АЗИЯЛЫҚ НЕСИЕ ҚОРЫ
АЗИАТСКИЙ КРЕДИТНЫЙ ФОНД

20

ANNUAL REPORT • 2017 • ГОДОВОЙ ОТЧЕТ

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LETTER FROM THE MANAGEMENT

Dear friends and partners,

I am pleased to present to you the Annual Report of Microfinance Organization Asian Credit Fund LLC (ACF) for 2017.

The past year 2017 was an anniversary year for our Company — we celebrated the 20th anniversary of Asian Credit Fund. This was also a year for summarizing and assessing our history and our accomplishments as well as those areas where we could have done better. I see this not only a way to review the achievements of the Company over a period of time, but also to determine if we implemented strategy for development correctly. The past twenty years is memorable as a time of big changes, major challenges and all-round development. Since its creation, ACF has provided financial services to more than 117,000 enterprises and households in the Republic of Kazakhstan. We have disbursed a total of KZT 24.5 billion in group and individual loans, of which 95% were to clients in rural areas and 92% of are women.

In addition to its core activity which is small loans to households and small enterprises, the Company also provided non-financial services to this target audience. Thus, for the last three years alone, over 15,000 ACF clients gained basic knowledge on financial literacy and family budgeting and over 300 clients participated in ACF's free-of-charge trainings on "How to Start a Business" which guided them in launching new businesses and improving family welfare. In October 2017 ACF, together with 26 finance organizations from 17 countries supported the Borrow Wisely initiative of the Poland Microfinance Center and taught 1,600 clients how to avoid over indebtedness.

These results show that ACF can fulfill its mission to support rural households by rendering them both financial services and development services, significantly improving quality of life for the rural population in Kazakhstan.

ACF also marked its 20th anniversary year in 2017 by supporting the green economy. We believe development of the green economy will enable our country to avoid the environmental crisis affecting many industrial countries. The President of Kazakhstan has made this a high priority on the way to further development of the country. Asian Credit Fund fully supports the strategy of reducing resource consumption for future generations and is showing its support with actions. Thus, ACF is issuing energy saving loans in rural areas. For the last 5 years over 1,100 rural clients conducted a variety of energy saving events in their homes using loans provided by ACF. Another green project is conducting open lessons in secondary schools on the subject "Energy saving is everyone's business". Also in 2017, ACF employees together with the teachers from five secondary schools conducted energy saving lessons for students, increasing their awareness of the importance of saving energy saving for future generations and careful use of energy resources. We are firmly convinced that by teaching children to take care of the environment we help them develop important life skills to significantly affect the future of our planet. The third project under our Green Economy initiative was tree planting in the territories where ACF has offices.

In 2018 we will establish a basis for building a client-oriented business model. We plan to achieve even higher results over the coming years which is possible since the foundation for future success was established over the entire history of Asian Credit Fund.

Let me conclude with extending best wishes to the readers of our annual report. We are thankful to you that you were and remain with us, for your trust and support. ACF intends to be one of the leaders in microfinance in Kazakhstan, able to improve the quality of life for citizens in rural areas while developing our economy and financial system for the future.

Zhanna Zhakupova
Executive Director

ACF HISTORY

These are some of the milestones in the development of ACF over the past 20 years.

1997
Incorporation date
International NGO Mercy Corps created a small and medium business support program in the Republic of Kazakhstan under the name of Mercy Corps International.

2001
ACF registration
ACF registered as a non-commercial organization ACF Non-Government Foundation, aimed at supporting small and medium business with individual loans.

2004
Implementation of the lending program for housing
This program supported by USAID which provided ACF with a USD 1 million loan guarantee.

2006
Creation of ACF LLC, a commercial company
ACF transformed to a commercial entity to raise additional capital to finance growth.

2008
Implementation of group lending program
In response to the global financial crisis, ACF shifted its focus back to its roots in group lending. Today group loans comprise 80% of the net loan portfolio.

2012
Implementation of residential energy saving loan program for rural households
The program goal is to decrease energy consumption and increase comfort levels through reductions in carbon dioxide emissions improving the environmental situation in Kazakhstan.

2013
Institutional rating BB/Stable
The rating was assigned by MicroFinanza Rating and reflects ACF's capital, liquidity, management quality and other assessment metrics.

2014–2015
Attraction of equity investment from international investors and employees
BOPA International Holding (Base of the Pyramid Asia), Singapore and Karavella Invest LLC, Kazakhstan, a company created by ACF employees each made new equity investments into the Company.

2015
Registration with the National Bank of Kazakhstan
ACF becomes regulated by the National Bank of the Republic of Kazakhstan.

2017
SMART Certification for Client Protection Principles
ACF received certification from the SMART Campaign Program that confirms its compliance with internationally recognized Client Protection Principles. The certification assessment was conducted by MicroFinanza Rating, an independent international rating agency.

ACF TODAY

As of 31 December, 2017 Asian Credit Fund is ranked second by number of clients among 149 microfinance organizations registered with the NBRK.

5 BRANCHES

37 OUTLETS

97% RURAL BORROWERS

256 STAFF

73% WOMAN

85% WOMAN BORROWERS

$104M DISBURSED LOAN AMOUNT

118,665 DISBURSED LOANS

57,910 CLIENTS SERVICED

Over the period of November 1997—December 2017

FROM THE SUPERVISORY BOARD MEMBERS

"On this occasion of ACF's 20 year anniversary, I want to send my best wishes to the staff, to the management team, and on behalf of the Board — to the Shareholders. I am congratulating them on the success of ACF over the past 20 years and give my best wishes for continued success and good results for the Company in the years ahead."

Mr. James H Anderson
Board Chair

"Congratulations to ACF on this fantastic achievement. I want to acknowledge all of the hard work by so many people needed to reach this milestone. I want to wish them many more years of success."

Ms. Jamila Assanova
Executive Director, Civil Society Development Association (ARGO)

"20 years ago, Mercy Corps, as a founder of Asian Credit Fund, really had a dream. That dream was to provide access to those who did not have access to finance to be able to provide new opportunities to grow their businesses, to acquire land, to expand their herds. Mercy Corps is happy to have been a part of the success story called ACF. When I think about my involvement in ACF about 5 or 6 years ago, I can say that it has been an honor to be a part of the Board of Directors, to work with the great leadership team that has been taking the organization in new directions. Unlike a lot of other institutions, Asian Credit Fund has remained true to its mission, to provide affordable financing, so entrepreneurs, and those in the agricultural economy can achieve their dreams. So, we are really excited about that! On behalf of Mercy Corps on your 20th anniversary, we want to say to everyone who works at Asian Credit Fund, congratulations on an outstanding effort! When we look many years in the future we see the environment is going to be changing too, it can become more difficult, perhaps but we think that we have the ability, as a finance-oriented, product oriented company to continue to deliver high quality products and services to our clients. So, here is to the many years ahead, successful years, and to the success of Asian Credit Fund for the next 20 years!"

Mr. Stephen Mitchell
VP Financial Services, Mercy Corps

"I would like to congratulate everyone at ACF on the 20-year anniversary and we really look forward to the journey ahead. I say, one of the big dreams from BOPA's side is to see ACF reaching more than 100 thousand clients in Kazakhstan. So we look forward to that exiting journey! Big congratulations to the staff of ACF and happy anniversary!"

Mr. Christian Andersen
CEO BOPA

KAZAKHSTAN OVERVIEW 2017 AND OUTLOOK 2018

18.1M
POPULATION
+239,100

4.9%
UNEMPLOYMENT (OFFICIAL)
877,100

2.6%
POVERTY HEADCOUNT RATIO AT NATIONAL POVERTY LINES
465,200

USD 467
AVERAGE MONTHLY NOMINAL SALARY
KZT 149,700

4%
GDP GROWTH \ GDP PER CAPITA
USD 8,585

7.1%
INFLATION RATE
8.5% in 2016

CPI GROWTH:

FOR FOOD PRODUCTS 6.5%

NON-FOOD PRODUCTS 8.9%

FOR PAID SERVICES 5.9%

4.9%
UNEMPLOYMENT (OFFICIAL)
880,000

5–7%
INFLATION RATE

USD 506
AVERAGE MONTHLY NOMINAL SALARY
KZT 162,075

3.1%
GDP GROWTH \ GDP PER CAPITA
USD 9,200

Sources:

Stat.gov.kz — Basic Social and Economic Indicators of the Republic of Kazakhstan

Economy.gov.com — Results of Social and Economic Development of the RoK

Economy.gov.com — Forecast of Social and Economic Development of the Republic of Kazakhstan 2018–2022

CUSTOMER **SUCCESS STORY**

ALMATY BRANCH, ISSYK DEPARTMENT

Abdildayeva Zhamal Abdrakhbayevna — is one of the most loyal customers of Asian Credit Fund. She learned about ACF for the first time in 2009 from specialists who came to the market in Baidibek Bi village, Yenbekshikazakhskiy district of Almaty region and told her about ACF and how it can help her improve her business. At the time she leased a table at the market where she was selling fruits and vegetables. Her business required constant replenishment with fresh goods and she wanted to expand the variety of goods she was selling. Zhamal made the decision to take the first loan in her life, taking KZT 80,000 (USD 530) as part of a group with her friends at the market. At this point her long-term relationship with Asian Credit Fund was started.

She took 15 loans over nine years and all were used to develop her business. Starting from the rented table selling fruits and vegetables, she purchased a permanent sales point, providing more security for her business location. She also opened her own stand on the highway where she sold automobile motor oil. In 2010, with ACF support she started breeding livestock for resale, as well as the sale of milk products, and also raised chickens and ducks and sold eggs.

Zhamal's spouse is a pensioner, and he actively helps his wife with her business. The value of Zhamal's business increased 12-fold during the nine years of working with ACF! As a result, her family welfare improved. She did house renovation, bought a piece of land for one of her sons. She helped the oldest son to open a business — a small service station. And the most important events for every family — she got her three sons married. At their mother's recommendation, her daughters and daughters-in-law also started to work with ACF to grow their start-up cattle breeding and trading businesses.

"I work with ACF because, first of all, their lending terms are satisfactory to me. But the most important factor is your relationship to your clients. I have a wish to do business, to grow and develop it continuously from the first day. I had small trading table at the beginning, now I have three businesses which support me and my family. I wanted to say a special thank you to the ACF specialists. They are always polite, ready to help with words and deed. ACF is as a second family for me," Zhamal Abdildayeva says.

We are pleased to hear such stories from our clients. They are encouraging, they give meaning to what we are doing and inspire us to work every day to help them achieve their goals and dreams.

FINANCIAL STATEMENTS

Year ended December 31, 2017
together with independent auditor’s report

ACF MISSION

To become the leading organization for development in the microfinance sector of Kazakhstan, providing financial services and development services to households for the improvement of their quality of life.

ACF VISION

We support the stable development of rural households to build an active civil society.

Statement of **financial position**

as at December 31, 2017 (in thousands of tenge)

	Notes	Dec. 31, 2017	Dec. 31, 2016
Assets			
Cash and cash equivalents	5	**255,623**	518,208
Derivative financial assets	6	**–**	77,899
Amounts due from credit institutions	7	**99,350**	–
Loans to customers	8	**3,974,886**	2,873,346
Corporate income tax prepaid	11	**14,138**	22,120
Deferred corporate income tax assets	11	**2,825**	1,905
Property and equipment		**80,664**	54,548
Intangible assets		**54,181**	11,244
Other assets	9	**35,033**	19,320
Total assets		**4,516,700**	**3,578,590**
Liabilities			
Amounts due to credit institutions	10	**3,482,946**	2,852,128
Other liabilities	9	**82,464**	55,179
Total liabilities		**3,565,410**	**2,907,307**
Equity			
Charter capital	12	**341,297**	341,297
Retained earnings		**609,993**	329,986
Total equity		**951,290**	**671,283**
Total equity and liabilities		**4,516,700**	**3,578,590**

Signed and authorised for issue on behalf of the Management of the Company:

Zhakupova Zh. B. — Executive Director

Sabalakova A.D. — Chief Accountant

May 11, 2018

Statement of **comprehensive income**

as at December 31, 2017 (in thousands of tenge)

	Notes	Dec. 31, 2017	Dec. 31, 2016
Interest income on loans to customers		**1,859,851**	1,240,404
Interest income on amounts due from credit institutions		**7,818**	–
Interest income		**1,867,669**	**1,240,404**
Interest expense on amounts due to credit institutions		**(612,526)**	(389,784)
Net interest income		**1,255,143**	**850,620**
Impairment charge on loans to customers	8	**(126,845)**	(72,769)
Net interest income after impairment charge on loans to customers		**1,128,298**	777,851
Net losses from derivative financial instruments		**(9,492)**	(54,964)
Net gains/(losses) from transactions in foreign currencies		**29,330**	(22,071)
Other income		**2,350**	8,990
Operating expenses	13	**(777,795)**	(613,979)
Other impairment and provisions	9	**(3,893)**	(3,869)
Other expenses		**(5,766)**	(3,756)
Profit before corporate income tax expense		**363,032**	**88,202**
Corporate income tax expense	11	**(83,025)**	(30,029)
Profit for the year		**280,007**	**58,173**
Other comprehensive income for the year		**–**	–
Total comprehensive income for the year		**280,007**	**58,173**

Statement of **changes in equity**

as at December 31, 2017 (in thousands of tenge)

	Charter capital	Retained earnings	Total equity
As at December 31, 2015	341,297	271,813	613,110
Total comprehensive income for the year	–	58,173	58,173
As at December 31, 2016	341,297	329,986	671,283
Total comprehensive income for the year	–	**280,007**	**280,007**
As at December 31, 2017	**341,297**	**609,993**	**951,290**

Statement of **cash flows**

as at December 31, 2017 (in thousands of tenge)

	Notes	*Dec. 31, 2017*	*Dec. 31, 2016*
Cash flows from operating activities			
Profit before corporate income tax expense		**363,032**	88,202
Adjustments			
Depreciation and amortisation	13	**16,062**	12,235
Accrued interest income		**(1,867,669)**	(1,240,404)
Accrued interest expense		**612,526**	389,784
Impairment charge on loans to customers	8	**126,845**	72,769
Other impairment and provisions	9	**3,893**	3,869
Accrued vacation reserve and other payroll accruals		**7,606**	10,661
Unrealised losses from derivative financial instruments		**–**	11,354
Unrealised losses from transactions in foreign currencies		**3,663**	24,632
Discount on amounts due to credit institutions		**–**	(6,646)
Loss on disposal of property and equipment		**312**	869
Net decrease/(increase) in operating assets			
Derivative financial assets		**68,280**	560,237
Amounts due from credit institutions		**(99,350)**	–
Loans to customers		**(1,156,060)**	(982,765)
Other assets		**(20,525)**	1,842
Net increase/(decrease) in operating liabilities:			
Other liabilities		**(72,676)**	21,524

Continued on next page

	Notes	*Dec. 31, 2017*	*Dec. 31, 2016*
Net cash flows used in operating activities before corporate income tax		**(2,014,061)**	(1,031,837)
Interest income received		**1,795,344**	1,188,118
Interest expense paid		**(522,128)**	(369,587)
Corporate income tax paid		**(75,963)**	(112,854)
Net cash flow used in operating activities		**(816,808)**	**(326,160)**
Cash flows from investing activities			
Purchase of property and equipment		**(40,485)**	(27,615)
Proceeds from sale of property and equipment		**919**	2,173
Purchase of intangible assets		**(44,942)**	(5,907)
Net cash flows used in investing activities		**(84,508)**	**(31,349)**
Cash flows from financing activities			
Proceeds from amounts due to credit institutions		**1,432,794**	1,834,329
Repayment of amounts due to credit institutions		**(781,888)**	(1,281,352)
Net cash flows received from financing activities		**650,906**	552,977
Effect of exchange rate changes on cash and cash equivalents		**(12,175)**	**(10,387)**
Net change in cash and cash equivalents		(262,585)	185,081
Cash and cash equivalents, beginning		**518,208**	333,127
Cash and cash equivalents, ending	5	**255,623**	**518,208**

1. Principal activities

Microfinance organization "Asian Credit Fund" Limited Liability Company (hereinafter – the "Company") was registered on 27 October 2005, and is carrying out its activities in the territory of the Republic of Kazakhstan. On 29 December 2014, the Company was re-registered in connection with the decision of its participants on changing the name of the Company from Microcredit organization "Asian Credit Fund" Limited Liability Company to Microfinance organization "Asian Credit Fund" Limited Liability Company as per requirement of the Law of Republic of Kazakhstan *Law on Microfinance Organizations*, issued on 26 November 2012, with last amendments on 28 November 2016.

The Company's principal activity is granting micro loans to customers. As at 31 December 2017, the Company had 5 branches and 37 outlets in the Republic of Kazakhstan (31 December 2016: 5 branches and 32 outlets).

The Company's head office is located at 60 Auezova str., Almaty, the Republic of Kazakhstan.

Participatory shares in the Company are distributed as follows:

	Ownership in %	
Name	Dec. 31, 2017	Dec. 31, 2016
BOPA Pte LTD	47.57	47.57
Mercy Corps	30.35	30.35
"Asian Credit Fund" Public Fund	20.18	20.18
Karavella Invest LLP	1.90	1.90
	100.00	100.00

The Company's shares in the charter capital are not proportional to contributions made. The controlling participant of the Company is Mercy Corps which has an additional participatory share in the Company through "Asian Credit Fund" Public Fund.

2. Basis of preparation

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

The financial statements are prepared under the historical cost convention except as disclosed in Summary of Accounting Policies, for instance, derivative financial instruments.

The financial statements are presented in thousands of Kazakhstan tenge (hereinafter – "KZT" or "tenge"), unless otherwise indicated.

3. Summary of accounting policies

CHANGES IN ACCOUNTING POLICIES

The Company has adopted the following amended IFRS which are effective for annual periods beginning on or after 1 January 2017:

Amendments to IAS 7 Statement of Cash Flows – Disclosure Initiative

Amendments require entities to disclose changes in their financial liabilities as a result of financing activities such as changes from cash flows and non-cash items (for example, gains or losses from the change in foreign exchange rates). The Company provided information both for the current and comparative period in Note 19.

Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference associated with unrealized losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. Their application had no impact on the financial position and performance results of the Company, as the Company does not have deductible temporary differences or assets related to the scope of application of these amendments.

Amendment to IFRS 12 Disclosure of Interests in Other Entities – Clarification of the scope of the disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12 apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. These amendments did not have any impact on the financial position or performance of the Company.

FAIR VALUE MEASUREMENT

The Company evaluates such financial instruments as derivatives at fair value at each reporting date. Fair values of financial instruments measured at amortised cost are disclosed in Note 16.

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

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

FINANCIAL INSTRUMENTS

Initial recognition

Financial assets in the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets upon initial recognition, and subsequently can reclassify financial assets in certain cases as described below.

Date of recognition

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

Financial assets and liabilities at fair value through profit or loss

Derivatives are classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on financial assets held for trading are recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as trading securities or designated as investment securities available-for-sale. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, current accounts of the Company in the commercial banks, and highly liquid financial assets with original maturities of less than 3 (three) months, which are not exposed to significant risk of changes in fair value and are used by the Company to settle short-term liabilities. Cash and cash equivalents are recorded at amortised cost in the statement of financial position.

DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business, the Company enters into various derivative financial instruments, including swaps in foreign exchange markets. Such financial instruments are held for trading and are recorded 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 the statement of comprehensive income within Net losses from derivative financial instruments.

LEASES

Operating – Company as lessee

Leases of assets under which the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognised as expenses on a straight-line basis over the lease term and included in the statement of comprehensive income within Operating expenses.

MEASUREMENT OF FINANCIAL INSTRUMENTS AT INITIAL RECOGNITION

When financial instruments are recognised initially, they are measured at fair value, adjusted, in the case of instruments not at fair value through profit or loss, for directly attributable fees and costs.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price. If the Company determines that the fair value at initial recognition differs from the transaction price, then:

- If the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e., a Level 1 input) or based on a valuation technique that uses only data from observable markets, the Company recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss;
- In all other cases, the initial measurement of the financial instrument is adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Company recognises that deferred differ-ence as a gain or loss only when the inputs become observable, or when the instrument is derecognised.

OFFSETTING OF FINANCIAL INSTRUMENTS

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

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

These conditions are not generally met in master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

IMPAIRMENT OF FINANCIAL ASSETS

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Amounts due from credit institutions and loans to customers

For amounts due from credit institutions carried at amortised cost, the Company first assesses individually whether objective evidence of impairment exists. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risks characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

Loans to customers carried at amortised cost are assessed for impairment collectively.

If there is an objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the statement of comprehensive income.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Company's internal credit grading system that considers credit risk characteristics such as asset type, collateral type, past-due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the years on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the group or their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Renegotiated loans

The Company restructures loans when a borrower does not follow an approved repayment schedule due to objective changes in circumstances. In this case, the Company considers that a borrower is able to repay a loan in full amount in case of changes of a repayment schedule.

The accounting treatment of such restructuring is as follows:

- If the loan restructuring is not caused by the financial difficulties of the borrower, the Company uses the same approach as for financial liabilities described below;
- If the loan restructuring is due to the financial difficulties of the borrower and the loan is impaired after restructuring, the Company recognises the difference between the present value of the new cash flows discounted using the original effec-tive interest rate and the carrying amount before restructuring in the statement of comprehensive income within Im-pairment charge on loans to customers for the reporting period. In case loan is not impaired after restructuring, the Company recalculates the effective interest rate.

Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to collective impairment assessment, calculated using the loan's original or current effective interest rate.

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets

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

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

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

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

Financial liabilities

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

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

TAXATION

The current corporate income tax expense is calculated in accordance with the tax legislation of the Republic of Kazakhstan.

Deferred corporate income tax assets and liabilities are calculated in respect of all temporary differences using the liability method. Deferred corporate income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, except where the deferred corporate income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

A deferred corporate tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred corporate tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

The Republic of Kazakhstan also has various operating taxes that are assessed on the Company's activities. These taxes are recorded in the statement of comprehensive income within Operating expenses.

PROPERTY AND EQUIPMENT

Property and equipment carried at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any accumulated impairment. Such cost includes the cost of replacing part of equipment when that cost is incurred if the recognition criteria are met.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

	Years
Computer hardware	2.5–10
Vehicles	5
Office furniture and equipment	2–10

The asset's residual values, useful lives and methods The asset's residual values, useful lives and methods are reviewed, and adjusted as appropriate, at each financial year-end.

Costs related to repairs and renewals are charged when incurred and included in the statement of comprehensive income within Operating expenses, unless they qualify for capitalisation.

INTANGIBLE ASSETS

Intangible assets include software and are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised over the useful economic lives of 10 (ten) years and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

PROVISIONS

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

RETIREMENT AND OTHER EMPLOYEE BENEFIT OBLIGATIONS

The Company does not have any pension arrangements separate from the State pension system of the Republic of Kazakhstan, which requires current contributions by the employer calculated as a percentage of current gross salary payments for employees. These expenses are charged in the period the related salaries are earned. In addition, the Company has no post-retirement benefits or significant other compensated benefits requiring accrual.

EQUITY

Charter capital

Charter capital is classified as equity. Incremental costs directly attributable to the issue of additional charter capital are recognised as a deduction from equity, net of any tax effects.

Dividends

Dividends are recognised as a liability and deducted from equity at the reporting date only if they are declared 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 financial statements are authorised for issue. The ability of the Company to declare and pay dividends is subject to the rules and regulations of the Republic of Kazakhstan legislation.

CONTINGENT ASSETS AND LIABILITIES

Contingent liabilities are not recognised in the statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognised in the statement of financial position but disclosed when an inflow of economic benefits is probable.

INCOME AND EXPENSE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest and similar income and expense

For all financial instruments measured at amortised cost and interest bearing financial instruments classified as trading, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Company revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

Once the value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the original effective interest rate applied to the new carrying amount.

Other fees and commissions that are not an integral part of the overall profitability of loans, as well as other income and expenses are recognised as at the date of rendering of the corresponding service.

FOREIGN CURRENCY TRANSLATION

The financial statements are presented in Kazakhstan tenge, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency at the official exchange rate established by the National Bank of the Republic of Kazakhstan (hereinafter – the "NBRK") ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Gains and losses resulting from the translation of foreign currency transactions are recognised in the statement of comprehensive income as Net losses/(gains) from transactions in foreign currencies. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the official exchange rates at the date when the fair value was determined. Differences between the contractual exchange rate of a transaction in a foreign currency and the official exchange rate on the date of the transaction are included in Net losses/(gains) from transactions in foreign currencies.

The official exchange rates established by the NBRK as at 31 December 2017 and 2016 were KZT 332.33 and KZT 333.29 to US Dollar 1, respectively.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

IFRS 9 Financial Instruments

In July 2014, the IASB issued IFRS 9 Financial Instruments which replaces IAS 39 Financial Instruments: Recognition and Measurement. The standard introduces new requirements to classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. Except for hedge accounting, retrospective application is required but restating comparative information is not compulsory.

The Company plans to adopt the new standard by recognising the cumulative transition effect in opening retained earnings on 1 January 2018 and will not restate comparative information. As at 31 December 2017, the Company was in the process of quantifying the effect of adoption of IFRS 9, however no definitive estimate of this effect is yet available.

(a) Classification and measurement

Under IFRS 9, all debt financial assets that do not meet a "solely payment of principal and interest" (SPPI) criterion, are classified at initial recognition as fair value through profit or loss (FVPL). Under this criterion, debt instruments that do not correspond to a "basic lending arrangement", such as instruments containing embedded conversion options or "non-recourse" loans, are measured at FVPL. For debt financial assets that meet the SPPI criterion, classification at initial recognition is determined based on the business model, under which these instruments are managed:

- Instruments that are managed on a "hold to collect" basis are measured at amortised cost.
- Instruments that are managed on a "hold to collect and for sale" basis are measured at fair value through other compre-hensive income (FVOCI).
- Instruments that are managed on other basis, including trading financial assets, will be measured at FVPL.

Equity financial assets are required to be classified at initial recognition as FVPL unless an irrevocable designation is made to classify the instrument as FVOCI. For equity investments classified as FVOCI, all realised and unrealised gains and losses, except for dividend income, are recognised in other comprehensive income with no subsequent reclassification to profit and loss.

The classification and measurement of financial liabilities remain largely unchanged from the current IAS 39 requirements. Derivatives will continue to be measured at FVPL.

(b) Impairment

IFRS 9 requires the Company to record an allowance for expected credit losses (ECL) on all of its debt financial assets at amortised cost or FVOCI, as well as loan commitments and financial guarantees. The allowance is based on the ECL associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case the allowance is based on the ECL over the life of the asset. If the financial asset meets the definition of purchased or originated credit impaired, the allowance is based on the change in the lifetime ECL.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 with amendments introduced in April 2016. The new standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. The Company plans to adopt the new standard using the modified retrospective method by recognising the cumulative transition effect in opening retained earnings on 1 January 2018, without restating comparative information.

IFRS 15 establishes a five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. However, interest and fee income integral to financial instruments and leases will fall outside the scope of IFRS 15 and will be regulated by the other applicable standards (IFRS 9 and IFRS 16 Leases). As a result, the majority of the Company's income will not be impacted by the adoption of this standard.

The Company currently does not expect a material effect from initial application of IFRS 15.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Company does not expect a material effect from application of these amendments.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; classification of a share-based payment transaction with net settlement features for withholding tax obligations; the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018. Early application is permitted. The Company does not expect a material effect from application of these amendments.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement Contains a Lease, SIC 15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. In 2018, the Company will continue assessing the potential effect of IFRS 16 on its financial statements.

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.

There are several scope exceptions. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

IFRS 17 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company's financial statements.

Transfers of Investment Property – Amendments to IAS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with IAS 8 is only permitted if that is possible without the use of hindsight. The amendments are effective for annual periods beginning on or after 1 January 2018. The Company does not expect a material effect from application of these amendments.

ANNUAL IFRS IMPROVEMENTS, 2014–2016 CYCLE (ISSUED IN DECEMBER 2016)

These improvements comprise the following:

IFRS 1 First-time Adoption of International Financial Reporting Standards – Deletion of Short-Term Exemptions for First-time Adopters

Short-term exemptions in paragraphs E3-E7 of IFRS 1 were deleted because they have now served their intended purpose. These amendments are effective from 1 January 2018. These amendments are not applicable to the Company's financial statements.

IAS 28 Investments in Associates and Joint Ventures – Clarification that the decision to evaluate investees at fair value through profit or loss should be taken separately for each investment

The amendments clarify:

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an invest-ment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. Such a decision is taken separately for each investment upon initial recognition.
- If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that in-vestment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

These amendments are applied retrospectively and take effect from 1 January 2018. These amendments are not applicable to the Company's financial statements.

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – Amendments to IFRS 4

The amendments address concerns arising from implementing the new financial instruments Standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which will replace IFRS 4. The amendments provide two options for entities that issue insurance contracts: temporary exemption from applying IFRS 9 and overlay approach. The temporary relief is first applied for reporting periods beginning on or after 1 January 2018. An entity may elect the overlay approach when it first applies IFRS 9 and apply that approach retrospectively to financial assets designated on transition to IFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying IFRS 9. These amendments are not applicable to the Company's financial statements.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. The interpretation is effective for annual periods beginning on or after 1 January 2018. However, as the current activities of the Company comply with the Interpretation requirements, the Company does not expect that it will impact its financial statements.

IFRIC Interpretation 23 – Uncertainty over Income Tax Treatments

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The Interpretation also addresses the assumptions an entity makes about the examination of tax treatments by taxation authorities, as well as how it considers changes in facts and circumstances.

The interpretation is effective for annual periods beginning on or after 1 January 2019. The Company will apply interpretation from its effective date. Since the Company operates in a complex tax environment, applying the Interpretation may affect its financial statements and the required disclosures. In addition, the Company may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

4. Significant accounting judgements and estimates

In the process of applying the Company's accounting policies, management has used its judgements and made estimates in determining the amounts recognised in the financial statements. The most significant use of judgements and estimates are as follows:

FAIR VALUES OF FINANCIAL INSTRUMENTS

Where the fair values of financial instruments recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

ALLOWANCE FOR IMPAIRMENT OF LOANS TO CUSTOMERS AND RECEIVABLES

The Company regularly reviews its loans and receivables to assess impairment. The Company uses its experienced judgement to estimate the amount of any impairment loss in cases where a borrower is in financial difficulties and there are few available sources of historical data relating to similar borrowers. Similarly, the Company estimates changes in future cash flows based on the observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the group of loans and receivables. The Company uses its subjective judgement to adjust observable data for a group of loans or receivables to reflect current circumstances.

TAXATION

The Republic of Kazakhstan currently has a single Tax Code that regulates main taxation matters. The existing taxes include corporate income tax, social and other taxes. Implementation of these regulations is often unclear or non-existent and only an insignificant number of precedents have been established. Often, differing opinions regarding legal interpretation exist both among and within government ministries and organisations; thus creating uncertainties and areas of conflict. Tax declarations, together with other legal compliance areas (as examples, customs and currency control matters) are subject to review and investigation by a number of authorities, which are enabled by law to impose severe fines, penalties and forfeits. These facts create tax risks in Kazakhstan substantially more significant than typically found in countries with more developed tax systems. Management believes that the Company is in compliance with the tax laws of the Republic of Kazakhstan regulating its operations. However, the risk remains that respective authorities could take differing positions with regard to interpretive tax issues.

5. Cash and cash equivalents

Cash and cash equivalents comprise:

	2017	2016
Cash on hand	18	308
Current accounts with banks	255,605	517,900
Cash and cash equivalents	255,623	518,208

6. Derivative financial assets

The Company enters into transactions with the use of derivative financial instruments for decreasing the currency risk. The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are not indicative of the credit risk.

CURRENCY SWAPS

Currency swaps are contractual agreements between two parties to exchange notional principal and interest amounts in two currencies at specified future payment dates and fixed exchange rates.

As at 31 December 2016, the Company had KZT denominated loans in the amount of KZT 90,000 thousand received from local banks and security deposits denominated in US Dollars in the amount of KZT 166,645 thousand (USD 500 thousand), which serve as collateral against these loans. Since the contractual effect of these loans and deposits is equivalent to a currency swap, the said transactions have been treated as a derivative financial instrument. The derivative financial instrument agreements matured on 27 March 2017. As at 31 December 2017, the Company had no such opened agreements.

Net losses from derivative financial instruments in the statement of comprehensive income in 2017 comprise realised losses from change in fair value of currency swaps of KZT 9,492 thousand (2016: KZT 54,964 thousand).

	31 December 2017			*31 December 2016*		
	Notional amount	*Fair values*		*Notional amount*	*Fair values*	
		Asset	*Liability*		*Asset*	*Liability*
Foreign exchange agreements						
Currency swaps	–	–	–	166,645	77,899	–
	–	–	–	166,645	77,899	–

7. Amounts due from credit institutions

Amounts due from credit institutions comprise:

	2017	2016
Deposits placed for more than 90 days	99,350	–
Amounts due from credit institutions	99,350	–

As at 31 December 2017, the Company placed a USD deposit in "Tengri Bank" JSC for the amount of KZT 99,350 thousand (USD 299 thousand) at 4.5% interest rate and maturity on 23 February 2018. As at 31 December 2017, amounts due from credit institutions were not impaired.

8. Loans to customers

Loans to customers comprise:

	2017	2016
Group loans	3,040,396	2,212,427
Individual loans	1,059,215	746,556
Gross loans to customers	4,099,611	2,958,983
Less: allowance for impairment	(124,725)	(85,637)
Loans to customers	3,974,886	2,873,346

Group loans are unsecured loans granted to groups of borrowers, who sign loan agreements with joint obligation to repay their loans.

Loans to customers are mainly presented in the following economic sectors:

	2017	2016
Agriculture	2,217,789	1,676,059
Trade	794,080	604,103
Consumer loans	890,921	550,046
Services	173,677	106,988
Production	23,144	21,787
Gross loans to customers	4,099,611	2,958,983
Less: allowance for impairment	(124,725)	(85,637)
Loans to customers	3,974,886	2,873,346

As at 31 December 2017 and 2016, loans to customers comprised loans issued to individuals.

ALLOWANCE FOR IMPAIRMENT OF LOANS TO CUSTOMERS

Movement of the allowance for impairment of loans to customers for the years ended 31 December is as follows:

	2017	2016
At 1 January	(85,637)	(50,482)
Net impairment charge	(126,845)	(72,769)
Amounts written off	96,192	44,010
Recoveries	(8,435)	(6,396)
At 31 December	(124,725)	(85,637)

QUALITY OF LOANS TO CUSTOMERS

Below is information on quality of the loan portfolio:

31 December 2017	*Loans before allowance for impairment*	*Allowance for impairment*	*Loans less allowance for impairment*	*Allowance for impairment to loans before allowance for impairment, %*
Agriculture				
current	2,181,916	(57,392)	2,124,524	2.6%
overdue for less than 30 days	24,109	(3,403)	20,706	14.1%
overdue for 30 days to 59 days	5,745	(1,305)	4,440	22.7%
overdue for 60 days to 89 days	2,773	(1,167)	1,606	42.1%
overdue for 90 days to 179 days	3,246	(2,597)	649	80.0%
Total agriculture	2,217,789	(65,864)	2,151,925	3.0%
Trade				
current	778,339	(19,731)	758,608	2.5%
overdue for less than 30 days	7,607	(1,069)	6,538	14.1%
overdue for 30 days to 59 days	3,395	(768)	2,627	22.6%
overdue for 60 days to 89 days	607	(217)	390	35.7%
overdue for 90 days to 179 days	4,132	(3,243)	889	78.5%
Total trade	794,080	(25,028)	769,052	3.2%
Consumer loans				
current	869,162	(21,920)	847,242	2.5%
overdue for less than 30 days	12,166	(1,715)	10,451	14.1%
overdue for 30 days to 59 days	3,138	(700)	2,438	22.3%
overdue for 60 days to 89 days	2,592	(1,140)	1,452	44.0%
overdue for 90 days to 179 days	3,863	(3,082)	781	79.8%
Total consumer loans	890,921	(28,557)	862,364	3.2%
Services				
current	169,734	(3,744)	165,990	2.2%
overdue for less than 30 days	3,078	(435)	2,643	14.1%
overdue for 30 days to 59 days	641	(142)	499	22.2%
overdue for 60 days to 89 days	26	(12)	14	46.2%
overdue for 90 days to 179 days	198	(170)	28	85.9%
Total Services	173,677	(4,503)	169,174	2.6%
Production				
current	22,519	(572)	21,947	2.5%
overdue for less than 30 days	337	(75)	262	22.3%
overdue for 60 days to 89 days	288	(126)	162	43.8%
Total production	23,144	(773)	22,371	3.3%
Total loans to customers	4,099,611	(124,725)	3,974,886	3.0%

QUALITY OF LOANS TO CUSTOMERS (CONTINUED)

31 December 2017	*Loans before allowance for impairment*	*Allowance for impairment*	*Loans less allowance for impairment*	*Allowance for impairment to loans before allowance for impairment, %*
Agriculture				
current	1,650,961	(46,534)	1,604,427	2.8%
overdue for less than 30 days	17,519	(1,038)	16,481	5.9%
overdue for 30 days to 59 days	3,989	(558)	3,431	14.0%
overdue for 60 days to 89 days	2,153	(560)	1,593	26.0%
overdue for 90 days to 179 days	1,437	(783)	654	54.5%
Total agriculture	1,676,059	(49,473)	1,626,586	3.0%
Trade				
current	592,503	(15,900)	576,603	2.7%
overdue for less than 30 days	8,513	(504)	8,009	5.9%
overdue for 30 days to 59 days	2,139	(299)	1,840	14.0%
overdue for 60 days to 89 days	553	(154)	399	27.8%
overdue for 90 days to 179 days	395	(216)	179	54.7%
Total trade	604,103	(17,073)	587,030	2.8%
Consumer loans				
current	541,505	(14,339)	527,166	2.6%
overdue for less than 30 days	6,642	(394)	6,248	5.9%
overdue for 30 days to 59 days	745	(106)	639	14.2%
overdue for 60 days to 89 days	546	(150)	396	27.5%
overdue for 90 days to 179 days	608	(325)	283	53.5%
Total consumer loans	550,046	(15,314)	534,732	2.8%
Services				
current	104,793	(2,822)	101,971	2.7%
overdue for less than 30 days	574	(34)	540	5.9%
overdue for 30 days to 59 days	1,183	(171)	1,012	14.5%
overdue for 60 days to 89 days	406	(113)	293	27.8%
overdue for 90 days to 179 days	32	(20)	12	62.5%
Total Services	106,988	(3,160)	103,828	3.0%
Production				
current	21,629	(606)	21,023	2.8%
overdue for less than 30 days	158	(11)	147	7.0%
Total production	21,787	(617)	21,170	2.8%
Total loans to customers	2,958,983	(85,637)	2,873,346	2.9%

The Company estimates impairment allowance based on its historical loss experience by types of loans. In assessing loan impairment, the greater focus is placed on the presence of overdue payments of principal and interest. The significant assumptions used by management in determining the loan impairment allowance include loss ratio, which is a constant and can be estimated based on patterns of actual losses incurred since the inception of the Company.

ANALYSIS OF COLLATERAL AND OTHER CREDIT ENHANCEMENTS

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The following tables comprise analysis of loans to customers before allowance for impairment by collateral classes:

2017	*Agriculture*	*Trading*	*Consumer loans*	*Services*	*Production*	*Total loans to customers*	*Share in loan portfolio*
Real estate	–	29,172	2,876	24,947	–	56,995	1.4%
Unsecured loans	2,217,789	764,908	888,045	148,730	23,144	4,042,616	98.6%
Total	2,217,789	794,080	890,921	173,677	23,144	4,099,611	100.0%
2016							
Real estate	1,406	22,947	–	2,314	–	26,667	0.9%
Unsecured loans	1,674,653	581,156	550,046	104,674	21,787	2,932,316	99.1%
Total	1,676,059	604,103	550,046	106,988	21,787	2,958,983	100.0%

Recoverability of loans mainly depends on creditworthiness of the borrower rather than on collateral. The Company's policy provides for foreclosure by selling the collateral in exceptional cases. This is supported by previous experience of obtaining and selling the collateral in the event of the borrower's inability to meet its obligations to the Company when due. Thus, in many cases, the Company believes that the value of collateral should not be taken into account when assessing the impairment, and comes from the fact that the collateral has zero financial impact on credit risk. The amounts reflected in the table above represent the carrying value of loans, and do not necessarily represent the fair value of collateral.

CONCENTRATION OF LOANS TO CUSTOMERS

As at 31 December 2017 and 2016, the Company has no borrowers or groups of interrelated borrowers whose loan balances exceed 10% of equity.

9. Other assets and liabilities

Other assets comprise:

	2017	2016
Advances paid	28,843	16,720
Inventories	2,099	443
Prepaid expenses	1,457	1,633
Prepaid taxes other than corporate income tax	582	900
Other receivables	5,945	3,493
Other assets before allowance for impairment	**38,926**	**23,189**
Less: allowance for impairment	(3,893)	(3,869)
Other assets	**35,033**	**19,320**

The movements in other impairment allowances and provisions were as follows:

	2017	2016
At 1 January	**(3,869)**	**–**
Charge	(3,893)	(3,869)
Write-off	3,869	–
At 31 December	**(3,893)**	**(3,869)**

Other liabilities comprise:

	2017	2016
Taxes payable other than corporate income tax	32,156	10,682
Accrued expenses on unused vacation reserve	23,470	17,770
Payables to employees	14,350	16,256
Payables to suppliers	8,246	7,894
Other	4,242	2,577
Other liabilities	**82,464**	**55,179**

10. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	2017	2016
Loans from investment funds	3,401,829	2,718,395
Loans from other credit institutions	81,117	133,733
Amounts due to credit institutions	**3,482,946**	**2,852,128**

As at 31 December 2017, the Company had borrowings from 13 (thirteen) investment funds and 1 (one) other credit institution (31 December 2016: 11 (eleven) investment funds and 1 (one) other credit institution).

COVENANTS

As at 31 December 2017, the Company was in compliance with all the financial covenants under agreements with credit institutions.

11. Taxation

The corporate income tax expense comprises:

	2017	2016
Current corporate income tax charge	(83,945)	(26,411)
Deferred corporate income tax (charge)/benefit – origination and reversal of temporary differences	920	(1,992)
Correction of current corporate income tax of prior periods	–	(1,626)
Corporate income tax expense	**(83,025)**	**(30,029)**

The Republic of Kazakhstan was the only tax jurisdiction in which the Company's income is taxable. In accordance with tax legislation, the applied corporate income tax rate is 20% in 2017 and 2016.

The reconciliation between the corporate income tax expense in the accompanying financial statements and profit before corporate income tax multiplied by the statutory tax rate for the years ended 31 December is as follows:

	2017	2016
Profit before corporate income tax expense	**363,032**	**88,202**
Statutory corporate income tax rate	20%	20%
Theoretical corporate income tax expense at the statutory rate	**(72,606)**	**(17,640)**
Correction of tax return of prior periods	–	(1,626)
Non-deductible expenses		
Losses from derivative financial instruments	–	(6,148)
Net losses from transactions in foreign currencies	(1,952)	–
Other impairment and provisions	(779)	(774)
Other expenses	(7,688)	(3,841)
Corporate income tax expense	**(83,025)**	**(30,029)**

As at 31 December 2017, corporate income tax prepaid was equal to KZT 14,138 thousand (31 December 2016: KZT 22,120 thousand).

DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Temporary differences between the carrying amounts of assets and liabilities recorded in the financial statements and the amounts used for the purposes of calculation of taxable base, give rise to net deferred corporate income tax assets as at 31 December 2017 and 2016. The future tax benefits will only be received in the event that there are no changes in the legislation of Kazakhstan that would adversely affect the Company's ability to utilise the above benefits in future periods.

Change in the amount of temporary differences during 2017 and 2016, may be presented as follows:

	2015	*Origination and reversal of temporary differences in profit or loss*	2016	*Origination and reversal of temporary differences in profit or loss*	2017
Tax effect of deductible temporary differences					
Accrued expenses for unused vacations	2,840	714	3,554	1,140	4,694
Loans to customers	**1,023**	**965**	**1,988**	**807**	**2,795**
Property and equipment and intangible assets	660	(660)	–	–	–
Deferred corporate income tax assets	**4,523**	**1,019**	**5,542**	**1,947**	**7,489**
Tax effect of taxable temporary differences					
Property and equipment and intangible assets	–	(2,400)	(2,400)	(1,647)	(4,047)
Amounts due to credit institutions	(626)	(611)	(1,237)	680	(557)
Other payables	–	–	–	(60)	(60)
Deferred corporate income tax liabilities	**(626)**	**(3,011)**	**(3,637)**	**(1,027)**	**(4,664)**
Net deferred corporate income tax assets	**3,897**	**(1,992)**	**1,905**	**920**	**2,825**

12. Equity

CHARTER CAPITAL

As at 31 December 2017 and 2016, the Company's paid and outstanding charter capital was equal to KZT 341,297 thousand.

13. Operating expenses

Operating expenses comprise:

	2017	*2016*
Payroll, bonuses and related taxes	388,624	326,824
Professional services	68,842	48,591
Rent	53,844	41,180
Transportation	49,204	34,112
Business trip expenses	46,234	28,863
Social tax	39,998	20,478
Bank fees	18,790	17,301
Depreciation and amortisation	16,062	12,235
Communication and information services	11,338	9,257
Advertising and marketing expenses	11,137	12,389
Office supplies	7,802	6,249
Training of personnel	3,379	1,293
Repair and maintenance	3,302	4,364
Taxes other than corporate income tax	2,843	13,386
Database maintenance services	2,620	3,646
Other	53,776	33,811
Operating expenses	777,795	613,979

14. Commitments and contingencies

POLITICAL AND ECONOMIC ENVIRONMENT

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

In 2016, low crude oil prices and volatility of KZT foreign exchange rate against major foreign currencies had a negative impact on the Kazakhstan economy. Combination of these factors resulted in limited access to capital, a high cost of capital, high inflation and uncertainty regarding further economic growth, which could negatively affect the Company's future financial position, results of operations and business prospects. The management of the Company believes that it is taking appropriate measures to support the sustainability of the Company's business in the current circumstances.

LEGAL

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

TAX CONTINGENCIES

Various types of legislation and regulations are not always clearly written and their interpretation is subject to the opinions of the local tax inspectors and the Ministry of Finance of the Republic of Kazakhstan. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual.

The current regime of penalties and profit related to reported and discovered violations of Kazakh laws, decrees and related regulations are severe. Penalties include confiscation of the amounts at issue (for currency law violations), as well as fines of generally 50% of the taxes unpaid.

The Company believes that it has paid or accrued all taxes that are applicable. Where practice concerning tax application is unclear, the Company has accrued tax liabilities based on management's best estimate. The Company's policy is to recognise provisions in the accounting period in which a loss is deemed probable and the amount is reasonably determinable.

Because of the uncertainties associated with the Kazakh tax system, the ultimate amount of taxes, penalties and fines, if any, may be in excess of the amount expensed to date and accrued at 31 December 2017. Although such amounts are possible and may be material, it is the opinion of the Company's management that these amounts are either not probable, not reasonably determinable, or both.

OPERATING LEASE COMMITMENTS

Operating lease commitments are presented as follows:

	2017	*2016*
Operating lease commitments		
Not later than 1 year	7,010	1,501
From 1 to 5 years	–	–
Commitments and contingencies	7,010	1,501

The Company leases a number of premises under operating leases. The leases typically run for an initial period of one to five years, with an option to renew the lease after maturity. Lease payments are usually increased annually to reflect market conditions. None of the leases includes contingent rent.

15. Risk management

Management of risk is fundamental to the Company's business and is an essential element of the Company's operations. The main risks inherent to the Company's operations are:

- Credit risk;
- Operational risk;
- Liquidity risk;
- Market risk.

The Company recognises that it is essential to have efficient and effective risk management processes in place. To enable this, the Company has established a risk management framework, whose main purpose is to protect the Company from risk and allow it to achieve its performance objectives.

RISK MANAGEMENT POLICIES AND PROCEDURES

The Company's risk management policies aim to identify, analyse and manage the risks faced by the Company, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, products and services offered and emerging best practice.

Supervisory Board of the Company has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies and procedures as well as approving significantly large exposures.

Management of the Company is responsible for monitoring and implementation of risk mitigation measures and making sure that the Company operates within the established risk parameters. Each department is responsible for direct management of the relevant risks, and together with the lawyer continuously monitors compliance with currently effective legislation.

Credit, market and liquidity risks both at portfolio and transactional levels are managed and controlled through a system of different committees of the Company.

Both external and internal risk factors are identified and managed throughout the Company's organisational structure.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices. The Company is exposed to market risks, comprising currency risk and interest rate risk. Market risk arises from open positions in interest rates and foreign currencies, which are exposed to general and specific market movements.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return on risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates. The Company is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes, but may also reduce or create losses in the event that unexpected movements occur.

Interest rate gap analysis

Interest rate risk arises due to a possibility that changes in interest rates will impact future cash flows or fair value of financial instruments. As at 31 December 2017, the Company had no non-trading financial assets and financial obligations with floating interest rate as well as the Company did not have any investments securities available-for-sale with fixed rates.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The amounts by foreign currencies are presented below:

31 December 2017	*Tenge*	*US Dollars*	*Euro*	*Russian ruble*	*Kyrgyz som*	*Total*
Assets						
Cash and cash equivalents	151,354	33,106	71,109	29	25	255,623
Amounts due from credit institutions	–	99,350	–	–	–	99,350
Loans to customers	3,974,886	–	–	–	–	3,974,886
Other financial assets	5,946	–	–	–	–	5,946
Total assets	**4,132,186**	**132,456**	**71,109**	**29**	**25**	**4,335,805**
Liabilities						
Amounts due to credit institutions	3,315,255	167,691	–	–	–	3,482,946
Other financial liabilities	81,347	175	942	–	–	82,464
Total liabilities	**3,396,602**	**167,866**	**942**	**–**	**–**	**3,565,410**
Net position	**735,584**	**(35,410)**	**70,167**	**29**	**25**	**770,395**
31 December 2016						
Assets						
Cash and cash equivalents	19,483	498,147		578	–	518,208
Loans to customers	2,873,346	–		–	–	2,873,346
Other financial assets	3,493	–		–	–	3,493
Total assets	**2,896,322**	**498,147**		**578**	**–**	**3,395,047**
Liabilities						
Amounts due to credit institutions	2,257,798	594,330		–	–	2,852,128
Other financial liabilities	54,489	690		–	–	55,179
Total liabilities	**2,312,287**	**595,020**		**–**	**–**	**2,907,307**
Net position	**584,035**	**(96,873)**		**578**	**–**	**487,740**
Impact of financial instruments held for the purpose of risk management	(90,000)	166,645		–	–	76,645
Net position adjusted for impact of financial instruments held for the purpose of risk management	494,035	69,772		578	–	564,385

The tables below indicate the currencies to which the Company had significant exposure at 31 December on its non-trading monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against tenge, with all other variables held constant on the income statement (due to the fair value of currency sensitive non-trading monetary assets and liabilities). The effect on equity does not differ from the effect on the statement of comprehensive income. All other variables are held constant. The negative amount in the table reflects a potential net reduction in statement of comprehensive income or equity, while a positive amount reflects a net potential increase.

Currency *2017*	*Change in exchange rates in %*	*Effect on profit before tax*	*Change in exchange rates in %*	*Effect on profit before tax*
US Dollar	10.00%	(3,541)	-10.00%	3,541
Euro	13.50%	9,473	-9.50%	(6,666)
2016				
US Dollar	+13.00%	9,070	-13.00%	(9,070)

CREDIT RISK

Credit risk is the risk that the Company will incur a financial loss because its customers or counterparties failed to discharge their contractual obligations. The Company manages credit risk through the adoption of approved policies and procedures, requiring to set and meet the limits of credit risk concentration as well as by means of establishing the credit committees whose functions include monitoring of a credit risk. The credit policy is reviewed and approved by the Supervisory Board.

A credit policy establishes:

- Procedures for review and approval of loan applications;
- Methodology of borrowers' creditworthiness assessment;
- Methodology of proposed collateral assessment;
- Requirements to loan documentation;
- Procedures of on-going monitoring of loans and other credit risk bearing products.

The Company continuously monitors the performance of individual loans and other credit risks.

Apart from individual borrower analysis, the Company assesses the loan portfolio as a whole with regard to concentration of loans and market risks.

The maximum level of credit risk of the Company is generally reflected in the carrying value of financial assets in the statement of financial position.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the statement of financial position. The maximum exposure to credit risk in respect of financial assets as at 31 December is as follows:

	2017	*2016*
Assets		
Cash and cash equivalents (less cash on hand)	255,605	517,900
Amounts due from credit institutions	99,350	–
Loans to customers	3,974,886	2,873,346
Other financial assets	5,946	3,493
	4,335,787	3,394,739

For more detailed information on credit risk with respect to loans to customers refer to *Note 8*.

Collectively assessed allowance

Allowances for impairment of loans to customers are assessed collectively. Allowances are evaluated on each reporting date.

The collective assessment takes account of impairment that is likely to be present in the portfolio even though there is no yet objective evidence of the impairment. Impairment losses are estimated by taking into consideration the following information: historical losses on the portfolio and current economic conditions.

OPERATIONAL RISK

Operational risk is the risk of loss arising from systems 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 a control framework and monitoring and responding to potential risks could be effective tools to manage the risks. Controls include effective segregation of duties, access rights, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

LIQUIDITY RISK

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk exists when the maturities of assets and liabilities do not match. The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to liquidity risk management. It is unusual for financial institutions ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The Company maintains liquidity management with the objective of ensuring that funds will be available at all times to honour all cash flow obligations as they become due. Liquidity management policy is reviewed and approved by the Management.

The Company seeks to actively support a diversified and stable funding base comprising long-term and short-term loans from other banks, as well as diversified portfolios of highly liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

The liquidity management policy requires:

- Projecting cash flows by major currencies and considering the level of liquid assets necessary in relation thereto;
- Maintaining a diverse range of funding sources;
- Managing the concentration and profile of debts;
- Maintaining debt financing plans;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any interruption to cash flow;
- Maintaining liquidity and funding contingency plans;
- Monitoring liquidity ratios against regulatory requirements.

Analysis of financial liabilities by remaining contractual maturities

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

31 December 2017	On demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	Over 1 year	Total
Financial liabilities						
Amounts due to credit institutions	143,627	139,475	522,577	1,340,430	2,252,166	4,398,275
Other liabilities	–	14,350	–	68,114	–	82,464
Total liabilities	**143,627**	**153,825**	**522,577**	**1,408,544**	**2,252,166**	**4,480,739**

31 December 2016						
Financial liabilities						
Amounts due to credit institutions	75,056	63,464	703,719	426,457	2,403,879	3,672,575
Other liabilities	–	16,256	–	38,923	–	55,179
Total liabilities	**75,056**	**79,720**	**703,719**	**465,380**	**2,403,879**	**3,727,754**

16. Fair value measurements

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

	Fair value measurement using (Date of valuation: 31 December 2017)			
31 December 2017	*Quoted prices in active markets (Level 1)*	*Significant observable inputs (Level 2)*	*Significant non-observable inputs (Level 3)*	*Total*
Assets for which fair values are disclosed				
Cash and cash equivalents	255,623	–	–	255,623
Amounts due from credit institutions	99,350	–	–	99,350
Loans to customers	–	4,276,583	–	4,276,583
Other financial assets	–	5,946	–	5,946
Liabilities for which fair values are disclosed				
Amounts due to credit institutions	–	3,606,736	–	3,606,736
Other financial liabilities	–	82,464	–	82,464

	Fair value measurement using (Date of valuation: 31 December 2016)			
31 December 2016	*Quoted prices in active markets (Level 1)*	*Significant observable inputs (Level 2)*	*Significant non-observable inputs (Level 3)*	*Total*
Assets measured at fair value				
Derivative financial assets	–	77,899	–	77,899
Assets for which fair values are disclosed				
Cash and cash equivalents	518,208	–	–	518,208
Loans to customers	–	3,082,933	–	3,082,933
Other financial assets	–	3,493	–	3,493
Liabilities for which fair values are dis-closed				
Amounts due to credit institutions	–	2,965,668	–	2,965,668
Other financial liabilities	–	55,179	–	55,179

During 2017 and 2016 the Company did not make transfers between levels of the fair value hierarchy for financial instruments recorded at fair value.

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES NOT CARRIED AT FAIR VALUE

Set out below is a comparison by class of the carrying amounts and fair values of the Company'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.

	31 December 2017			*31 December 2016*		
	Carrying value	*Fair value*	*Unrecognised gain / (loss)*	*Carrying value*	*Fair value*	*Unrecognised gain / (loss)*
Financial assets						
Cash and cash equivalents	255,623	255,623	–	518,208	518,208	–
Amounts due from credit institu-tions	99,350	99,350	–	–	–	–
Loans to customers	3,974,886	4,276,583	301,697	2,873,346	3,082,933	209,587
Other financial assets	5,946	5,946	–	3,493	3,493	–
Financial liabilities						
Amounts due to credit institutions	3,482,946	3,606,736	(123,790)	2,852,128	2,965,668	(113,540)
Other financial liabilities	82,464	82,464	–	55,179	55,179	–
Total unrecognised change in fair value			**177,907**			**96,047**

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in these financial statements.

Assets for which fair value approximates carrying value

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

Financial assets and financial liabilities carried at amortised cost

Fair value of unquoted instruments, including loans to customers, amounts due from credit institutions and amounts due to 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.

17. 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. For the Company's contractual undiscounted repayment obligations refer to *Note 15.*

	31 December 2017			*31 December 2016*		
	Within one year	*More than one year*	*Total*	*Within one year*	*More than one year*	*Total*
Cash and cash equivalents	255,623	–	255,623	518,208	–	518,208
Derivative financial assets	–	–	–	77,899	–	77,899
Amounts due from credit institutions	99,350	–	99,350	–	–	–
Loans to customers	3,974,886	–	3,974,886	2,873,346	–	2,873,346
Current corporate income tax prepaid	14,138	–	14,138	22,120	–	22,120
Deferred corporate income tax assets	2,825	–	2,825	–	1,905	1,905
Property and equipment	–	80,664	80,664	–	54,548	54,548
Intangible assets	–	54,181	54,181	–	11,244	11,244
Other assets	29,087	5,946	35,033	15,827	3,493	19,320
Total assets	**4,375,909**	**140,791**	**4,516,700**	**3,507,400**	**71,190**	**3,578,590**
Amounts due to credit institutions	1,607,608	1,875,338	3,482,946	896,335	1,955,793	2,852,128
Other liabilities	82,464	–	82,464	55,179	–	55,179
Total liabilities	1,690,072	1,875,338	3,565,410	951,514	1,955,793	2,907,307
Net position	**2,685,837**	**(1,734,547)**	**951,290**	**2,555,886**	**(1,884,603)**	**671,283**

18. Related party transactions

In accordance with IAS 24 Related Party Disclosures, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

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

Transactions with members of key management personnel

Compensation of key management personnel comprised the following:

	2017	*2016*
Salaries and other short-term benefits	55,796	60,162
Social security costs	5,929	6,455
Total compensation to the key management personnel	61,725	66,617

Transactions with other related parties comprise transactions with the Company's participants, international financial institutions *(Note 1)*, and entities under common control of these financial institutions.

The balances as well as the corresponding gain or loss on transactions with other related parties are as follows:

	Participants		*Entities under common control*	
	2017	*2016*	*2017*	*2016*
Statement of financial position				
Assets				
Other assets	2,995	2,546	–	–
Liabilities				
Amounts due to credit institutions	–	–	–	–
Other liabilities	158	158	–	–
Statement of comprehensive income				
Interest expense on amounts due to credit institutions	–	–	–	–
Operating expenses	6,339	6,653	–	–

19. Changes in liabilities arising from financing activities

	1 January 2017	*Proceeds*	*Repayments*	*Change in currency rates*	*Other*	*31 December 2017*
Amounts due to credit institutions	2,852,128	1,432,794	(781,888)	(44,789)	24,701	3,482,946

	1 January 2016	*Proceeds*	*Repayments*	*Change in currency rates*	*Other*	*31 December 2016*
Amounts due to credit institutions	2,886,224	1,834,329	(1,281,352)	14,155	(601,228)	2,852,128

"Other" mainly represents the effect of accrued, but not yet paid interest on amounts due to credit institutions net of payments under currency swap agreements. The Company discloses payments under currency swap agreements and interest paid as cash flows used in operating activities.

20. Capital adequacy

In accordance with the Law of the Republic of Kazakhstan On Microfinance Organizations dated 26 November 2012, the Company is obliged to have the charter capital paid in the amount of not less than 30,000 times the monthly calculation index (hereinafter – "MCI"), equal to 2,269 tenge as at 31 December 2017 (31 December 2016: 2,121 tenge).

The Company maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Company's capital is monitored using, among other measures, the ratios established by the NBRK in supervising the Company. As at 31 December 2017 and 2016, the Company had complied in full with all its externally imposed capital requirements.

The primary objectives of the Company's capital management are to ensure that the Company complies with externally imposed capital requirements and that the Company maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise profit for participants. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities.

The NBRK requires microfinance organisations to maintain a tier 1 capital adequacy ratio in the amount of not less than 0.1 times of the assets, the total maximum risk factor per a single borrower in the amount of not more than 0.25 times of equity, calculated in accordance with the requirements of the NBRK, and the overall rate of maximum limit of total liabilities in the amount of not exceeding 10 times of equity. As at 31 December 2017 and 2016, the Company's capital adequacy ratio based on the NBRK methodology exceeded the statutory minimum.

The Company's capital adequacy ratio, computed in accordance with the NBRK requirements as at 31 December, comprise:

	2017	*2016*
Tier 1 capital	943,063	666,531
Total assets	4,516,700	3,578,590
Tier 1 capital ratio	0.21	0.19

Tier 1 capital	943,063	666,531
Total amount due from one borrower	9,340	3,889
Maximum exposure per single borrower to Tier 1 Capital	0.01	0.01

Tier 1 capital	943,063	666,531
Total liabilities of a microfinance organisation except for liabilities to non-residents of the Republic of Kazakhstan, which are international financial organisations	3,565,410	2,907,307
Maximum exposure of total liabilities to Tier 1 Capital	3.78	4.36

CONTENTS

ОБРАЩЕНИЕ
ИСПОЛНИТЕЛЬНОГО ДИРЕКТОРА АКФ

Уважаемые друзья и партнеры,

Рада представить вам годовой отчет ТОО «Микрофинансовая организация „Азиатский Кредитный Фонд“» (АКФ) за 2017 год.

Прошедший 2017 год стал юбилейным годом для нашей компании — мы отметили 20-летие Азиатского Кредитного Фонда. Это был год подведения итогов и оценки прошедшего пути. Подведение итогов — это способ не только увидеть достижения компании за определенный период, но и понять, насколько верно мы воплотили стратегию ее развития. Ушедшее двадцатилетие запомнилось нам, как время больших перемен, сложнейших испытаний и многостороннего развития. За время своего существования АКФ поддержал своими финансовыми услугами более 117 000 предпринимателей и домохозяйств Республики Казахстан на общую сумму 24.5 млрд. тенге. 95% объема выданных кредитов АКФ были выданы в сельской местности, 92% заемщиков АКФ составляют женщины.

Помимо своей основной деятельности компания уделяла большое внимание предоставлению нефинансовых услуг своей целевой аудитории. Так, только за последние три года, более 15 000 заемщиков АКФ получили базовые знания по финансовой грамотности и составлению семейного бюджета, а более 300 заемщиков посетили бесплатные тренинги АКФ «Как начать свой бизнес с нуля», после которых они смогли открыть новый бизнес, и, как результат, улучшить благосостояние семьи. В октябре 2017 г. АКФ, совместно с 26 финансовыми организациями из 17 стран мира, поддержал инициативу Польского Микрофинансового центра «Грамотный кредит», в рамках которого, сотрудники АКФ обучили 1600 клиентов основам грамотного заимствования.

Данные результаты показывают, что АКФ выполняет свою миссию по поддержке домохозяйств в сельских регионах, предоставляя им как финансовые услуги, так и услуги по развитию, значительно улучшая качество жизни сельского населения Казахстана.

2017-й, год своего 20-летия, АКФ отметил проведением года «зеленой экономики». Мы искренне верим, что развитие «зеленой» экономики позволит избежать нашей стране экологического кризиса, который затронул своими масштабами уже многие постиндустриальные страны. Президент Казахстана предопределил этому понятию высокий приоритет, как один из первостепенных факторов на пути дальнейшего развития страны. Азиатский Кредитный Фонд полностью поддерживает стратегию экономии ресурсов для будущего поколения и воплощает свою поддержку делами. Так, одним из «зеленых» проектов в АКФ является предоставление сельскому населению кредитов с элементами энергосбережения. За последние 5 лет более 1100 сельских жителей смогли провести различные энергоэффективные мероприятия в своих домах с помощью кредитов Компании. Другим «зеленым» проектом является проведение открытых уроков в средних школах на тему «Энергосбережение – дело каждого». В 2017 году сотрудники АКФ совместно с учителями средних школ провели уроки энергосбережения для учеников 6-х классов в 5 сельских школах Казахстана. Проводя такие уроки, АКФ стремится повысить осведомленность детей в вопросах важности энергосбережения для будущих поколений и бережного использования энергетических ресурсов. Мы твердо убеждены в том, что обучая детей заботе об окружающей среде, мы прививаем им важные жизненные навыки, которые могут существенно повлиять на будущее Земли. Третьим проектом в рамках «Зеленая экономики» является проведение акций по озеленению территорий, где АКФ имеет свои офисы.

В 2018 году мы закладываем базу для построения модели клиентоориентированного бизнеса. В ближайшие годы мы планируем добиться еще более высоких результатов, и это возможно только потому, что фундамент для будущих успехов закладывался в течение всей истории развития Азиатского Кредитного Фонда.

Завершаю свое письмо наилучшими пожеланиями к читателям нашего годового отчета.

Мы благодарны вам за то, что вы были и остаетесь с нами, за ваше доверие и поддержку. АКФ и далее намерен оставаться одним из лидеров микрофинансирования в Казахстане, способным улучшать качество жизни сельского населения и укреплять развитие экономики и финансовой системы нашей страны.

Жанна Жакупова
Исполнительный директор
АКФ

ИСТОРИЯ АКФ

АКФ занимает 2-е место по количеству клиентов среди 149 МФО реестра Национального Банка РК.

1997
Дата основания

В ноябре 1997 г. Международный Корпус Милосердия (Mercy Corps) создает программу по поддержке малого и среднего бизнеса в Республике Казахстан. Деятельность осуществляется под брендом Международного Корпуса Милосердия.

2001
Регистрация АКФ

Регистрация АКФ в качестве казахстанской некоммерческой организации Общественный Фонд «Азиатский Кредитный Фонд». Деятельность АКФ направлена на поддержку малого и среднего бизнеса путем предоставления индивидуальных кредитов.

2004
Внедрение программы кредитования по улучшению жилищных условий

Данная программа была реализована при поддержке USAID (Агентство США по международному развитию), которое предоставило АКФ гарантию на 1 млн. долларов США.

2006
Создание коммерческой организации ТОО АКФ

Коммерческая структура создается с целью привлечения дополнительного капитала для дальнейшего развития компании.

2008
Внедрение программы группового кредитования

На сегодняшний день групповой кредит составляет 80% активного кредитного портфеля АКФ, что подтверждает успех новой бизнес-модели.

2012
Внедрение жилищной энергосберегающей программы кредитования сельских домохозяйств

Целью программы является снижение потребления энергии, повышение уровня комфорта и стоимости домов заемщиков, а также снижение выбросов углекислого газа в атмосферу, что в свою очередь улучшает экологическую ситуацию в Казахстане.

2013
Получение рейтинга BB/Стабильный

Рейтинг проводился частным и независимым международным рейтинговым агентством «MicroFinanzaRating». Рейтинг отразил капитал, ликвидность, качество менеджмента и прочие оценочные параметры Компании.

2014–2015
Привлечение инвестиций в Уставный капитал от международных инвесторов и работников Компании

В состав участников АКФ вошли два новых инвестора: международный холдинг BOPA (Base of the Pyramid Asia), Сингапур и ТОО «Каравелла Инвест», Казахстан, компания, созданная сотрудниками АКФ

2015
Регистрация в Национальном Банке Казахстана

С момента регистрации деятельность АКФ регулируется Национальным Банком Республики Казахстан

2017
Получение сертификата SMART

АКФ получил сертификат SMART кампании, что подтверждает реализацию международно-признанных Принципов защиты клиентов. Сертификация была проведена частным и независимым международным рейтинговым агентством «MicroFinanzaRating»

АКФ СЕГОДНЯ

Микрофинансовая организация «Азиатский Кредитный Фонд» занимает второе место по количеству клиентов среди 149 микрофинансовых организаций реестра Национального Банка Республики Казахстан.

5 ФИЛИАЛОВ

37 СУБОФИСОВ

97% СЕЛЬСКИХ ЗАЕМЩИКОВ

256 СОТРУДНИКОВ

73% ЖЕНЩИН

85% ЗАЕМЩИКОВ ЖЕНЩИН

$104МЛН СУММА ВЫДАННЫХ ЗАЙМОВ

118 665 КОЛИЧЕСТВО ВЫДАННЫХ ЗАЙМОВ

57 910 КОЛИЧЕСТВО КЛИЕНТОВ

За период с ноября 1997 г. по декабрь 2017 г.

ПОЗДРАВЛЕНИЯ **ОТ ЧЛЕНОВ НАБЛЮДАТЕЛЬНОГО СОВЕТА**

«По случаю двадцатилетия АКФ желаю всего наилучшего сотрудникам АКФ, руководству, и от имени Совета — акционерам. Я поздравляю всех с успешной работой на протяжении последних 20 лет. Желаю, чтобы последующие годы были столь же удачными, и Компания достигла высоких результатов.»

Г-н Джим Андерсон
Председатель Наблюдательного Совета

«Поздравляю АКФ с этим фантастическим достижением. Мы все знаем, что команда АКФ усердно трудилась для достижения таких высоких результатов. Я желаю вам успехов на протяжении многих лет!»

Г-жа Джамила Ассанова
Исполнительный Директор Ассоциации Развития Гражданского Общества

«20 лет назад у Международного Корпуса Милосердия, учредителя Азиатского Кредитного Фонда, была мечта. Эта мечта заключалась в том, чтобы предоставить доступ сельскому населению к финансированию, и тем самым дать новые возможности для роста их бизнеса, приобретения земельных участков и увеличения поголовья домашнего скота.

Международный Корпус Милосердия рад быть частью истории успеха под названием «АКФ». Для меня это честь, быть вовлеченным в деятельность АКФ в качестве члена Совета Директоров последние 5–6 лет, удовольствие работать с командой лидеров, которая выводит компанию на новые горизонты. В отличие от множества других организаций, Азиатский Кредитный Фонд остается верным своей миссии, заключающейся в предоставлении доступного финансирования с тем, чтобы предприниматели и фермеры смогли воплотить свои мечты в реальность. И мы действительно восхищаемся этим! В день 20-летия АКФ Международный Корпус Милосердия хотел бы поздравить каждого, кто работает в Азиатском Кредитном Фонде, с выдающимся достижением! В будущем, окружающая нас среда изменится, она может стать немного сложнее. Но мы считаем, что у АКФ есть будущее, как у финансово-ориентированной компании, предоставляющей продукты и услуги, необходимые населению. Мы желаем АКФ много успешных лет на рынке микрофинансирования Казахстана!»

Г-н Стивен Митчел
Вице-президент по Финансовым Услугам, Международный Корпус Милосердия (Mercy Corps)

«Я бы хотел поздравить всех сотрудников АКФ с двадцатилетием. Мы с нетерпением смотрим в будущее. Одно из главных желаний с нашей стороны — это увидеть, как количество клиентов АКФ достигнет 100 тысяч, и мы очень ждем этого волнительного события! Искренние поздравления сотрудникам АКФ с двадцатилетием!»

Г-н Кристиан Андерсен
Генеральный директор холдинговой компании BOPA

КАЗАХСТАН.
РАЗВИТИЕ ЗА 2017 Г.

18,1 млн
НАСЕЛЕНИЕ
+239 100

4,9%
УРОВЕНЬ БЕЗРАБОТИЦЫ
877,100

2,6%
УРОВЕНЬ БЕДНОСТИ
465,200

$ 467
СРЕДНЕМЕСЯЧНАЯ НОМИНАЛЬНАЯ З. П.
149 700 тг.

4%
РОСТ ВВП \ ВВП НА ДУШУ НАСЕЛЕНИЯ
$ 8 585

7,1%
УРОВЕНЬ ИНФЛЯЦИИ
в 2016 г. 8,5%

РОСТ ЦЕН:

ПРОДОВОЛЬСТВЕННЫЕ ТОВАРЫ 6.5%

НЕПРОДОВОЛЬСТВЕННЫЕ 8.9%

ПЛАТНЫЕ УСЛУГИ 5.9%

...И
ПРОГНОЗЫ НА 2018 Г.

4,9%
УРОВЕНЬ БЕЗРАБОТИЦЫ
880 000

5–7%
УРОВЕНЬ ИНФЛЯЦИИ

$ 506
СРЕДНЕМЕСЯЧНАЯ НОМИНАЛЬНАЯ З. П.
162 075 тг.

3,1%
РОСТ ВВП \ ВВП НА ДУШУ НАСЕЛЕНИЯ
$ 9 200

Источники:

Stat.gov.kz — Основные социально- экономические показатели Республики Казахстан

Economy.gov.com — Итоги социально-экономического развития РК

Economy.gov.com — Прогноз социально-экономического развития Республики Казахстан 2018–2022

ИСТОРИЯ УСПЕХА КЛИЕНТА

АЛМАТИНСКИЙ ФИЛИАЛ, ОТДЕЛЕНИЕ «ЕСИК»

Абдилдаева Жамал Абдрахбаевна — одна из самых лояльных клиентов Азиатского Кредитного Фонда. Она впервые узнала об АКФ в 2009 году от специалистов Компании, которые пришли на рынок в с. Байдібек Би, Енбекшиказахского района Алматинской области и рассказали о деятельности фонда и чем он может помочь таким предпринимателям, как Жамал Абдрахбаевна. В то время она арендовала столик на рынке, где торговала овощами и фруктами. Такой бизнес требовал постоянных вложений в товар, да и хотелось расширить предлагаемый ассортимент товаров для сельчан. Жамал Абдрахбаевна решилась, и, объединившись со своими подругами по рынку, взяла свой первый в жизни кредит в размере 80 000 тенге (530 долларов США). С этого началась ее история долгосрочного партнерства с Азиатским Кредитным Фондом.

В течении девяти лет сотрудничества Жамал Абдрахбаевна получила 15 кредитов, и все они были использованы только на развитие бизнеса. Начав с арендованного места и торгуя овощами и фруктами, она выкупила торговую точку, которую позже сдала в аренду. Также она открыла собственный киоск на трассе, где торгует автомобильным маслом. В 2010 году, с подачи АКФ, она стала заниматься животноводством – разведением и перепродажей домашнего скота, реализацией молочной продукции, разведением кур и уток, продажей яиц. Супруг Жамал Абдрахбаевны — пенсионер, поэтому он активно помогает своей супруге в бизнесе. За девять лет сотрудничества с АКФ собственный капитал бизнеса Жамал Абдрахбаевны вырос в 12 раз! И как результат улучшилось и благосостояние семьи. Она провела ремонт дома, приобрела для сына участок земли, помогла старшему сыну открыть небольшой бизнес — СТО. Но самое важное — она женила своих сыновей! По рекомендации Жамал Абдрахбаевны ее дочери и снохи также работают с АКФ, занявшись животноводством и торговлей.

«Я работаю с АКФ, так как, прежде всего, меня устраивают условия кредитования. Но самое важное, что благодаря вашему финансированию и отношению у меня с первого дня появилось желание заниматься бизнесом и развивать его непрерывно. В начале сотрудничества у меня был маленький торговый столик на рынке. Сейчас у меня три вида бизнеса, которые приносят доход мне и моей семье. Отдельное спасибо я хотела бы сказать специалистам АКФ. Они всегда вежливые, готовые помочь и словом, и делом. АКФ мне как вторая семья», — говорит Абдилдаева Жамал.

Нам приятно слышать такие истории от наших клиентов. Они воодушевляют, придают смысл деятельности и вдохновляют на активное участие в реализации целей и планов клиентов.

ФИНАНСОВАЯ ОТЧЕТНОСТЬ

За год, закончившийся 31 декабря 2017 года

МИССИЯ АКФ

Стать лидирующей организацией развития в микрофинансовом секторе Казахстана, предоставляющей домохозяйствам финансовые услуги и услуги по развитию, с целью улучшения качества их жизни.

ВИДЕНИЕ АКФ

Мы поддерживаем устойчивое развитие сельских домохозяйств для построения активного гражданского общества.

Отчёт о **финансовом положении**

на 31 декабря 2017 года (в тысячах тенге)

	Прим.	*31 дек. 2017 г.*	*31 дек. 2016 г.*
Активы			
Денежные средства и их эквиваленты	5	**255 623**	518 208
Производные финансовые активы	6	**–**	77 899
Средства в кредитных учреждениях	7	**99 350**	–
Кредиты клиентам	8	**3 974 886**	2 873 346
Предоплата по текущему корпоративному подоходному налогу	11	**14 138**	22 120
Активы по отложенному корпоративному подоходному налогу	11	**2 825**	1 905
Основные средства		**80 664**	54 548
Нематериальные активы		**54 181**	11 244
Прочие активы	9	**35 033**	19 320
Итого активы		**4 516 700**	**3 578 590**
Обязательства			
Средства кредитных учреждений	10	**3 482 946**	2 852 128
Прочие обязательства	9	**82 464**	55 179
Итого обязательства		**3 565 410**	**2 907 307**
Капитал			
Уставный капитал	12	**341 297**	341 297
Нераспределённая прибыль		**609 993**	329 986
Итого капитал		**951 290**	**671 283**
Итого капитал и обязательства		**4 516 700**	**3 578 590**

Подписано и утверждено к выпуску от имени Руководства Компании:

Жакупова Ж.Б. — Исполнительный директор

Сабалакова А.Д. — Главный бухгалтер

11 мая 2018 года

Отчёт о **совокупном доходе**

на 31 декабря 2017 года (в тысячах тенге)

	Прим.	*31 дек. 2017 г.*	*31 дек. 2016 г.*
Процентные доходы по кредитам клиентам		**1 859 851**	1 240 404
Процентные доходы по средствам в кредитных учреждениях		**7 818**	–
Процентные доходы		**1 867 669**	**1 240 404**
Процентные расходы по средствам кредитных учреждений		**(612 526)**	(389 784)
Чистый процентный доход		**1 255 143**	**850 620**
Отчисления в резерв под обесценение кредитов клиентам	8	**(126 845)**	(72 769)
Чистый процентный доход после резерва под обесценение кредитов		**1 128 298**	777 851
Чистые расходы от операций с производными финансовыми инструментами		**(9 492)**	(54 964)
Чистые доходы/(расходы) по операциям с иностранной валютой		**29 330**	(22 071)
Прочие доходы		**2 350**	8 990
Операционные расходы	13	**(777 795)**	(613 979)
Прочие расходы от обесценения и создания резервов	9	**(3 893)**	(3 869)
Прочие расходы		**(5 766)**	(3 756)
Прибыль до расходов по корпоративному подоходному налогу		**363 032**	**88 202**
Расходы по корпоративному подоходному налогу	11	**(83 025)**	(30 029)
Прибыль за год		**280 007**	**58 173**
Прочий совокупный доход за год		**–**	–
Итого совокупный доход за год		**280 007**	**58 173**

Отчёт об **изменениях в капитале**

на 31 декабря 2017 года (в тысячах тенге)

	Charter capital	*Retained earnings*	*Total equity*
На 31 декабря 2015 года	341 297	271 813	613 110
Итого совокупный доход за год	–	58 173	58 173
На 31 декабря 2016 года	341 297	329 986	671 283
Итого совокупный доход за год	–	280 007	280 007
На 31 декабря 2017 года	**341 297**	**609 993**	**951 290**

Отчёт о **движении денежных средств**

на 31 декабря 2017 года (в тысячах тенге)

	Прим.	*31 дек. 2017 г.*	*31 дек. 2016 г.*
Денежные потоки от операционной деятельности			
Прибыль до расходов по корпоративному подоходному налогу		**363 032**	88 202
Корректировки			
Износ и амортизация	13	**16 062**	12 235
Начисленные процентные доходы		**(1 867 669)**	(1 240 404)
Начисленные процентные расходы		**612 526**	389 784
Отчисления в резерв под обесценение кредитов клиентам	8	**126 845**	72 769
Прочие расходы от обесценения и создания резервов	9	**3 893**	3 869
Резерв по отпускам и прочие начисления по фонду заработной платы		**7 606**	10 661
Нереализованные расходы от операций с производными финансовыми инструментами		**–**	11 354
Нереализованные расходы по операциям с иностранной валютой		**3 663**	24 632
Дисконт по средствам кредитных учреждений		**–**	(6 646)
Убыток от выбытия основных средств		**312**	869
Чистое уменьшение/(увеличение) в операционных активах			
Производные финансовые активы		**68 280**	560 237
Средства в кредитных учреждениях		**(99 350)**	–
Кредиты клиентам		**(1 156 060)**	(982 765)
Прочие активы		**(20 525)**	1 842
Чистое увеличение/(уменьшение) в операционных обязательствах			
Прочие обязательства		**(72 676)**	21 524
Чистое расходование денежных средств в операционной деятельности до корпоративного подоходного налога		**(2 014 061)**	**(1 031 837)**

Continued on next page

	Прим.	*31 дек. 2017 г.*	*31 дек. 2016 г.*
Процентные доходы полученные		**1 795 344**	1 188 118
Процентные расходы выплаченные		**(522 128)**	(369 587)
Корпоративный подоходный налог уплаченный		**(75 963)**	(112 854)
Чистое расходование денежных средств в операционной деятельности		**(816 808)**	**(326 160)**
Денежные потоки от инвестиционной деятельности			
Приобретение основных средств		**(40 485)**	(27 615)
Продажа основных средств		**919**	2 173
Приобретение нематериальных активов		**(44 942)**	(5 907)
Чистое расходование денежных средств в инвестиционной деятельности		**(84 508)**	**(31 349)**
Денежные потоки от финансовой деятельности			
Поступление средств кредитных учреждений		**1 432 794**	1 834 329
Погашение средств кредитных учреждений		**(781 888)**	(1 281 352)
Чистое поступление денежных средств от финансовой деятельности		**650 906**	552 977
Влияние изменений обменных курсов на денежные средства и их эквиваленты		**(12 175)**	**(10 387)**
Чистое изменение денежных средств и их эквивалентов		**(262 585)**	185 081
Денежные средства и их эквиваленты, на начало года		**518 208**	**333 127**
Денежные средства и их эквиваленты, на конец года	5	**255 623**	**518 208**

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