting from relationships with counterparties, customers, competitors or regulatory authorities, as well as by any adverse publicity that the Issuer and the microfinance industry in general may attract.

Defense in any lawsuit, even if successful, could take substantial time and attention of the Issuer's management and could require the expenditure of significant amounts for legal fees and other related costs. The business is also subject to regulatory proceedings and could suffer losses from the interpretation of applicable laws, rules and regulations in regulatory proceedings, including the ones in which they are not a party. Any of these events could have a material adverse effect on business, financial condition, results of operations, prospects or cash flows.

The Issuer tries to ensure clear and well-drafted contractual agreements to minimize ambiguity and potential disputes and clearly defines expectations, deliverables, and dispute resolution mechanisms in contracts.

The Issuer's operations largely depend on efficient and uninterrupted functioning of information systems.

IT systems are vulnerable to certain problems, including computer viruses, unauthorized access, physical damage to server and software or hardware malfunctions. Any disruption in, or security breach of IT systems, could have a material adverse effect on business operations, such as the ability to serve customers in a timely manner, to accurately record financial data and to protect business and customers from financial fraud or theft. If business operations are compromised, the Issuer's reputation and client confidence may deteriorate and the Issuer may suffer significant financial losses, any of which may have a material adverse effect on business, financial condition, results of operations, prospects or cash flows.

In addition, there can be no assurance that the Issuer will be able keep abreast of modern technological developments due to financial or technical limitations. Any inability to successfully develop or complete planned upgrades of the Issuer's IT systems and infrastructure or to adapt business operations and software may have a material adverse effect on business, financial condition, results of operations, prospects or cash flows.

The Issuer, through its control system and by monitoring and responding appropriately to potential risks, actively manages such risks. The control system includes effective segregation of duties, access rights, approval and reconciliation procedures, staff training, and evaluation procedures, including internal audits.

The Issuer's business will suffer if it fails to attract and retain key management, employees or other qualified personnel.

The success of the Issuer's business model is partly determined by uninterrupted service of its key management and employees and its ability to attract, retain and motivate qualified personnel. In addition, the Issuer's key management and other personnel have established important working relationships with regulators and have detailed knowledge of the Issuer and the markets in which it operates. The Issuer's success will depend, in part, upon its ability to retain such personnel and hire qualified staff as required. There can be no assurance that the Issuer will be able to attract, recruit and retain duly qualified personnel. Failure to do so could have a material adverse effect on business, financial condition and results of operations.

2.4. Production and sales trends

	30 June, 2023	December 31, 2022	December 31, 2021	January 1, 2021
Loans to individuals	43 390 223	**42 929 784**	51 296 689	37 458 787
Installment loans	*37 251 276*	***37 215 531***	*45 341 978*	*34 718 389*
Short term loans	*6 138 947*	***5 714 253***	*5 954 711*	*2 740 398*
SME loans	39 816 960	**32 081 190**	15 895 315	-
Purchased credit-impaired loan portfolios	9 356 569	**10 638 714**	4 043 938	828 683
Loans to clients	92 563 752	**85 649 688**	71 235 942	38 287 470

	December 31, 2022	December 31, 2021
Stage 1	**68 667 427**	64 148 897
Stage 2	**7 751 458**	4 171 052
Stage 3	**7 954 157**	5 286 382
Purchased credit-impaired loan portfolios	**10 638 714**	4 043 938
Loans to clients	**95 011 757**	77 650 269
NPL 90+	**8.37%**	6.81%

Stage 1 includes loans not overdue and loans overdue from 1 to 30 days inclusive. Stage 2 includes loans overdue from 31 to 90 days inclusive. Stage 3 includes loans overdue for more than 90 days.

The Issuer confirms that there has been no material adverse change relating to the information referred to above, since the date of last published financial statements.

3. Constitution and Ownership structure

3.1. Constitution

Issuer's objectives and purpose and where they can be found in the constitution.

In accordance with Section 4 of the Issuer's Articles of Association the Issuer's main activity is activities of holding companies, hence the objectives and the purpose of the Issuer is to hold controlling ownership in its subsidiaries and generate income from it.

Section 4 of OKF's Articles of Association states that the main goal of the OKF's activities is to generate net income. To achieve this goal, OKF provides microloans to individuals and (or) legal entities with or without collateral in the amount established by the current Kazakhstani Legislation.

The same objectives and purposes as of OKF are stated in the Section 3 of FintechFinance's Articles of Association.

Section 3 of the IDC's Articles of Association provides for the following: the main purpose of creating IDC is to generate profit through the activities provided further. To achieve this goal, IDC carries out the following main activities: activities aimed at pre-trial collection and settlement of debt, as well as collecting information related to debt; foreign economic activity; consulting activities.

The rights, preferences and restrictions attaching to each class of the existing Securities.

Share Rights

Subject to the provisions of the Companies Regulations and without affecting any rights, entitlements or restrictions attached to existing Shares, a Share may be issued with the rights, entitlements or restrictions that the Issuer may decide by Ordinary Resolution.

Rights attaching to Shares and Variation of Rights

The Issuer's Articles of Association provides for two types of shares: ordinary and preferred. Holders of Preferred Shares shall have the same rights as ordinary shareholders as regards voting, receiving of notices, reports and balance sheets and attending general meetings of the Issuer.

Rights of preferred shareholders:

Preferred Shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital, or winding up, or sanctioning a sale of the undertaking of the Issuer, or where the proposition to be submitted to the meeting directly affects their rights and privileges, or when the dividend on the Preferred Shares is in arrears for more than 6 (six) months.

The Issuer has the power to issue further preferred capital ranking equally with, or in priority to, any Preferred Shares already issued. Each Preferred Share shall entitle the holder thereof to receive out of the distributable reserves of the Company, in priority to the payment of any dividend to the holders of ordinary shares, a cumulative preferential dividend (a "Preferential Dividend") at a rate of the following: Each Preferred Share is entitled to 0.1 per cent (the 'Dividend Rate") of the consolidated annual net profit of the Company within each financial year of the Company. For the avoidance of doubt, in the event that the net profit of the Company in relation to any financial year is less than zero, the Dividend Rate in relation to such financial year shall be equal to zero.

In the event of any liquidation or winding up of the Company, whether voluntary or involuntary, after distribution of payment to all general creditors of the Company, senior debt and subordinated debt holders, a Preferred Shareholder will be entitle to receive an amount equal to the aggregate amount of capital contribution including any premium paid or credited to be paid on the issue of each Preference Share, amount of loan or other financing invested in the Company by such Preferred Shareholder plus any declared but unpaid dividends. Subject to the Constitution, Preferred Shares may with the sanction of an ordinary resolution or, if required by the Constitution, a special resolution, be issued on the terms that they are liable to be redeemed at the option of the Company or the shareholder.

The Preferred Shares may be convertible, at a 1:1 conversion rate, into ordinary shares or any other class of shares ranking as regards participation in the profits and assets of the Issuer pari passu with or after the Preferred Shares, in each case on such terms and conditions as may be prescribed by the terms of issue thereof.

What action is necessary to change the rights of holders of the securities, indicating where the conditions are more significant than is required by any law applicable to the Issuer.

The rights of holders of securities are stipulated by the AIFC Companies Regulation and the Articles of Association (as above).

The conditions governing the manner in which annual general meetings and extraordinary general meetings of holders of securities are called including the conditions of admission to the meeting.

According to the Articles of Association, the Directors may call General Meetings. Subject to the Companies Regulations, a General Meeting of the Issuer must be called by notice of at least 7 days. Subject to the AIFC Companies Regulations, a notice of a General Meeting must specify the time and place of the meeting. A notice of an Annual General Meeting must state that the meeting is an Annual General Meeting to the Issuer. The Issuer is not required to hold an Annual General Meeting.

A General Meeting may be called by shorter notice that otherwise required if shorter notice is agreed by the required majority of the Shareholders under section 97 of the AIFC Companies Regulations.

The proceedings of a General Meeting are not invalid solely because of the inadvertent failure to give notice of the meeting to, or the failure to receive notice of the meeting by, any Person entitled to receive the notice.

Except in the case of the Issuer having a single Shareholder, in which case resolutions will be adopted in Writing by the single Shareholder, no meeting shall take place unless a quorum is present. Two (2) persons entitled to vote shall constitute a quorum.

If a quorum is not present at a General Meeting within half an hour after the time specified in the notice calling the meeting (the meeting start time), the meeting must be adjourned to a place and time decided by the Directors. If during the meeting a quorum ceases to be present, the meeting must be adjourned to a place and time decided by the Directors.

If the Directors have appointed a chairperson, the chairperson shall chair General Meetings if present and willing to do so. If the Directors have not appointed a chairperson, or if the chairperson is unwilling to chair the meeting or is not present within 15 minutes of the time at which a meeting was due to start:
(a) the Directors present, or
(b) if no Directors are present, the meeting, must appoint a Director or Shareholder to chair the meeting, and the appointment of the chairperson of the meeting must be the first business of the meeting. The person chairing a meeting is referred to as "the meeting chair".

Every Director is entitled to attend and speak at any General Meeting and at any separate meeting of the Shareholders of any class of Shares in the Company, whether or not the Director is a Shareholder or a Shareholder of that class of Shares. The meeting chair may adjourn the meeting with the consent of the majority of the votes at the meeting. A matter must not be considered at the adjourned meeting if the matter could not have been considered at the meeting had the adjournment not taken place. It is not necessary for notice to be given of the adjourned meeting unless the meeting was adjourned for 14 days or longer. If the meeting was adjourned for 14 days or longer, at least 7 days notice of the meeting must be given. The notice must specify the time and place of the adjourned meeting, the general nature of any matters to be considered, and any proposed Resolutions of which notice has been duly given.

Unless a poll is demanded, a resolution put to the vote must be decided on a show of hands. A poll may be demanded, before or on the declaration of the result of a vote by show of hands:
(a) by the meeting chair; or
(b) by at least 1 Shareholder having the right to vote at the meeting.

Unless a poll is demanded, the meeting chair may declare that a resolution has been carried or lost by a particular majority. The entry in the minutes of the meeting of that declaration is conclusive evidence of the result of the resolution. The meeting chair may consent to the withdrawal of a demand for a poll. A poll must be taken in the way the meeting chair directs and the result is the resolution of the meeting at which the poll was demanded.

A poll demanded on the election of the Person who is to chair the meeting or on an adjournment must be taken immediately. A poll demanded on any other question must be taken as the meeting chair directs, but not more than 30 days after the day the poll is demanded. The demand for a poll does not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll is demanded.

If a poll demanded at a meeting is not taken at the meeting, at least 7 days Written notice must be given of the time and place at which the poll is to be taken, unless the time and place is announced at the meeting. Resolution in Writing may be passed in accordance with the Companies Regulations.

Any provision of the constitution that would have an effect of delaying, deferring or preventing a change in control of the Issuer.

The Articles of Association do not provide for any such provisions.

Any provisions in the constitution, governing the ownership threshold above which shareholder ownership must be disclosed.

There are no provisions in the Articles of Association governing the ownership threshold above which shareholder ownership must be disclosed.

The conditions imposed by the constitution governing changes in the capital, where such conditions are more stringent than is required by law applicable to the Issuer.

No conditions imposed by the Articles of Association of the Issuer governing changes in the capital are more stringent than is required by law applicable to the Issuer.

Any arrangements by which a single investor or group of investors may exercise significant influence over the Issuer.

There are no such arrangements provided for in the Articles of Association.

3.2 Group structure

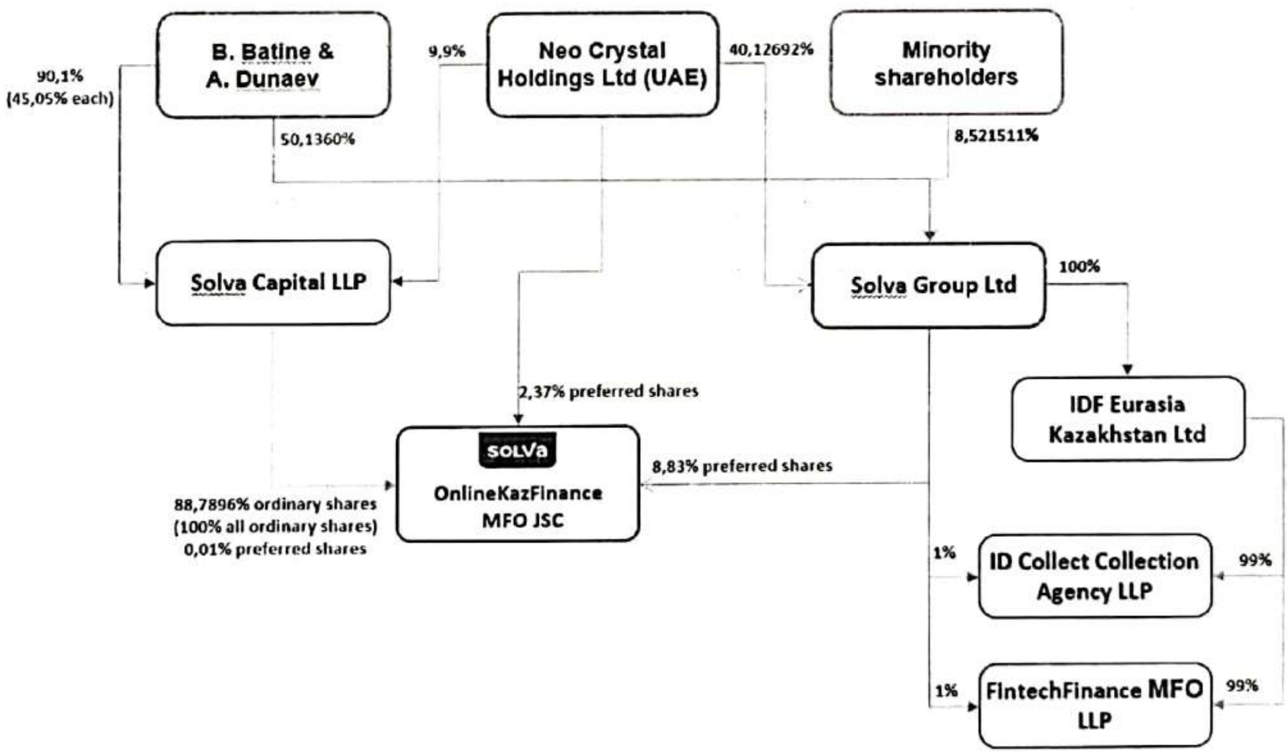
The Issuer is a holding company, which has different level of ownership in companies listed in Table B below. Together with such companies and entities under common control (i.e. MFO OnlineKazFinance JSC), the Issuer constitutes Solva Group (the "Group"). The Issuer's shareholders are listed in Table A. Table C indicates companies that are controlled by the Issuers' subsidiaries (the Issuer's second-tier subsidiaries).

Table A: Shareholders of the Issuer (Solva Group Ltd.)

Name	Country of Citizenship/ Incorporation	Shareholding percentage (As of December 26, 2023)
Neo Crystal Holdings Ltd.	Abu Dhabi Global Market, United Arab Emirates	40.12692%
Mr. Boris Batine	Israel	25.1937%
Mr. Aleksandr Dunaev	Israel	24.9423%
Minority shareholders		8.521511%

Table B: Subsidiary Companies of the Issuer and entities under common control *Ownership interest (%)*		
Company	**Country of incorporation**	**Interest as of December 20, 2023)**
IDF Eurasia (Kazakhstan) Ltd.	Kazakhstan	100%
MFO OnlineKazFinance JSC	Kazakhstan	8.83% (preferred shares)
ID Collect Collection Agency LLP	Kazakhstan	1%
MFO FintechFinance LLP	Kazakhstan	1%

Table C: Second-tier subsidiaries *Ownership interest (%)*			
Company	**Owned by**	**Country of incorporation**	**Interest (As of March 1, 2023)**
ID Collect Collection Agency LLP	IDF Eurasia (Kazakhstan) Ltd.	Kazakhstan	99%
MFO FintechFinance LLP	IDF Eurasia (Kazakhstan) Ltd.	Kazakhstan	99%



4. Assets

4.2. Material contracts

There are no such contracts.

5. Capital

5.3. Share capital

Amount of issued share capital

The authorized share capital of the Issuer is 7,015,335.62 USD.

The total number of shares outstanding as stated by the Annex 3 to the resolution of Shareholders dated 26 December 2023 is 23 973 shares of which 21 543 are Class A Ordinary Shares shares, 2330 are Class B Ordinary Shares and 100 are preferred shares.

As of 31 December 2022, the Group's consolidated paid-in authorized capital was 1 457 thousand tenge.

The principal legislation under which the Issuer operates, and under which the its shares have been created, is the AIFC Companies Regulation.

Ownership of the Issuer's shares is evidenced by an Extract from the Register of Shareholders of the Issuer. AFSA Office of the Registrar of Companies is the only entity authorized to maintain shareholder registers of private companies incorporated in AIFC. The address of the AFSA Registrar of Companies is Republic of Kazakhstan, Astana, 55/17 Mangilik Yel Avenue, Pavilion C-3.2.

If there are Shares not representing capital, the number and main characteristics of such Shares

The Issuer does not have any Shares that do not represent its share capital.

Number, book value and face value of Shares in the Issuer held by or on behalf of the Issuer itself or by subsidiaries of the Issuer

There are no Shares held by or on behalf of the Issuer itself or by subsidiaries of the Issuer.

Amount of any convertible securities, exchangeable securities or securities with warrants, with an indication of the conditions governing and the procedures for conversion, exchange or subscription

There are no convertible securities, exchangeable securities or securities with warrants, with an indication of the conditions governing and the procedures for conversion, exchange or subscription.

Information about and terms of any acquisition rights and or obligations over authorised but unissued capital or an undertaking to increase the capital

In accordance with AIFC Companies Regulation Section 48 (Shareholders' pre-emption rights), the Issuer cannot allocate Equity Securities to a Shareholder unless: a) they have offered each Equity Securities holder the opportunity to purchase a proportion of Equity Securities equal to their current ownership in the company, and b) the offer acceptance period has expired or the Issuer has received acceptance/refusal notices for all offers made.

The Issuer is considered to allocate Equity Securities if they grant the right to subscribe to Ordinary Shares or sell Issuer-held Equity Securities as treasury Shares.

There is no violation of this section if: 1) Offers have been made to Equity Securities holders, or 2) Equity Securities are allocated to existing holders or those to whom existing holders have renounced their allotment rights.

Section 48 (Shareholders' pre-emption rights) does not apply when Equity Securities are paid for wholly or partly with non-cash consideration under Sections 45 or 46 of AIFC Companies Regulations, when a Private Company's Articles of Association exclude or modify Pre-emption rights, or when a Company's restrictions under Section 48 are altered by Special Resolution recommended by the Directors, provided that the Special Resolution includes:

(i) the Directors' reasons for making the recommendation; and
(ii) the amount to be paid to the Company in respect of allotment; and
(iii) the Directors' justification of that amount

Historical information about the share capital highlighting any changes for the period covered by the historical financial information

As at 31 December 2021, the Group's combined paid-in share capital was 1 230 151 thousand tenge. As of 1 January 2021: 1 220 151 thousand tenge. During 2022, the combined share capital of the Group was increased by 20 000 thousand tenge from retained earnings (none during 2021). During 2022, as part of the reorganization of the Group, the amount of repurchased nominal shares in the authorized capital amounted to 1 248 694 thousand tenge for fees in the total amount of 4 493 382 thousand tenge. As of December 31, 2022, the Group's consolidated paid-in authorized capital was 1 457 thousand tenge.

During six months 2023, as a result of purchase by ultimate shareholders of the Group 100% stake in share capital of Solva Capital Ltd., share capital increased by KZT 1 010 thousand. During six months 2023, the share capital in the amount of KZT 500 thousand was eliminated as a result of the reorganization of the Group. As at 30 June 2023, the Group's paid-in share capital was KZT 1 967 thousand.

6. Management of the Issuer

6.1. Details relating to directors and senior managers ("Key Persons")

Directors of the Issuer

The Board of Directors of the Issuer is the primary supervisory body of the Issuer. The Board of Directors, among other functions, approves appointments to the Management Board, approves material acquisitions and disposals by the Issuer, and forms the audit and remuneration and strategic review committees.

As at the date of this Prospectus, the Board of Directors of the Issuer consists of four members as set out below.

Name	Functions and principal activities	Experience
Boris Batine	• Member of the Board	Co-founder Longan Group March, 2022- currently Co-founder ID finance July, 2015- currently Co-founder Solva January, 2014- currently
Aleksandr Dunaev	• Member of the Board	Co-founder Longan Group March, 2022- currently Co-founder ID finance July, 2015- currently CO-founder Solva January, 2014- currently
Ehab Ahmed Amr Ehab Tantawy	• Member of the Board	Partner Zoser Capital Partners June, 2020 – currently Associate Director The Abraaj Group March, 2013 – March, 2020 Portfolio Manager Beltone Financial November, 2007 – July, 2011
Omar Amin Hisham Mohamed Amin Ezzalarab	• Member of the Board	Partner Zoser Capital Partners June, 2020 – currently Director The Abraaj Group November, 2008 – December, 2020 Analyst J.P. Morgan July 2006 – November 2008

Senior management of the Issuer

The composition of the Management Board as at the date of this Prospectus is set out below. The business address of the Management Board is 55/20 Mangilik Yel avenue, Astana, Z05T3D0, Republic of Kazakhstan.

Name, Address	Functions and principal activities	Experience
Konstantin Barabanov, Almaty, 55/57 Zhambyl street, apt. 49	• Chief executive Officer • Member of the Board of Directors	Member of the Board of Directors Solva Group Ltd. September, 2023 – December, 2023 Chief Executive Officer Solva Group Ltd. July, 2022 - currently Country Manager ID Finance May, 2021 – July, 2022 Group Deputy CFO ID Finance (Eurasia business) January, 2020 – April, 2021 Head of IFRS Reporting and Financial Analysis Department PAO Bashneft Joint-Stock Oil Company March, 2016 – July, 2019 Director Deloitte CIS August, 2015– March 2016

Founding members of the Issuer

The founding members of the Issuer are Boris Batine and Aleksandr Dunaev.

Name	Address	Experience
Boris Batine	Av E. Maristany, 7-9 16-C ESC B, 08019 Barcelona, Spain	Co-founder Longan Group March 2022- currently Co-founder ID finance July 2015- currently CO-founder Solva Januarfy 2014- currently
Aleksandr Dunaev	Cavlet, 70, PRAL-2, 08021 Barcelona, Spain	Co-founder Longan Group March 2022- currently Co-founder ID finance July 2015- currently CO-founder Solva Januarfy 2014- currently

Conflict of interest

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

6.2. Other information relating to Key Persons

The Issuer does not have an audit committee, nomination committee and remuneration committee, as the Issuer is not required to form committees in accordance with the AIFC Law.

7. Financial information about the Issuer

7.1. Historical financial information about the Issuer

Combined and consolidated statement of comprehensive income (KZT thousands)	6 months ended 30 June, 2023	6 months ended 30 June, 2022	2022	2021
Interest revenue calculated using effective interest rate	18 072 482	18 978 132	41 230 879	27 961 966
Interest expense	(7 563 126)	(5 282 851)	(11 115 596)	(7 142 364)
Net interest income	**10 509 356**	**13 695 281**	**30 115 283**	20 819 602
Credit loss expense	(7 218 032)	(8 720 491)	(16 489 046)	(9 324 174)
Net interest income after credit loss expense	**3 291 324**	**4 974 790**	**13 626 237**	11 495 428
Fee and commission income	4 901 187	4 796 839	4 822 076	4 378 792
Net gains/(losses) from transactions with currency derivatives	(1 220 378)	429 311	164 852	(2 065 707)
Net (losses)/gains on transactions with foreign currencies:	586 401	(3 298 156)	(1 586 895)	1 378 472
- translation differences	*904 717*	*(3 221 070)*	*(1 124 964)*	*1 473 094*
- dealing	*(318 316)*	*(77 086)*	*(461 931)*	*(94 622)*
Other income	983 155	1 374 407	2 591 978	1 810 478
Non-interest income	**5 250 365**	**3 302 401**	**5 992 011**	**5 502 035**
Other operating expenses	(3 376 086)	(3 270 658)	(6 613 131)	(4 969 064)
General and administrative expenses	(3 155 651)	(2 203 623)	(5 366 203)	(3 088 039)
Other expenses	(2 098)	8 130	(43 006)	9 694
Non-interest expense	**(6 533 835)**	**(5 466 151)**	**(12 022 340)**	(8 047 409)
Profit before income tax expense	**2 007 854**	**2 811 040**	**7 595 908**	8 950 054
Income tax expense	(87 353)	(76 383)	(983 064)	(1 401 071)
Profit for the year	**1 920 501**	**2 734 657**	**6 612 844**	7 548 983
Other comprehensive income	–	–	–	–
Total comprehensive income	**1 920 501**	**2 734 657**	**6 612 844**	7 548 983

Combined and consolidated statement of financial position (KZT thousands)	30 June, 2023	December 31, 2022	December 31, 2021
Assets			
Cash and cash equivalents	4 697 031	2 283 168	3 632 166
Amounts due from credit institutions	2 731 395	505 613	-
Loans to customers	92 563 752	85 649 688	71 235 942
Derivative financial assets	49 685	-	-
Receivables from the sale of portfolios	1 396 701	193 535	562 839
Property and equipment	404 166	337 170	251 166
Intangible assets	3 521 763	3 533 124	1 195 002
Right-of-use assets	216 334	243 336	145 280
Deferred corporate income tax assets	281 513	280 057	138 683
Current corporate income tax assets	1 319 244	620 855	112 210
Other assets	4 597 721	1 499 622	1 255 662
Total assets	**112 241 366**	**95 146 168**	**78 528 950**
Liabilities			
Amounts due to credit and other institutions	31 143 576	35 411 277	37 535 333
Debt securities issued	57 133 474	31 123 436	20 267 690
Derivative financial liabilities	620 006	81 828	287 970
Deferred corporate income tax liabilities	89 154	359 303	230 149
Current corporate income tax liabilities	110 782	535 286	595 932
Accounts payable	1 180 923	3 778 053	1 297 263
Lease liabilities	233 034	257 777	153 899

Other liabilities	1 697 453	1 172 635	579 837
Total liabilities	**92 208 402**	**72 719 595**	**60 948 073**
Equity			
Share capital	1 967	1 457	1 230 151
Subordinated loans	9 150 077	14 239 553	7 291 028
Retained earnings	10 880 920	8 185 563	9 059 698
Total equity	**20 032 964**	**22 426 573**	**17 580 877**
Total equity and liabilities	**112 241 366**	**95 146 168**	**78 528 950**

Combined and consolidated statement of cash flows (KZT thousands)	**6 months ended 30 June, 2023**	**6 months ended 30 June, 2022**	**2022**	**2021**
Operating activities				
Profit before tax	2 007 854	2 811 040	7 595 909	8 950 054
Adjustments				
Interest income	(17 089 815)	(18 978 132)	(7 514)	-
Interest expense	7 563 126	5 282 851	11 115 596	7 142 364
Credit loss expense	7 218 032	8 720 491	16 377 489	9 827 414
Revaluation of impaired portfolios payable	-	-	111 557	(503 240)
Net (gains)/ losses from transactions with currency derivatives	1 220 378	(429 311)	(164 852)	2 065 707
Net losses/(gains) from transactions with foreign currencies	(586 401)	3 298 156	1 586 895	(1 378 472)
Interest received	13 442 853	16 597 519		
Other provisions	-	-	59 462	(52 964)
Depreciation and amortisation	592 372	230 856	667 156	286 914
Other statutory payments	(547 643)	(498 192)	(1 067 241)	(865 022)
Corporate income tax paid	(1 223 433)	(1 102 375)	(1 327 619)	(1 249 853)
Cash flows from operating activities before changes in operating assets and liabilities	**12 597 323**	**15 941 903**	**34 946 838**	**24 222 902**
Net change in operating assets and liabilities				
Amounts due from credit institutions	-	-	(505 613)	-
Loans to customers	(12 056 288)	(20 035 863)	(31 275 110)	(37 388 487)
Other assets	(1 175 656)	(4 502 060)	(1 618 373)	(2 448 743)
Accounts payable and other liabilities	(3 325 093)	4 375 556	(1 588 119)	(1 543 523)
Net cash used in operating activities	**(3 959 714)**	**(4 220 464)**	**(40 377)**	**(17 157 851)**
Investing activities				
Loans issued	(5 546)	(80 961)	(267 261)	(15 521)
Repayment of loans issued	525 454	-	222 625	6 306
Interest received on loans granted	-	-	6 399	-
Purchase of subsidiaries	-	-	(2 606 732)	-
Purchase of property and equipment	(353 024)	(112 605)	(249 408)	(319 741)
Purchase of investment securities	(461 410)	-	-	-
Purchase of intangible assets	(783 512)	(1 311 331)	(2 701 852)	(990 979)
Net cash used in investing activities	**(1 078 038)**	**(1 504 897)**	**(5 596 229)**	**(1 319 935)**
Financing activities				
Proceeds from loans and borrowings	10 362 796	11 029 567	17 508 091	22 115 054
Proceeds from debt securities issue	38 340 798	4 684 659	18 213 783	13 801 176
Repayment of loans and borrowings	(20 995 261)	(7 201 628)	(17 316 585)	(8 448 040)
Repayment of debt securities	(11 355 834)	-	(7 383 059)	-
Interest paid	(4 586 688)	(3 202 418)	(9 239 198)	(6 090 105)
Proceeds from subordinated loans	-	1 581 232	6 938 327	1 193 418
Repayment of subordinated loans	(2 735 083)	(695 354)	(906 011)	(1 596 817)

Interest paid on subordinated loans	(1 277 330)	(728 443)	(2 391 848)	(1 124 136)
Dividends paid	(303 180)	(548 539)	(914 232)	-
Contribution in share capital	-	428	-	9 999
Repayment of lease liability	-	-	(17 531)	(10 226)
Buyback of own shares	(1 797 871)	(108 900)	-	-
Net cash from financing activities	**5 652 347**	**4 810 604**	**4 491 737**	**19 850 323**
Effect of changes in foreign exchange rates on cash and cash equivalents	(318 316)	(302 063)	(204 129)	(106 534)
Net (decrease) / increase in cash and cash equivalents	**2 413 863**	**1 216 820**	**(1 348 998)**	**1 266 003**
Cash and cash equivalents at the beginning of the period	2 283 168	3 632 166	3 632 166	2 366 163
Cash and cash equivalents at the end of the period	**4 697 031**	**2 415 346**	**2 283 168**	**3 632 166**

Combined and consolidated statement of changes in equity (KZT thousands)	**Share capital**	**Subordinated loans**	**Retained earnings**	**Total equity**
Balance at January 1, 2021	1 220 151	7 051 717	3 277 561	**11 549 429**
Comprehensive income for the period	-	-	7 548 983	**7 548 983**
Subordinated loans raised and repaid, net	-	69 282	-	**69 282**
Interest paid on subordinated loans	-	-	(1 596 817)	**(1 596 817)**
Currency revaluation of subordinated loans	-	170 029	(170 029)	-
Contribution in share capital	10 000	-	-	**10 000**
Balance at December 31, 2021	**1 230 151**	**7 291 028**	**9 059 698**	**17 580 877**
Comprehensive income for the period	-	-	6 612 844	**6 612 844**
Subordinated loans raised and repaid, net	-	6 032 316	-	**6 032 316**
Interest paid on subordinated loans	-	-	(2 391 848)	**(2 391 848)**
Dividends declared to shareholders	-	-	(914 234)	**(914 234)**
Increase in share capital at the expense of retained earnings	20 000	-	(20 000)	-
Result from the reorganization of the Group	(1 248 694)	-	(3 244 688)	**(4 493 382)**
Currency revaluation of subordinated loans	-	916 209	(916 209)	-
Balance at December 31, 2022	**1 457**	**14 239 553**	**8 185 563**	**22 426 573**
Balance at January 1, 2022	**1 230 151**	**7 291 028**	**9 059 698**	**17 580 877**
Comprehensive income for the period	-	-	2 734 657	**2 734 657**
Subordinated loans raised and repaid, net	-	4 991 017	-	**4 991 017**
Interest paid on subordinated loans	-	-	(728 443)	**(728 443)**
Dividends declared to shareholders	-	-	(914 232)	**(914 232)**

Result from the reorganization of the Group	(1 217 649)	-	(856 650)	**(2 074 299)**
Contribution in share capital	428	-	-	**428**
Currency revaluation of subordinated loans	-	5 442 344	(5 442 344)	-
Balance at 30 June 2022 (unaudited)	**12 930**	**17 724 398**	**3 852 686**	**21 590 005**
Balance at January 1, 2023	**1 457**	**14 239 553**	**8 185 563**	**22 426 573**
Comprehensive income for the period	-	-	1 920 501	**1 920 501**
Subordinated loans raised and repaid, net	-	(2 735 083)	-	**(2 735 083)**
Interest paid on subordinated loans	-	-	(1 277 330)	**(1 277 330)**
Dividends declared to shareholders	-	-	(303 180)	**(303 180)**
Result from the reorganization of the Group	510	-	973	**1483**
Currency revaluation of subordinated loans	-	(2 354 393)	2 354 393	-
Balance at 30 June 2023 (unaudited)	**1 967**	**9 150 077**	**10 880 920**	**20 032 964**

The combined and consolidated financial statements present fairly the financial position of the Group as at December 31, 2022 and 2021, and June 30, 2023 and the cash flows and changes in equity of the Group prepared for the year ended December 31, 2022 and 2021, and 6 months ended June 30, 2023 all in accordance with the International Financial Reporting Standards.

8. Other information relating to the Issuer

8.1. Information about auditors

The independent auditor of the Issuer for 2021, 2022 is Baker Tilly Qazaqstan Audit LLP, registered under the Laws of the Republic of Kazakhstan. Registered address is P 19 Al-Farabi Ave., BC Nurly Tau, Block 1B, off. 403, Almaty, 050059, Republic of Kazakhstan. The website of the auditor is https://www.bakertilly.global/.

Baker Tilly Kazakhstan Advisory is authorized and regulated by the Ministry of Finance of Republic of Kazakhstan under the state audit license for audit activities № 20013143, dated September 9, 2021. Baker Tilly Qazaqstan Audit LLP is a member of the Chamber of Auditors of the Republic of Kazakhstan. Baker Tilly Qazaqstan Audit LLP does not have a material interest in the Issuer.

8.2. Connected Persons

If a Connected Person is a controller, information about that Person:

Boris Batine (the controller) and Aleksandr Dunaev (the controller) together with Neo Crystal Holdings Ltd. are the major direct shareholders of the Issuer, holding 25,1937%, 24,9423% and 40,12692% of the charter capital of the Issuer respectively, while remaining shares in the Issuer are owned by the minorities.

Contact details of Boris Batine are Av E. Maristany, 7-9 16-C ESC B, 08019 Barcelona, Spain
E-mail: boris.batin@idfinance.com

Contact details of Aleksandr Dunaev are Cavlet, 70, PRAL-2, 08021 Barcelona, Spain
E-mail: alexander.dunaev@idfinance.com

Contact details of Neo Crystal Holdings Ltd. are Part of 26th Floor, 26, Al Sila Tower, Adgm Square, Al Maryah Island, Abu Dhabi, United Arab Emirates
E-mail: eat@zosercapital.com

Measures to ensure the prevention of abuse, control over the Issuer, such as among others, formation of the Board of Directors, increased thresholds for quorum of and making decisions by the General Meeting of shareholders of the Issuer, etc., are provided for by the AIFC Companies Regulations.

There are no arrangements known to the Issuer, the operation of which may result in a change in control of the Issuer.

8.3. Legal and other proceedings against the Issuer

There are no governmental, significant legal or other proceedings (including any such proceedings which are pending or threatened and of which the Issuer is aware) which may have or have had during the 12 months prior to the date of this Prospectus, a significant effect on the Issuer's financial position or profitability.

9. Responsibility for the Content of Prospectus

9.1. Responsibility Statement

A Responsibility Statement is included in Schedule 1 to this Prospectus.

9.2. Expert opinions included in Prospectus

No expert's opinion, statement or report is included in this Prospectus, except for the Annual Financial Statements of the Issuer that have been audited by Baker Tilly Kazakhstan Advisory, as stated in their report appearing 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 55/20 Mangilik Yel avenue, Astana, Z05T3D0, Republic of Kazakhstan, +7 701 485 77 76, during normal business hours on any weekday (except for Saturdays, Sundays and public holidays) and on Issuer's website https://www.solva.kz/ so long as the Bonds are listed on AIX:

- this Prospectus, Offer Terms and any supplements thereto;
- the Charter;
- audited financial statements as at and for the year ending 31 December 2022, which include comparative data as at and for the year ending 31 December 2021,unaudited financial statements for 6 months ended 30 June 2023, which includes comparative data as at and for the 6 months ended 30 June 2022.

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SECURITIES NOTE

1. Key information

1.1. Risk factors material to the Securities

The Bonds are subject to modification, waivers and substitution.
The terms and conditions of the Offer set out in Condition 3 ("Terms and conditions of the Offer") of this Securities Notes contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders.

The Issuer will maintain open and transparent communication with Bondholders, providing timely and accurate information about any matters that would affect their interests.

Delisting of the Bonds from the Official List of AIX may subject gains and Coupon Payments on the Bonds to tax in the Republic of Kazakhstan.
In order for Ccupon 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, it will be necessary for the Bonds to be admitted to the Official List of 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 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.

Nevertheless, the Issuer will maintain open and transparent communication with Bondholders, providing timely and accurate information about any matters that would affect their interests.

The Bondholders may be subject to exchange rate risks and currency controls.
The Issuer will pay principal and interest on Bonds in U.S. Dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than U.S. Dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. Dollar or revaluation of the investor's currency) and the risk that authorities with jurisdiction over the investor's currency may impose or modify exchange controls. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Therefore the Issuer publicly discloses potential risks associated with the Bonds, and the Prospectus and the Offer Terms will be published on AIX website at https://www.aix.kz/ and the website of the Issuer at https://www.solva.kz/ so that the investor could make an informed decision about their investment.

The market price of the Bonds may be volatile.
The market price of the Bonds could be subject to significant 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.

Therefore the Issuer publicly discloses potential risks associated with the Bonds, and the Prospectus and the Offer Terms will be published on AIX website at https://www.aix.kz/ and the website of the Issuer at https://www.solva.kz/ so that the investor could make an informed decision about their investment.

1.2. Reasons for the offer

Estimated net amount of proceedings	This shall be depended on the number of Tranches within the Programme in subject
Use of proceeds	The issuance is being made, and the net proceeds of the issue of the Bonds will be used by the Issuer for general corporate purposes and the refinancing of existing indebtedness.

1.3. Creditworthiness of the Issuer

Earnings coverage ratio	According to the Issuer's audited financial statements, earnings coverage ratio for 2022 equals 1.68, for 2021 – 2.13
Relevant credit ratings	The Issuer and the Bonds do not have any credit ratings.
Risk factors that may affect the Issuer's	All relevant risk factors are described in Condition "Risk factors" of the Registration Document and Condition 1.1 of this Securities Notes.

ability to fulfil its obligations under the Securities to investors	

2. Information relating to the securities offered/admitted to trading

2.1. General information relating to Securities

Form of the Bonds	The Bonds will be issued in fully registered and dematerialized form under the Acting Law of the AIFC.
Aggregate principal amount of the Programme	US$ 150 000 000 coupon bond programme.
Issuance	The Bonds under the Programme to be issued in Tranches. The Programme may be comprised of one or more Tranches issued on the same or different dates. 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 of Bonds issued under the Programme and will be completed by the relevant Offer Terms. The form of Offer Terms is set out in Schedule 2 to this Prospectus.
Nominal value	US$100 per one Bond.
Type of securities	Unsecured Coupon Bonds.
Admission to listing and trading	The Bonds described in this Prospectus have been approved by AIX for admission to the Official List of AIX; each tranche of the Bonds to be issued under the Programme will be admitted to trading on AIX based on separate applications. The Issuer, at its own discretion, may apply for Bonds issued under the Programme to be admitted to the "bonds" category of the "debt securities" sector of the "main" platform of the official list of KASE, subject to the rules of such other stock exchange and applicable law.
Registrar	AIX Registrar, a company incorporated in AIFC under company identification number 180840900010 with its registered office at 55/19, Mangilik El Avenue, Astana, Kazakhstan.
Depository	AIX CSD is a private company incorporated under the Acting law of the AIFC responsible for daily cash and securities settlement and depositary activities.
Governing law, jurisdiction and arbitration	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.
Currency	U.S. Dollar.
Ranking	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 and unsecured obligations of the Issuer, except for liabilities mandatorily preferred by applicable law.
Issue Date	Issue Date of each Tranche shall be specified in the relevant Offer Terms
Maturity Date	To be determined in Offer Terms of each Tranche

Redemption and purchase	Unless previously purchased and cancelled, the Issuer hereby irrevocably covenants in favor of each Bondholder that the Bonds will be redeemed at their Nominal Value concurrently with the final Coupon Payment on the relevant Maturity Date. In such a case the Issuer shall be discharged of any and all payment obligations under the Bonds upon payment made net of any withholding or other taxes due or which may be due under the law of the Republic of Kazakhstan, and which are payable by the Bondholders. The Issuer may at any time purchase the Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders. **Ошибка! Источник ссылки не найден.Ошибка! Источник ссылки не найден.**
Coupon Interest	To be determined in Offer Terms of each Tranche.
Coupon Payment Dates	Each period beginning on (and including) the Issue Date or any Coupon Payment Date and ending on (but excluding) the next Coupon Payment Date.
Day Count Fraction	30/360; Coupon 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.
Issue restrictions	No amendment shall be made by the Issuer to the terms and conditions of the Bonds unless the Issuer has secured prior written consent(s) of the Bondholders of at least three-fourth in principal amount of the Bonds then outstanding.
Selling restrictions	The offering and sale of the Bonds is subject to applicable laws and regulations. The Bonds may not be sold in other jurisdictions, including without limitation the United Kingdom, the European Economic Area, other than in compliance with applicable laws and regulations. The Bonds have not and will not be registered under the U.S. Securities Act of 1933 or the securities laws of any state of the United States and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons.
Restrictions on the free transferability	The Bonds are freely transferable in accordance with the laws of the AIFC and the AIX rules.
Time limit for claims	Any claim against the Issuer in respect of the Bonds shall become invalid, unless it is filed within 3 years (in the case of Principal and Coupon payments) from the date of the relevant payment in respect of the Bonds.
Representation of the Bondholders	There will be no representation of Bondholders.
Miscellaneous	For the purposes of any calculation specified herein, a value shall be accurate to two decimal places.
Covenants	This bond programme allows for the enforcement of distinct covenants tailored to each particular Tranche within the programme.

3. Terms and conditions of the offer

Number of Bonds offered	To be determined in Offer Terms of each Tranche.
Categories of potential investors	The Bonds will be publicly offered to a wide range of investors in Kazakhstan in compliance with the applicable laws of the AIFC and the AIX rules.
Conflict of interest	No person involved in the offering has any interest in the offering, which is material to the offering.
Offering method	Public offering. Offering of the Bonds will be made through subscription using the book- building platform of the trading system of the AIX and/or through the trading on AIX, in accordance with the AIFC Market Rules, AIX Business Rules, AIX CSD Rules and relevant AIX market notices (if applicable). The exact method of offering will be specified in the relevant Offer Terms of each Tranche.

Offer period and allotment date	During the entire circulation period starting from the Issue Date until the Maturity Date. Allotment date shall be specified in the relevant Offer Terms of each Tranche.
Authorisations	Board of Directors' resolution dated January 26, 2024.
Clearing and settlement	The payment and settlement will be made through the settlement system of AIX CSD in accordance with the rules and regulations of the AIX CSD ("**AIX CSD Rules**"), in particular delivery of the Bonds through the system of AIX CSD. In order to participate in the offering of the Bonds, take delivery of the Bonds and trade the Bonds on AIX, investors are required to have an account opened with a brokerage company admitted as an AIX Trading Member and an AIX CSD Participant. The Bonds will be held on behalf of investors in the relevant AIX Trading Member's custodial account at AIX CSD.
Notification process for investors	Prior to the start of the trading, AIX will issue a market notice setting out the parameters of Bonds.
Paying agent	The Issuer did not appoint a Paying agent for the Bonds.
Underwriter	To be determined in Offer Terms of each Tranche whenever applicable.
Placing agent	The Issuer did not appoint a placing agent for the Bonds.
Covenants	The covenants will be determined in the Offer Terms of each Tranche and shall be exclusively applicable to that particular Tranche.

4. Other Information

4.1. Payment

Coupon interest payments on the Bonds shall be paid to the Person shown on the register that the Issuer shall procure to be kept by AIX Registrar in accordance with AIX Registrar's regulations at 23:59:59 Astana time on the last day of a period for which interest payment is due for (the "Record Date").

Coupon interest payments on Bonds shall be paid (by Issuer) according to the Offer Terms per tranche by money transfer (in USD only) to current bank accounts of the holders of the Bonds specified in the register of Bondholders as at the Record Date. Coupon payment will be carried out by transferring money to the participant's settlement account at AIX CSD of the Bondholders, who have the right to receive the specified payment and have been registered as the Bondholders by AIX Registrar and AIX CSD as of close of business on the Register closing date.

In case of nominee holding interest and principal debt could be paid (by Issuer) to the account provided by Bondholder's broker (or custodian acting as a nominal holder of securities) or it could be paid 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).

The final coupon interest payment shall be made concurrently with payment of the principal of the Bonds according to the Offer Terms per tranche. All Payments in respect of the Bonds shall be made in USD.

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

4.2. 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. The amount of penalty payable per any Unpaid Amount in respect of any Bonds shall be equal to the product of the Coupon Interest Rate, 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.

4.3. Events of Default

The Bonds shall become immediately due and repayable at their principal amount, together with any accrued coupon interest, upon the Bondholders giving not later than 45 (forty-five) calendar days' notice to the Issuer, if any of the following events (the "Events of Default") occurs and continues for more than 30 (thirty) calendar days:

- the Issuer shall fail to redeem any Bonds when due; or

- the Issuer duly fails to perform or shall otherwise be in breach of any other material obligation contained in the terms and conditions of the Bonds;
- or the Issuer shall fail to pay any interest on any Bond when due; or
- an order is made, or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer (except the cases when Issuer merges its Subsidiary or other entity under common control); or
- the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or cease or threaten to cease to carry on its business or a substantial part of its business; or
- the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
- any material indebtedness of the Issuer is not paid when properly due or becomes properly due and payable or any creditor of the Issuer becomes entitled to declare any such material indebtedness properly due and payable prior to the date when it would otherwise have become properly due or any guarantee or indemnity of the Issuer in respect of indebtedness is not honored when properly due and called upon; provided that for the purposes of this provision, material indebtedness shall mean an amount exceeding 500 million KZT; or
- the Issuer shall not undertake or introduce any amendments into its constitutional documents, including the Issuer's Articles of Association, that would alter the Issuer's principal business activities unless such amendments aim at expansion of such activities; or
- the Issuer shall not amend the Prospectus unless agreed upon in writing with the holders of at least three-fourth in principal amount of the Bonds outstanding; or
- the Issuer shall maintain the listing of the Bonds on the Official List of AIX; or
- the Issuer shall not amend or substitute any entity in place of the Issuer as the principal debtor in respect of the Bonds, without prior written consent of the Bondholders of at least three-fourth in principal amount of the Bonds then outstanding;
- the Issuer shall not initiate a termination of the activity; or
- the Issuer shall pay any penalty due to any Bondholder in accordance with section 4.2 of Securities Notes;
- violation of any of the covenants determined in the Offer terms if applicable.

4.4. Early redemption

Redemption at the option of the Bondholders

If at any time while any of the Bonds remains outstanding an Event of Default occurs, the Issuer shall, at the option of the holder of the Bonds, upon the holder of the Bonds giving not less than 15 (fifteen) days not more than 45 (fourty-five) days' notice to the Issuer, redeem such Bonds on the day specified in such notice at 100% of its nominal amount together with coupon interest accrued to (but excluding) the date specified for redemption.

Following the occurrence of any Event of Default in clause 4.3 of the Securities Notes the Issuer may arrange negotiations with the holders of the Bonds in respect of the early redemption at the option of the holders of the Bonds.

Specific information regarding Early redemption will be determined in the Offer Terms to Each Tranche whenever applicable.

Redemption at the option of the Issuer

The Issuer may at its option redeem the Bonds in whole or in part at Nominal Value on any Coupon Payment Date starting from and including the fourth Coupon Payment Date by giving not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Bondholders (which shall be irrevocable) together with coupon interest accrued to the date fixed for redemption.

Redemption at the Option of the Issuer shall be made in accordance with Condition 4.1 ("Payments") above.

Specific information regarding Early redemption will be determined in the Offer Terms to Each Tranche whenever applicable.

4.5. Meetings of Bondholders

- The Issuer may from time-to-time call meetings of Bondholders for the purpose of consultation with Bondholders or for the purposes of obtaining the consent of Bondholders on matters which in terms of this Prospectus require the approval of a Bondholders' meeting.
- A meeting of Bondholders shall be called by the Issuer by giving the Bondholders as at a date being not more than 30 (thirty) days preceding the date scheduled for the meeting, not less than 14 (fourteen) days' notice in writing4.6. Such notice shall set out the time, place (if applicable) and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of this Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this Condition at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.
- The amendment or waiver of any of the provisions of and/or conditions contained in this Securities Note, or in any other part of the Prospectus, may only be made with the approval of the Issuer and of the Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.
- A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, at least two Bondholders present, in person, via absentee voting or by proxy, representing not less than 50% (fifty percent) in Nominal Value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within 30 (thirty) minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Issuer to the Bondholders present at that meeting. The Issuer shall within 2 (two) Business Days from the date of the original meeting publish by way of an Issuer announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than 7 (seven) days, and not later than 15 (fifteen) days, following the original meeting. At an adjourned meeting: the number of Bondholders present, in person, via absentee voting or by proxy, representing not less than 30% (thirty) in Nominal Value of the Bonds then outstanding, shall constitute a quorum, and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.
- Chief Executive Officer of the Company or any of the Directors shall chair meetings of Bondholders.
- Once a quorum is declared present by the chairman of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the Issuer or its representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.
- The voting process shall be managed by the Issuer's secretary or any other person appointed by the Issuer.
- The proposal placed before a meeting of Bondholders shall only be considered approved if approved by Bondholders carrying Bonds representing at least 50% (fifty) in Nominal Value of the Bondholders present at the meeting at the time when the vote is being taken, in person, via absentee voting or by proxy, shall have voted in favor of the proposal.
- Save for the above, the rules generally applicable to proceedings at general meetings of shareholders of the Issuer shall apply to meetings of Bondholders.

4.6. Notices

To the Bondholders

All notices to the Bondholders shall be deemed to have been duly given if, so long as the Bonds are listed on AIX and so long as the rules of AIX so require, by publication (i) on the internet website of the AIX at www.aix.kz via AIX Regulatory Announcement Service ("**RAS**") or (ii) otherwise in accordance with the regulations of AIX. If the Bonds cease to be listed on AIX, any notice shall be sent to the Bondholders by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the register, and any such notice shall be deemed to have been given on the fourth day after the date of mailing.

To the Issuer

Notices to the Issuer will be deemed to be validly given if delivered to the Issuer at 55/20 Mangilik Yel avenue, Astana, Z05T3D0, Republic of Kazakhstan, or via email (ir@solva.kz) and will be deemed to have been validly given when delivered.

4.7. Taxation

The following statements are intended only as a general guide to the main Kazakhstan tax consequences, which will apply to holders of the Bonds. It does not purport to be a comprehensive analysis of all the tax consequences applicable to all types of holders of Bonds and is based on current law, which may be subject to change. Tax legislation of an investor's jurisdiction and of Kazakhstan may have an impact on the income received from the Bonds. Any person who is in any doubt as to its tax position, or who is subject to taxation in any jurisdiction should seek professional advice immediately.

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

4.8. Further issues and further indebtedness

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further debentures, debenture stock, bonds, loan notes, or any other debt securities, either having the same terms and conditions as any outstanding debt securities of any series (including the Bonds) so that such further issue shall be consolidated and form a single series with the outstanding debt securities of the relevant series (including the Bonds), or upon such terms as the Issuer may determine at the time of their issue.

5. Other information

5.1. Audit and source of information including use of expert reports

Audited financial statements prepared by the Issuer's auditors, Baker Tilly Kazakhstan Advisory, are Schedule 2 to this Prospectus.

6. Admission to trading

	Proposed date	Actual date
Admission listing and trading:	To be specified in the relevant Offer Terms	

An estimate of the total expenses related to the admission to trading

Fees associated with the Admission pursuant to AIX Fee Schedule.

GLOSSARY OF FREQUENTLY USED DEFINED TERMS

"Admission" has the meaning given to it on the title page of this Prospectus.

"AIFC" means Astana International Financial Center.

"AIX" means Astana International Exchange.

"AIX CSD" means Astana International Exchange Central Depository.

"AIX Registrar" means Astana International Exchange Registrar.

"Articles of Association" means Articles of Association of Solva Group Ltd. approved by the special written resolution of the shareholders of Solva Group Ltd. No. SG-2023/6 passed on 24.11.2023.

"BIN" means Business Identification Number

"Bondholder" means a holder of the Bond.

"Bonds" or "Securities" means the bonds issued by the Issuer under the Programme.

"Business Day" means a day on which banks and exchange markets are open for business in Nur-Sultan and Almaty.

"Early Redemption Date" has the meaning given to it in paragraph 4.3 (*Events of Default*) of the Securities Note.

"Early Redemption Value" means the amount calculated in accordance with the following formula:

"Early Redemption Value" = $OP \times (1 + Y)^{y}$, where:

OP means the Offer Price expressed as an absolute value;
Y means the yield expressed as a decimal; and
y is the day count fraction 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the Tranche of the Bonds to (but excluding) the date upon which such Bond becomes due and the denominator will be 360).

"Earnings coverage ratio" equals to consolidated net income applicable to common shareholders plus income taxes, interest on long-term and short-term debt, divided by interest on long-term and short-term debt.

"Event of Default" has the meaning given to it in paragraph 3 (*Events of Default*) of the Securities Note.

"Financial Indebtedness" means any indebtedness for or in respect of:

(a) moneys borrowed;
(b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
(d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with IFRS, be treated as a finance or capital lease;
(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
(f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
(g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
(h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

	(i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.
"FMRDA"	means the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market.
"Government"	means the Government of the Republic of Kazakhstan.
"Group"	means Solva Group, which is a group of companies whose main activities are consumer lending, lending to small and medium-sized businesses, holding companies and pre-trial debt collection and settlement activities. The parent company of the Group is the Issuer.
"IFRS"	means International Financial Reporting Standards as issued by the International Accounting Standards Board.
"Issue Date"	means the date of issue of relevant Bonds.
"Issuer"	Solva Group Ltd.
"KASE"	means JSC "Kazakhstan Stock Exchange".
"Kazakhstan"	means the Republic of Kazakhstan.
"KZT" or "Tenge"	means Kazakh Tenge, lawful currency of the Republic of Kazakhstan.
"LCR" or "Liquidity Coverage Ratio"	means the ratio of high-quality liquid assets to net cash outflow as defined and calculated in the regulations of the NBK or the FMRDA.
"Management Board"	means the Management Board of the Issuer as at the date of this Prospectus.
"Maturity Date"	means the date on which relevant Bonds mature.
"NBK"	means the National Bank of the Republic of Kazakhstan.
"NSFR" or "Net Stable Funding Ratio"	means the ratio of available stable funding to required stable funding as defined and calculated in the regulations of the NBK or the FMRDA
"Notified Principal Amounts"	has the meaning given to it in paragraph 4.3 (*Events of Default*) of the Securities Note.
"MFO"	means Microfinance organization.
"Offer Price"	means the price at which a Bond is sold to an investor.
"Offer Terms"	has the meaning given to it on the title page of this Prospectus.
"OTC"	means over-the-counter trades
"Payment Period"	has the meaning given to it paragraph 4 (*Payment*) of the Securities Note.
"Penalty Period"	has the meaning given to it paragraph 4.2 (Penalty) of the Securities Note.
"Person"	means any individual, Issuer, corporation, firm, partnership, joint venture, association, organization, state or agency of a state or other legal entity, whether or not having separate legal personality.
"Programme"	means a US $ 150 000 000 coupon bond programme valid until 1 January 2030,established by the Issuer.
"Prospectus"	means this prospectus initially approved on January 26, 2024
"Qualified Majority"	has the meaning given to it in paragraph 4.3 (*Events of Default*) of the Securities Note.
"SMEs"	means small and medium size enterprises.
"Subsidiary"	means subsidiary of the Issuer.
"Tax Code"	means the Code of the Republic of Kazakhstan 'On Taxes and Other Obligatory Payments to the Budget' (Tax Code) No. 120-VIdated 25 Dec. 2017, as amended.
"Tenge", or "KZT"	Kazakhstan Tenge, the lawful currency of the Republic of Kazakhstan
"Tranche"	means each series of Bonds issued under the Programme.
"Unpaid Amount"	has the meaning given to it paragraph 4.2 (Penalty) of the Securities Note.

"U.S. Dollar", or "US$" means United States Dollar, the lawful currency of the United States.

Solva Group Ltd., as the Issuer

Signature: ____________

By: Konstantin Barabanov

Title: CEO

Date:

SCHEDULE 1

RESPONSIBILITY STATEMENT

a) The Issuer, having made all the reasonable enquiries, accept responsibility for this Prospectus and confirms that this Prospectus complies with the requirements set out in Section 69 of the AIFC Framework Regulations and Part 1 of the AIFC Market Rules.

Most of the information reflected in this Prospectus has been received by the Issuer from the Auditor's reports, constituent documents, public data placed on the website of the authorized state bodies. The Issuer confirms that such information has been accurately reproduced and is able to ascertain from information published by such third parties that no facts have been omitted which would render the reproduced information inaccurate or misleading.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Bonds shall in any circumstances create any implications that there has been no adverse change, or any event reasonably likely to involve an adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus.

On behalf of the Issuer, the CEO of the Issuer confirms that this Prospectus complies with the requirements set out in Section 69 of the AIFC Framework Regulations and Part 1 of the AIFC Market Rules and contains all information which is material in the context of the issue and offering of the Bonds, that the information contained in this Prospectus is correct to the best of his knowledge and that no material facts or circumstances have been omitted.

b) The Issuer's Board of Directors is responsible for the information contained in the Prospectus, which to any extent relates to the Issuer's financial activity and financial statements.

c) The persons responsible for the content of this Prospectus are those responsible for the content of this Prospectus in accordance with clauses (a) and (b) of this Schedule and MAR.1.9.1.

Solva Group Ltd., as the Issuer

Signature: ________

By: Konstantin Barabanov

Title: CEO

Date:

SCHEDULE 2

Form of Offer Terms

Set out below is the form of Offer Terms of the Bonds which will be completed for each Tranche of Bonds issued under the Programme.

Solva Group Ltd.

(registered as a private company under the legislation of the Astana International Financial Centre with business identification number 220640900471)

OFFER TERMS
OF THE US$ [•] COUPON BONDS
DUE [•] (ISIN: [•])
UNDER USD 150,000,000 Coupon Bond Programme valid until 1 January 2030

The Bonds will be constituted by and have the benefit of a US $150,000,000 coupon bond programme valid till January 1. 2030 (the "**Programme**") established by Solva Group Ltd. (the "**Issuer**"). The Bonds of this Tranche have been issued under the Programme and in accordance with the Acting Law of the Astana International Financial Center (the "**AIFC**") (the "**Bonds**"). Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the Prospectus dated January 26, 2024 (the "**Prospectus**"). This document constitutes the final Offer Terms of the Bonds (the "**Offer Terms**") 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 (hereinafter "**AIX**") at https://www.aix.kz and the website of the Issuer at https://solva.kz.

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 of this document 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 authorised financial advisor.

Terms defined in the Prospectus have the same meanings in these Offer Terms unless they are expressly defined herein.

Issuer	Solva Group Ltd.
Tranche number	[•]
Type and name	unsecured coupon Bonds, coupon bonds of the Solva Group Ltd
ISIN	[•]
Specified currency	U.S. Dollar
Denomination	US $100
Number of Bonds	[•]
Aggregate nominal amount of Bonds	[•]

Internal

Issue price	[•]
Issue Date	[•]
Maturity Date	[•]
Offering method	[•]
The offer period opening date and closing date	[•]
The date of allotment	[•]
Proposed dates of admission to listing and trading	[•]
Estimated expenses	[•]
Estimated net amount of proceeds of the Tranche	[•]
Use of proceeds	[•]
Coupon Interest	[•]
Potential investors	[•]
Advisors to the Issuer	[•]
Clearing system	AIX CSD
Early redemption conditions	[•]
Underwriter	[•]
Covenants	[•]

Solva Group Ltd., as the Issuer

Signature: ____________

By: Konstantin Barabanov

Title: CEO

Date:

SCHEDULE 3

Financial Statements of the Issuer

Solva Group

Combined and consolidated financial statement

For the year ended December 31, 2022 and 2021

with independent auditor's report

CONTENTS

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES
for the preparation and approval of the combined and consolidated financial statements for the year ended December 31, 2022 and 2021

The following statement, which should be read in conjunction with the independent auditor's responsibilities, is made with a view to distinguish the respective responsibilities of management and those of the independent auditors in relation to the combined and consolidated financial statements Solva Group (the "Group").

Management of the Group is responsible for the preparation of the combined and consolidated financial statements that present fairly the financial position of the Group as at December 31, 2022 and 2021, the results of its operations, cash flows and changes in equity of the Group for the year ended December 31, 2022 and 2021, in accordance with the International Financial Reporting Standards (the "IFRS").

In preparing the combined and consolidated financial statements, management is responsible for:

- selecting suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether requirements of the accounting legislation of the Republic of Kazakhstan and IFRS have been followed, subject to any material departures disclosed and explained in the combined and consolidated financial statements; and
- preparing the combined and consolidated financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business for the foreseeable future.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal control, throughout the Group;
- maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Group, and which enable them to ensure that the financial statements of the Group comply with IFRS;
- maintaining statutory accounting records and operations in compliance with the legislation of the Republic of Kazakhstan and the IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- detecting and preventing fraud, errors and other irregularities.

Signed and approved of issue on behalf of Management of the Group on August 31, 2023:

General Director ______________ *Barabanov K.A.*

Deputy Financial Director ______________ *Stetsyk M.V.*

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050059, the Republic of Kazakhstan
Almaty, 19, Al-Farabi Ave.
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INDEPENDENT AUDITOR'S REPORT

To the Participants and Management of PC Solva Group Ltd

Opinion

We have audited the combined and consolidated financial statements of PC Solva Group Ltd (the «Company») and its subsidiaries (hereinafter together the «Group»), which comprise the combined and consolidated statement of financial position as at December 31, 2022 and 2021, and the combined and consolidated statement of comprehensive income, combined and consolidated statement of changes in equity and combined and consolidated statement of cash flows for the year then ended, and notes to the combined and consolidated financial statements, including a summary of significant accounting policies (hereinafter « combined and consolidated financial statement»).

In our opinion, the accompanying combined and consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2022 and 2021, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibility for the audit of financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and ethical requirements applicable to the audit of the combined and consolidated financial statements in the Republic of Kazakhstan, 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.

Responsibility of management and those charged with governance for the combined and consolidated financial statements

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

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

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Auditor's responsibility for the audit of the combined and consolidated financial statements

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

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

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

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

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

Yerlan Islambekov
Director
Baker Tilly Qazaqstan Audit LLP

State audit license for audit activities on the territory of the Republic of Kazakhstan №20013143, issued by the Ministry of Finance of the Republic of Kazakhstan on September 9, 2021

Yerlan Islambekov
Auditor

Auditor qualification certificate #МФ-0000185 dated May 29, 2014

АУДИТОР
Біліктілік куәлігі

August 31, 2023

COMBINED AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2022 and 2021

(in thousands of tenge)

	Note	December 31, 2022	December 31, 2021	January 1, 2021
Assets				
Cash and cash equivalents	4	**2 283 168**	3 632 166	2 366 163
Amounts due from credit institutions	13	**505 613**	-	-
Loans to customers	5	**85 649 688**	71 235 942	38 287 470
Derivative financial assets		**-**	-	1 949 446
Receivables from the sale of portfolios		**193 535**	562 839	951 688
Property and equipment		**337 170**	251 166	20 844
Intangible assets	6	**3 533 124**	1 195 002	405 811
Right-of-use assets		**243 336**	145 280	80 438
Deferred tax assets	10	**280 057**	138 683	17 024
Current corporate income tax assets		**620 855**	112 210	72 307
Other assets	7	**1 499 622**	1 255 662	495 827
Total assets		**95 146 168**	78 528 950	44 647 018
Liabilities				
Amounts due to credit and other institutions	8	**35 411 277**	37 535 333	24 778 635
Debt securities issued	9	**31 123 436**	20 267 690	6 612 685
Derivative financial liabilities	13	**81 828**	287 970	-
Deferred corporate income tax liabilities	10	**359 303**	230 149	417 430
Current corporate income tax liabilities		**535 286**	595 932	13 041
Accounts payable	12	**3 778 053**	1 297 263	912 172
Lease liabilities		**257 777**	153 899	89 883
Other liabilities	7	**1 172 635**	579 837	273 743
Total liabilities		**72 719 595**	60 948 073	33 097 589
Equity				
Share capital	11	**1 457**	1 230 151	1 220 151
Subordinated loans	20	**14 239 553**	7 291 028	7 051 717
Retained earnings		**8 185 563**	9 059 698	3 277 561
Total equity		**22 426 573**	17 580 877	11 549 429
Total equity and liabilities		**95 146 168**	78 528 950	44 647 018

Signed and approved of issue on behalf of Management on August 31, 2023:

General Director _______________ Barabanov K.A.

Deputy Financial Director _______________ Stetsyk M.V.

The accompanying notes on pages 5 to 46 are an integral part of these combined and consolidated financial statements.

SOLVA GROUP

COMBINED AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2022 and 2021

(in thousands of tenge)

	Note	2022	2021
Interest revenue calculated using effective interest rate	14	**41 230 879**	27 961 966
Interest expense	14	**(11 115 596)**	(7 142 364)
Net interest income		**30 115 283**	20 819 602
Credit loss expense	15	**(16 489 046)**	(9 324 174)
Net interest income after credit loss expense		**13 626 237**	11 495 428
Fee and commission income	16	**4 822 076**	4 378 792
Net gains/(losses) from transactions with currency derivatives		**164 852**	(2 065 707)
Net (losses)/gains on transactions with foreign currencies:		**(1 586 895)**	1 378 472
- translation differences		**(1 124 964)**	*1 473 094*
- dealing		**(461 931)**	*(94 622)*
Other income	17	**2 591 978**	1 810 478
Non-interest income		**5 992 011**	5 502 035
Other operating expenses	18	**(6 613 131)**	(4 969 064)
General and administrative expenses	19	**(5 366 203)**	(3 088 039)
Other expenses		**(43 006)**	9 694
Non-interest expense		**(12 022 340)**	(8 047 409)
Profit before income tax expense		**7 595 908**	8 950 054
Income tax expense	10	**(983 064)**	(1 401 071)
Profit for the year		**6 612 844**	7 548 983
Other comprehensive income		**–**	–
Total comprehensive income		**6 612 844**	7 548 983

Signed and approved of issue on behalf of Management on August 31, 2023:

General Director ____________ Barabanov K.A.

Deputy Financial Director ____________ Stetsyk M.V.

COMBINED AND CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2022 and 2021

(in thousands of tenge)

	Note	Share capital	Subordinated loans	Retained earnings	Total equity
Balance at January 1, 2021		1 220 151	7 051 717	3 277 561	11 549 429
Total comprehensive income for the period		-	-	7 548 983	7 548 983
Subordinated loans raised and repaid, net	20	-	69 282	-	69 282
Interest paid on subordinated loans	20	-	-	(1 596 817)	(1 596 817)
Currency revaluation of subordinated loans	20	-	170 029	(170 029)	-
Share capital contribution		10 000	-	-	10 000
Balance at December 31, 2021		**1 230 151**	**7 291 028**	**9 059 698**	**17 580 877**
Total comprehensive income for the period		-	-	**6 612 844**	**6 612 844**
Subordinated loans raised and repaid, net	20	-	**6 032 316**	-	**6 032 316**
Interest paid on subordinated loans	20	-	-	**(2 391 848)**	**(2 391 848)**
Dividends declared to shareholders		-	-	**(914 234)**	**(914 234)**
Increase in share capital at the expense of retained earnings		**20 000**	-	**(20 000)**	-
Result from the reorganization of the Group		**(1 248 694)**	-	**(3 244 688)**	**(4 493 382)**
Currency revaluation of subordinated loans	20	-	**916 209**	**(916 209)**	-
Balance at December 31, 2022		**1 457**	**14 239 553**	**8 185 563**	**22 426 573**

Signed and approved of issue on behalf of Management on August 31, 2023:

General Director — Barabanov K.A.

Deputy Financial Director — Stetsyk M.V.

COMBINED AND CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2022 and 2021
(in thousands of tenge)

	Note	2022	2021
Operating activities			
Profit before tax		**7 595 909**	8 950 054
Adjustments			
Interest income on securities and loans granted, except for loans to customers		**(7 514)**	-
Interest expense	14	**11 115 596**	7 142 364
Net expense from allowance for expected credit losses	14	**16 377 489**	9 827 414
Revaluation of impaired portfolios payable	15	**111 557**	(503 240)
Net (gains)/ losses from transactions with currency derivatives		**(164 852)**	2 065 707
Net losses/(gains) from transactions with foreign currencies		**1 586 895**	(1 378 472)
Other provisions		**59 462**	(52 964)
Depreciation and amortisation		**667 156**	286 914
Other payments to the budget		**(1 067 241)**	(865 022)
Corporate income tax paid		**(1 327 619)**	(1 249 853)
Cash flows from operating activities before changes in operating assets and liabilities		**34 946 838**	24 222 902
Net change in operating assets and liabilities			
Amounts due from credit institutions		**(505 613)**	-
Loans to customers*		**(31 275 110)**	(37 388 487)
Other assets		**(1 618 373)**	(2 448 743)
Accounts payable and other liabilities		**(1 588 119)**	(1 543 523)
Net cash from (used in) operating activities		**(40 377)**	(17 157 851)
Investing activities			
Loans issued		**(267 261)**	(15 521)
Repayment of loans issued to related parties		**222 625**	6 306
Interest received on loans granted		**6 399**	-
Purchase of subsidiaries		**(2 606 732)**	-
Purchase of property and equipment		**(249 408)**	(319 741)
Purchase of intangible assets		**(2 701 852)**	(990 979)
Net cash used in investing activities		**(5 596 229)**	(1 319 935)

Changes in loans to customers include cash from sale of portfolios in the amount of KZT 4 893 531 thousand for 2022 (2021: KZT 4 936 740 thousand).

The accompanying notes on pages 5 to 46 are an integral part of these combined and consolidated financial statements.

COMBINED AND CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2022 and 2021

(in thousands of tenge)

	Note	2022	2021
Financing activities			
Proceeds from loans and borrowings	26	**17 508 091**	22 115 054
Proceeds from debt securities issue	26	**18 213 783**	13 801 176
Repayment of loans and borrowings	26	**(17 316 585)**	(8 448 040)
Repayment of debt securities	26	**(7 383 059)**	-
Interest paid		**(9 239 198)**	(6 090 105)
Proceeds from subordinated loans	26	**6 938 327**	1 193 418
Repayment of subordinated loans	26	**(906 011)**	(1 596 817)
Interest paid on subordinated loans	20	**(2 391 848)**	(1 124 136)
Dividends paid to shareholders of the Group		**(914 232)**	-
Increase the share capital			9 999
Repayment of lease liability		**(17 531)**	(10 226)
Net cash from financing activities		**4 491 737**	19 850 323
Effect of changes in foreign exchange rates on cash and cash equivalents		**(204 129)**	(106 534)
Net (decrease) / increase in cash and cash equivalents		**(1 348 998)**	1 266 003
Cash and cash equivalents at the beginning of the period		**3 632 166**	2 366 163
Cash and cash equivalents at the end of the period	4	**2 283 168**	3 632 166

Signed and approved of issue on behalf of Management on August 31, 2023:

General Director — Barabanov K.A.

Deputy Financial Director — Stetsyk M.V.

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENT
For the year ended December 31, 2022 and 2021
(in thousands of tenge, unless otherwise specified)

1. GENERAL

Solva Group Ltd (the "Company"), a privately held company, is the parent company of the Solva Group (the "Group"). The company was registered on June 29, 2022 by the Committee of the Astana International Financial Center on regulation of financial services. The Company carries out its activities in accordance with the special legal regime in the financial sector, established by the Constitutional Law of the Republic of Kazakhstan "On the Astana International Financial Center" (hereinafter referred to as the AIFC), and the AIFC legislation. The registered office of the Company is located at: Kazakhstan, Z05T3Db, Astana city, Esil district, Mangilik El Avenue, building 55/20.

Solva Group is a group of companies whose main activities are consumer lending, lending to small and medium-sized businesses, holding companies and pre-trial debt collection and settlement activities.

The Group includes the following subsidiaries as at December 31, 2022 and 2021:

Entity	Country of registration	Activity	Share of capital December 31, 2022	Share of capital December 31, 2021
IDF Eurasia (Kazakhstan) Limited PC	Kazakhstan	holding company	100%[1]	0 %
Microfinance Organization "OnlineKazFinance" JSC	Kazakhstan	Consumer lending, lending to small and medium businesses.	100%[2]	0 %
Microfinance Organization "FintechFinance" LLP	Kazakhstan	Customer credit	100%[3]	0 %
Collection agency ID Collect LLP	Kazakhstan	Pre-trial collection and debt settlement	99%[4]	0 %

[1] In July 2022, 100% of the shares in the authorized capital of HC IDF Eurasia (Kazakhstan) Limited were transferred from IDF Holding Limited (Cyprus) in favor of Solva Group Ldt. HC IDF Eurasia (Kazakhstan) Limited operates in accordance with the special legal regime in the financial sector, established by the Constitutional Law of the Republic of Kazakhstan "On the Astana International Financial Center" (hereinafter referred to as AIFC), and AIFC legislation, in favor of HC Solva Group Ltd.

[2] In March 2022, 99% of the shares in the authorized capital of Microfinance Organization OnlineKazFinance JSC were transferred from Online Microfinance LLC in favor of Microfinance Organization FintechFinance LLP. In July 2022, a 1% stake in the authorized capital of Microfinance Organization OnlineKazFinance JSC was transferred from IDF Holding Limited (Cyprus) in favor of Microfinance Organization FintechFinance LLP.

[3] In March 2022, a 99% stake in the authorized capital of FintechFinance Microfinance Organization LLP was transferred from IDF Holding Limited (Cyprus) to IDF Eurasia (Kazakhstan) Limited. In July 2022, a 1% stake in the authorized capital of FintechFinance Microfinance Organization LLP was transferred from IDF Holding Limited (Cyprus) to Solva Group Ldt.

[4] In March 2022, a 99% stake in the authorized capital of ID Collect (ID Collect) Collection Agency LLP was transferred from IDF Holding Limited (Cyprus) to IDF Eurasia (Kazakhstan) Limited.

The Company did not have a single ultimate beneficiary with a controlling interest.

Operating environment in the Republic of Kazakhstan

The Group operates in Kazakhstan. Accordingly, the Group's business is affected by the economy and financial markets of Kazakhstan, which display characteristics of emerging market. Legal, tax and regulatory frameworks continue to evolve but are subject to varying interpretations and frequent changes. These combined and consolidated financial statements reflect management's assessment of the impact of the existing business environment on the operations and financial position of the Company. The future business environment may differ from management's assessment.

2. BASIS OF PREPARATION

Statement of compliance

These combined and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Solva Group PC maintains its accounting records and prepares its combined and consolidated financial statements in accordance with statutory accounting and taxation principles and practices applicable in the Republic of Kazakhstan.

These combined and consolidated financial statements were derived from the Group's primary accounting data. The Group's combined and consolidated financial statements are presented in thousands of Kazakhstan tenge ("KZT"), unless otherwise indicated.

Group formation

Since the beginning of 2022, the Group has been in the process of restructuring and forming a target structure. The purpose of this restructuring is to separate the business localized in Kazakhstan into a separate group. As part of the restructuring, Solva Group Ltd was registered, which, according to the target structure, became the parent company of the Solva Group on July 12, 2022.

The formation of the Group has been accounted for retrospectively from the earliest period presented, as the registration of PE "Solva Group Ltd" and the subsequent combination of assets at its level are part of one transaction to form the target structure of the Group, extended over time. At the same time, the main ultimate shareholders of all Group companies did not change before and after the restructuring, which indicates that this transaction is a business combination under common control.

For the purposes of preparing these combined and consolidated financial statements of the Group for the period ended December 31, 2022, the assets and liabilities of the Group companies are added up line by line at each reporting date, starting from the earliest reported period. The income statement includes the financial results of all companies for the period or since the founding of the companies that make up the Group.

The difference between the net assets of the Group's subsidiaries and investments in them after the formation of the Group is included in retained earnings as of December 31, 2022.

The formation of the Group took place in stages. The deal to form the group was completed on December 31, 2022. For the purposes of understanding the details of the transaction, key events are described below:

March 11, 2022 – the purchase of a 99% stake in the company FintechFinance Microfinance Organization LLP by IDF Eurasia (Kazakhstan) Limited was registered.

March 24, 2022 - the purchase of a 99% stake in Microfinance Organization OnlineKazFinance JSC by Microfinance Organization FintechFinance LLP was registered.

March 30, 2022 – the purchase of a 99% stake in ID Collect Collection Agency (ID Collect) LLP by IDF Eurasia (Kazakhstan) Limited PC was registered.

July 12, 2022 - the purchase of IDF Eurasia (Kazakhstan) Limited PC together with previously acquired subsidiaries by Solva Group Ltd PC was registered.

July 13, 2022 - Microfinance Organization FintechFinance LLP bought out a 1% stake in Microfinance Organization OnlineKazFinance JSC.

July 14, 2022 –Solva Group Ltd PC, bought out a 1% stake in FintechFinance MFO LLP.

2. BASIS OF PREPARATION (CONTINUED)

Geopolitical situation

As a result of the conflict between the Russian Federation and Ukraine, many countries have imposed and will continue to impose new sanctions against certain Russian entities and Russian citizens. Sanctions have also been imposed on Belarus.

Volatility in equity and foreign exchange markets, import and export restrictions, and the availability of local resources, materials, and services will directly impact companies that do business with or have close relationships with the Russian Federation, the Republic of Belarus, or Ukraine. However, the consequences of the current situation may directly or indirectly affect not only companies that have a direct relationship with the countries involved in the conflict.

Inflation and current economic conditions

The impact of the macroeconomic and geopolitical environment has exacerbated inflationary pressures in almost all economies of the world. High and rising energy prices have negatively impacted the cost of other goods and services, leading to significant increases in consumer prices in many countries.

Prices for many goods, including food, remain high. Inflation in Kazakhstan was 20.3% in 2022.

Due to the growing geopolitical tensions in 2022, there has been a significant increase in volatility in the stock and currency markets, as well as a significant depreciation of Tenge against the US dollar and Euro.

On December 6, 2022, the Monetary Policy Committee of the NBRK made a decision to raise the base rate to 16.75% per annum with an interest rate collar of +/- 1%.

The Group continues to assess the effect of these events and changes in economic conditions on its operations, financial position and financial performance.

Current inflationary pressures, macroeconomic and geopolitical uncertainties, including the conflict in Ukraine and the residual impact of Covid-19, affect judgments related to the valuation of assets and liabilities.

(a) Basis of preparation

These combined and consolidated financial statements have been prepared under the historical cost convention except for assets and liabilities at fair value, as described below *(Note 26)*. Assets and liabilities are subsequently measured at amortized cost or fair value.

(b) Functional and presentation currency

The functional currency of the Company is the Kazakhstan tenge (KZT) as, being the national currency of the Republic of Kazakhstan, it best reflects the economic substance of the majority of the Group's operations and related circumstances relevant to its activities. The Kazakhstan tenge is also the presentation currency of these combined and consolidated financial statements. All financial information presented in KZT has been rounded to the nearest thousand, except when otherwise indicated.

(c) Adoption of new and amended standards and interpretations

The below amendments to the standards became effective from 1 January 2022 but had no significant effect on the Group.

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

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments had no impact on the combined and consolidated financial statements of the Group.

Amendments to IFRS 3 Reference to the Conceptual Framework

The amendments are intended to replace a reference to the IASB IFRS Conceptual Framework with a reference to the *Conceptual Framework* issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately. According to this exception, instead of applying the provisions of the *Conceptual Framework*, entities should apply the criteria of IAS 37 or IFRIC 21 to determine whether there is an obligation at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments did not have any impact on the Group's combined and consolidated financial statements, as the Group did not have any contingent assets, liabilities or contingent liabilities that fall within the scope of such amendments during the reporting period.

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

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

Under the transitional provisions, the Group applies the amendments retrospectively only to those items of property, plant, and equipment that became available for use at (or after) the beginning of the earliest period presented in the combined and consolidated financial statements in which the entity first applies the amendments.

The amendments had no impact on the combined and consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the Parent, based on the Parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the Group's combined and consolidated financial statements, as the Group is not first-time adopter of international financial reporting standards.

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

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. Similar amendments to IAS 39 *Financial Instruments: Recognition and Measurement* have not been proposed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. These amendments had no impact on the Group's Consolidated Financial Statements, as the Group had no modifications to financial instruments during the reporting period.

The amendment eliminates the requirement in paragraph 22 of IFRS (IAS) 41 that organizations do not include tax-related cash flows in the calculation when assessing the fair value of assets within the scope of IFRS (IAS) 41.

These amendments had no impact on the Group's combined and consolidated financial statements, since the Group had no assets covered by IAS 41 as at the reporting date.

(d) New and amended standards and interpretations not yet effective

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 *Insurance contracts* (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 replaces IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. IFRS 17 introduces new accounting requirements for banking products with insurance features that may affect the determination of which instruments or which components thereof will be in the scope of IFRS 9 or IFRS 17.

Credit cards and similar products that provide insurance coverage: most issuers of these products will be able to continue with their existing accounting treatment as a financial instrument under IFRS 9. IFRS 17 excludes from its scope credit card contracts (and other similar contracts that provide credit or payment arrangements) that meet the definition of an insurance contract if, and only if, the entity does not reflect an assessment of the insurance risk associated with an individual customer in setting the price of the contract with that customer.

When the insurance coverage is provided as part of the contractual terms of the credit card, the issuer is required to:

- Separate the insurance coverage component and apply IFRS 17 to it;
- Apply other applicable standards (such as IFRS 9, IFRS 15 *Revenue from Contracts with Customers* or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*) to the other components.

Loan contracts that meet the definition of insurance but limit the compensation for insured events to the amount otherwise required to settle the policyholder's obligation created by the contract: issuers of such loans – e.g., a loan with waiver on death – have an option to apply IFRS 9 or IFRS 17. This decision is made at the portfolio level and is not subject to review.

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

The Group is in the process of assessing the impact of applying IFRS 17 and does not expect any significant impact on its combined and consolidated financial statements in 2023.

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) New and amended standards and interpretations not yet effective(continued)

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current classification practice and whether existing loan agreements may require renegotiation.

Amendments to IAS 8 – Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start date of the specified period. Early adoption is permitted as long as this fact is disclosed.

The Group expects these amendments to have no material impact on its combined and consolidated financial statements.

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

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgments*, which provide guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies and adding guidance on how entities should apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023. Early adoption is permitted. Since the amendments to IFRS Practice Statement 2 provide non-mandatory guidance on the application of the definition of materiality to accounting policy information, there is no mandatory effective date for the amendments.

The Group is currently reviewing the disclosures in its accounting policies to ensure compliance with the amended requirements in the future.

Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback Transaction

In September 2022, the IASB issued amendments to IFRS 16 *Lease Liability in a Sale and Leaseback Transaction*. The amendment to IFRS 16 defines the requirements for the subsequent measurement of assets and liabilities for sale and leaseback transactions, according to which the seller-lessee evaluates the leaseback liability in such a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains.

After the commencement date, the seller-lessee shall apply paragraphs 29-35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36-46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee should define "lease payments" or "revised lease payments" in such a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. Applying the requirements in this paragraph does not prevent the seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease as required by paragraph 46(a) of IFRS 16. The amendment does not contain specific measurement requirements for lease liabilities arising from a leaseback.

The initial measurement of a lease liability arising from a leaseback transaction may result in seller-lessee defining "lease payments" that differ from the general definition of lease payments in Appendix A to IFRS 16. The seller-lessee will need to develop and implement an accounting policy that allows it to obtain relevant and reliable information in accordance with IAS 8.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) New and amended standards and interpretations not yet effective (continued)

Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback Transaction (continued)

Amendments to IAS 16 are effective for annual periods beginning on or after 1 January 2024. Early adoption is permitted. The seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions after the date of initial application (e.g., the amendment does not apply to sale and leaseback transactions entered into prior to the date of application). The date of initial application is the beginning of the annual reporting period in which the entity first applies IFRS 16.

The Group expects these amendments to have no material impact on its combined and consolidated financial statements.

(e) Significant assumptions and sources of estimation uncertainty

When applying the accounting policies, management of the Group is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Accounting estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant in certain circumstances. Actual outcomes may differ from these estimates.

Estimates and related assumptions are reviewed on a regular basis. Revisions to estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period to which the revision relates and in future periods if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at end of the reporting period that are likely to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment losses on financial assets

The measurement of impairment losses across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. In addition, large-scale business disruptions may give rise to liquidity issues for some entities and consumers.

The Group's calculations of expected credit losses (ECL) are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime expected credit loss (hereinafter, the "LTECL") basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including various formulae and the choice of inputs;

More details are provided in *Notes 6* and *22*.

Classification of subordinated loans from related parties

In December 2019, the Group entered into additional agreements on provision of loans from related parties for the total amount of KZT 2,987,615 thousand, according to which these loans are considered subordinated with respect to all of the Group's current and future liabilities. The Group is entitled, at its sole discretion, to suspend payments of the principal amount and interest at any time and for any period. In addition, the Group is entitled to unilaterally extend these agreements. During 2020, the Group raised new subordinated loans of KZT 3,519,555 thousand, less settlements made in 2020, on similar terms. During 2021, the Group raised additional subordinated loans of KZT 924,788 thousand. During 2022, the Group raised additional subordinated loans of KZT 8,869,027 thousand.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Considering the parameters of the subordinated loans, management of the Group concluded that these instruments meet the definition of an equity instrument in accordance with IAS 32 and recognize all operations and balances with these loans within equity.

(f) Income from credit and financial activities

Interest income is recognized within profit or loss using the effective interest rate method. The effective interest rate (hereinafter, the "EIR") is the rate that discounts the estimated future cash payments or receipts over the expected life of the financial instrument to gross carrying amount of the financial asset. When calculating the EIR on financial instruments that are not purchased or generated credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, excluding expected credit losses. For purchased or originated credit-impaired financial assets, the EIR adjusted for credit risk is calculated using the expected future cash flows, including expected credit losses.

For financial assets that become credit-impaired after initial recognition, interest income is calculated by applying the EIR to the amortized cost of the financial asset. If the financial asset is no longer credit-impaired, calculation of interest income is based on the gross carrying amount.

Fee and commission income for the loan issue is recognized in the amount that the Group expects to receive in exchange for services when or as the Group provides services to customers.

The Group provides insurance agent services providing life insurances of various insurance companies in its points of sale of retail loans and receives agency fees in proportion to the issued insurance premiums. As the purchase of the life insurance is voluntary and is not a condition to receive a loan, it does not affect the interest rate on loan. Consequently, agent revenue is not considered to be a part of the EIR. The service is considered to be provided in full after the execution of the insurance policy (insurance agreement), therefore, the Group recognizes the fee immediately when the performance obligation is fulfilled, i.e., when the insurance policy (insurance agreement) is executed.

Penalties are recognized into statement of profit or loss when received.

(g) Income tax

Income tax comprises current and deferred tax. Current tax is calculated based on the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, including any adjustment to income tax payable for previous years.

Deferred tax assets and deferred tax liabilities are recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be realized. Future taxable profit is determined on the basis of the respective recoverable taxable temporary differences. The amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefits will be utilized. Such write-offs are subject to recovery when the probability of future taxable profit increases. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, unrestricted balances on bank accounts and amounts due from credit institutions that mature within 90 days of the date of origination and are free from contractual encumbrances.

(i) Capitalized expenses related to the loan issue

A number of transaction costs related to the issue of long-term (for up to three years) loans are recognized within the EIR. Such costs, primarily direct marketing expenses, processing and courier services, are capitalized by the Group and are subsequently amortized based on the expected average life of the financial asset.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial assets

The Group recognizes a financial asset in the statement of financial position when, and only when, it becomes a party to the contractual provisions of such financial instrument. When financial assets are recognized initially, they are measured at fair value, which is usually the price of the transaction, i.e., the fair value of consideration paid or received.

The Group classifies financial assets on the basis of the Group's business model used for managing the financial assets and the characteristics of the financial asset related to the contractual cash flows.

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. Subsequent to initial recognition, the Group measures financial instruments quoted in an active market at their fair values that are quoted market bid or ask prices for assets and liabilities, respectively, at the measurement date.

If a market for a financial asset is not active, the Group measures fair values using the following methods:

- Analysis of transactions with the same instrument performed recently between non-related parties;
- Current fair value of similar financial instruments;
- Discounting of future cash flows.

The discount rate reflects the minimum return on investment an investor is willing to accept before starting an alternative project, given its risk and the opportunity cost of forgoing other projects.

The Group's core financial assets comprise loans issued, accounts receivable and deposits placed for a period of more than 3 months. The Group measures financial assets at amortized cost, as both of the following criteria are met:

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

(k) Financial liabilities

The Group recognizes a financial liability in the statement of financial position when, and only when, it becomes a party to the contractual provisions of such financial instrument. When financial liabilities are recognized initially, they are measured at fair value, which is usually the price of the transaction, i.e., the fair value of consideration paid or received. The Group initially recognizes a financial liability at fair value less transaction costs that relate directly to the purchase or issue of the financial liability.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

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

Financial liabilities measured at amortised cost

Financial liabilities measured at amortized cost include loans payable. Loans payable are recognized when the financial institutions, being the Group's counterparties, provide cash and other assets to the Group.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Derivative financial instruments

In the normal course of business, the Group enters into derivative financial instruments (forwards) in the foreign exchange and capital markets. Such financial guarantees are initially recognized at fair value. The fair values are estimated based on quoted market prices or pricing models that take into account the current market and contractual prices of the underlying instruments and other factors. Derivatives are carried as assets when their fair value is positive and as liabilities when it is negative. Gains and losses resulting from these instruments are included in other finance expenses in the statement of profit or loss.

(m) Impairment of financial assets

Impairment losses on loans issued are calculated based on the expected credit losses (ECL) model. The allowance for ECL is based on credit losses expected to be incurred over the life of the underlying asset (LTECL), if there has been a significant increase in credit risk since the date of initial recognition. Otherwise, the allowance for ECL will be equal to 12-month expected credit losses (12mECL). 12mECL are part of lifetime ECL and represent ECL arising from defaults on a financial instrument expected to occur within 12 months after the reporting date.

Both the LTECL and the 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Group has established a policy to perform an assessment, at the end of each reporting period, of whether there has been a significant increase in a financial instrument's credit risk since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Group classifies loans issued as follows:

Stage 1. Loss allowance based on 12mECL. In this Stage, the Group includes agreements for which the following conditions are met: (1) The agreement is not credit-impaired; (2) there is no significant increase in the credit risk.

The Stage includes loans not overdue and loans overdue from 1 to 30 days inclusive.

Stage 2. Loss allowance based on LTECL. In this Stage, the Group includes agreements, for which the credit risk has increased significantly from the date of initial recognition, but which are not credit-impaired. The criteria of significant increase of the credit risk is the increase of the overdue period. This Stage includes loans overdue from 31 to 90 days inclusive.

Stage 3. Loss allowance on financial assets that are credit-impaired at initial recognition. Significant increase in the overdue period for a loan (i.e., default) serves as the criteria for the loan to be considered credit-impaired. This Stage includes loans overdue for more than 90 days.

ECL are assessed on a group basis. ECL under the agreement are measured based on the probability of default (PD), loss given default (LGD) and exposure at default (EAD).

The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period if the facility has not been previously derecognized and is still in the portfolio.

The Exposure at Default (EAD) is an estimate of the exposure at default at a certain future date, adjusted to reflect its changes expected after the reporting date, including payments of interest or principal amount due under a contract or otherwise, repayment of loans issued and interest accrued on overdue payments.

The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive. It is usually expressed as a percentage of the EAD.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Renegotiated loans

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

The Group evaluates whether the revision of cash flows on a financial asset leads to the derecognition of a financial asset and the recognition of a new financial asset, or not.

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

When assessing whether or not to derecognise a loan to a customer, amongst others, the Group considers the following factors:

- Change in currency of the loan;
- Combining several loans into one loan, if the currency of the loan was revised under at least one agreement;.
- Change in counterparty;
- If the modification is such that the instrument would no longer meet the SPPI criterion.

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

(o) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment allowance.

At each reporting date, the Group assesses whether there is an indication that an item of property and equipment may be impaired. If such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of property and equipment is greater than their estimated recoverable amount, the carrying amount of the asset is written down to its recoverable amount and the difference is recognized as a loss from impairment in the statement of profit or loss.

Gains or losses resulting from disposal of property and equipment are based on their carrying amount and recognized within operating expenses in the statement of profit or loss. Repair and maintenance costs are recognized in the statement of profit or loss as incurred.

Property and equipment are depreciated when they are ready for use. Depreciation is calculated on a straight-line basis over the useful lives of the assets. Property and equipment have the following useful lives:

Computers and information processing equipment	5-10 years
Other property and equipment	4-10 years

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Leases

Before the adoption of IFRS 16, the Group accounted for leases in accordance with the effective IAS 17 *Leases* and recorded office rent as operating lease. The Group applied a modified retrospective approach, according to which the cumulative effect of the initial application of the standard is recorded at the date of initial application, i.e., 1 January 2019. The Group did not use hindsight at initial application.

For contracts (or certain components of contracts) under which the Group conveys the right to control the use of an identified asset (as defined in IFRS 16 *Leases*) for a period of time in exchange for consideration, the Group recognizes a right-of-use asset and the respective liability at the commencement date of the lease.In accordance with IFRS 16 *Leases*, the Group does not apply this standard to leases with a lease term of 12 months or less, including economically feasible extensions, and leases of assets with a low initial value.The Group determines the lease term as the non-cancellable term of the lease together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

At the commencement date of the lease, the Group measures the lease liability at the present value of lease payments not made as at that date. Liabilities are primarily discounted using the lessee's incremental borrowing rate because the rate implicit in the lease is usually not readily determinable.

At the commencement date of the lease, the Group measures the right-of-use asset at cost, which includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease less any lease incentives received, any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Lease payments are apportioned between finance costs and the reduction in lease liabilities so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recorded in the statement of comprehensive income.

(q) Intangible assets

Intangible assets include investments in software licenses and its adaptation to the clients' needs. Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over the useful lives of intangible assets. The estimated useful lives and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates being accounted for and reported in subsequent periods.

The cost of an intangible asset developed by the Group is equal to total costs incurred since the date the intangible asset first qualified for recognition, namely:

- It is probable that expected future economic benefits associated with the asset will flow to the entity;
- The cost of the asset can be reliably measured.

The Group must assess the probability that it will receive the expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of combined economic conditions that will be present during the useful life of the asset. The Group uses its professional judgment to assess the degree of certainty with regard to the flow of future economic benefits associated with the use of assets based on the data available as at the date of initial recognition with more focus on the data from external sources.

The cost of an inhouse-developed intangible asset includes all direct expenses required to develop, produce and prepare the asset for use as per management's intentions. Direct expenses include, for example:

- Materials and services used or consumed in developing an intangible asset;
- Employee benefits related to developing an intangible asset;
- Payments required to register a legal right;
- Amortization of patents and licenses used to develop an intangible asset.

(in thousands of tenge, unless otherwise specified)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Share capital and dividends

Common shares are classified as equity. Share capital is measured at the fair value of consideration received. External costs directly attributable to the issue of new shares are shown as deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognised as additional paid-in capital.

Dividends are recognised as a liability and deducted from equity at the reporting date only if they are approved before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the combined and consolidated financial statements are authorised.

(s) Contingencies

Contingent assets are not recorded in the statement of financial position but disclosed when an inflow of economic benefits is probable. Contingent liabilities are not recognized in the statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote.

(t) Foreign currencies

When preparing the combined and consolidated financial statements, transactions in currencies other than the functional currency of the Group ("foreign currencies") are recorded at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the appropriate rate of exchange prevailing at the reporting date. For the purpose of these combined and consolidated financial statements, the Group applied the following exchange rates:

	December 31, 2022	December 31, 2021	January 1, 2021
KZT to EUR	**492,86**	487,79	516,13
KZT to USD	**462,65**	431,67	420,71

4. CASH AND CASH EQUIVALENTS

	December 31, 2022	December 31, 2021	January 1, 2021
Cash on settlement and transit accounts	**1 706 687**	3 204 580	2 012 628
Cash in transit	**516 414**	408 765	184 891
Accounts receivable under reverse repurchase agreements with contractual maturity of 90 days or less	**60 067**	-	-
Deposits with a maturity of less than 90 days	-	-	168 644
Cahs on hand	-	18 821	-
Total cash and cash equivalents	**2 283 168**	3 632 166	2 366 163

As at December 31, 2022 and 2021, and 2020, balances of cash and cash equivalents are not restricted.

As at December 31, 2022 and 2021, and 2020, all balances of cash and cash equivalents are included in Stage 1 for the purpose of ECL measurement.

As at December 31, 2022, the Group entered into reverse repurchase agreements (auto-repo) at the Kazakhstan Stock Exchange. The subject of these agreements are bonds of the Ministry of Finance of the Republic of Kazakhstan with the general fair value of 60,067 thousand tenge as at December 31, 2022.

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5. LOANS TO CUSTOMERS

	December 31, 2022	December 31, 2021	January 1, 2021
Loans to individuals	**50 573 794**	57 194 567	41 344 675
Loans with periodic payments	***40 325 112***	*47 900 079*	*38 066 544*
Payday loans	***10 248 682***	*9 294 488*	*3 278 131*
SME loans	**33 799 249**	16 411 764	-
Impaired portfolios payable	**10 638 714**	4 043 938	828 683
Loans to clients	**95 011 757**	77 650 269	42 173 358
Provision for ECL on loans to individuals	**(7 644 010)**	(5 897 879)	(3 885 888)
Allowance for expected losses on loans with periodic payments	***(3 109 581)***	*(2 558 102)*	(3 348 155)
Allowance for expected losses on payday loans	***(4 534 429)***	*(3 339 777)*	(537 733)
ECL allowance for SME loans	**(1 718 059)**	(516 449)	-
Less: allowance for expected credit losses	**(9 362 069)**	(6 414 328)	(3 885 888)
Loans to individuals	**42 929 784**	51 296 689	37 458 787
Loans with periodic payments	***37 215 531***	*45 341 978*	*34 718 389*
Payday loans	***5 714 253***	*5 954 711*	*2 740 398*
SME loans	**32 081 190**	15 895 315	-
Impaired portfolios payable	**10 638 714**	4 043 938	828 683
Total loans to customers net of allowance for expected losses	**85 649 688**	71 235 942	38 287 470

The table below provides a breakdown of the accrued and used allowance for credit losses for the reporting period:

	2022	*2021*
As at January 1	**(6 414 328)**	(3 885 888)
Accrual	**(16 374 876)**	(9 681 047)
Change due to the sale of the portfolio	**12 635 670**	6 948 968
Other	**791 465**	203 639
As at December 31	**(9 362 069)**	(6 414 328)

Movements in the gross carrying amount and relevant ECL for the year ended December 31, 2022 are as follows:

	Stage 1	*Stage 2*	*Stage 3*	*Impaired portfolios payable*	*Total*
Gross carrying amount at January 1, 2022	64 148 897	4 171 052	5 286 382	4 043 938	77 650 269
New assets originated or purchased	116 030 465	-	-	8 286 353	124 316 818
Accrued interest income	37 158 559	3 391 795	167 624	-	40 717 978
Assets repaid	(115 157 019)	(5 500 992)	(3 374 005)	(1 192 246)	(125 224 262)
Assets sold	-	-	(21 235 052)	(387 774)	(21 622 826)
Transfers to Stage 1	120 310	(120 310)	-	-	-
Transfers to Stage 2	(33 621 179)	33 663 683	(42 504)	-	-
Transfers to Stage 3	-	(27 533 485)	27 533 485	-	-
Unwinding of discount	-	-	1 218 701	-	1 218 701
Write-off	(12 606)	(320 285)	(1 600 474)	-	(1 933 365)
Other	-	-	-	(111 556)	(111 556)
Gross carrying amount at December 31, 2022	68 667 427	7 751 458	7 954 157	10 638 715	95 011 757

(in thousands of tenge, unless otherwise specified)

5. LOANS TO CUSTOMERS (CONTINUED)

	Stage 1	*Stage 2*	*Stage 3*	*Impaired portfolios payable*	*Total*
ECL at January 1, 2022	(1 387 816)	(1 923 632)	(3 102 878)	-	(6 414 326)
New assets originated or purchased	(6 646 586)	-	-	-	(6 646 586)
Assets repaid	5 698 153	1 991 456	1 833 508	-	9 523 117
Assets sold	-	-	12 635 670	-	12 635 670
Transfers to Stage 1	(35 378)	35 378	-	-	-
Transfers to Stage 2	1 711 782	(1 735 289)	23 507	-	-
Transfers to Stage 3	-	12 834 127	(12 834 127)	-	-
Changes to models and inputs used for ECL calculations	(1 480 862)	(13 761 706)	(4 008 841)	-	(19 251 409)
Unwinding of the discount	-	-	(1 218 701)	-	(1 218 701)
Write-off	106 537	246 047	1 657 582	-	2 010 166
ECL at December 31,2022	(2 034 170)	(2 313 619)	(5 014 280)	-	(9 362 069)

Movements in the gross carrying amount and relevant ECL the year ended December 31, 2021 are as follows:

	Stage 1	*Stage 2*	*Stage 3*	*Impaired portfolios payable*	*Total*
Gross carrying amount at January 1, 2021	36 445 313	1 924 148	2 975 214	828 683	42 173 358
New assets originated or purchased	106 352 307	-	-	3 385 614	109 737 921
Accrued interest income	22 945 956	2 200 762	398 304	-	25 545 022
Assets repaid	(86 032 687)	(1 469 503)	(1 328 410)	(1 599 954)	(90 430 554)
Assets sold	-	-	(10 601 434)	-	(10 601 434)
Transfers to Stage 1	79 248	(56 660)	(22 588)	-	-
Transfers to Stage 2	(9 500 988)	9 506 630	(5 642)	-	-
Transfers to Stage 3	(6 140 252)	(7 934 325)	14 074 577	-	-
Unwinding of discount	-	-	481 875	-	481 875
Write-off	-	-	(685 514)	-	(685 514)
Other	-	-	-	1 429 595	1 429 595
Gross carrying amount at December 31, 2021	64 148 897	4 171 052	5 286 382	4 043 938	77 650 269

	Stage 1	*Stage 2*	*Stage 3*	*Impaired portfolios payable*	*Total*
ECL at January 1, 2021	(1 369 523)	(809 663)	(1 706 701)	-	(3 885 887)
New assets originated or purchased	(6 820 697)	-	-	-	(6 820 697)
Assets repaid	3 940 767	947 295	507 024	-	5 395 086
Assets sold	-	-	6 948 968	-	6 948 968
Transfers to Stage 1	(32 466)	20 300	12 166	-	-
Transfers to Stage 2	651 018	(852 426)	201 408	-	-
Transfers to Stage 3	162 029	4 382 190	(4 544 219)	-	-
Changes to models and inputs used for ECL calculations	2 081 058	(5 611 330)	(4 725 165)	-	(8 255 437)
Unwinding of the discount	-	-	(481 875)	-	(481 875)
Write-off	-	-	685 514	-	685 514
ECL at December 31, 2021	(1 387 814)	(1 923 634)	(3 102 880)	-	(6 414 328)

(in thousands of tenge, unless otherwise specified)

6. INTANGIBLE ASSETS

Movements in intangible assets are as follows:

	Licences	Software	Trademark	*Total*
Cost				
At January 1, 2021	**2 233**	**427 523**	-	**429 756**
Additions	1 392	1 000 243	-	**1 001 635**
At December 31, 2021	**3 625**	**1 427 766**	-	**1 431 391**
Additions	1 034 177	1 830 147	2 867	**2 867 191**
At December 31, 2022	**1 037 802**	**3 257 913**	**2 867**	**4 298 582**
Accumulated amortisation				
At January 1, 2021	**(508)**	**(23 437)**	-	**(23 945)**
Amortisation charge	(645)	(211 799)	-	**(212 444)**
At December 31, 2021	**(1 153)**	**(235 236)**	-	**(236 389)**
Amortisation charge	(96 059)	(433 010)	-	**(529 069)**
At December 31, 2022	**(97 212)**	**(668 246)**	-	**(765 458)**
Net carrying amount				
At January 1, 2021	**1 725**	**404 086**	-	**405 811**
At December 31, 2021	**2 472**	**1 192 530**	-	**1 195 002**
At December 31, 2022	**940 590**	**2 589 667**	**2 867**	**3 533 124**

In 2022, inflows of intangible assets are represented by the costs incurred for the development of program modules as part of the introduction of new lending products. The management of the Group believes that the costs incurred met the criteria for recognition as intangible assets.

As at December 31, 2022, the cost and related accumulated amortization of fully depreciated intangible assets amounted to 7,296 thousand tenge (December 31, 2021: 2,495 thousand tenge).

7. OTHER ASSETS AND LIABILITIES

Other assets are presented as follows::

Other assets	**December 31, 2022**	December 31, 2021	January 1, 2021
Other financial assets			
Accounts receivable of an insurance company	**296 316**	129 489	142 164
Settlements on regulated investment platforms	**122 243**	687 594	100 367
Loans to related parties (Note 20)	**48 063**	-	-
Other accounts receivable	**247 319**	47 559	88 239
Total other financial assets	**713 941**	864 642	330 770

Other assets	**December 31, 2022**	December 31, 2021	January 1, 2021
Other non financial assets			
Advances issued	**437 159**	199 685	164 704
VAT recoverable	**269 464**	187 035	-
Other assets	**79 058**	4 300	353
Total other non-financial assets	**785 681**	391 020	165 057
Total other assets	**1 499 622**	1 255 662	495 827

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7. OTHER ASSETS AND LIABILITIES (CONTINUED)

Other liabilities	December 31, 2022	December 31, 2021	January 1, 2021
Other financial liabilities			
Accounts payable to an insurance company	**286 713**	60 995	-
Payroll debt	**238 152**	114 706	37 890
Other reserves	**108 223**	-	-
Other financial liabilities	**156 325**	1 042	-
Total other financial liabilities	**789 413**	176 743	37 890
Other non-financial liabilities			
Taxes and contributions other than corporate income tax	**357 685**	188 157	219 318
Other current liabilities	**25 537**	214 937	16 535
Total other non-financial liabilities	**383 222**	403 094	235 853
Total other liabilities	**1 172 635**	579 837	273 743

8. AMOUNTS DUE TO CREDIT AND OTHER INSTITUTIONS

Amounts due to credit and other institutions are presented as follows:

	Interest rate	December 31, 2022	December 31, 2021	January 1, 2021
Loans raised on regulated investment sites	8% - 22%	**28 337 902**	34 552 778	20 613 063
Loans from international funds	21% - 26,5%	**3 620 419**	1 260 349	-
Bank loans	18% - 22%	**3 188 758**	-	1 159 737
Loans from related parties (*Note 20*)	10% - 23%	**264 198**	1 722 206	3 005 835
Amounts due to credit and other institutions		**35 411 277**	37 535 333	24 778 635

As part of the loan agreements, the Group is required to comply with certain financial covenants. As at December 31, 2022 and December 31, 2021, and January 1,2021, the Group was in compliance with all covenants set out in loan agreements.

9. DEBT SECURITIES ISSUED

Debt securities issued comprise:

	Maturity Date	*Coupon Rate*	December 31, 2022	December 31, 2021	January 1, 2021
Bonds issued (KZT)	2023-2024	18% - 20%	**17 627 606**	17 323 370	3 835 159
Bonds issued (USD)	2023-2024	8,3% - 10%	**13 495 830**	2 944 320	2 777 526
Total debt securities issued			**31 123 436**	20 267 690	6 612 685

As at December 31, 2022 and 2021, and January 1, 2021, the Company was in compliance with all bond covenants.

(in thousands of tenge, unless otherwise specified)

10. INCOME TAX

Corporate income tax expenses comprise the following:

	2022	2021
Current corporate income tax expense	(995 284)	(1 710 011)
Deferred corporate income tax (expenses)/ benefit - origination and reversal of temporary differences	12 220	308 940
Corporate income tax expense	(983 064)	(1 401 071)

The statutory corporate income tax rate in 2022 and 2021 was 20%.

Income tax estimated based on applicable income tax rates and profit before tax differs from the income tax recognized within profit or loss.

The reconciliation of corporate income tax estimated based on at the statutory rate against actual expenses is presented below

	2022	2021
Profit before tax	7 595 908	8 950 054
Theoretical corporate income tax at the statutory tax rate	(1 519 182)	(1 790 011)
Income tax related to interest expense on subordinated loans recorded in equity	808 203	296 773
Other differences	(272 085)	92 167
	(983 064)	(1 401 071)

Deferred tax assets and liabilities as at December31, as well as their movements for the respective years comprise the following:

	December 31, 2022	Recognized in the statement of comprehensive income	December 31, 2021
Deferred tax assets			
Tax losses carry forward	114 526	111 953	2 573
Lease liabilities	39 793	27 549	12 244
Accounts payable	3 699	3 172	527
Derivative financial liabilities	22 976	(45 850)	68 826
Other liabilities	99 063	44 550	54 513
Total	280 057	141 374	138 683
Deferred tax liabilities			
Loans to clients	(22 619)	19 817	(42 436)
Derivative financial liabilities	-	-	-
Fixed assets and intangible assets	(245 343)	(179 336)	(66 007)
Borrowed funds	(52 773)	35 537	(88 310)
Right-of-Use Assets	(38 568)	(30 182)	(8 386)
Other assets	-	25 010	(25 010)
Total	(359 303)	(129 154)	(230 149)
Deferred tax liabilities, net	(79 246)	12 220	(91 466)

(in thousands of tenge, unless otherwise specified)

10. INCOME TAX (CONTINUED)

	December 31, 2021	*Recognized in the statement of comprehensive income*	*January1, 2021*
Deferred tax assets			
Tax losses carry forward	2 573	-	2 573
Right-of-Use Assets	12 244	9 025	3 219
Accounts payable	527	527	-
Derivative financial liabilities	68 826	57 594	11 232
Other liabilities	54 513	54 513	-
Total	138 683	121 659	17 024
Deferred tax liabilities			
Loans to clients	(42 436)	(35 179)	(7 257)
Derivative financial liabilities	-	389 889	(389 889)
Fixed assets and intangible assets	(66 007)	(54 055)	(11 952)
Borrowed funds	(88 310)	(82 687)	(5 623)
Right-of-Use Assets	(8 386)	(5 677)	(2 709)
Other assets	(25 010)	(25 010)	-
Total	(230 149)	187 281	(417 430)
Deferred tax liabilities, net	(91 466)	308 940	(400 406)

11. SHARE CAPITAL

As at December 31, 2021, the Group's combined paid-in share capital was 1 230 151 thousand tenge. (As of January 1, 2021: 1 220 151 thousand tenge.). During 2022, the combined share capital of the Group was increased by 20 000 thousand tenge from retained earnings (none during 2021). During 2022, as part of the reorganization of the Group, the amount of repurchased nominal shares in the authorized capital amounted to 1 248 694 thousand tenge for fees in the total amount of 4 493 382 thousand tenge. As at December 31, 2022, the Group's consolidated paid-in authorized capital was 1 457 thousand tenge.

12. ACCOUNTS PAYABLE

Accounts payable are presented as follows:

	December 31, 2022	December 31, 2021	January 1, 2021
Share repurchase debt	**1 837 287**	-	-
Debt to regulated investment platforms	**519 610**	-	-
Assignment settlements	**381 593**	482 475	-
Consulting services	**254 809**	85 343	154 277
Software maintenance	**228 057**	109 052	39 549
Bond issue underwriting services	**84 572**	76 005	41 911
Verification and scoring services	**82 763**	31 459	41 802
Marketing services	**72 835**	187 929	278 439
Collection services	**68 138**	28 185	12 559
Processing services	**10 068**	-	14 614
Customer Support Services	**17 291**	4 721	-
Accounts payable on derivative financial instruments to related parties (Note 20)	-	21 814	211 546
Other accounts payable	**221 030**	270 280	117 475
Total accounts payable	**3 778 053**	1 297 263	912 172

(in thousands of tenge, unless otherwise specified)

13. DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into currency forwards to manage its open currency position. This financial instrument is used to limit the Company's risk related to adverse changes in foreign exchange rates.

The table below presents the fair values of derivative financial instruments as at December 31, 2022:

Recognized as liability	*Currency*	*Nominal value in currency, thousand*	*Exchange rate*	*Maturity*	*December 31, 2022*
Forward to sell KZT, to purchase USD	USD	**2 500**	**477,90**	January 2023	**(33 076)**
Forward to sell KZT, to purchase USD	USD	**3 500**	**477,00**	January 2023	**(39 713)**
Forward to sell KZT, to purchase EUR	EUR	**1 000**	**506,50**	January 2023	**(9 039)**
Total derivative financial instruments					**(81 828)**

The table below presents the fair values of derivative financial instruments as at December 31, 2021:

Recognized as liability	*Currency*	*Nominal value in currency, thousand*	*Exchange rate*	*Maturity*	*December 31, 2021*
Forward to sell KZT, to purchase EUR	EUR	10 000	517,58	May 2022	(49 465)
Forward to sell KZT, to purchase EUR	EUR	10 000	522,59	June 2022	(45 113)
Forward to sell KZT, to purchase EUR	EUR	10 000	527,52	August 2022	(41 841)
Forward to sell KZT, to purchase EUR	EUR	10 000	532,96	August 2022	(43 240)
Forward to sell KZT, to purchase EUR	EUR	12 000	538,07	September 2022	(51 346)
Forward to sell KZT, to purchase USD	USD	6 500	470,85	September 2022	(20 091)
Forward to sell KZT, to purchase EUR	EUR	7 500	538,07	September 2022	(36 874)
Total derivative financial instruments					(287 970)

The table below presents the fair values of derivative financial instruments as at January 1, 2021:

Recognized as liability	*Currency*	*Nominal value in currency, thousand*	*Exchange rate*	*Maturity*	*January 1, 2021*
Forward to sell RUB, to purchase EUR	EUR	20 000	75,81	February 2021	1 746 044
Forward to sell KZT, to purchase EUR	EUR	15 000	533,82	October 2021	214 543
Forward to sell KZT, to purchase USD	USD	7 000	437,90	June 2021	(11 141)
Total derivative financial instruments					1 949 446

As at December 31 2022, amounts in credit institutions are represented by a deposit in a bank in the amount of 505,613 thousand tenge which is considered as collateral for operations on forward foreign exchange transactions.

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14. NET INTEREST INCOME

	2022	*2021*
Interest revenue calculated using effective interest rate		
Loans to individuals	**29 571 586**	23 026 344
- payday loans	***14 808 020***	*10 873 881*
- loans with periodic payments	***14 763 566***	*12 152 463*
SME loans	**9 088 571**	3 763 770
Impaired portfolios payable	**2 461 307**	1 108 423
Due from credit institutions and cash equivalents	**101 901**	63 429
Loans to related parties	**7 514**	-
Total interest income calculated from using the effective interest rate	**41 230 879**	27 961 966
Interest expenses		
Due to credit and other organizations	**6 302 345**	4 891 481
Issued debt securities	**4 784 636**	2 218 878
Lease liabilities	**28 615**	32 005
Total interest expense	**11 115 596**	7 142 364
Net interest income	**30 115 283**	20 819 602

15. CREDIT LOSS EXPENSE

Credit loss expenses for 2022 and 2021 are presented as follows::

		2022		
	Stage 1	*Stage 2*	*Stage 3*	*Total*
Loans to customers	**(2 429 295)**	**(11 770 250)**	**(2 175 331)**	**(16 374 876)**
Provision for impairment and write-off of acquired receivables	-	-	**(111 557)**	**(111 557)**
Other assets	-	-	**(2 613)**	**(2 613)**
	(2 429 295)	**(11 770 250)**	**(2 289 501)**	**(16 489 046)**

		2021		
	Stage 1	*Stage 2*	*Stage 3*	*Total*
Loans to customers	(798 872)	(4 664 035)	(4 218 140)	(9 681 047)
Provision for impairment and write-off of acquired receivables	-	-	503 240	503 240
Other assets	-	-	(146 367)	(146 367)
	(798 872)	(4 664 035)	(3 861 267)	(9 324 174)

(in thousands of tenge, unless otherwise specified)

16. FEE AND COMISSION INCOME AND AGENT REVENUE

	2022	2021
Loans to individuals		
Sale of insurance services	**3 266 842**	3 725 447
Loan Extension Fee	**20 036**	22 060
Total loans to individuals	**3 286 878**	3 747 507
SME loans		
Sale of insurance services	**1 503 491**	621 441
Loan Extension Fee	**4 896**	2 805
Total SME loans	**1 508 387**	624 246
Other	**26 811**	7 039
Total commission and agency contracts	**4 822 076**	4 378 792

The Group's activities related to commission and agency income are concentrated in one geographical region - the Republic of Kazakhstan.

As at December 31, 2022 and 2021, in the combined statement of financial position, the Group recognized receivables related to contracts with customers in the amount of 296,316 thousand tenge and 129,489 thousand tenge, respectively, as other assets *(Note 7)*.

As at December 31, 2022, liabilities under agency agreements amounted to 286,713 thousand tenge (December 31, 2021: 60,995 thousand tenge) *(Note 7)*.

The Group collects commission and agency fee on the date of completion of the transaction, for all contracts the performance obligation is satisfied at a certain point in time.

17. OTHER INCOME

	2022	2021
Penalties accrued on loans	**2 547 664**	1 810 476
Other	**44 314**	2
Total other income	**2 591 978**	1 810 478

Penalties accrued are fines specified by the loan agreement for violation of the established payment deadline.

18. OTHER OPERATING EXPENSES

	2022	2021
Marketing	**3 060 291**	2 415 411
Processing	**1 174 860**	1 092 159
Collector services	**1 473 495**	786 085
Scoring and verification	**594 673**	439 101
Customer support	**309 812**	236 308
Total other operating expenses	**6 613 131**	4 969 064

(in thousands of tenge, unless otherwise specified)

19. GENERAL AND ADMINISTRATIVE EXPENSES

	2022	*2021*
Expenditures on payroll and bonuses	**1 768 398**	905 516
Payroll related taxes and charges	**203 809**	111 916
Office expenses	**1 329 425**	353 266
Depreciation and amortization	**667 156**	286 914
Taxes other than corporate income tax	**439 619**	356 582
Software maintenance	**358 959**	314 692
Consulting and professional services	**334 982**	482 570
Other	**263 855**	276 583
Total general and administrative expenses	**5 366 203**	3 088 039

20. RELATED PARTY TRANSACTIONS

Transactions with Parent company and other related parties

During 2022, the Company entered into the following transactions with the Parent company and other related parties:

Recognized in comprehensive income	***Entities under common control***	***Other***	***Total***
Interest revenue calculated using the effective interest rate	**(7 514)**	-	**(7 514)**
Interest expenses	**343 643**	-	**343 643**
Other operating expenses	**818 332**	-	**818 332**
General and administrative expenses	**1 739 040**	-	**1 739 040**
Net losses on operations with currency derivatives	**(253 580)**	-	**(253 580)**
Financial activities			
Due to credit and other organizations			
Receipt of credits and loans	**1 038 630**	-	**1 038 630**
Repayment of loans and borrowings, including interest	**(1 644 688)**	-	**(1 644 688)**
Subordinated loans			
Raising subordinated loans	**6 938 327**	-	**6 938 327**
Repayment of subordinated loans	**(3 297 859)**	-	**(3 297 859)**

Assets	***Entities under common control***	***Other***	***Total***
Loans issued	**48 063**	-	**48 063**
Liabilities			
Loans from related parties	**(264 198)**	-	**(264 198)**
Other liabilities	**(2 381 394)**	-	**(2 381 394)**
Share Capital			
Subordinated loans	**(14 239 553)**	-	**(14 239 553)**

(in thousands of tenge, unless otherwise specified)

20. RELATED PARTY TRANSACTION (CONTINUED)

Transactions with Parent company and other related parties (continued)

During 2021, the Company entered into the following transactions with the Parent company and other related parties:

Recognized in comprehensive income	*Entities under common control*	*Other*	*Total*
Interest expenses	400 608	-	400 608
Other operating expenses	966 826	-	966 826
General and administrative expenses	1 018 001	206 392	1 224 393
Net losses on operations with currency derivatives	2 102 581	-	2 102 581
Financial activities			
Due to credit and other organizations			
Receipt of credits and loans	2 593 029	-	2 593 029
Repayment of loans and borrowings, including interest	(4 061 181)	-	(4 061 181)
Subordinated loans			
Raising subordinated loans	1 193 418	-	1 193 418
Repayment of subordinated loans	(2 720 953)	-	(2 720 953)

Liabilities	*Entities under common control*	*Other*	*Total*
Loans from related parties	(1 722 206)	-	(1 722 206)
Derivative financial liabilities	(287 970)	-	(287 970)
Other liabilities	(451 070)	-	(451 070)
Share Capital			
Subordinated loans	(7 291 028)	-	(7 291 028)

During 2020, the Company entered into the following transactions with the Parent company and other related parties:

Assets	*Entities under common control*	*Other*	*Total*
Derivative financial assets	1 949 446	-	1 949 446
Liabilities			
Loans from related parties	(3 005 835)	-	(3 005 835)
Other liabilities	(638 370)	-	(638 370)
Share Capital			
Subordinated loans	(7 051 717)	-	(7 051 717)

Related parties may enter into transactions, which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

20. RELATED PARTY TRANSACTION (CONTINUED)

Compensation to key management personnel

Accrued remuneration to members of the key management personnel ("KMP") of the Group, including salaries, bonuses and termination benefits, taking into account personal income tax and social tax, amounted to 325,033 thousand tenge for 2022 (for 2021, 144,160 thousand tenge). tenge).

During 2022, the Company attracted additional subordinated loans in the amount of 6,938,327 thousand tenge (during 2021: 1,193,418 thousand tenge), made interest payments on subordinated loans in the amount of 2,391,848 thousand tenge (during 2021 : 1,596,817 thousand tenge), foreign exchange revaluation of subordinated loans for 2022 amounted to 916,206 thousand tenge (during 2021: 170,029 thousand tenge).

Accounts payable to related parties include debt for the acquisition of a share in the authorized capital of a subsidiary in the amount of 1,842,779 thousand tenge, consulting services in the amount of 232,020 thousand tenge and software maintenance services in the amount of 111,057 thousand tenge.

21. RISK MANAGEMENT

Introduction

Risk is inherent in the Group activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk and market risk, the latter being subdivided into trading and non-trading risks. It is also subject to operating risks.

Risk management structure

The General Director is responsible for overall risk management. However, there are also separate independent bodies that are responsible for managing and controlling risks. In particular, the General Director's competence includes:

1) approval of key risk management principles and assessment of the Group's organizational structure for compliance with these principles;

2) control of the Group's risk management units, identification of weaknesses in the risk management system and taking appropriate measures.

Financial risks are managed though setting limits on transactions that are obligatory for relevant structural units and officers of the Group authorized to perform such transactions.

The Company's structural units prepare management reporting forms for the Group's management bodies on a regular basis to provide information supporting the decision-making process. The Company manages and assesses the following risks on an ongoing basis.

Board of Directors

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies and principles.

Risk Management

The Risk Management Unit is responsible for implementing and maintaining risk related procedures to ensure an independent control process..

21. RISK MANAGEMENT (CONTINUED)

(a) Credit risk

The Company takes on exposure to credit risk which is the risk that a borrower will be unable to pay amounts in full when due. The Company sets relevant limits with regard to the transactions exposed to credit risk, such as limits on borrowers, loans or other aspects of the loan portfolio. At the same time, the Company ensured full automation of the limit management process in order to timely identify and eliminate the reasons for higher credit risk.

The purpose of credit risk management is to minimize the Company's losses that may arise due to borrowers' failure to perform their obligations and to maximize the Company's return with due regard to credit risk.

Credit risk management objectives are as follows:

- Analyze and assess credit risks;
- Determine amounts of risks;
- Manage credit risks;
- Control the efficiency of the credit risk management process.

Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. The Company considers amounts due from banks defaulted and takes immediate action when the required intraday payments are not settled by the close of business as outlined in the individual agreements.

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

Internal rating of the borrower indicating default or near-default;

- The borrower requesting emergency funding from the Company;
- The borrower is deceased;
- The debtor (or any legal entity within the debtor's group) filing for bankruptcy.

Definition of default and cure (continued)

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the borrower shows a significant improvement in the quality of debt service, makes payments for at least two consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on subsequent signs of a significant improvement in the quality of debt service.

Exposure at default

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

(in thousands of tenge, unless otherwise specified)

21. RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

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

	December 31, 2022	December 31, 2021
Loans to customers	**85 649 688**	71 235 942
Accounts receivable from the sale of portfolios	**193 535**	562 839
Cash and cash equivalents	**2 283 168**	3 632 166
Funds in credit institutions	**505 613**	-
Other financial assets	**713 941**	864 642
Total financial assets	**89 345 945**	76 295 589

Cash and deposit

Under its credit risk and liquidity risk management, the Group regularly analyzes the financial stability of financial and banking institutions where it places cash and cash equivalents. As at December 31, 2022 and 2021, cash and cash equivalents were placed with major banks in Kazakhstan rated from B to BB+.

Loan portfolio

The Group uses a multi-factor system to assess loans to customers.

The Group's Risk Management Function develops and updates credit risk limits and controls compliance with them. In assessing the level of credit risk for all exposed assets, the Group uses a portfolio approach, where the risk level is assessed using a pool of homogenous loans combined in portfolios with no individual loans being analyzed (individual approach). Loans are combined in one portfolio based on the product under which they are issued: (1) consumer loans to individuals for up to five years, (2) loans to small and medium business (SME).

In assessing a loan portfolio, the Risk Management Function assesses risk concentration within the portfolio. The concentration may be in various forms and arises when numerous loans have similar characteristics. The Group considers the diversification of the loan portfolio using a number of criteria, the most important of which are: maturity, the number of borrowers' applications, interest rates, and the number of overdue days.

The key aspect to assess the quality of the Group's loan portfolio is the level of principal overdue: the Group regularly analyzes the amount of and movements in the principal overdue to control compliance of planned values with actual values.

(in thousands of tenge, unless otherwise specified)

21. RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

Loan portfolio (continued)

As at December 31, 2022, loans to individuals and SME were as follows:

(1) Loans to individuals	*Loans to customers*	*Allowance for credit losses*	*Loans to customers, less allowance*
Not overdue	35 890 977	(1 128 876)	34 762 101
Overdue by 1-30 days	3 754 369	(456 258)	3 298 111
Overdue by 31-90 days	3 779 681	(1 672 382)	2 107 299
Overdue for more than 90 days	6 247 502	(4 260 230)	1 987 272
Total Principal Debt	49 672 529	(7 517 746)	42 154 783
Interest and other accruals	1 173 365	(219 806)	953 559
Impaired portfolios payable	10 638 714	-	10 638 714
Total principal, interest and other accruals	61 484 608	(7 737 552)	53 747 056

(2) SME loans	*Loans to customers*	*Allowance for credit losses*	*Loans to customers, less allowance*
Not overdue	28 909 498	(515 569)	28 393 929
Overdue by 1-30 days	1 886 294	(265 655)	1 620 639
Overdue by 31-90 days	980 225	(247 601)	732 624
Overdue for more than 90 days	889 638	(479 166)	410 472
Total Principal Debt	32 665 655	(1 507 991)	31 157 664
Interest and other accruals	861 494	(116 526)	744 968
Impaired portfolios payable	-	-	-
Total principal, interest and other accruals	33 527 149	(1 624 517)	31 902 632

As at December 31, 2021, loans to individuals and SME were as follows:

(1) Loans to individuals	*Loans to customers*	*Allowance for credit losses*	*Loans to customers, less allowance*
Not overdue	45 364 547	(552 184)	44 812 363
Overdue by 1-30 days	2 578 106	(683 008)	1 895 098
Overdue by 31-90 days	3 614 261	(1 757 951)	1 856 310
Overdue for more than 90 days	4 517 188	(2 713 756)	1 803 432
Total Principal Debt	56 074 102	(5 706 899)	50 367 203
Interest and other accruals	1 120 466	(190 980)	929 486
Impaired portfolios payable	4 043 938	-	4 043 938
Total principal, interest and other accruals	61 238 506	(5 897 879)	55 340 627

(in thousands of tenge, unless otherwise specified)

21. RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

Loan portfolio (continued)

SME loans	*Loans to customers*	*Allowance for credit losses*	*Loans to customers, less allowance*
Not overdue	14 967 248	(106 166)	14 861 082
Overdue by 1-30 days	267 025	(30 293)	236 732
Overdue by 31-90 days	397 571	(111 393)	286 178
Overdue for more than 90 days	466 850	(231 946)	234 904
Total Principal Debt	16 098 694	(479 798)	15 618 896
Interest and other accruals	313 069	(36 650)	276 419
Impaired portfolios payable	-	-	-
Total principal, interest and other accruals	16 411 763	(516 448)	15 895 315

As at January 1, 2021, loans to individuals and SME were as follows:

(2) SME loans	*Loans to customers*	*Allowance for credit losses*	*Loans to customers, less allowance*
Not overdue	29 539 844	(786 573)	28 753 271
Overdue by 1-30 days	1 606 801	(398 004)	1 208 797
Overdue by 31-90 days	1 680 082	(709 048)	971 034
Overdue for more than 90 days	2 576 338	(1 493 997)	1 082 341
Total Principal Debt	35 403 065	(3 387 622)	32 015 443
Interest and other accruals	793 792	(117 530)	676 262
Impaired portfolios payable	828 683	-	828 683
Total principal, interest and other accruals	37 025 540	(3 505 152)	33 520 388

(2) SME loans	*Loans to customers*	*Allowance for credit losses*	*Loans to customers, less allowance*
Not overdue	4 501 150	(118 878)	4 382 272
Overdue by 1-30 days	161 429	(44 067)	117 362
Overdue by 31-90 days	145 482	(60 883)	84 599
Overdue for more than 90 days	229 519	(137 822)	91 697
Total Principal Debt	5 037 580	(361 650)	4 675 930
Interest and other accruals	110 238	(19 086)	91 152
Impaired portfolios payable	-	-	-
Total principal, interest and other accruals	5 147 818	(380 736)	4 767 082

Loans to customers were issued in the Republic of Kazakhstan.

(in thousands of tenge, unless otherwise specified)

21. RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk

Liquidity risk is defined as the risk that maturities of assets and liabilities may not match.

Liquidity is assessed:

- Based on the number of assets held by the Group and possible timeframe for their sale causing no significant losses for the Group;
- Based on liabilities, their maturities and movements in the number of liabilities over time.

A line item is considered to be exposed to risk, when liquid assets and expected financial resources are not sufficient to settle liabilities within a certain period of time.

The General Director or their deputy coordinates liquidity management by controlling short-term, mid-term and long-term liquidity.

Liquidity risk is managed through control over cash resource surplus/deficit, their distribution and redistribution among instruments depending on maturities, liquidity and return. Liquidity management requires analysis of the level of liquid assets which is necessary to settle liabilities when due; access to diversified finance sources; action plans in case of fund-raising problems and control over compliance of balance sheet liquidity ratios with the requirements of the National Bank of the Republic of Kazakhstan. As at December 31, 2022 and 2021, the relevant ratios exceeded thresholds.

Analysis of financial liabilities by maturity

The tables below summarise the maturity profile of the Group's financial liabilities at December 31, based on contractual undiscounted repayment obligations.

At December 31, 2022 Financial liabilities	Within 1 month	1 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	Total
Due to credit and other organizations	3 221 252	5 781 754	5 148 629	23 872 743	2 422 622	40 447 000
Issued debt securities	107 503	13 498 765	6 436 338	17 329 405	-	37 372 011
Derivative financial liabilities	81 828	-	-	-	-	81 828
Accounts payable	1 980 328	422 611	86 814	1 836 787	-	4 326 540
Current tax liabilities	-	535 286	-	-	-	535 286
Lease liabilities	7 546	45 789	54 946	219 787	18 315	346 383
Other financial liabilities	-	998 747	122 960	-	-	1 121 707
Total financial liabilities	5 398 457	21 282 952	11 849 687	43 258 722	2 440 937	84 230 755

NOTES TO THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENT
As at December 31, 2022 and 2021
(in thousands of tenge, unless otherwise specified)

21. RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk(continued)

At December 31, 2021 **Financial liabilities**	Within 1 month	1 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	Total
Due to credit and other organizations	5 002 009	3 417 497	7 609 756	26 047 104	802 030	42 878 396
Issued debt securities	107 917	1 588 756	8 526 439	17 674 249	-	27 897 361
Derivative financial liabilities	-	94 579	156 517	-	-	251 096
Accounts payable	701 289	556 391	106 933	-	-	1 364 613
Current tax liabilities	-	598 416	-	-	-	598 416
Lease liabilities	4 490	22 451	26 942	107 769	62 866	224 518
Other financial liabilities	-	587 648	30 532	-	-	618 180
Total financial liabilities	5 815 705	6 865 738	16 457 119	43 829 122	864 896	73 832 580

As at January 1, 2021

Financial liabilities	Within 1 month	1 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	Total
Due to credit and other organizations	294 322	1 584 819	5 295 035	17 793 228	46 264	25 013 668
Issued debt securities	-	141 189	-	6 471 497	-	6 612 685
Derivative financial liabilities	151 355	706 039	54 779	-	-	912 172
Accounts payable	-	13 041	-	-	-	13 041
Current tax liabilities	2 997	14 985	17 982	71 928	14 985	122 877
Lease liabilities	37 890	-	-	-	-	37 890
Other financial liabilities						
	486 564	2 460 073	5 367 796	24 336 653	61 249	32 712 334

(in thousands of tenge, unless otherwise specified)

21. RISK MANAGEMENT (CONTINUED)

(c) 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. Considering that the Group neither raises nor issues instruments with floating interest rates and raises no equity instruments, management assesses the effect of changes in foreign exchange rates using them as a key market parameter affecting the Group's future cash flows.

Currency risk is the risk of losses incurred due to unfavorable changes in foreign exchange rates on open currency positions in foreign currencies.

The Group manages its currency risk by balancing its financial assets and financial liabilities denominated in Russian rubles, US dollars and euros. The Group also hedges currency risk by entering into forwards for the most volatile currency.

Currency risk is assessed on a monthly basis using the sensitivity analysis. The following table shows movements in the Group's profit before tax considering historical volatility of foreign currencies to the Kazakhstan tenge and the currency position at the end of each reporting period. It is assumed that all other parameters, interest rates in particular, are held constant.

	December 31, 2022		December 31, 2021		January 1, 2021	
	Change in exchange rate, in %	**Effect on the Company's profit before tax**	Change in exchange rate, in %	Effect on the Company's profit before tax	Change in exchange rate, in %	Effect on the Company's profit before tax
Increase in KZT exchange rate:						
USD	**10,0%**	**(1 244 974)**	13,0%	(50 751)	10,0%	(8 832)
EUR	**10,0%**	**(2 425 945)**	13,0%	(117 784)	10,0%	272 480
Decrease in KZT exchange rate:						
USD	**10,00%**	**1 244 974**	13,0%	50 751	10,0%	8 832
EUR	**10,00%**	**2 425 945**	13,0%	117 784	10,0%	(272 480)

(d) Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls should include effective segregation of duties, access, authorization and reconciliation procedures, staff training and assessment processes, including the use of internal reviews.

(in thousands of tenge, unless otherwise specified)

22. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled.

December 31, 2022	*Within 12 months*	*Over 12 months*	*Total*
Assets			
Cash and cash equivalents	2 283 168	-	2 283 168
Amounts due from credit institutions	505 613	-	505 613
Loans to customers	40 081 919	45 567 769	85 649 688
Receivables from the sale of portfolios	193 535	-	193 535
Property and equipment		337 170	337 170
Intangible assets		3 533 124	3 533 124
Right-of-use assets	77 559	165 777	243 336
Deferred tax assets	-	280 057	280 057
Current corporate income tax assets	620 855	-	620 855
Other assets	1 240 253	259 369	1 499 622
Total assets	45 002 902	50 143 266	95 146 168
Liabilities			
Amounts due to credit and other institutions	15 896 592	19 514 685	35 411 277
Debt securities issued	16 052 316	15 071 120	31 123 436
Derivative financial liabilities	81 828	-	81 828
Deferred corporate income tax liabilities	-	359 303	359 303
Current corporate income tax liabilities	535 286	-	535 286
Accounts payable	1 941 266	1 836 787	3 778 053
Lease liabilities	76 692	181 085	257 777
Other liabilities	1 172 635	-	1 172 635
Total liabilities	35 756 615	36 962 980	72 719 595
Net position	9 246 287	13 180 286	22 426 573

December 31, 2021	*Within 12 months*	*Over 12 months*	*Total*
Assets			
Cash and cash equivalents	3 632 166	-	3 632 166
Amounts due from credit institutions	-	-	-
Loans to customers	31 000 417	40 235 525	71 235 942
Receivables from the sale of portfolios	481 820	81 019	562 839
Property and equipment		251 166	251 166
Intangible assets		1 195 002	1 195 002
Right-of-use assets	30 902	114 378	145 280
Deferred tax assets	-	138 683	138 683
Current corporate income tax assets	112 210	-	112 210
Other assets	1 255 662	-	1 255 662
Total assets	36 513 177	42 015 773	78 528 950
Liabilities			
Amounts due to credit and other institutions	12 661 113	24 874 220	37 535 333
Debt securities issued	7 193 389	13 074 301	20 267 690
Derivative financial liabilities	287 970	-	287 970
Deferred corporate income tax liabilities	-	230 149	230 149
Current corporate income tax liabilities	595 932	-	595 932
Accounts payable	1 297 263		1 297 263
Lease liabilities	33 571	120 328	153 899
Other liabilities	518 650	61 187	579 837
Total liabilities	22 587 888	38 360 185	60 948 073
Net position	13 925 289	3 655 588	17 580 877

(in thousands of tenge, unless otherwise specified)

22. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (CONTINUED)

January 1, 2021	*Within 12 months*	*Over 12 months*	*Total*
Assets			
Cash and cash equivalents	2 366 163	-	2 366 163
Amounts due from credit institutions	1 949 446	-	1 949 446
Loans to customers	18 881 665	19 405 805	38 287 470
Receivables from the sale of portfolios	951 688	-	951 688
Property and equipment		20 844	20 844
Intangible assets		405 811	405 811
Right-of-use assets	17 629	62 809	80 438
Deferred tax assets	-	17 024	17 024
Current corporate income tax assets	72 307	-	72 307
Other assets	495 827	-	495 827
Total assets	24 734 725	19 912 293	44 647 018
Liabilities			
Amounts due to credit and other institutions	7 037 729	17 740 906	24 778 635
Debt securities issued	141 189	6 471 496	6 612 685
Derivative financial liabilities	-	-	-
Deferred corporate income tax liabilities	-	417 430	417 430
Current corporate income tax liabilities	13 041	-	13 041
Accounts payable	912 172	-	912 172
Lease liabilities	20 621	69 262	89 883
Other liabilities	212 556	61 187	273 743
Total liabilities	8 337 308	24 760 281	33 097 589
Net position	16 397 417	(4 847 988)	11 549 429

(in thousands of tenge, unless otherwise specified)

23. CAPITAL MANAGEMENT

Management's primary objective in capital management is to ensure that the Group will continue as a going concern and maximize shareholders' value by maintaining an optimum equity to debt ratio and the quality of the loan portfolio.

In accordance with the requirements of the National Bank of the Republic of Kazakhstan, the equity adequacy ratio should be maintained at the level of at least 10%. As at December 31, 2022 and 2021, the Groupcomplied with statutory capital adequacy requirements.

The ratio of the Group's equity to net debt was calculated as follows:

	December 31, 2022	December 31, 2021	January 1, 2021
Total debt	**66 534 713**	57 803 023	31 391 320
Cash and cash equivalents	**(2 283 168)**	(3 632 166)	(2 366 163)
Net debt	**64 251 545**	54 170 857	29 025 157
Equity	**22 426 573**	17 580 877	11 549 429
Equity to net debt ratio	**0,35**	0,32	0,40

The ratio of the Company's equity to the loan portfolio was calculated as follows:

	December 31, 2022	December 31, 2021	January 1, 2021
Total debt	**85 649 688**	71 235 942	38 287 470
Cash and cash equivalents	**22 426 573**	17 580 877	11 549 429
Net debt	**0,26**	0,25	0,30

24. CONTINGENCIES

(a) Litigation

In the normal course of business, the Company may be subject to various legal claims. Management believes that the ultimate liabilities resulting from legal claims (if any) will have no material impact on the Company's financial position or performance in the future.

(b) Taxation

The taxation system in Kazakhstan is relatively new and is characterized by frequent changes in legislation, official pronouncements and court decisions (including those that relate to income, expenses and other items in the IFRS financial statements) which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. Fiscal periods remain open to review by the tax authorities for five subsequent calendar years; however, under certain circumstances reviews may cover longer periods.

The interpretation of this legislation, including transfer pricing norms, by the management of the Company in relation to the operations and activities of the Company may be challenged by the relevant regional or federal authorities. In practice, the tax authorities may take a more assertive position when interpreting and applying certain provisions of this legislation and conducting tax audits. As a result, at any time in the future, the tax authorities may file claims for those transactions and operations of the Company that have not been challenged in the past. As a result, significant additional taxes, penalties and interest may be accrued by the relevant authorities.

Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable tax legislation, regulatory requirements and court decisions.

(in thousands of tenge, unless otherwise specified)

25. FINANCIAL ASSETS AND LIABILITIES: FAIR VALUES AND ACCOUNTING CLASSIFICATIONS

(a) Accounting classifications and fair value

The fair value measurement is intended to determine 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. However, given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as realizable in an immediate sale of assets or transfer of liabilities.

The fair value of financial assets and financial liabilities quoted in active markets is determined based on quoted market prices or dealer price quotations. For all other financial instruments, the Company determines their fair values using other valuation techniques. However, given the existing uncertainties and the use of subjective judgment, the fair value should not be considered as being realizable in an immediate sale of assets or settlement of liabilities.

The estimated fair values of all financial instruments approximate their carrying amounts.

(b) Fair value hierarchy

The Company measures fair values using the following fair value hierarchy that reflects the significance of inputs used in making the measurements:

- Level 1: quoted (unadjusted) prices in active markets for identical financial instruments;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For the purpose of fair value disclosures, the Company's has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

	Fair value measurement using			
December 31, 2022	*Level 1 inputs*	*Level 2 inputs*	*Level 3 inputs*	*Total*
Assets and liabilities measured at fair value				
Derivative financial liabilities	-	-	81 828	81 828
Assets whose fair value is disclosed				
Cash and cash equivalents	-	2 283 168	-	2 283 168
Funds in credit institutions		505 613		505 613
Loans to clients	-	-	85 649 688	85 649 688
Accounts receivable from the sale of portfolios	-	-	193 535	193 535
Other financial assets	-	-	713 941	713 941
Liabilities for which the fair value is disclosed				
Due to credit and other organizations	-	35 411 277	-	35 411 277
Issued debt securities	-	31 123 436	-	31 123 436
Lease liabilities			3 778 053	3 778 053
Accounts payable			257 777	257 777
Other financial liabilities	-	-	789 413	789 413

(in thousands of tenge, unless otherwise specified)

25. FINANCIAL ASSETS AND LIABILITIES: FAIR VALUES AND ACCOUNTING CLASSIFICATIONS (CONTINUED)

(b) Fair value hierarchy

	Fair value measurement using			
December 31, 2021	*Level 1 inputs*	*Level 2 inputs*	*Level 3 inputs*	*Total*
Assets and liabilities measured at fair value				
Derivative financial liabilities	-	-	287 970	287 970
Assets whose fair value is disclosed				
Cash and cash equivalents	-	3 632 166	-	3 632 166
Loans to clients	-	-	71 235 942	71 235 942
Accounts receivable from the sale of portfolios	-	-	562 839	562 839
Liabilities for which the fair value is disclosed				
Due to credit and other organizations	-	37 535 333	-	37 535 333
Issued debt securities		20 267 690	-	20 267 690
Lease liabilities			1 297 263	1 297 263
Accounts payable			153 899	153 899
Other financial liabilities	-	-	176 743	176 743

	Fair value measurement using			
January 1, 2021	*Level 1 inputs*	*Level 2 inputs*	*Level 3 inputs*	*Total*
Assets and liabilities measured at fair value				
Derivative financial liabilities	-	-	1 949 446	1 949 446
Assets whose fair value is disclosed				
Cash and cash equivalents	-	2 366 163	-	2 366 163
Loans to clients	-	-	38 287 470	38 287 470
Accounts receivable from the sale of portfolios	-	-	951 688	951 688
Liabilities for which the fair value is disclosed				
Due to credit and other organizations	-	24 778 635	-	24 778 635
Issued debt securities		6 612 685	-	6 612 685
Lease liabilities			912 172	912 172
Accounts payable			89 883	89 883
Other financial liabilities	-	-	37 890	37 890

(in thousands of tenge, unless otherwise specified)

25. FINANCIAL ASSETS AND LIABILITIES: FAIR VALUES AND ACCOUNTING CLASSIFICATIONS (CONTINUED)

(b) Fair value hierarchy (continued)

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in the statement of financial position. The table does not include the fair values of non-financial assets and non-financial liabilities

	December 31, 2022			*December 31, 2021*			*January 1, 2021*		
	Carrying amount	*Fair value*	*Unrecog-nised gain/(loss)*	*Carrying amount*	*Fair value*	*Unrecog-nised gain/(loss)*	*Carrying amount*	*Fair value*	*Unrecog-nised gain/(loss)*
Financial assets									
Cash and cash equivalents	**2 283 168**	**2 283 168**	**-**	3 632 166	3 632 166	-	2 366 163	2 366 163	-
Funds in credit institutions	**505 613**	**505 613**	**-**	-	-	-	-	-	-
Loans to clients	**85 649 688**	**86 191 338**	**541 650**	71 235 942	71 139 787	(96 155)	38 287 470	37 707 596	(579 874)
Accounts receivable from the sale of portfolios	**193 535**	**193 535**	**-**	562 839	562 839	-	951 688	951 688	-
Other financial assets	**713 941**	**713 941**	**-**	864 642	864 642	-	330 770	330 770	-
Financial Liabilities									
Due to credit and other organizations	**35 411 277**	**35 293 539**	**117 738**	37 535 333	37 711 980	(176 647)	24 778 635	24 519 097	259 538
Issued debt securities	**31 123 436**	**30 686 836**	**436 600**	20 267 690	21 933 716	(1 666 026)	6 612 685	6 943 869	(331 184)
Accounts payable	**3 778 053**	**3 778 053**	**-**	1 297 263	1 297 263	-	912 172	912 172	-
Lease liabilities	**257 777**	**257 777**	**-**	153 899	153 899	-	89 883	89 883	-
Other financial liabilities	**789 413**	**789 413**	**-**	176 743	176 743	-	37 890	37 890	-
Total unrecognized change in fair value			**1 095 988**			(1 938 828)			(651 520)

Valuation models and assumptions

The following describes the models and assumptions used to determine fair values for assets and liabilities recorded at fair value in the financial statements and those items that are not measured at fair value in the statement of financial position, but whose fair value is disclosed.

Assets for which fair value approximates their carrying amount

For financial assets and financial liabilities that are liquid or have a short-term maturity (less than three months), it is assumed that the carrying amount approximates their fair value. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

(in thousands of tenge, unless otherwise specified)

25. FINANCIAL ASSETS AND LIABILITIES: FAIR VALUES AND ACCOUNTING CLASSIFICATIONS (CONTINUED)

Valuation models and assumptions (continued)

Derivatives

Derivatives valued using a valuation model with market observable inputs are currency forwards. The valuation model includes forward pricing using present value calculations. The model incorporates various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

Financial assets and financial liabilities at amortised cost

Fair value of quoted bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans to customers, amounts due from credit institutions and other financial assets and liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

During the reporting period, there were no transfers of financial assets and financial liabilities between the levels.

	December 31, 2021	*Total gains/(losses) recognized in profit or loss*	*Repayment*	*December 31, 2022*
Derivative financial instruments	**(287 970)**	**68 378**	**137 764**	**(81 828)**

	January 1, 2021	*Total gains/(losses) recognized in profit or loss*	*Repayment*	*December 31, 2021*
Derivative financial instruments	1 949 446	(1 288 972)	(948 444)	(287 970)

Significant unobservable inputs and sensitivity of Level 3 financial instruments measured at fair value to changes in key assumptions

The following table shows the quantitative information about significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy:

December 31, 2022	*Carrying amount*	*Valuation techniques*	*Unobservable inputs*	*Range (weighted average value)*
Derivative financial instruments				
Currency forwards	**(81 828)**	**Discounted cash flows**	**Forward exchange rates EUR/KZT USD/KZT**	**497,9 465,26-466,13**

December 31, 2021	*Carrying amount*	*Valuation techniques*	*Unobservable inputs*	*Range (weighted average value)*
Derivative financial instruments				
Currency forwards	**(287 970)**	Discounted cash flows	Forward exchange rates EUR/KZT USD/KZT	**507,28-521,33 461,16**

(in thousands of tenge, unless otherwise specified)

25. FINANCIAL ASSETS AND LIABILITIES: FAIR VALUES AND ACCOUNTING CLASSIFICATIONS (CONTINUED)

Valuation models and assumptions (continued)

January 1, 2021	Carrying amount	Valuation techniques	Unobservable inputs	Range (weighted average value)
Derivative financial instruments				
Currency forwards	**1 949 446**	Discounted cash flows	Forward exchange rates EUR/KZT USD/KZT RUB/EUR	 **533,8** **437,9** **75,81**

The following table summarizes the impact of reasonably possible alternative assumptions on the fair value estimates of Level 3 instruments:

	December 31, 2022			
	Carrying amount	*Type of unobserved data*	*Effect of reasonably possible alternative assumptions*	*Effect of reasonably possible alternative assumptions*
Financial liabilities				
Derivative financial instruments	**(81 828)**	**Forward exchange rates**	**(85 024)**	**(78 585)**

	December 31, 2021			
Financial liabilities	*Carrying amount*	*Type of unobserved data*	*Carrying amount*	*Type of unobserved data*
Derivative financial instruments	**(287 970)**	**Forward exchange rates**	**(626 833)**	**113 007**

In order to determine reasonably possible alternative assumptions, the Group adjusted the above key unobservable inputs for the models by adjusting the assumptions related to forward exchange rates with respect to forward contracts. The adjustment was made to increase and decrease the assumptions within the range of bid and ask forward exchange rates depending on the individual characteristics of the derivative.

26. EVENTS AFTER REPORTING PERIOD

Bond issue

In March 2023, the Group redeemed two bond issues with a nominal value of 3,000,000 thousand tenge and 5,000,000 US dollars, respectively.

In March 2023, the Group placed two issues of bonds with a nominal amount of USD 20,000,000 each, with a maturity of 1 year and a coupon of 10% per annum, paid quarterly.

In April 2023, the Group placed an issue of bonds with a nominal amount of 3,000,000 thousand tenge, a maturity of 1 year and a coupon of 21% per annum, paid monthly.

In May 2023, the Group placed a bond issue with a nominal amount of USD 3,200,000, a maturity of 2 years and a coupon of 14.5% per annum, paid monthly.

In June 2023, the Group redeemed a bond issue with a par value of USD 14,999,000.

26. EVENTS AFTER REPORTING PERIOD (CONTINUED)

Bond issue (continued)

In June 2023, the Group placed an issue of bonds with a nominal amount of 10,722,070 thousand tenge, a maturity of 2 years and a coupon of 21% per annum, paid monthly.

In June 2023, the Group placed two issues of bonds with a nominal amount of 572,447 thousand tenge, a maturity of 1 year and a coupon of 21% per annum, paid monthly.

In July, the Group placed an issue of bonds with a nominal volume of USD 7,000,000, a maturity of 2 years and a coupon of 13.5% per annum, paid monthly.

Sale of a share in the authorized capital of a Participant

On January 12, 2023, an agreement was concluded for the sale and purchase of a participation interest in the authorized capital of ID Collect Collection Agency (ID Collect) LLP, under the terms of which IDF Holding Limited (Cyprus) sells in favor of the Group a participation interest in the amount of 1% for the total amount 500 thousand tenge. As a result of this transaction, the Group will own a 100% interest in the authorized capital of ID Collect Collection Agency LLP in the amount of 50,000 thousand tenge.

Solva Group

Interim Condensed Combined and Consolidated Financial Statements

For the six months ended 30 June 2023

CONTENTS

SELECTED NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

INTERIM COMBINED AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 June 2023 (thousands of tenge)

	Note	30 June 2023 (unaudited)	31 December 2022
Assets			
Cash and cash equivalents	3	4 697 031	2 283 168
Amounts due from credit institutions		2 731 395	505 613
Loans to customers	4	92 563 752	85 649 688
Derivative financial assets		49 685	-
Investment securities		462 061	-
Receivables from the sale of portfolios		1 396 701	193 535
Property and equipment		404 166	337 170
Intangible assets	7	3 521 763	3 533 124
Right-of-use assets		216 334	243 336
Deferred corporate income tax assets		281 513	280 057
Current corporate income tax assets		1 319 244	620 855
Other assets	9	4 597 721	1 499 622
Total assets		**112 241 366**	**95 146 168**
Liabilities			
Debt securities issued	5	57 133 474	31 123 436
Amounts due to credit and other institutions	6	31 143 576	35 411 277
Derivative financial liabilities		620 006	81 828
Deferred corporate income tax liabilities		89 154	359 303
Current corporate income tax liabilities		110 782	535 286
Accounts payable	11	1 063 552	3 778 053
Lease liabilities		233 034	257 777
Other liabilities	9	1 814 824	1 172 635
Total liabilities		**92 208 402**	**72 719 595**
Equity			
Share capital	10	1 967	1 457
Subordinated loans	16	9 150 077	14 239 553
Retained earnings		10 880 920	8 185 563
Total equity		**20 032 964**	**22 426 573**
Total equity and liabilities		**112 241 366**	**95 146 168**

Signed and approved of issue on behalf of Management on August 30, 2023:

General Director

Balabanov K.A.

Deputy Financial Director

Stetsyk M.V.

INTERIM COMBINED AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023 (thousands of tenge)

	Note	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Interest revenue calculated using effective interest rate	12	18 072 482	18 978 132
Interest expense		(7 563 126)	(5 282 851)
Net interest income	12	**10 509 356**	**13 695 281**
Credit loss expense		(7 218 032)	(8 720 491)
Net interest income after credit loss expense		**3 291 324**	**4 974 790**
Fee and commission income	13	4 901 187	4 796 839
Net (losses)/gains from transactions with currency derivatives		(1 220 378)	429 311
Net gains/(losses) on transactions with foreign currencies:		586 401	(3 298 156)
- translation differences		904 717	(3 221 070)
- dealing		(318 316)	(77 086)
Other income		983 155	1 374 407
Non-interest income		**5 250 365**	**3 302 401**
Operating expenses	14	(3 376 086)	(3 270 658)
General and administrative expenses	15	(3 155 651)	(2 203 623)
Other expenses		(2 098)	8 130
Non-interest expense		**(6 533 835)**	**(5 466 151)**
Profit before income tax expense		**2 007 854**	**2 811 040**
Income tax expense	8	(87 353)	(76 383)
Profit for the year		**1 920 501**	**2 734 657**
Total comprehensive income		**1 920 501**	**2 734 657**

INTERIM COMBINED AND CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023 (thousands of tenge)

	Note	Share capital	Subordinated loans	Retained earnings	Total equity
At 1 January 2022		**1 230 151**	**7 291 028**	**9 059 698**	**17 580 877**
Comprehensive income for the period		-	-	2 734 657	2 734 657
Subordinated loans raised and repaid, net	16	-	4 991 017	-	4 991 017
Interest paid on subordinated loans	16	-	-	(728 443)	(728 443)
Dividends declared to shareholders		-	-	(914 232)	(914 232)
Result from the reorganization of the Group		(1 217 649)	-	(856 650)	(2 074 299)
Contribution in share capital		428	-	-	428
Currency revaluation of subordinated loans		-	5 442 344	(5 442 344)	-
At 30 June 2022 (unaudited)		**12 930**	**17 724 389**	**3 852 686**	**21 590 005**
At 1 January 2023		**1 457**	**14 239 553**	**8 185 563**	**22 426 573**
Comprehensive income for the period		-		1 920 501	1 920 501
Subordinated loans raised and repaid, net	16	-	(2 735 083)	-	(2 735 083)
Interest paid on subordinated loans	16	-	-	(1 277 330)	(1 277 330)
Dividends declared to shareholders		-		(303 180)	(303 180)
Result from the reorganization of the Group	10	510	-	973	1 483
Currency revaluation of subordinated loans		-	(2 354 393)	2 354 393	-
At 30 June 2023 (unaudited)		**1 967**	**9 150 077**	**10 880 920**	**20 032 964**

(thousands of tenge, unless otherwise indicated)

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Operating activities		
Profit before tax	**2 007 854**	**2 811 040**
Adjustments		
Interest income	(18 072 482)	(18 978 132)
Interest expense	7 563 126	5 282 851
Credit loss expense	7 218 032	8 720 491
Net losses/(gains) from transactions with currency derivatives	1 220 378	(429 311)
Net (gains)/losses from transactions with foreign currencies	(586 401)	3 298 156
Interest received	14 365 117	16 597 519
Depreciation and amortisation	592 372	230 856
Other statutory payments	(547 643)	(489 192)
Corporate income tax paid	(1 223 433)	(1 102 375)
Cash flows from operating activities before changes in operating assets and liabilities	**12 536 920**	**15 941 903**
Net change in working capital		
Other assets	(867 631)	(4 502 060)
Accounts payable and other liabilities	(1 527 723)	4 375 556
Loans to customers	(11 983 697)	(20 035 863)
Net cash used in operating activities	**(1 842 131)**	**(4 220 464)**
Investing activities		
Loans issued	(5 546)	(80 961)
Repayment of loans issued	525 454	-
Purchase of investment securities	(461 410)	-
Purchase of property and equipment	(353 024)	(112 605)
Purchase of intangible assets	(783 512)	(1 311 331)
Net cash used in investing activities	**(1 078 038)**	**(1 504 897)**
Financing activities		
Proceeds from loans and borrowings	10 362 796	11 029 567
Proceeds from debt securities issue	38 340 798	4 684 659
Repayment of loans and borrowings	(20 995 261)	(7 201 628)
Repayment of debt securities	(11 355 834)	-
Interest paid	(4 586 688)	(3 202 418)
Proceeds from subordinated loans	-	1 581 232
Repayment of subordinated loans	(2 735 083)	(695 354)
Interest paid on subordinated loans	(1 277 330)	(728 443)
Contribution in share Capital	-	428
Dividends paid	(303 180)	(548 539)
Buyback of own shares	(1 797 871)	(108 900)
Net cash from financing activities	**5 652 347**	**4 810 604**
Effect of changes in foreign exchange rates on cash and cash equivalents	(318 316)	(302 063)
Net increase/(decrease) in cash and cash equivalents	**2 413 863**	**(1 216 820)**
Cash and cash equivalents at the beginning of the period	2 283 168	3 632 166
Cash and cash equivalents at the end of the period	**4 697 031**	**2 415 346**

(thousands of tenge, unless otherwise indicated)

1. General

Solva Group Ltd. (the "Company"), a private company, is the parent company of the Solva Group (the "Group"). The company was registered on June 29, 2022 by the Registrar of Companies of the Astana International Financial Centre. The Company carries out its activities in accordance with the special legal regime, established by the Constitutional Law of the Republic of Kazakhstan "On the Astana International Financial Center" (hereinafter referred to as the AIFC), and the AIFC legislation. The registered office of the Company is located at: Kazakhstan, Z05T3Db, Astana city, Esil district, Mangilik El Avenue, building 55/20.

Solva Group is a group of companies whose main activities are SME and consumer lending, credit-impaired loan portfolios purchase and service.

The formation of the Group took place in stages and as part of the restructuring. Solva Group Ltd. became the parent of Group's companies on 12 July 2022. Corporate restructurings were completed on 29 June 2023. For the purposes of understanding the details of the transaction, key events are described below:

11 March 2022 - IDF Eurasia (Kazakhstan) Limited acquired 99% stake in Microfinance Organization "FintechFinance".

29 March 2022 - Microfinance Organization "FintechFinance" acquired 99% stake in Microfinance Organization "OnlineKazFinance" JSC.

30 March 2022 - IDF Eurasia (Kazakhstan) Limited acquired 99% stake in Collection agency ID Collect LLP.

12 July 2022 - Solva Group Ltd. acquired 100% stake in IDF Eurasia (Kazakhstan) Limited together with underlying assets.

13 July 2022 - Microfinance Organization "FintechFinance" LLP acquired a 1% stake in Microfinance Organization "OnlineKazFinance" JSC.

14 July 2022 - Solva Group Ltd. acquired 1% stake in Microfinance Organization "FintechFinance" LLP.

12 January 2023 - Solva Group Ltd. acquired 1% stake in Collection agency ID Collect LLP.

20 June 2023 - Solva Group Ltd. purchased 11,201,512 ordinary shares in the share capital of Microfinance Organization "OnlineKazFinance" JSC from Microfinance Organization "FintechFinance" LLP.

23 June 2023 - main ultimate shareholders of the Group acquired 100% stake in share capital of Solva Capital Ltd.

On 27 June 2023, Solva Capital Ltd., the entity under common control, acquired 10,000 preferred shares of Microfinance Organization "OnlineKazFinance" JSC, additionally placed by the company. On 29 June 2023, Solva Capital Ltd., the entity under common control, acquired 88,798,488 ordinary shares of Microfinance Organization "OnlineKazFinance" JSC from Microfinance Organization "FintechFinance". As a result of these transactions, the entity under common control Solva Capital Ltd. became the parent company of Microfinance Organization "OnlineKazFinance" JSC with 88.8% of controlling ownership share.

These Interim Condensed Combined and Consolidated Financial Statements include the following companies as at 30 June 2023 and 31 December 2022:

Entity	Country of registration	Activity	Share of capital 30 June 2023 (unaudited)	Share of capital 31 December 2022
Solva Group Ltd.	Kazakhstan	Holding company	100%	100%
IDF Eurasia (Kazakhstan) Limited	Kazakhstan	Holding company	100%	100%
Microfinance Organization "OnlineKazFinance" JSC	Kazakhstan	Consumer lending, lending to small and medium businesses.	100%	100%
Microfinance Organization "FintechFinance" LLP	Kazakhstan	Consumer lending	100%	100%
Collection agency ID Collect LLP	Kazakhstan	Pre-trial collection and debt settlement	100%	99 %
Solva Capital Ltd.	Kazakhstan	Holding company	100%	0 %

(thousands of tenge, unless otherwise indicated)

1. General (continued)

These Interim Condensed Combined and Consolidated Financial Statements represent the combination of Group and Solva Capital Ltd. with its subsidiary Microfinance Organization "OnlineKazFinance" JSC, as the main ultimate shareholders of all Group companies did not change before and after the restructuring, which indicates that this transaction is a business combination under common control.

2. Basis of preparation

These Interim Condensed Combined and Consolidated Financial Statements for the six months ended 30 June 2023 have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting.*

The Interim Condensed Combined and Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2022.

These Interim Condensed Combined and Consolidated Financial Statements have not been audited and do not include all the disclosures required for annual reporting under IFRS. The Group did not disclose information that duplicates the information contained in the audited financial statements for 2022, such as accounting policies and detailed descriptions of items where there were no significant changes in amounts or composition. In addition, the Group disclosed information on significant events that occurred after the issuance of the audited financial statements for 2022. The Group's management believes that the information presented in these Interim Condensed Combined and Consolidated Financial Statements is sufficient and does not mislead users, provided that these Interim Condensed Combined and Consolidated Financial Statements are used in conjunction with the Group's audited financial statements for 2022 and the related notes. Management believes that the financial statements reflect all adjustments necessary to present fairly the Group's financial position, performance results and statements of changes in equity and cash flows for the interim reporting periods.

The Group maintains its accounting records and prepares its financial statements in accordance with statutory accounting and taxation principles and practices applicable in the Republic of Kazakhstan.

These financial statements have been derived from the Group's primary accounting data. The Group's financial statements are presented in thousands of Kazakhstan tenge ("KZT"), unless otherwise indicated.

The formation of the Group in 2022 has been accounted for retrospectively from the earliest period presented, as the registration of Solva Group Ltd. and the subsequent combination of assets at its level are part of one transaction to form the target structure of the Group, extended over time.

For the purposes of preparing these Interim Condensed Combined and Consolidated Financial Statements of the Group for the period ended 30 June 2023, the assets and liabilities of the Group and Solva Capital Ltd. with its subsidiary Microfinance Organization "OnlineKazFinance" JSC are added up line by line at each reporting date, starting from the earliest reported period. The income statement includes the financial results of all companies for the period or since the founding of the companies that make up the Group.

The difference between the net assets of the Group's subsidiaries and investments in them after the formation of the Group is included in retained earnings as at 30 June 2023.

Adoption of new and amended standards and interpretations

The accounting policies adopted in the preparation of the Interim Condensed Combined and Consolidated Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not effective.

The below amendments to the standards became effective from 1 January 2023 but had no significant effect on the Group.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 *Insurance contracts* (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 replaces IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

(thousands of tenge, unless otherwise indicated)

2. Basis of preparation (continued)

Adoption of new and amended standards and interpretations (continued)

A few scope exceptions will apply. IFRS 17 introduces new accounting requirements for banking products with insurance features that may affect the determination of which instruments or which components thereof will be in the scope of IFRS 9 or IFRS 17.

Credit cards and similar products that provide insurance coverage: most issuers of these products will be able to continue with their existing accounting treatment as a financial instrument under IFRS 9. IFRS 17 excludes from its scope credit card contracts (and other similar contracts that provide credit or payment arrangements) that meet the definition of an insurance contract if, and only if, the entity does not reflect an assessment of the insurance risk associated with an individual customer in setting the price of the contract with that customer.

When the insurance coverage is provided as part of the contractual terms of the credit card, the issuer is required to:

- Separate the insurance coverage component and apply IFRS 17 to it;
- Apply other applicable standards (such as IFRS 9, IFRS 15 *Revenue from Contracts with Customers* or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*) to the other components.

Loan contracts that meet the definition of insurance but limit the compensation for insured events to the amount otherwise required to settle the policyholder's obligation created by the contract: issuers of such loans – e.g., a loan with waiver on death – have an option to apply IFRS 9 or IFRS 17. This decision is made at the portfolio level and is not subject to review.

These amendments had no impact on the Group 's Interim Condensed Financial Statements, as the Group did not have products with the characteristics of insurance contracts as at the reporting date.

Amendments to IAS 8 – Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The above amendments had no impact on the Interim Condensed Combined and Consolidated Financial Statements of the Group.

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

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgments*, which provide guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies and adding guidance on how entities should apply the concept of materiality in making decisions about accounting policy disclosures.

The Group is currently reviewing the disclosures in its accounting policies to ensure compliance with the amended requirements.

(thousands of tenge, unless otherwise indicated)

3. Cash and cash equivalents

	30 June 2023 (unaudited)	31 December 2022
Cash on settlement and transit accounts	4 044 532	1 706 687
Cash in transit	641 499	516 414
Deposits with contractual maturity of 90 days or less	11 000	-
Accounts receivable under reverse repurchase agreements with contractual maturity of 90 days or less	-	60 067
Total cash and cash equivalents	**4 697 031**	**2 283 168**

4. Loans to customers

	30 June 2023 (unaudited)	31 December 2022
Loans to individuals	50 948 984	50 573 794
Installment loans	*42 820 181*	*40 325 112*
Short term loans	*8 128 803*	*10 248 682*
SME loans	43 980 254	33 799 249
Purchased credit-impaired loan portfolios	9 356 569	10 638 714
Loans to customers at amortized cost before allowance	**104 285 807**	**95 011 757**
Allowance for expected losses on loans to individuals	(7 558 761)	(7 644 010)
Allowance for expected losses on installment loans	*(5 568 905)*	*(3 109 581)*
Allowance for expected losses on short term loans	*(1 989 856)*	*(4 534 429)*
Allowance for expected losses on	(4 163 294)	(1 718 059)
Less: allowance for expected credit losses	**(11 722 055)**	**(9 362 069)**
Loans to individuals	43 390 223	42 929 784
Installment loans	*37 251 276*	*37 215 531*
Short term loans	*6 138 947*	*5 714 253*
SME loans	39 816 960	32 081 190
Purchased credit-impaired loan portfolios	9 356 569	10 638 714
Total loans to customers at amortized cost less allowance for expected losses	**92 563 752**	**85 649 688**

(thousands of tenge, unless otherwise indicated)

5. Debt securities issued

Debt securities issued comprise:

	Maturity date	Coupon rate	30 June 2023 (unaudited)	31 December 2022
Bonds issued (KZT)	2023-2025	18%-21%	33 488 685	17 627 606
Bonds issued (USD)	2023-2024	8%-10%	23 644 789	13 495 830
Total debt securities issued			**57 133 474**	**31 123 436**

As at 30 June 2023 and 31 December 2022, the Group was in compliance with all debt securities covenants.

6. Amounts due to credit and other institutions

	Interest rate	30 June 2023 (unaudited)	31 December 2022
Loans raised on regulated investment sites	9%-22%	18 456 712	28 337 902
Loans from international funds	18%-26,5%	11 579 198	3 620 419
Bank loans	18%-22%	892 460	3 188 758
Loans from related parties (*Note 16*)	11,5-24%	215 206	264 198
Amounts due to credit and other institutions		**31 143 576**	**35 411 277**

As part of the loan agreements, the Group is required to comply with certain financial covenants. As at 30 June 2023 and 31 December 2022, the Group was in compliance with all loan contractual covenants.

7. Intangible assets

Movements in intangible assets are as follows:

	Licences	Software	Trademark	Total
Cost				
As at 1 January 2022	3 625	1 427 766	-	1 431 391
Additions	674 243	637 088	-	1 311 331
As at 30 June 2023	**677 868**	**2 064 854**	**-**	**2 742 722**
As at 1 January 2023	1 037 803	3 257 913	2 867	4 298 583
Additions	6 026	469 461	-	475 487
As at 30 June 2023	**1 043 829**	**3 727 374**	**2 867**	**4 774 070**
Accumulated amortisation				
As at 1 January 2022	(1 152)	(235 237)	-	(236 389)
Amortisation charge	(9 863)	(161 691)	-	(171 554)
As at 30 June 2023	**(11 015)**	**(396 928)**	**-**	**(407 943)**
As at 1 January 2023	(97 211)	(668 247)	-	(765 458)
Amortisation charge	(104 469)	(382 380)	-	(486 849)
As at 30 June 2023	**(201 680)**	**(1 050 627)**	**-**	**(1 252 307)**
Net carrying amount				
As at 1 January 2022	**2 473**	**1 192 529**	**-**	**1 195 002**
As at 30 June 2022	**666 853**	**1 667 926**	**-**	**2 334 779**
As at 1 January 2023	**940 592**	**2 589 666**	**2 867**	**3 533 125**
As at 30 June 2023	**842 149**	**2 676 747**	**2 867**	**3 521 763**

During six months 2022 and 2023, inflows of intangible assets are represented by the costs incurred for the development of program modules as part of the introduction of new lending products. The management of the Group believes that the costs incurred met the criteria for recognition as intangible assets.

(thousands of tenge, unless otherwise indicated)

8. Income tax

Corporate income tax expenses comprise the following:

	30 June 2023 (unaudited)	31 December 2022
Current corporate income tax expense	(358 960)	(534 832)
Deferred corporate income tax benefit - origination and reversal of temporary differences	271 607	458 449
Corporate income tax expense	**(87 353)**	**(76 383)**

The statutory corporate income tax rate in 2023 and 2022 was 20%. Income tax estimated based on applicable income tax rates and profit before tax differs from the income tax recognized within profit or loss.

9. Other assets and liabilities

Other assets are presented as follows:

Other assets	30 June 2023 (unaudited)	31 December 2022
Other financial assets		
Receivables from insurance companies	722 061	296 316
Loans issued to related parties (*Note 16*)	2 348 143	48 063
Receivables from related parties	11 401	-
Receivables from regulated market places	-	122 243
Other receivables	365 953	247 319
Total other financial assets, net of allowance for ECL	**3 447 558**	**713 941**
Other non-financial assets		
Advances issued	614 350	437 159
Prepayments for intangible assets	308 025	-
VAT receivable	220 136	269 464
Other non-financial assets	7 652	79 058
Total other non-financial assets	**1 150 163**	**785 681**
Total other assets	**4 597 721**	**1 499 622**

Other liabilities are presented as follows:

Other liabilities	30 June 2023 (unaudited)	31 December 2022
Other financial liabilities		
Payables to employees	556 651	286 713
Payables to insurance company	436 591	238 152
Repo operations with securities	372 167	-
Dividends payable	61 211	-
Provisions	-	108 223
Other financial liabilities	132 039	156 325
Total other financial liabilities	**1 558 659**	**789 413**
Other non-financial liabilities		
Taxes and contributions, except for corporate income tax	98 654	357 685
Other current liabilities	157 511	25 537
Total other non-financial liabilities	**256 165**	**383 222**
Total other liabilities	**1 814 824**	**1 172 635**

(thousands of tenge, unless otherwise indicated)

10. Share Capital

As at 31 December 2022, the Group's paid-in share capital was KZT 1 457 thousand. During six months 2023, as a result of purchase by ultimate shareholders of the Group 100% stake in share capital of Solva Capital Ltd., share capital increased by KZT 1 010 thousand. During six months 2023, the share capital in the amount of KZT 500 thousand was eliminated as a result of the reorganization of the Group. As at 30 June 2023, the Group's paid-in share capital was KZT 1 967 thousand.

11. Accounts Payable

	30 June 2023 (unaudited)	31 December 2022
Underwriting services	226 387	84 572
Payables under assignment agreements	148 486	381 593
Software maintenance	97 467	228 057
Marketing services	96 437	72 835
Scoring and verification services	65 115	82 763
Consulting services	60 966	254 809
Repair and reconstruction	45 154	-
Payables for shares purchased	39 416	1 837 287
Collection services	33 179	68 138
Payables for support services	23 529	17 291
Processing services	12 424	10 068
Payables to regulated market places	8 117	519 610
Other payables	206 876	221 030
Total accounts payable	**1 063 552**	**3 778 053**

12. Net interest income

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Interest revenue calculated using effective interest rate		
Loans to individuals	10 307 103	14 112 267
Installment loans	*6 332 657*	*7 821 726*
Short-term loans	*3 974 446*	*6 290 541*
SME loans	6 269 306	3 815 726
Purchased credit-impaired loan portfolios	922 265	1 037 364
Amounts due from credit institutions	124 822	11 744
Loans to related parties	361 971	1 031
Reverse repo with financial institutions	80 999	-
Debt securities held to maturity	6 016	-
Total interest revenue calculated using effective interest rate	**18 072 482**	**18 978 132**
Interest expenses		
Amounts due to credit and other institutions	3 296 622	3 150 096
Debt securities issued	4 246 881	2 118 523
Lease liabilities	19 623	14 232
Total interest expenses	**7 563 126**	**5 282 851**
Net interest income	**10 509 356**	**13 695 281**

(thousands of tenge, unless otherwise indicated)

13. Fee and commission income and agent revenue

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Loans to individuals		
Agency fee on insurance services	3 731 811	1 897 510
Extending loan term fee	137 103	-
Total loans to individuals	**3 868 914**	**1 897 510**
SME loans		
Sale of insurance services	1 027 522	688 046
Extending loan term fee	3 029	2 496
Total SME loans	**1 030 551**	**690 542**
Other commission and agency agreements	1 722	2 208 787
Total fee and commission income and agent revenue	**4 901 187**	**4 796 839**

The Group's activities related to fee and commission income and agent revenue are concentrated in one geographical region – the Republic of Kazakhstan.

The Group charges fee and commission income and agent revenue immediately after the completion of the transaction, under all contracts, the performance obligation is fulfilled at a certain point in time.

14. Operating expenses

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Marketing	1 133 651	1 667 422
Collection services	1 023 541	685 750
Processing	608 083	403 027
Scoring and verification	338 636	365 313
Customer support	272 175	149 146
Total operating expenses	**3 376 086**	**3 270 658**

15. General and administrative expenses

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Payroll	1 230 127	727 908
Payroll related taxes and charges	137 751	124 356
Depreciation and amortisation	592 372	230 856
Software maintenance	290 021	235 067
Office expenses	238 206	406 853
Taxes other than corporate income tax	230 626	145 624
Professional services	141 106	145 581
Other	295 442	187 378
Total general and administrative expenses	**3 155 651**	**2 203 623**

(thousands of tenge, unless otherwise indicated)

16. Related party transactions

(a) Transactions with related parties

During six months 2023, the Group entered into the following transactions with related parties:

	Entities under common control	Total
Recognized in comprehensive income		
Interest revenue calculated using effective interest rate	312 200	**236 350**
Interest expense	(26 452)	**(26 452)**
Other operating expenses	(4 588)	**(4 588)**
General and administrative expenses	(254 871)	**(254 871)**
Financing activities		
Amounts due to credit and other institutions		
Proceeds from loans and borrowings	2 550 804	**321 985**
Repayment of loans and borrowings, including interest	(1 510 973)	**(1 510 973)**
Subordinated loans		
Subordinated loans repaid	(4 012 413)	**(4 012 413)**

During six months 2022, the Group entered into the following transactions with related parties:

	Entities under common control	Total
Recognized in comprehensive income		
Interest revenue calculated using effective interest rate	1 031	**1 031**
Interest expenses	(339 432)	**(339 432)**
Net profit from transactions with currency derivatives	429 311	**429 311**
Other operating expenses	(4 475)	**(4 475)**
General and administrative expenses	(797 260)	**(797 260)**
Financing activities		
Amounts due to credit and other institutions		
Proceeds from loans and borrowings	5 403 825	**5 403 825**
Repayment of loans and borrowings, including interest	(4 151 262)	**(4 151 262)**
Subordinated loans		
Subordinated loans raised	5 686 371	**5 686 371**
Subordinated loans repaid	(1 423 797)	**(1 423 797)**

General and administrative expenses include marketing and consulting services, software maintenance services and payroll expenses.

(thousands of tenge, unless otherwise indicated)

16. Related party transactions (continued)

(a) Transactions with related parties (continued)

As at 30 June 2023, the Group had the following balances with related parties on all the agreements concluded:

(unaudited)	*Entities under common control*	*Total*
Assets		
Other receivables	11 401	**11 401**
Loans issued	2 348 143	**43 474**
Liabilities		
Loans and borrowings	(215 206)	**(215 206)**
Accounts payable	(66 468)	**(66 468)**
Other liabilities	(61 211)	**(61 211)**
Equity		
Subordinated loans	(9 150 077)	**(9 150 077)**

As at 31 December 2022, the Group had the following balances with related parties on all the agreements concluded:

	Entities under common control	*Total*
Assets		
Loans issued	48 063	**48 063**
Liabilities		
Loans and borrowings	(264 198)	**(264 198)**
Other liabilities	(2 381 394)	**(2 381 394)**
Equity		
Subordinated loans	(14 239 553)	**(14 239 553)**

Related parties may enter into transactions, which unrelated parties might not, and transactions between related parties may not be affected on the same terms, conditions and amounts as transactions between unrelated parties.

Compensation to key management personnel

The accrued compensation to members of the Group's key management personnel, including salary, bonuses and termination benefits, considering personal income tax and social tax, amounted to KZT 151 365 thousand for the six months 2023 (KZT 123 991 thousand for the six months 2022).

(thousands of tenge, unless otherwise indicated)

17. Capital management

Management's primary objective in capital management is to ensure that the Group will continue as a going concern and maximize shareholders' value by maintaining an optimum equity to debt ratio and the quality of the loan portfolio.

In accordance with the requirements of the National Bank of the Republic of Kazakhstan, the equity adequacy ratio should be maintained at the level of at least 10%. During six months 2023 and year 2022, the Group complied with statutory capital adequacy requirements.

The ratio of the Group's equity to net debt was calculated as follows:

	30 June 2023 (unaudited)	31 December 2022
Total debt	88 277 050	66 534 713
Cash and cash equivalents	(4 697 031)	(2 283 168)
Amounts due from credit institutions	(2 731 395)	(505 613)
Net debt	**80 848 624**	**63 745 932**
Equity	20 032 964	22 426 573
Equity to net debt ratio	**0,25**	**0,35**

The ratio of the Group's equity to the loan portfolio was calculated as follows:

	30 June 2023 (unaudited)	31 December 2022
Loans to customers	92 563 752	85 649 688
Equity	20 032 964	22 426 573
Equity to loan portfolio ratio	**0,22**	**0,26**

18. Contingencies

(a) Litigation

In the normal course of business, the Group may be subject to various legal claims. Management believes that the ultimate liabilities resulting from legal claims (if any) will have no material impact on the Group's financial position or performance in the future.

(b) Taxation

The taxation system in Kazakhstan is relatively new and is characterized by frequent changes in legislation, official pronouncements and court decisions (including those that relate to income, expenses and other items in the IFRS financial statements) which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. Fiscal periods remain open to review by the tax authorities for five subsequent calendar years; however, under certain circumstances reviews may cover longer periods.

The interpretation of this legislation, including transfer pricing norms, by the management of the Group in relation to the operations and activities of the Group may be challenged by the relevant regional or federal authorities. In practice, the tax authorities may take a more assertive position when interpreting and applying certain provisions of this legislation and conducting tax audits. As a result, at any time in the future, the tax authorities may file claims for those transactions and operations of the Group that have not been challenged in the past. As a result, significant additional taxes, penalties and interest may be accrued by the relevant authorities.

Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable tax legislation, regulatory requirements and court decisions.

(thousands of tenge, unless otherwise indicated)

19. Financial assets and liabilities: fair values and accounting classifications

(a) Accounting classifications and fair value

The fair value measurement is intended to determine 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. However, given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as realizable in an immediate sale of assets or transfer of liabilities.

The fair value of financial assets and financial liabilities quoted in active markets is determined based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines their fair values using other valuation techniques. However, given the existing uncertainties and the use of subjective judgment, the fair value should not be considered as being realizable in an immediate sale of assets or settlement of liabilities.

The estimated fair values of all financial instruments approximate their carrying amounts.

(b) Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of inputs used in making the measurements:

- Level 1: quoted (unadjusted) prices in active markets for identical financial instruments;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	Fair value measurement using			
At 30 June 2023 (unaudited)	Level 1 inputs	Level 2 inputs	Level 3 inputs	Total
Assets and liabilities measured at fair value				
Derivative financial assets	-	-	49 685	**49 685**
Derivative financial liabilities	-	-	620 006	**620 006**
Assets for which fair values are disclosed				
Cash and cash equivalents	-	4 697 031	-	**4 697 031**
Amounts due from credit institutions	-	2 731 395	-	**2 731 395**
Loans to customers	-		92 563 752	**92 563 752**
Investment securities	-	462 061	-	**462 061**
Receivables from the sale of portfolios	-	-	1 396 701	**1 396 701**
Other financial assets	-	-	3 447 558	**3 447 558**
Liabilities for which fair values are disclosed				
Debt securities issued	-	57 133 474	-	**57 133 474**
Amounts due to credit and other institutions	-	31 143 576	-	**31 143 576**
Accounts payable	-	-	1 063 552	**1 063 552**
Lease liabilities	-	-	233 034	**233 034**
Other financial liabilities	-	-	1 558 659	**1 558 659**

(thousands of tenge, unless otherwise indicated)

19. Financial assets and liabilities: fair values and accounting classifications (continued)

(b) Fair value hierarchy (continued)

	Fair value measurement using			
At 31 December 2022	**Level 1 inputs**	**Level 2 inputs**	**Level 3 inputs**	**Total**
Assets and liabilities measured at fair value				
Derivative financial liabilities	-	-	81 828	**81 828**
Assets for which fair values are disclosed				
Cash and cash equivalents	-	2 283 168	-	**2 283 168**
Amounts due from credit institutions		505 613		**505 613**
Loans to customers	-	-	85 649 688	**85 649 688**
Receivables from the sale of portfolios	-	-	193 535	**193 535**
Other financial assets	-	2 283 168	-	**2 283 168**
Liabilities for which fair values are disclosed				
Debt securities issued		31 123 436	-	**31 123 436**
Amounts due to credit and other institutions	-	35 411 277	-	**35 411 277**
Accounts payable			3 778 053	**3 778 053**
Lease liabilities			257 777	**257 777**
Other financial liabilities	-	-	789 413	**789 413**

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in the statement of financial position. The table does not include the fair values of non-financial assets and non-financial liabilities.

	At 30 June 2023 (unaudited)			31 December 2022		
	Carrying amount	**Fair value**	**Unrecog-nised gain/(loss)**	**Carrying amount**	**Fair value**	**Unrecog-nised gain/(loss)**
Financial assets						
Cash and cash equivalents	4 697 031	4 697 031	-	2 283 168	2 283 168	-
Amounts due from credit institutions	2 731 395	2 731 395	-	505 613,00	505 613,00	-
Loans to customers at amortised cost	92 563 752	92 139 905	(423 847)	85 649 688	86 191 338	541 650
Investment securities	462 061	456 846	(5 215)	-	-	-
Receivables from the sale of portfolios	4 697 031	4 697 031	-	2 283 168	2 283 168	-
Other financial assets	2 731 395	2 731 395	-	505 613,00	505 613,00	-
Financial liabilities						
Debt securities issued	57 133 474	57 121 211	12 263	31 123 436	30 686 836	436 600
Amounts due to credit and other institutions	31 143 576	31 208 274	(64 698)	35 411 277	35 293 539	117 738
Accounts payable	1 063 552	1 063 552	-	3 778 053	3 778 053	-
Lease liabilities	233 034	233 034	-	257 777	257 777	-
Other financial liabilities	1 558 659	1 558 659	-	789 413	789 413	-
Total unrecognised change in fair value			**(481 497)**			**1 095 988**

(thousands of tenge, unless otherwise indicated)

20. Events after the reporting period

On 03 July 2023 previously purchased 11,201,512 ordinary shares in the share capital of Microfinance Organization "OnlineKazFinance" JSC were converted (exchanged) to 11,201,512 preference shares.

Signed and approved of issue on behalf of Management on August 30, 2023:

General Director

Barabanov K.A.

Deputy Financial Director

Stetsyk M.V.