

**Solva Group**

**Interim Condensed Combined and Consolidated  
Financial Statements**

For the six months ended 30 June 2023

## CONTENTS

Interim Condensed Combined and Consolidated Statement of Financial Position .....	1
Interim Condensed Combined and Consolidated Statement of Comprehensive Income .....	2
Interim Condensed Combined and Consolidated Statement of Changes in Equity .....	3
Interim Condensed Combined and Consolidated Statement of Cash Flows .....	4

## SELECTED NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

1. General .....	5
2. Basis of preparation .....	6
3. Cash and cash equivalents .....	8
4. Loans to customers .....	8
5. Debt securities issued .....	9
6. Amounts due to credit and other institutions .....	9
7. Intangible assets .....	9
8. Income tax .....	10
9. Other assets and liabilities .....	10
10. Share Capital .....	11
11. Accounts Payable .....	11
12. Net interest income .....	11
13. Fee and commission income and agent revenue .....	12
14. Operating expenses .....	12
15. General and administrative expenses .....	12
16. Related party transactions .....	13
17. Capital management .....	15
18. Contingencies .....	15
19. Financial assets and liabilities: fair values and accounting classifications .....	16
20. Events after the reporting period .....	18

## 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
<b>Assets</b>			
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
<b>Total assets</b>		<b>112 241 366</b>	<b>95 146 168</b>
<b>Liabilities</b>			
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
<b>Total liabilities</b>		<b>92 208 402</b>	<b>72 719 595</b>
<b>Equity</b>			
Share capital	10	1 967	1 457
Subordinated loans	16	9 150 077	14 239 553
Retained earnings		10 880 920	8 185 563
<b>Total equity</b>		<b>20 032 964</b>	<b>22 426 573</b>
<b>Total equity and liabilities</b>		<b>112 241 366</b>	<b>95 146 168</b>

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

General Director



Shabanov 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)
<b>Net interest income</b>	12	<b>10 509 356</b>	<b>13 695 281</b>
Credit loss expense		(7 218 032)	(8 720 491)
<b>Net interest income after credit loss expense</b>		<b>3 291 324</b>	<b>4 974 790</b>
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
<b>Non-interest income</b>		<b>5 250 365</b>	<b>3 302 401</b>
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
<b>Non-interest expense</b>		<b>(6 533 835)</b>	<b>(5 466 151)</b>
<b>Profit before income tax expense</b>		<b>2 007 854</b>	<b>2 811 040</b>
Income tax expense	8	(87 353)	(76 383)
<b>Profit for the year</b>		<b>1 920 501</b>	<b>2 734 657</b>
<b>Total comprehensive income</b>		<b>1 920 501</b>	<b>2 734 657</b>

## 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
<b>At 1 January 2022</b>		<b>1 230 151</b>	<b>7 291 028</b>	<b>9 059 698</b>	<b>17 580 877</b>
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)	-
<b>At 30 June 2022 (unaudited)</b>		<b>12 930</b>	<b>17 724 389</b>	<b>3 852 686</b>	<b>21 590 005</b>
<b>At 1 January 2023</b>		<b>1 457</b>	<b>14 239 553</b>	<b>8 185 563</b>	<b>22 426 573</b>
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	-
<b>At 30 June 2023 (unaudited)</b>		<b>1 967</b>	<b>9 150 077</b>	<b>10 880 920</b>	<b>20 032 964</b>

*(thousands of tenge, unless otherwise indicated)*

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
<b>Operating activities</b>		
<b>Profit before tax</b>	<b>2 007 854</b>	<b>2 811 040</b>
<i>Adjustments</i>		
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)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>12 536 920</b>	<b>15 941 903</b>
<i>Net change in working capital</i>		
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)
<b>Net cash used in operating activities</b>	<b>(1 842 131)</b>	<b>(4 220 464)</b>
<b>Investing activities</b>		
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)
<b>Net cash used in investing activities</b>	<b>(1 078 038)</b>	<b>(1 504 897)</b>
<b>Financing activities</b>		
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)
<b>Net cash from financing activities</b>	<b>5 652 347</b>	<b>4 810 604</b>
Effect of changes in foreign exchange rates on cash and cash equivalents	(318 316)	(302 063)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2 413 863</b>	<b>(1 216 820)</b>
Cash and cash equivalents at the beginning of the period	2 283 168	3 632 166
<b>Cash and cash equivalents at the end of the period</b>	<b>4 697 031</b>	<b>2 415 346</b>

*(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)	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**

	<b>30 June 2023 (unaudited)</b>	<b>31 December 2022</b>
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
<b>Total cash and cash equivalents</b>	<b>4 697 031</b>	<b>2 283 168</b>

**4. Loans to customers**

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

*(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
<b>Total debt securities issued</b>			<b>57 133 474</b>	<b>31 123 436</b>

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 <i>(Note 16)</i>	11,5-24%	215 206	264 198
<b>Amounts due to credit and other institutions</b>		<b>31 143 576</b>	<b>35 411 277</b>

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
<b>Cost</b>				
As at 1 January 2022	3 625	1 427 766	-	1 431 391
Additions	674 243	637 088	-	1 311 331
<b>As at 30 June 2023</b>	<b>677 868</b>	<b>2 064 854</b>	<b>-</b>	<b>2 742 722</b>
As at 1 January 2023	1 037 803	3 257 913	2 867	4 298 583
Additions	6 026	469 461	-	475 487
<b>As at 30 June 2023</b>	<b>1 043 829</b>	<b>3 727 374</b>	<b>2 867</b>	<b>4 774 070</b>
<b>Accumulated amortisation</b>				
As at 1 January 2022	(1 152)	(235 237)	-	(236 389)
Amortisation charge	(9 863)	(161 691)	-	(171 554)
<b>As at 30 June 2023</b>	<b>(11 015)</b>	<b>(396 928)</b>	<b>-</b>	<b>(407 943)</b>
As at 1 January 2023	(97 211)	(668 247)	-	(765 458)
Amortisation charge	(104 469)	(382 380)	-	(486 849)
<b>As at 30 June 2023</b>	<b>(201 680)</b>	<b>(1 050 627)</b>	<b>-</b>	<b>(1 252 307)</b>
<b>Net carrying amount</b>				
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
<b>As at 30 June 2023</b>	<b>842 149</b>	<b>2 676 747</b>	<b>2 867</b>	<b>3 521 763</b>

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
<b>Corporate income tax expense</b>	<b>(87 353)</b>	<b>(76 383)</b>

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
<b>Other financial assets</b>		
Receivables from insurance companies	722 061	296 316
Loans issued to related parties ( <i>Note 16</i> )	2 348 143	48 063
Receivables from related parties	11 401	-
Receivables from regulated market places	-	122 243
Other receivables	365 953	247 319
<b>Total other financial assets, net of allowance for ECL</b>	<b>3 447 558</b>	<b>713 941</b>
<b>Other non-financial assets</b>		
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
<b>Total other non-financial assets</b>	<b>1 150 163</b>	<b>785 681</b>
<b>Total other assets</b>	<b>4 597 721</b>	<b>1 499 622</b>

Other liabilities are presented as follows:

Other liabilities	30 June 2023 (unaudited)	31 December 2022
<b>Other financial liabilities</b>		
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
<b>Total other financial liabilities</b>	<b>1 558 659</b>	<b>789 413</b>
<b>Other non-financial liabilities</b>		
Taxes and contributions, except for corporate income tax	98 654	357 685
Other current liabilities	157 511	25 537
<b>Total other non-financial liabilities</b>	<b>256 165</b>	<b>383 222</b>
<b>Total other liabilities</b>	<b>1 814 824</b>	<b>1 172 635</b>

*(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**

	<b>30 June 2023</b> <b>(unaudited)</b>	<b>31 December</b> <b>2022</b>
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
<b>Total accounts payable</b>	<b>1 063 552</b>	<b>3 778 053</b>

**12. Net interest income**

	<b>Six months ended</b> <b>30 June 2023</b> <b>(unaudited)</b>	<b>Six months ended</b> <b>30 June 2022</b> <b>(unaudited)</b>
<b>Interest revenue calculated using effective interest rate</b>		
Loans to individuals	10 307 103	14 112 267
<i>Installment loans</i>	<i>6 332 657</i>	<i>7 821 726</i>
<i>Short-term loans</i>	<i>3 974 446</i>	<i>6 290 541</i>
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	-
<b>Total interest revenue calculated using effective interest rate</b>	<b>18 072 482</b>	<b>18 978 132</b>
<b>Interest expenses</b>		
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
<b>Total interest expenses</b>	<b>7 563 126</b>	<b>5 282 851</b>
<b>Net interest income</b>	<b>10 509 356</b>	<b>13 695 281</b>

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

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
<b>Total operating expenses</b>	<b>3 376 086</b>	<b>3 270 658</b>

**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
<b>Total general and administrative expenses</b>	<b>3 155 651</b>	<b>2 203 623</b>

*(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:

	<b>Entities under common control</b>	<b>Total</b>
<b>Recognized in comprehensive income</b>		
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)
<b>Financing activities</b>		
<i>Amounts due to credit and other institutions</i>		
Proceeds from loans and borrowings	2 550 804	321 985
Repayment of loans and borrowings, including interest	(1 510 973)	(1 510 973)
<i>Subordinated loans</i>		
Subordinated loans repaid	(4 012 413)	(4 012 413)

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

	<b>Entities under common control</b>	<b>Total</b>
<b>Recognized in comprehensive income</b>		
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)
<b>Financing activities</b>		
<i>Amounts due to credit and other institutions</i>		
Proceeds from loans and borrowings	5 403 825	5 403 825
Repayment of loans and borrowings, including interest	(4 151 262)	(4 151 262)
<i>Subordinated loans</i>		
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:

<b>(unaudited)</b>	<b><i>Entities under common control</i></b>	<b><i>Total</i></b>
<b>Assets</b>		
Other receivables	11 401	11 401
Loans issued	2 348 143	43 474
<b>Liabilities</b>		
Loans and borrowings	(215 206)	(215 206)
Accounts payable	(66 468)	(66 468)
Other liabilities	(61 211)	(61 211)
<b>Equity</b>		
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:

	<b><i>Entities under common control</i></b>	<b><i>Total</i></b>
<b>Assets</b>		
Loans issued	48 063	48 063
<b>Liabilities</b>		
Loans and borrowings	(264 198)	(264 198)
Other liabilities	(2 381 394)	(2 381 394)
<b>Equity</b>		
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:

	<b>30 June 2023</b> <b>(unaudited)</b>	<b>31 December</b> <b>2022</b>
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)
<b>Net debt</b>	<b>80 848 624</b>	<b>63 745 932</b>
Equity	20 032 964	22 426 573
<b>Equity to net debt ratio</b>	<b>0,25</b>	<b>0,35</b>

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

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

**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.

At 30 June 2023 (unaudited)	Fair value measurement using			Total
	Level 1 inputs	Level 2 inputs	Level 3 inputs	
<b>Assets and liabilities measured at fair value</b>				
Derivative financial assets	-	-	49 685	49 685
Derivative financial liabilities	-	-	620 006	620 006
<b>Assets for which fair values are disclosed</b>				
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
<b>Liabilities for which fair values are disclosed</b>				
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)**

At 31 December 2022	Fair value measurement using			Total
	Level 1 inputs	Level 2 inputs	Level 3 inputs	
<b>Assets and liabilities measured at fair value</b>				
Derivative financial liabilities	-	-	81 828	81 828
<b>Assets for which fair values are disclosed</b>				
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
<b>Liabilities for which fair values are disclosed</b>				
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)
<b>Financial assets</b>						
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	-
<b>Financial liabilities</b>						
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	-
<b>Total unrecognised change in fair value</b>			<b>(481 497)</b>			<b>1 095 988</b>

*(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

  
Batabanov K.A.

Deputy Financial Director

  
Stetsyk M.V.

