LIMITED LIABILITY COMPANY MICROCREDIT DEPOSIT ORGANIZATION “PAYVAND GROUP”

Financial statements
for the ended December 31, 2022

and independent auditor’s report

LIMITED LIABILITY COMPANY MDO "PAYVAND GROUP"

CONTENT

LIMITED LIABILITY COMPANY MDO "PAYVAND GROUP"

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

The following statement, which should be read in conjunction with the independent auditors' responsibilities, is made with a view to distinguish the respective responsibilities of management and those of the independent auditors in relation to the financial statements of Limited Liability Company Microcredit Deposit Organization "Payvand Group" (the "Company").

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

In preparing the financial statements, management is responsible for:

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

Management is also responsible for:

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

The financial statements for the year ended December 31, 2022 were approved and authorized for issue on March 30, 2023 by the Management of the Company.

On behalf of the Management of the Company:

Nakhatzoda Mohbonu **Director**	**Abdulloev Farukh** **Chief Accountant**
March 30, 2023 Dushanbe, Republic of Tajikistan	March 30, 2023 Dushanbe, Republic of Tajikistan

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INDEPENDENT AUDITORS' REPORT

To the Supervisory Board and Management of LLC MDO "Payvand Group":

Qualified opinion

We have audited the financial statements of LLC MDO "Payvand Group" (the "Company"), which comprise the statement of financial position as at December 31, 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the "Basis for qualified opinion" paragraph the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs).

Basis for qualified opinion

We did not participate in the inventory of cash in treasury, financial resources and fixed assets as of December 31, 2022, because this date was actually before our appointment as auditors. Conducting an audit to ensure the correctness of indicators of monetary assets in the treasury, financial and material resources and fixed assets as of December 31, 2022, which are related to the indicators of the financial status report, the results of operations, changes in capital and the flow of monetary assets for the year December 31, 2022 will have a serious impact, it was impossible.

The Company's financial statements for the years ended December 31, 2021 and 2020 have not been audited. We have performed limited audit procedures for the items of financial position as of December 31, 2021 and 2020, as these balances are included in the financial statements presented, but we do not express an opinion on the balances in the statements of financial position as of December 31, 2021 and 2020.

As of December 31, 2022 and 2021, the accounts receivable of 10,901 thousand somoni and 11,140 thousand somoni respectively are indicated in the report on the financial position of the Company. It was not possible to apply alternative audit procedures for the calculation and recognition of expected credit losses for accounts that were sufficient for acceptance in accordance with IFRS 9. As a result of these circumstances, we have not been able to determine what adjustments to the valuation of allowances for expected loan losses would be necessary to comply with IFRS 9 as of December 31, 2022.

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

Emphasis of matter

Loans to Customers

Without commenting on our opinion, we draw your attention to Note 11 "Loans to customers" of the financial statements. As of December 31, 2022, the Company's loans to clients amounted to 29 thousand somoni, and it did not create a reserve for possible losses on these loans.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

Khairulloev Firdavs

Director,

Baker Tilly Tajikistan LLC

License № 000014 issued by the National Bank of Tajikistan.

March 30, 2023
Dushanbe, Republic of Tajikistan

LLC MDO "PAYVAND GROUP"

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2022

(in thousands of Tajik somoni)

	Notes	For the year ended December 31, 2022	For the year ended December 31, 2021 *(unaudited)*
Interest income	4	12	-
Interest expenses	4	(45)	(50)
NET INTEREST LOSS		(33)	(50)
Comission income	5	18,113	15,197
Comission expenses	5	(9,483)	(9,503)
NET COMISSION INCOME		8,630	5,694
Net gain/(loss) on foreign exchange operations	6	203	(6)
Accrual of allowance for impairment losses on due from banks		27	(84)
Other non-operating loss, net		(15)	(40)
NET NON -INTEREST INCOME		8,845	5,564
Operating expenses	7	(5,684)	(2,977)
PROFIT BEFORE INCOME TAX		3,128	2,537
Income tax	8	(585)	(630)
NET PROFIT		2,543	1,907
TOTAL COMPREHENSIVE INCOME		2,543	1,907

On behalf of the Management of the Company:

Nakhatzoda Mohbonu
Director

March 30, 2023
Dushanbe, Republic of Tajikistan

Abdulloev Farukh
Chief Accountant

March 30, 2023
Dushanbe, Republic of Tajikistan

The notes on pages 12-46 form an integral part of the financial statements. The independent auditors' report is on pages 4-6.

LLC MDO "PAYVAND GROUP"

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022
(in thousands of Tajik somoni)

	Notes	December 31, 2022	December 31, 2021 (unaudited)
ASSETS			
Cash and cash equivalents	9	4,309	84
Obligatory reserves in the National Bank of Tajikistan		98	-
Due from banks	10	2,205	5,810
Loans to customers	11	29	-
Accounts receivable	15	10,901	11,140
Property and equipment	12	3,604	466
Right-of-use assets	13	163	263
Intangible assets	14	1,471	1,405
Deferred tax assets	8	38	32
Other assets	16	1,442	57
TOTAL ASSETS		24,260	19,257
LIABILITIES AND EQUITY:			
Liabilities:			
Due to banks and financial institutions	17	10,071	7,323
Customer accounts	18	719	-
Accounts payable	19	3,190	4,141
Lease liabilities	13	176	294
Tax liabilities	20	52	361
Other liabilities	21	97	26
		14,305	12,145
EQUITY:			
Ordinary capital	22	6,300	6,000
General reserves		1,533	-
Retained earnings		2,122	1,112
		9,955	7,112
TOTAL LIABILITIES AND EQUITY		24,260	19,257

On behalf of the Management of the Company:

Nakhatzoda Mohbonu
Director

March 30, 2023
Dushanbe, Republic of Tajikistan

Abdulloev Farukh
Chief Accountant

March 30, 2023
Dushanbe, Republic of Tajikistan

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

(in thousands of Tajik somoni)

	Note	Ordinary capital	General reserves	Retained earnings	Total capital
Balance at December 31, 2020 (unaudited)	22	680	-	868	1,548
Increase of ordinary capital		5,320	-	(1,663)	3,657
Profit for the year		-	-	1,907	1,907
Balance at December 31, 2021 (unaudited)	22	6,000	-	1,112	7,112
Increase of ordinary capital		300	-	-	300
Changes of general reserves		-	1,533	(1,533)	-
Profit for the year		-	-	2,543	2,543
Balance at December 31, 2022	22	6,300	1,533	2,122	9,955

On behalf of the Management of the Company:

Nakhatzoda Mohbonu
Director

March 30, 2023
Dushanbe, Republic of Tajikistan

Abdulloev Farukh
Chief Accountant

March 30, 2023
Dushanbe, Republic of Tajikistan

The notes on pages 12-46 form an integral part of the financial statements. The independent auditors' report is on pages 4-6.

LLC MDO "PAYVAND GROUP"

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(in thousands of Tajik somoni)

	Notes	For the year ended December 31, 2022	For the year ended December 31, 2021 *(unaudited)*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax expenses		3,128	2,537
Adjustments for:			
Change in allowance for expected credit losses on due from banks	7	(27)	84
Depreciation of right of use asset	8,14	305	214
Income from modification of Lease contracts		(2)	-
Depreciation of property, equipment and amortization of intangible assets	8,13	409	226
Change in provision for unused vacation	8,18	72	6
Foreign exchange differences	6	24	-
Net interest expenses on financial instruments	4,14	33	50
Cash flows before changes in operating assets and liabilities		3,942	3,117
Changes in operating assets and liabilities:			
(Increase)/decrease in operating assets:			
Due from banks		(71)	(84)
Loans to customers		(28)	-
Other assets		(1,385)	(31)
(Decrease)/increase in operating liabilities:			
Customer accounts		751	-
Due to banks and financial institutions		2,748	7,323
Accounts payble		(983)	(3,350)
Taxes Payable		(309)	(39)
Other liabilities		(27)	(265)
Cash inflow from operating activities before income tax		4,638	6,671
Interest received		11	-
Interest paid on lease liability	14	(2)	-
Income tax paid		(573)	(631)
Net cash inflow from operating activities		4,074	6,040

LLC MDO "PAYVAND GROUP"

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022 (CONTINUED)
(in thousands of Tajik somoni)

	Notes	For the year ended December 31, 2022	For the year ended December 31, 2021 *(unaudited)*
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	13	(3,365)	(195)
Purchase of intangible assets	13	(248)	-
Net cash outflow from investing activities		(3,613)	(195)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in ordinary capital	20	300	3,657
Payment of lease liabilities	14	(368)	(234)
Net (outflow)/inflow of cash from financing activities		(68)	3,423
NET INCREASE IN CASH AND CASH EQUIVALENTS		393	9,268
Effect of changes in exchange rates on cash and cash equivalents	6	(12)	7
CASH AND CASH EQUIVALENTS, at the beginning of the year	10	17,034	7,759
CASH AND CASH EQUIVALENTS, at the end of the year	10	17,415	17,034

On behalf of the Management of the Company:

Nakhatzoda Mohbonu
Director

March 30, 2023
Dushanbe, Republic of Tajikistan

Abdulloev Farukh
Chief Accountant

March 30, 2023
Dushanbe, Republic of Tajikistan

The notes on pages 12-46 form an integral part of the financial statements. The independent auditors' report is on pages 4-6.

1. GENERAL INFORMATION

Limited liability Company Microcredit Deposit Organization "Payvand Group" (the "Company") was established in 2020 in the Republic of Tajikistan. The new microfinance institution LLC MDO "Payvand Group" was registered on January 24, 2020 in the Department of Registration of Legal Entities and Private Entrepreneurs in Sinoi district of Dushanbe, Republic of Tajikistan.

On February 22, 2021, Payvand Group, a Limited Liability Company, underwent a transformation and was re-registered as a Limited Liability Company MDO under the legal entities and individual entrepreneurs department in the Sinoi district of Dushanbe, Republic of Tajikistan. Subsequently, on October 19, 2021, the Company obtained a license from the National Bank of Tajikistan.

As at December 31, 2022 and 2021 the structure of Founders of the Company was as follows:

	December 31, 2022		December 31, 2021	
	Value	Share	Value	Share
Qanoatov Badriddin Shamsiddinovich	2,205	35.00%	2,100	35.00%
Rakhimova Mavluda Muratovna	1,512	24.00%	1,440	24.00%
Nazriev Jamshed Abdusamadovich	882	14.00%	840	14.00%
Saidov Abdurahmon Norboevich	630	10.00%	600	10.00%
Mardonov Hamid Musokhonovich	441	7.00%	420	7.00%
Gulboev Komil Fazliddinocich	315	5.00%	300	5.00%
LLC "Khizmatrason 2017"	315	5.00%	300	5.00%
	6,300	100.00%	6,000	100.00%

The main business activity of the Company is providing loans to legal entities and individuals, and attraction of deposits, money transfer and instant payments and also development, implementation and technical support of innovative solutions for various sectors of the household, as well as production industry and the financial sector.

The Company is registered and located at the address: Dehi Bolo 180 str, Sino district, Dushanbe, Republic of Tajikistan. As at December 31, 2022 and 2021 the Company had 50 employees and 36 employees, respectively.

These financial statements were approved by the Management of the Company on March 30, 2023.

2. PRESENTATION OF FINANCIAL STATEMENTS

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (the "IFRS") issued by the International Accounting Standards Board (the "IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee (the "IFRIC").

Functional and reporting currency

Items included in the Company's financial statements are estimated using the currency that best reflects the economic substance of the underlying events and circumstances related to the Company (the "functional currency"). The functional and reporting currency of the accompanying financial statements is Tajik somoni (the "somoni").

These financial statements are presented in thousands of Tajik somoni, unless otherwise indicated. These financial statements have been prepared under the historical cost convention, except for the evaluation of certain financial instruments carried at fair value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recognition and valuation of financial instruments

Financial assets and financial liabilities are recognized on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. The Company reflects purchasing and sale of financial assets and liabilities, which have regular nature at the date of settlements.

Financial assets and liabilities are initially recognized at fair value. The acquisition cost of financial assets and liabilities that are not financial assets and liabilities at fair value through profit or loss, is adjusted for transaction costs, directly related to the acquisition of a financial asset or financial liability origination. The principles of subsequent valuation of financial assets and liabilities are disclosed in appropriate accounting policies set out below.

The Company classifies financial assets into the following main categories:

- Financial asset measured at amortized cost;
- Financial asset measured at fair value through other comprehensive income (FVOCI);
- Financial asset measured at fair value through profit or loss.

Debt instruments

The classification and subsequent accounting of debt instruments depend on:

a) Business model of the Company used to manage financial assets;
b) Characteristics of the financial asset and the contractual cash flows.

Business model

Business model used by the Company describes the way how the Company manages its financial assets in order to generate cash flows, i.e. business model of the Company determines whether the cash flows will result from the receipt of contractual cash flows, selling financial assets or both.

The Company can apply various financial asset management models in the course of its activities, but it is expected that most financial assets will be held till maturity within the framework of the contractual cash flow model in accordance with the Company's development strategy and limited market tools in the Republic of Tajikistan.

SPPI criteria

In order to assess the compliance of contractual terms of a financial asset with SPPI criteria, the Company conducts an SPPI test (the "SPPI test") for each debt financial asset. During this assessment the Company reviews whether the contractual cash flows are consistent with the basic lending arrangement, i.e. interest includes only the time value of money, credit risk, other major credit risks and profits in accordance with the basic lending arrangement. If the contractual terms include any risk or volatility that does not correspond to the basic lending arrangement, the relevant financial asset is classified and measured at fair value through profit or loss.

Based on these factors, the Company classifies its debt instruments into the following three categories:

Financial assets measured at amortized cost:

a) The objective of the Company's business model is to hold the financial asset to collect the contractual cash flows.

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The carrying amount of these assets is adjusted by expected credit losses. Interest earned on these financial assets is included in "Interest income" using the effective interest method.

Financial assets measured at fair value through Other comprehensive income (FVOCI):

a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Changes in the carrying amount are recognized in other comprehensive income. The recognition of expected credit losses, interest income and changes in foreign currency occurs in profit or loss. When a financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. Interest earned on these financial assets is recognized in "Interest income" using the effective interest method.

Financial assets measured at fair value through profit or loss (FVTPL):

The Company classifies financial assets at fair value through profit or loss if they do not meet the criteria to be measured at amortized cost or at fair value through other comprehensive income. Gains or losses on debt instruments measured at fair value through profit or loss (that are not part of the hedging instruments) are recognized in the statement of profit or loss as part of the "Net Trade Income" in the period in which they arise. Interest earned on these financial assets is recognized in "Interest income" using the effective interest method.

Even if an instrument meets the two requirements to be measured at amortized cost or FVOCI, the Company has an option to designate, at initial recognition, a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

All other debt instruments that do not fit in any of the categories must be measured at fair value through profit or loss.

Equity instruments

All equity investments of the Company are to be measured at fair value in the statement of financial position with fair value changes recognised in profit or loss, except for those equity investments for which the Company has elected to present value changes in other comprehensive income.

Gains and losses on equity instruments measured at fair value through profit or loss are recorded in "Net trade income" in the statement of profit or loss.

Reclassification

The Company reclassifies financial assets if and only if the business model objective for its financial assets changes so its previous model assessment would no longer apply. If reclassification is performed, it must be done prospectively from the reclassification date which is defined as the first day of the first reporting period following the change in business model. The Company does not restate any previously recognised gains, losses or interest.

Derecognition of financial assets

The recognition of a financial asset (or, if applicable, part of a financial asset or part of a group of similar financial assets) ceases when:

- the rights to receive cash flows from the asset have ceased;
- the Company transferred its rights to receive cash flows from the asset or reserved the right to receive cash flows from the asset, but became obliged to pay these cash flows without significant delay to a third party under the 'transfer' agreement; and
- the Company either (a) transferred almost all the risks and rewards related to the asset, or (b) did not transfer and did not retain almost all the risks and rewards related to the asset, but transferred a control over the asset.

Modification of contractual cash flows

In circumstances where the Company reviews or modifies the contractual cash flows for a financial asset, the Company assesses how significant is a change between the original conditions and the new ones.

If new conditions differ significantly, the Company derecognizes the original financial asset and recognizes a new financial asset at fair value and recalculates the new effective interest rate for the asset. At the date of modification, the Company calculates revised expected credit losses and determines whether there is a significant increase in credit risk. However, the Company also evaluates whether a newly recognized financial asset is considered to be impaired upon initial recognition, especially in cases where the revision was due to the fact that the borrower was unable to make the originally agreed payments. The difference in the carrying value of financial assets is reflected in the statement of profit or loss.

If conditions do not differ significantly, then revision or change does not lead to derecognition. The Company recalculates the carrying amount using initial effective interest rate according to the changes in cashflows and the effect is recognized as profit or loss on modification within the Statement of profit or loss.

If a modification results in increase of significant risks according to the methodology for calculating of expected credit losses, then the contract modification affects the impairment calculation according to the methodology.

Classification and subsequent accounting of financial liabilities

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for:

a) financial liabilities measured at fair value through profit or loss. Such liabilities, including liability derivatives, are subsequently measured at fair value;

b) financial liabilities that arise when the transfer of a financial asset does not meet the requirements for derecognition or when the principle of continuing participation accounting is applied;

c) financial guarantee contracts and loan commitments at an interest rate lower than the market. After initial recognition, such contracts should be subsequently evaluated on the basis of the largest of the following amounts:
i) the amount of the impairment allowance created by the Company; and
ii) the amount initially recognized less the total amount of income, if applicable;

d) contingent consideration recognized by the acquirer in a business combination. Such contingent consideration is subsequently measured at fair value through profit or loss.

Upon initial recognition of a financial liability, the Company may, in its own discretion, classify it, without the right of subsequent reclassification, as measured at fair value through profit or loss.

Offset of assets and liabilities

The Company's financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Derecognition of financial liabilities

A financial obligation (or part of it) is considered extinguished when the debtor:

(a) either fulfils this obligation (or part of it) by paying off the lender, generally in cash, other financial assets, goods or services,
(b) is either legally relieved of primary liability for that obligation (or part of it), as a result of the performance of the legal procedure or as a result of the creditor's decision.

Derecognition of financial liabilities occurs also in the case of significant changes in cash flows, i.e. if the present value of cash flows in accordance with the new conditions, including the payment of commission after deduction of commission received, discounted at the original effective interest rate, differs by at least 10% of the discounted present value of the remaining cash flows of the original financial liability.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and due from banks, short-term highly liquid investments which can be converted to the corresponding amount of cash in the short term.

Due from banks

During ordinary activity the Company allocates funds and deposit in banks on different periods. Due from banks are initially recognized at fair value. Due from banks are subsequently evaluated at amortized cost using the effective interest method. Due from credit institutions are taken into account after deduction of any allowances for expected credit losses.

Loans to customers

Loans to customers are financial assets that are not derivative financial instruments with fixed or determinable payments that do not have market quotations, except for assets, which are classified in other categories of financial instruments.

Loans issued by the Company are initially recognized at fair value plus transaction costs directly attributable to the acquisition or establishment of such financial assets. If the fair value of the provided funds is not equal to the fair value of loans, for example, in the case of providing loans at rate below than market rates, difference between the fair value of provided funds and the fair value of loans is recognized as a loss on initial recognition of loans and is represented in the statement of profit or loss and other comprehensive income in accordance with the nature of such damages. Subsequently loans are taken into account at amortized cost using the effective interest rate. Loans to customers are taken into account after deduction of allowance for impairment.

Write-off of loans and advances

In the case of impossibility of recovery of loans, including through repossession of collateral, they are written-off against the allowance for impairment. Loans and provided funds are written - off after taking by the management of the Company measures to recover amounts owed to the Company and after selling by the Company all available collateral. Subsequent recovery of the previously written-off amount is reflected as an offset to the charge for impairment of financial assets in the statement of profit or loss and other comprehensive income in the period of recovery.

Allowance for expected credit loss

The Company does not carry out the assessment and calculation of the provision for discounting debts in accordance with the International Financial Accounting Standards (IFRS) 9 "Financial Instruments". The Company, in the case of reporting to Islamic banking activity, after reporting to Islamic banking activity, applies the reserve calculation model for discounting given loans in accordance with "IAS 30 Impairment, credit losses and onerous liabilities".

Property, equipment and intangible assets

The Property, equipment and intangible assets are accounted at historical cost, which includes cost of purchase, delivery and all associated expenses, necessary for putting an asset into operating condition.

Depreciation and amortization are charged on the residual value of property, equipment and intangible assets in order to write off assets during their useful life. Accrual of depreciation and amortisation is implemented on the declining balance method using the following annual rates:

Computer equipment	12.5%
Furniture and equipment	10%
Vehicles	10%
Other	8%
Intangible assets	10%

On each reporting date, the Company estimates whether the carrying value of fixed and intangible assets does not exceed the replacement cost. Replacement cost is a higher value of fair value less costs to sell and value in use. In case of exceeding the carrying value of fixed and intangible assets over their replacement value the Company reduces the carrying value of fixed assets to their replacement cost. After the recognition of an impairment loss the depreciation charge for fixed assets is adjusted in future periods to allocate the revised carrying value of assets, less its residual value (if any) over the remaining useful life.

Leases

The Company leases building for its Head Office. Rental contracts are typically conducted for for fixed periods of up to 10 years. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leased assets may not be used as security for borrowing purposes.

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases in the Company's financial statement. Effective from January 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the Company as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g., term, country, currency and security.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The two main areas of judgment with regards to quantification of the Right-of-use assets and Lease liabilities are the determination of lease term and the discount rate.

Determining lease term

The Company's expectation with respect to its decision to renew the lease term will be determined by assessing whether the Company is "reasonably confident" in its decision to renew. The Company will have sufficient confidence in its decision to renew the lease term when the factors create a significant economic incentive to do so. This assessment will require a significant level of judgment because it is based on current expectations of future decisions. The lease term affects the calculation of the AFPP and the lease obligation; the longer the lease term, the greater the AFPP and the associated lease obligation. Changes in the economic environment could affect the Company's estimate of the lease term, and any changes in the estimate of the lease term could have a material effect on the Company's AFPP assets and lease obligations.

Discount rate

At commencement date, the Company will measure the Lease liabilities at the present value of the future lease payments, discounted using the rate at which it could borrow funds from it's Parent Company. Also the Company will consider a broad range of factors to determine the appropriate discount rate. These will include the Company's credit risk, term of the lease, the economic environment and geographical location in which the lease is entered into.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Payments associated with short-term leases of offices, premises and equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less and probability to extend the lease contract is very low.

Income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. Initial significant direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The Company did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

Taxation

Income tax expense represents sum of the current and deferred tax.

Current income tax

Income tax payable for current period is recognized based on taxable income amount earned during the year. Taxable income differs from income that is reported in the statement of profit or loss and other comprehensive income, because it does not cover items of income or expense that are taxable or deductible in other years and also excludes items that are not taxable or deductible for taxation purposes. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences, when the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized. Deferred tax is reflected in the statement of profit or loss and other comprehensive income, except when they connected with items, which are directly related to equity, and in this case deferred tax is also reflected within equity.

The Company conducts netting of deferred tax assets and liabilities and reflects summary difference in the financial statement, if:

- The Company has a legally enforceable right for netting current tax assets against current tax liabilities; and
- Deferred tax assets and deferred tax liabilities relate to corporate taxes levied by the same taxation authority from the same taxable entity.

In addition to income tax there are requirements on accrual and payments of various taxes applicable to the Company's activities in the Republic of Tajikistan where the Company performs its activities.

General reserve

The Company creates a reserve for future operations, which is formed by mandatory annual deductions according to the decision of the Supervisory Board. This reserve is intended solely to cover the losses of the Companyin the absence of other funds. The decision on the use of the reserve fund of the Company is also taken by the Supervisory Board upon preliminary approval of the annual report.

Ordinary capital

Ordianary capital is recognized at initial cost.

Dividends are recorded as a reduction in the period in which they are declared. Dividends declared after the reporting date is treated as an event after the reporting date under IAS 10 "Events after the reporting period" and information about it is disclosed accordingly.

Pension liabilities

In accordance with the laws of the Republic of Tajikistan the Company withholds the amount of pension contributions from employee's salaries and transfers them to the State pension fund. The existing pension system provides for the calculation of current payments by the employer as a percentage of current gross salary payments. Such expenses are recognized in period, which includes appropriately payment for employees. At retirement, all pension payments are implemented by above mentioned pension fund. The Company does not have any pension arrangements separate from the State pension system of the Republic of Tajikistan. In addition, the Company has no benefits provided to employees upon retirement, or other significant compensated benefits requiring accrual.

Recognition of interest income and expense

Interest income and expense are recognized on an accrual basis using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate by which future cash receipts are estimated to the net carrying amount on initial recognition of financial assets and liabilities. Discounting is made through the expected life of the debt instrument, or (where appropriate) a shorter period.

If a financial asset or a group of similar financial assets has been written down (partly written down) as a result of an impairment loss, interest income is thereafter recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Interest earned on assets at fair value is classified within interest income.

Recognition of commission income and expenses

The Company receives commission fee for processing payments made by end users to suppliers and service providers. Payment processing fees charges from providers. Consumers make payments to various providers through payment terminals owned by third parties - agents. For the implementation of consumer payments, the Company bears the costs of payments payable to agents. Commission income from payment processing to be accounted when providers receive payments from customers at gross amount, including commission payable for the receipt of payment.

Commission for loan origination and related direct costs associated with the loans providing are reflected as an adjustment to the effective interest rate on loans.

If there is a possibility that due to the presence of a liability of providing a credit will be signed a contract for a loan, commitment fee on the loan included in deferred revenue (together with related direct costs) and subsequently recognized as adjustment to actual income on the loan. If the probability of that the commitment to extend credit is estimated as low, the commitment fee on the loan is recognized in the statement of profit or loss and other comprehensive income over the remaining period of the loan commitment. Upon expiration credit commitments, which are not completed by providing a loan, commitment fee on the loan are recognized in the statement of profit or loss and other comprehensive income on the date of its expiration. Commission on loans recognized when services are provided.

Foreign currency exchange

Monetary assets and liabilities denominated in foreign currencies are exchanged to Tajik somoni at the market rates prevailing at December 31. Transactions denominated in foreign currencies are reported at the rates of exchange prevailing at the date of the transaction. Any gains or losses arising from a change in exchange rates subsequent to the date of the transaction are included as an exchange gain or loss in the statement of profit or loss and other comprehensive income.

Exchange rate

The official exchange rates at year-end used by the Company during preparation of the financial statements were:

	December 31, 2022	December 31, 2021
US dollar / Tajik somoni	10.2024	11.30
Euro / Tajik somoni	10.8911	12.7973
Russian rouble / Tajik somoni	0.1445	0.1507

Offset of financial assets and liabilities

Financial assets and liabilities are offset and reported in the balance net of the amount, if the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or realize the asset and settle the liability simultaneously. In case of transfer a financial asset that does not qualify as write off, the Company does not recognize this operation as a write-off of the asset and associated liability.

Areas of significant use of estimates and assumptions of management

The preparation of the financial statements requires from Management to make estimates and assumptions that have an influence on reported amounts of assets and liabilities of the Company, the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. The Company's management conducts evaluations and judgments on an ongoing basis, based on previous experience and a number of other factors that are considered reasonable in the current environment. Actual results could differ from those estimates. The following estimates and assumptions are important to present financial position of the Company.

Allowance for impairment of loans and accounts receivable

The Company regularly reviews its loans for impairment. Allowances of the Company's loan impairment are established to recognize incurred impairment losses in its portfolio of loans and receivables. The Company considers accounting estimates related to the allowance for impairment of loans and receivables, a key source of uncertainty of estimation due to the fact that (i) they are highly susceptible to change from period to period as the assumptions on future non-compliance indicators and assessment of potential losses related to impaired loans and receivables, based on recent work, and (ii) any significant difference between the estimated losses and actual losses of the Company requires from the Company to create reserves, which could have a material impact on its financial statements in future periods.

The Company uses management judgment to estimate the amount of any impairment loss in cases where the borrower has financial difficulties and there is little historical data relating to similar borrowers. Analogously, the Company estimates changes in future cash flows based on past experience, the client's behavior in the past, the available data, indicating an adverse change in the status of repayment by borrowers in the group, as well as national or local economic conditions that correlate with defaults on assets in this group. Management uses estimates based on historical experience of losses on assets with credit risk characteristics and objective evidence of impairment similar to those in this group of loans. The company uses an assessment of Management for adjusting the available data on a group of loans to reflect current circumstances not reflected in historical data.

Provisions for impairment of financial assets in the financial statements have been determined on the basis of economic and political conditions. The Company is unable to predict what kind of changes in economic and political conditions will take place in the country, and what kind of impact these changes may have on the adequacy of the allowance for impairment of financial assets in future periods.

Application of new and revised international financial reporting standards (IFRSs)

The Company has adopted the following new or revised standards and interpretations issued by International Accounting Standards Board and the International Financial Reporting Interpretations Committee (the "IFRIC") which became effective for the Company's financial statement for the year ended December 31, 2022:

- The amendment Covid-19-Related Rent Concessions beyond June 30, 2021 (Amendment to IFRS 16) provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.
- The amendment to IAS 37 Provisions, contingent liabilities and contingent assets onerous contracts" - cost of fulfilling a contract. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
- The amendment to Reference to the Conceptual Framework (Amendments to IFRS 3). The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.
- The amendment to IAS 41 removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.
- Annual Improvements to IFRS Standards 2018-2020: The amendment to IAS 16 Property, plant and equipment - proceeds before intended use. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.
- Annual Improvements to IFRS Standards 2018-2020: The amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
- Annual Improvements to IFRS Standards 2018-2020: The amendment to IFRS 9 Financial instruments – clarifies which fees an entity includes when it applies the 10 per cent test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- Annual Improvements to IFRS Standards 2018-2020: The amendment to IFRS 16 Leases - removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

These new standards and amendments do not have a material effect on the financial position and results of the Company.

New and revised IFRSs in issue but not yet effective

A number of new Standards and Interpretations has been issued and not yet adopted as at December 31, 2022 and had not been applied in preparation of these financial statements.

Following Standards and Interpretations might be relevant to operations of the Company. The Company intends to adopt these Standards and Interpretations from their effective dates. The Company has not analyzed potential effect of adoption of these standards on its financial statements.

At the date of authorization of this financial reporting, the following new standards and interpretations were in issue, but not mandatorily yet effective, and which the Company has not early adopted:

- IFRS 17 Insurance contracts requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. Applicable to annual reporting periods beginning on or after January 1, 2023.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. Annual reporting periods beginning on or after January 1, 2023.

- The amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors replace the definition of changes in accounting estimates with the definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. Annual reporting periods beginning on or after 1 January 2023.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes) clarifies that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. Annual reporting periods beginning on or after 1 January 2023.

- The amendments to initial Application of IFRS 17 Leases and IFRS 9 Financial Instruments — Comparative Information (Amendment to IFRS 17) permit entities that first apply IFRS 17 and IFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before. Annual reporting periods beginning on or after January 1, 2023.

- Classification of Liabilities as Current or Non-Current (Amendments IAS 1 Presentation of Financial Statements) aims to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. Applicable to annual reporting periods beginning on or after January 1, 2024.

- Non-current Liabilities with Covenants (Amendments IAS 1 Presentation of Financial Statements) clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Applicable to annual reporting periods beginning on or after January 1, 2024.

- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases) clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. Applicable to annual reporting periods beginning on or after January 1, 2024.

- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its

Associate or Joint Venture. The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

The implementation of the new or revised standards did not affect the financial position or the activities of the Company.

4. NET INTEREST LOSS

Net interest loss of the Company for the years ended December 31, 2022 and 2021 are as follows

	For the year ended December 31, 2022	For the year ended December 31, 2021 *(unaudited)*
Interest income from financial assets measured at amortized cost		
Loans to customers		
unimpaired financial assets	12	-
	12	-
Interest expenses on financial liabilities measured at amortized cost:		
Interest on customer accounts	2	-
Financial expense on lease liability	43	50
	45	50
	(33)	(50)

5. COMMISSION INCOME AND EXPENSES

Commission income and expenses of the Company for the years ended December 31, 2022 and 2021 are as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021 *(unaudited)*
Commission income		
Acquiring, payment systems and other similar payments	12,376	11,509
Cash withdrawal	5,298	3,101
Customer accounts	189	-
Plastic Card services	250	-
For equipment placement	-	587
	18,113	15,197
Commission expenses		
Commission of Agent	6,616	5,639
Remuneration of Agent	2,510	3,838
Cash withdrawal	260	-
Plastic Card services	56	-
Bank services	41	26
	9,483	9,503
	8,630	5,694

6. NET GAIN/(LOSS) ON FOREIGN EXCHANGE OPERATIONS

Net gain on foreign exchange operations of the Company for the years ended December 31, 2022 and 2021 comprises:

	For the year ended December 31, 2022	For the year ended December 31, 2021 *(unaudited)*
Dealing operations, net	239	(13)
Foreign exchange differences, net	(36)	7
	203	(6)

Dealing operations are SPOT agreements that are signed between credit institutions.

7. OPERATING EXPENSES

Operating expenses of the Company for the years ended December 31, 2022 and 2021 comprise:

	For the year ended December 31, 2022	For the year ended December 31, 2021 *(unaudited)*
Salary and related taxes	2,217	410
Terminal supporting services	910	809
Fixed assets maintenance	486	-
Call center supporting service	449	592
Depreciation and amortization	408	227
Depreciation of right-of-use assets	305	214
Stationery	220	24
Advertisement	156	55
Communication	147	-
Taxes, other than income tax	109	182
Unused vacation provision	72	6
Rent	64	77
Legal and other professional services	47	71
Utility	40	32
Fuel	33	32
Representative	15	39
Donations and charitable contributions	5	21
Business trip	1	-
SMS notification	-	69
Fee and penalties	-	67
Other	-	50
	5,684	2,977

8. INCOME TAX

The Company measures and records its current income tax payable and its tax base within assets and liabilities in accordance with the tax regulations of the Republic of Tajikistan, which may differ from the IFRS. For the year ended December 31, 2022, income tax rate for legal entities was equal to 20%. If the Company incurs losses based on the results of the financial year, income tax is not paid.

The Company is subject to certain permanent tax differences due to the non-tax deductibility of certain expenses and certain income being treated as non-taxable for tax purposes.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at December 31, 2022 and 2021 relate mostly to different methods of income and expense recognition as well as to temporary differences generated by tax – book bases' differences for certain assets.

	For the year ended December 31, 2022	**For the year ended December 31, 2021** *(unaudited)*
Current income tax expenses	591	653
Changes in deferred income tax	(6)	(23)
Income tax expenses	585	630

Tax effect of permanent differences occurs as a result of restrictions imposed by the tax legislation of the Republic of Tajikistan in respect of the allowed deductions in calculating the tax base for income tax. In particular, the permanent differences are associated with the restriction of deductions for loan loss allowance expenses, fines and penalties to the state budget, expenses on voluntary insurance and representative expenses.

The ratio between tax expense and accounting profit for the years ended December 31, 2022 and 2021 is as follows:

	For the year ended December 31, 2022	**Effective tax rate**	**For the year ended December 31, 2021** *(unaudited)*	**Effective tax rate**
Profit before income tax	3,128		2,537	
Tax at the statutory rate (20% for 2022, 23% for 2021)	614	20.00%	584	23.00%
Tax effect of permanent differences	(41)	-1.30%	46	1.81%
Income tax expense	585		630	

Tax effect of temporary differences as at December 31, 2022 and 2021 comprises:

	December 31, 2022	**December 31, 2021** *(unaudited)*
Deferred income tax assets:		
Due from banks	78	105
Lease liabilities	176	294
Unused vacation provision	97	25
Total deferred income tax assets	351	424
Deferred income tax liabilities:		
Right-of-use assets	163	263
Total deferred income tax liabilities	163	263
Net deferred income tax assets	188	161
Net deferred income tax assets at statutory tax rate (20%)	38	32

Temporary differences between tax accounting and current financial statement as well as tax losses lead to deferred tax assets as at December 31, 2022 and 2021 as a result of the following:

	December 31, 2021 *(unaudited)*	**Recognized in the statement of profit or loss**	**December 31, 2022**
Temporary differences:			
Due from banks	105	(27)	78
Lease liabilities	294	(118)	176
Unused vacation provision	25	72	97
Total deferred income tax assets	424	(73)	351
Temporary differences:			
Right of use asset	263	(100)	163
Total deferred income tax liabilities	263	(100)	163
Net deferred income tax assets at statutory tax rate (20%)	32	6	38

	December 31, 2020 *(unaudited)*	**Recognized in the statement of profit or loss**	**December 31, 2021** *(unaudited)*
Temporary differences:			
Due from banks	21	84	105
Lease liabilities	26	268	294
Unused vacation provision	19	6	25
Total deferred income tax assets	66	358	424
Temporary differences:			
Right of use asset	25	238	263
Total deferred income tax liabilities	25	238	263
Net deferred income tax assets at statutory tax rate (20%)	9	23	32

9. CASH AND CASH EQUIVALENTS

As at December 31, 2022 and 2021 cash and cash equivalents of the Company presented in the statement of financial position comprise of the following:

	December 31, 2022	**December 31, 2021** *(unaudited)*
Cash on hand	2,183	84
Current account at the National Bank of Tajikistan	2,126	-
	4,309	84

Cash and cash equivalents of the Company presented in the statement of cash flows comprise of:

	December 31, 2022	**December 31, 2021** *(unaudited)*
Cash on hand and account at the National Bank of Tajikistan	4,309	84
Correspondent accounts with other banks (Note 10)	2,205	5,810
Accounts receivable	10,901	11,140
	17,415	17,034

10. DUE FROM BANKS

As at December 31, 2022 and 2021 due from banks of the Company comprise of the following:

	December 31, 2022	December 31, 2021 *(unaudited)*
Correspondence accounts in other financial institutions	2,283	5,915
Allowance for expected credit losses	(78)	(105)
	2,205	5,810

11. LOANS TO CUSTOMERS

As at December 31, 2022 and 2021 loans to customers of the Company comprise of the following:

	December 31, 2022	December 31, 2021 *(unaudited)*
Loans to customers	28	-
Interest accrued	1	-
	29	-

The Company provides loans to its customers for small business development. Below is the breakdown of loans by sector:

	December 31, 2022	December 31, 2021 *(unaudited)*
Consumer loans	29	29
	29	29

The table below summarizes carrying value of loans to customers analyzed by types of collateral:

	December 31, 2022	December 31, 2021 *(unaudited)*
Unsecured	29	29
	29	29

As of December 31, 2022 and 2021, the amount of the loan portfolio was 29 thousand somoni and 0 thousand somoni respectively (including calculated interest). Loans were offered to clients operating within the territory of the Republic of Tajikistan, which has a geographically significant degree of consolidation and a high degree of credit risk.

12. PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

As at December 31, 2022 and 2021 property, equipment and intangible assets of the Company comprise of the following:

	Furniture	Office equipment	Vehicles	Other	Total
Cost					
December 31, 2020 *(unaudited)*	55	67	-	284	406
Additions	15	117	60	3	195
December 31, 2021 *(unaudited)*	70	184	60	287	601
Additions	73	3,190	72	30	3,365
December 31, 2022	143	3,374	132	317	3,966
Accumulated depreciation					
December 31, 2020 *(unaudited)*	7	11	-	47	65
Charge for the year	7	16	-	47	70
December 31, 2021 *(unaudited)*	14	27	-	94	135
Charge for the year	11	197	6	13	227
December 31, 2022	25	224	6	107	362
Net book value					
December 31, 2021 *(unaudited)*	56	157	60	193	466
December 31, 2022	118	3,150	126	210	3,604

As at December 31, 2022 and 2021 there were no property, equipment or intangible assets that were pledged as collateral for obligations. As at December 31, 2022 and 2021 there was no amount of fully depreciated property, equipment and intangible assets. As of December 31, 2022 and 2021, there were no fixed assets received in the form of grants.

13. LEASE

As at December 31, 2022 and 2021 right of use assets and lease liability of the Company comprise of the following:

Right of use assets	**December 31, 2022**	**December 31, 2021** *(unaudited)*
Buildings	163	263
	163	263

Lease liability	**December 31, 2022**	**December 31, 2021** *(unaudited)*
Current	117	249
Long term	59	45
	176	294

Accamulated depreciation of right od use assets	**December 31, 2022**	**December 31, 2021** *(unaudited)*
Buildings	585	280
	585	280

	Right of use assets Buildings	**Lease liability**
December 31, 2021 *(unaudited)*	263	294
Additions	184	184
Modification	19	19
Depreciation of Right-of-use assets	(305)	-
Interest expenses on lease liabilities	-	43
Other income	-	4
Foreign exchange loss / (gain)	-	(368)
December 31, 2022	163	176

14. INTANGIBLE ASSETS

As of December 31, 2022 and 2021 the intangible assets of the Company are presented as follows:

	Intangible assets
Cost	
December 31, 2020 *(unaudited)*	1,703
Additions	-
December 31, 2021 *(unaudited)*	1,703
Additions	248
December 31, 2022	1,951

	Intangible assets
Accumulated depreciation	
December 31, 2020 *(unaudited)*	142
Chage for the year	156
December 31, 2021 *(unaudited)*	298
Chage for the year	182
December 31, 2022	480
Net book value	
December 31, 2022	1,471
December 31, 2021 *(unaudited)*	1,405

15. ACCOUNTS RECEIVABLE

As of December 31, 2022 and 2021 accounts receivable of the Company are presented as follows:

	December 31, 2022	December 31, 2021 *(unaudited)*
Accounts receivable from providers and agents	10,901	11,140
	10,901	11,140

As at December 31, 2022 and 2021 accounts receivable between participants of payment systems of the Company comprise of the following:

	December 31, 2022	December 31, 2021 *(unaudited)*
Agent - 560486 (new)	1,250	-
CSC "TT Mobile"	1,206	3,291
Sanginov Sievush	1,029	524
JSC "Indigo Tajikistan"	929	873
Ayubova Mavchuda	863	244
Shahobov Halim	750	478
Rajabzoda Shahrokhruz	716	-
LLC "Bavilon-M"	698	1,450
Sharifova Savrinissa	531	133
Sarimsokova Farkhunda (A.I.)	398	2,136
Sharifov Rozik	312	134
Khakimova Z	218	-
Isamov Chamshed	215	-
Provider - LLC Payment - ТЧ Oborot	197	391
LLC "Daler Yusuf"	156	25
	9,468	9,679

16. OTHER ASSETS

As of December 31, 2022 and 2021 other assets of the Company are presented as follows:

	December 31, 2022	December 31, 2021 *(unaudited)*
Other non-financial assets		
Advances paid for fixed assets	636	-
Inventory	511	3
Advances paid for services	295	14
Advances to employees	-	40
	1,442	57

17. DUE TO BANKS AND FINANCIAL INSTITUTIONS

As at December 31, 2022 and 2021 due to banks and financial institutions of the Company consisted of the following:

	December 31, 2022	December 31, 2021 *(unaudited)*
Correspondent accounts of banks and financial organizations	10,071	7,323
	10,071	7,323

18. CUSTOMER ACCOUNTS

As at December 31, 2022 and 2021 customer accounts of the Company consisted of the following:

	December 31, 2022	December 31, 2021 *(unaudited)*
Demand deposits of legal entities	346	-
Saving deposits of individuals	278	-
Demand deposits of individuals	95	-
	719	-

19. ACCOUNTS PAYABLE

As at December 31, 2022 and 2021 accounts payable of the Company consisted of the following:

	December 31, 2022	December 31, 2021 *(unaudited)*
Obligations to providers and agents	3,184	3,425
Accounts payable for goods and services	6	716
	3,190	4,141

Significant creditors of the Company as of December 31, 2022 and 2021 have submitted accounts for acceptance as follows:

	December 31, 2022	December 31, 2021 *(unaudited)*
Agent - 560453 dog. new	321	-
Provider - JDMM Babylon-T	223	-
550001-Sharipov Erkinchon Radjabovich	200	213
Unipay danishmanlik YAZILIM Teknolojserbest	160	195
553265-Gulov Navruz	119	113
Provider - LLC Olucha taxi	119	304
554421-Azizkulova Shahnoza	109	192
SI Tagoeva Bargigul	105	180
LLC "Favorit plus"	101	87
Agent - 556788	99	-
Agent - POS terminal service (PVN)	99	-
Agent - 550028	96	-
550163-Saidov Bakhtiyor Sheravganovich	89	-
SI "Safarov Ilkhom"	75	110
LLC "Madadgori doston" POS-terminal service (PVN)	73	-
Provider - LLC Salam Taxi	69	65
	2,057	1,459

20. TAXES PAYABLE

As at December 31, 2022 and 2021 taxes payable of the Company consisted of the following:

	December 31, 2022	December 31, 2021 *(unaudited)*
Current income tax payable	39	342
Social tax	10	-
Other	3	19
	52	361

21. OTHER LIABILITIES

As at December 31, 2022 and 2021 other liabilities of the Company consisted of the following:

	December 31, 2022	December 31, 2021 *(unaudited)*
Other financial liabilities		
Provision of unused vacation	97	25
	97	25
Other non-financial liabilities		
Settlements with employees	-	1
	97	26

22. ORDINARY CAPITAL

As of December 31, 2022 and 2021, the ordinary capital of the Company was 6,300 thousand and 6,000 somoni, respectively.

According to the decision of the founder No. 1 dated March 23, 2020, the authorized capital of the Organization was increased in the form of cash and cash equivalents in the amount of 500 thousand somoni.

On February 22, 2021, at the General Meeting of the Company's participants, the Founders decided to increase the authorized capital of the Company by 5,320 thousand somoni from 680 thousand somoni to 6,000 thousand somoni. Of this amount, 1,663,000 soms are due to undistributed profits of previous years (915,000 soms of undistributed profit of 2020 and 748,000 soms of undistributed profit of 2021) and 3,657,000 soms of contributions of the founders of the Company in the form of money.

23. CONTINGENT FINANCIAL LIABILITIES

Capital expenditure commitments

As at December 31, 2022 and 2021 the Company had no capital expenditure commitments.

Legal proceedings

From time to time in the Company's customers and counterparties claim against the Company and the Company claims against customers. As at the reporting date the Company was not involved in legal proceedings brought against it.

Taxation

The legislation of the Republic of Tajikistan, especially tax legislation, may allow more than one interpretation. In addition, there is a risk of tax authorities making arbitrary judgments of business activities. If a particular treatment, based on the management's judgement of the Company's business activities, was to be challenged by the tax authorities, the Company may be assessed additional taxes, fines and penalties. The Management of the Company believes that it has already made all tax payments and, therefore, no allowance has been made in the financial statements. Tax authorities can make revision of tax related data for the last five years.

Economic environment

The Company's principal business activities are within the Republic of Tajikistan. Laws and regulations affecting the business environment in the Republic of Tajikistan are subject to rapid changes and the Company's assets and operations could be at risk due to negative changes in the political and business environment.

Operating environment

Emerging markets such as the Republic of Tajikistan are subject to different risks than more developed markets, including economic, political, and social, and legal and legislative risks. Laws and regulations affecting businesses in the Republic of Tajikistan continue to change rapidly; tax and regulatory frameworks are subject to varying interpretations. The future economic direction of the Republic of Tajikistan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and environment.

Laws and regulations affecting businesses in the Republic of Tajikistan continue to change rapidly. Tax, currency, and customs legislation within the country are subject to varying interpretations, and other legal and fiscal difficulties leading to the challenges faced by the Company. The future economic direction of the Republic of Tajikistan is largely dependent on economic, fiscal, and monetary measures undertaken by the Government, together with legal, regulatory developments.

These financial statements do not include any adjustments that would have been required due to resolution of the uncertainty in the future. Possible adjustments may be made to the statements in that period in which the necessity of their reflection will become evident, and it will be possible to estimate their numerical values.

Recoverability of financial assets

As of December 31, 2022 and 2021, the Company's financial assets amounted to 17,542 thousand Somoni and 17,034 thousand Somoni, respectively. The compensability of these financial assets depends primarily on the effectiveness of budgetary measures aimed at achieving economic stability in various countries, that is, factors that are not within the control of the Company. Recoverability of financial assets is determined by the Organization on the basis of conditions existing at the reporting date. The Management of the Organization is of the opinion, based on the actual circumstances and the available data, that there is no need to create a reserve amount for financial assets in this period.

24. TRANSACTIONS WITH RELATED PARTIES

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not only their legal form.

In the statement of financial position as at December 31, 2022 and 2021 the following amounts were represented which arose due to transactions with related parties:

	December 31, 2022			December 31, 2021 *(unaudited)*		
	Related party transactions	Weighted average rate	Total category as per the financial statements caption	Related party transactions	Weighted average rate	Total category as per the financial statements caption
Customer accounts	23	0%	719	-	-	-

Salaries to key management personnel

Salaries of key management personnel are set by the Company's top management based on individual employees and labor contracts. Compensation for key management personnel includes salary and other short-term benefits.

	December 31, 2022		December 31, 2021 *(unaudited)*	
	Related party transactions	Total category as per the financial statements caption	Related party transactions	Total category as per the financial statements caption
Operating expenses:				
- compensation to key management personnel	323	5,684	53	2,976
- contributions to the Social Fund of the Republic of Tajikistan	65	5,684	13	2,976

	Relations
LIABILITIES:	
Customer accounts	Director, Deputy Director, Shareholders
PROFIT AND LOSS	
- compensation to key management personnel	Director, Deputy Director, Shareholders

25. PRUDENTIAL REQUIREMENTS

In accordance with the statutory quantitative measures, to ensure capital adequacy in accordance with established quantitative measures the Company is required to maintain minimum amounts and norms of ratios of total capital (12%) to total risk weighted assets and ratio of total capital to total assets (10%). The ratio was calculated according to the principles employed by the National Bank of Tajikistan which may differ from Basel Committee principles by applying the following risk estimates to the assets and off-balance sheet commitments net of allowances for impairment losses.

	For the year ended December 31, 2022
Tier 1 capital flow	
At the beginning of the year	7,289
Transactions with landlords	300
Change in retained earnings of previous years	244
At the end of the year	7,833
Composition of regulated capital	
Tier 1 capital:	
Own capital of the Organization	7,833
Without considering the net book value of intangible assets	(1,471)
Total Tier 1 capital	6,362
Total Tier 2 capital	1,272
Without considering investments in shares of organizations	-
Total regulatory capital	7,634
Risk-weighted assets	19,026
Total assets	23,843

The Company's capital amount and ratios are presented below:

	Ratio for Capital Adequacy purposes	Minimum Required Ratio
As at December 31, 2022		
Capital adequacy ratio K1.1	42.35%	12%
Capital adequacy ratio K1.2	32.02%	10%

As of December 31, 2022, the total capital, which was determined for the purpose of capital adequacy calculation, consisted of capital of the first and second tiers.

26. RISK MANAGEMENT POLICIES

Management of risk is fundamental in the Company's business. The main risks inherent to the Company's operations are those related to:

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

The Company recognizes 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 planned objectives. These principles are used by the Company to manage the following risks:

Credit risk

The Company is exposed to credit risk, which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Risk management and monitoring is performed by the Credit committees and the Company's Management Board. Before any application is made by the Credit committee, all recommendations on credit processes (borrower's limits approved, or amendments made to loan agreements, etc.) are reviewed and approved by the Management.

The Company has developed policies and procedures to manage credit risk, which include questions on limiting portfolio concentration and the creation of the Credit Committee, which monitors the credit risk. The Company's credit policy is reviewed and approved by the Supervisory Board. The Company structures the levels of credit risk by setting limits to the size of the risk taken in relation to one borrower or group of borrowers, as well as by sector of the economy. The Company conducts daily monitoring of the actual risks in relation to the established limits.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet obligations related to payment of interest and principal amount, and by changing these lending limits when such necessity is arisen. Exposure to credit risk is also regulated by obtaining collateral and corporate and personal guarantee, however, portion of loans is personal lending, where no such facilities can be obtained. Such risks are monitored on a continuous basis and subject to annual or more frequent reviews.

Operational risk

The Company is exposed to operational risk, which is a risk of loss arising from any system failures or interruptions of internal processes, systems, mechanical error of personnel or the influence of external negative factors.

The Company's risk management policy is designed to identify and analyze risks and set appropriate risk limits and controls.

Maximum exposure

The Company's maximum exposure to credit risk varies significantly and is dependent on both individual risks and general market economy risks.

The following table presents the maximum exposure to credit risk off-balance sheet and off-balance sheet financial assets. For financial assets in the statement of financial statements, the maximum exposure is equal to the carrying amount of those assets prior to any offset or collateral. For financial guarantees and other off-balance sheet assets, the maximum exposure to credit risk is the maximum amount the Company would have to pay if the guarantee was called on or in the case of commitments, if the loan amount was called on.

Collateral pledged is determined based on its estimated fair value on the reporting date and limited to the outstanding balance of each loan as at reporting date.

	Maximum exposure	**Offset**	**Net exposure after offset**	**Collateral pledged**	**2022 Net exposure after offset and collateral**
Cash and cash equivalents	2,183	-	-	-	2,183
Obligatory reserves with the National bank of Tajikistan	98	-	-	-	98
Due from banks	2,205	-	-	-	2,205
Loans to customers	29	-	-	-	29
Accounts receivable	10,901	-	-	-	10,901

	Maximum exposure	**Offset**	**Net exposure after offset**	**Collateral pledged**	**2021** *(unaudited)* **Net exposure after offset and collateral**
Due from banks	5,810	-	-	-	5,810
Accounts receivable	11,140	-	-	-	11,140

In instances where one party to a financial instrument fails to fully or partially discharge a credit obligation, the Company has the right to ensure fulfillment of these obligations through the:

1 joint sale of the pledged assets;

2 transfer of ownership rights on pledged assets in accordance with the established law; and
3 exercising of the charge on pledged assets through judicial procedures.

Where there is a joint sale of the pledged assets, the Company normally uses a tripartite agreement with the borrower and acquirer of the pledged assets. Under this agreement the acquirer of the pledged assets has an obligation to repay the full amount of the outstanding debt; the borrower has an obligation to transfer the right of ownership of the assets to the acquirer, and the Company releases the obligation from the borrower and removes the pledge over the assets.

The Company exercises the charge on pledged assets through judicial procedures if it is impossible or inefficient to use alternative methods or where the seizure of assets pledged is required in order to protect the rights of the Company.

Financial assets are graded according to the current credit rating they have been issued by internationally regarded agencies. The highest possible rating is Aaa. Investment grade financial assets have ratings from Aaa to Baa3. Financial assets which have ratings lower than Baa3 are classed as speculative grade.

The following tables provide classification of financial assets of the Company by credit ratings:

	Aaa	**B**	**Baa3**	**B3**	**Not rated**	**2022 Total**
Cash and cash equivalents	-	-	-	-	4,309	4,309
Obligatory reserves with the National bank of Tajikistan	-	-	-	-	98	98
Due from banks	-	-	-	-	2,205	2,205
Loans to customers	-	-	-	-	29	29
Accounts receivable	-	-	-	-	10,901	10,901

	Aaa	**Ba2**	**B3**	**>B3**	**Not rated**	**2021** *(unaudited)* **Total**
Cash and cash equivalents	-	-	-	-	719	719
Due from banks	-	-	-	-	10,071	10,071
Accounts receivable	-	-	-	-	3,190	3,190

The main credit risk of the Company is concentrated in the Republic of Tajikistan.

The following table details the carrying value of assets that are impaired and the ageing of those that are past due but not impaired:

		Financial assets past due but not impaired					
	Current not impaired assets	**Less than 3 months**	**3 - 6 months**	**6 months - 1 year**	**More than 1 year**	**Impaired financial assets**	**2022 Total**
Cash and cash equivalents	4,309	-	-	-	-	-	4,309
Obligatory reserves with the National bank of Tajikistan	98	-	-	-	-	-	98
Due from banks	2,205	-	-	-	-	-	2,205
Loans to customers	29	-	-	-	-	-	29
Accounts receivable	10,901	-	-	-	-	-	10,901

		Financial assets past due but not impaired					
	Current not impaired assets	**Less than 3 months**	**3 - 6 months**	**6 months - 1 year**	**More than 1 year**	**Impaired financial assets**	**2021** *(unaudited)* **Total**

Cash and cash equivalents	84	-	-	-	-	-	84
Due from banks	5,810	-	-	-	-	-	5,810
Accounts receivable	11,140	-	-	-	-	-	11,140

Geographical concentration

The Risk Management Department exercise control over the risk associated with changes in the norms of the legislation and assesses its impact on the Company. This approach allows the Company to minimize potential losses from the investment climate in the Republic of Tajikistan.

The geographical concentration of assets and liabilities is set out below:

	Republic of Tajikistan	**Russian Federation**	**Other**	**Total 2022**
FINANCIAL ASSETS:				
Cash and cash equivalents	4,309	-	-	4,309
Obligatory reserves with the National bank of Tajikistan	98	-	-	98
Due from banks	2,087	118	-	2,205
Loans to customers	29	-	-	29
Accounts receivable	10,901	-	-	10,901
	17,424	118	-	17,542
FINANCIAL LIABILITIES:				
Customer deposits	719	-	-	719
Due to banks and financial institutions	10,064	7	-	10,071
Accounts payable	3,030	-	160	3,190
Lease liabilities	176	-	-	176
Other liabilities	97	-	-	97
	14,086	7	160	14,253
NET POSITION	3,338	111	(160)	3,289

	Republic of Tajikistan	**Russian Federation**	**Other**	**Total 2021** *(unaudited)*
FINANCIAL ASSETS:				
Cash and cash equivalents	84	-	-	84
Due from banks	5,810	-	-	5,810
Accounts receivable	11,140	-	-	11,140
	17,034	-	-	17,034
FINANCIAL LIABILITIES:				
Due to banks and financial institutions	7,323	-	-	7,323
Accounts payable	3,617	-	524	4,141
Lease liabilities	294	-	-	294
Other liabilities	25	-	-	25
	11,259	-	524	11,783
NET POSITION	5,775	-	(524)	5,251

Liquidity risk

Liquidity risk is the risk of difficulties in obtaining funds for the payment of obligations upon the occurrence of the actual date of payment and to meet cash requirements in the process of lending to clients.

Management controls this risk by maturity analysis, determining the Company's strategy for the next fiscal period. Current liquidity is managed by the Asset and Liability Management Committee, which supports the current level of liquidity sufficient to minimize liquidity risk.
The following table presents an analysis of balance sheet interest rate risk and liquidity risk:

	weigh-ted average rate	Less than 1 month	1 – 3 months	3 months-1 year	1-5 years	December 31, 2022 Total:
FINANCIAL ASSETS:						
Loans to customers	22%	-	-	29	-	29
Total financial assets, interest bearing		-	-	29	-	29
Cash and cash equivalents		4,309	-	-	-	4,309
Obligatory reserves with the National bank of Tajikistan		98	-	-	-	98
Due from banks		2,205				2,205
Accounts receivable		10,901	-	-	-	10,901
		17,513	-	-	-	17,513
FINANCIAL LIABILITIES:						
Lease liabilities	15%	27	54	36	59	176
Total financial liabilities, interest bearing		27	54	36	59	176
Customer deposits		719	-	-	-	719
Due to banks and financial institutions		10,071	-	-	-	10,071
Accounts payable		3,190	-	-	-	3,190
Other liabilities		97	-	-	-	97
		14,104	54	36	59	14,253
Difference between financial assets and liabilities		3,409	(54)	(36)	(59)	3,260
Difference between interest bearing financial assets and liabilities		(27)	(54)	(7)	(59)	(147)

	weigh-ted average rate	Less than 1 month	1 – 3 months	3 months-1 year	1-5 years	December 31, 2021 *(unaudited)* **Total:**
FINANCIAL ASSETS:						
Cash and cash equivalents		84	-	-	-	84
Due from banks		5,810	-	-	-	5,810
Accounts receivable		11,140	-	-	-	11,140
		17,034	-	-	-	17,034
FINANCIAL LIABILITIES:						
Lease liabilities	15%	20	39	190	45	294
Total financial liabilities, interest bearing		20	39	190	45	294
Due to banks and financial institutions		7,323	-	-	-	7,323
Accounts payable		4,141	-	-	-	4,141
Other liabilities		25	-	-	-	25
		11,509	39	190	45	11,783
Difference between financial assets and liabilities		5,525	(39)	(190)	(45)	5,251
Difference between interest bearing financial assets and liabilities		(20)	(39)	(190)	(45)	(294)

Periods of maturity of assets and liabilities and the ability to replace interest liabilities in acceptable costs (at the time of redemption) are the most important conditions in determining the liquidity of the Company and its sensitivity to fluctuations in interest rates and exchange rates.

A further analysis of the liquidity and interest rate risks is presented in the following tables in accordance with IFRS 7. The amounts disclosed in these tables do not correspond to the amounts recorded on the statement of financial position as the presentation below includes a maturity analysis for financial liabilities that indicates the total remaining contractual payments (including interest payments), which are not recognized in the statement of financial position under the effective interest rate method.

Undiscounted liabilities analysis

The table below presents distribution of Company's liabilities as at December 31, 2022 and 2021 for contractual undiscounted cash outflows:

	Less than 1 month	**1 – 3 months**	**3 months-1 year**	**1-5 years**	**December 31, 2022 Total:**
Lease liabilities	29	58	45	71	203
	29	58	45	71	203

	Less than 1 month	**1 – 3 months**	**3 months-1 year**	**1-5 years**	**December 31, 2021** *(unaudited)* **Total:**
Lease liabilities	23	46	207	46	322
	23	46	207	46	322

Market risk

Market risk includes the risk of changes in interest rates, currency risk and other price risks faced by the Company. In 2022 there was no change in the composition of these risks and methods for assessing and managing risks in the Company.

In case of attracting funds with a floating interest rate, the risks will be managed by the Company by maintaining the necessary ratio between loans at a fixed and floating rate.

Interest rate sensitivity

The Company manages fair value interest rate risk through periodic estimation of potential losses that could arise from adverse changes in market conditions. The Chief accountant conducts monitoring of the Company's current financial performance, estimates the Company's sensitivity to changes in fair value interest rates and its influence on the Company's profitability.

Currency risk

Currency risk is the risk that the value of a financial instrument due to changes in exchange rates. Financial position and cash flows of the Company are exposed to impact of fluctuations in foreign currency exchange rates. Management exercises currency risk management by determining open currency position on the basis of the alleged impairment of Tajik somoni, and other macroeconomic indicators, which enables the Company to minimize losses from significant fluctuations in national and foreign currency.

Information about the level of foreign currency exchange rate risk of the Company is set out below:

	TJS	USD	RUR	Total 2022
FINANCIAL ASSETS:				
Cash and cash equivalents	3,797	490	22	4,309
Obligatory reserves with the National bank of Tajikistan	15	83	-	98
Due from banks	1,872	215	118	2,205
Loans to customers	29	-	-	29
Accounts receivable	10,901	-	-	10,901
	16,614	788	140	17,542
FINANCIAL LIABILITIES:				
Due to banks and financial institutions	346	373	-	719
Customer deposits	10,064	7	-	10,071
Accounts payable	3,030	-	160	3,190
Lease liabilities	176	-	-	176
Other liabilities	97	-	-	97
	13,713	380	160	14,253
NET POSITION	2,901	408	(20)	3,289

	TJS	USD	RUR	Total 2021 *(unaudited)*
FINANCIAL ASSETS:				
Cash and cash equivalents	27	52	5	84
Due from banks	5,322	488	-	5,810
Accounts receivable	11,140	-	-	11,140
	16,489	540	5	17,034
FINANCIAL LIABILITIES:				
Due to banks and financial institutions	7,323	-	-	7,323
Accounts payable	3,617	-	524	4,141
Lease liabilities	294	-	-	294
Other liabilities	25	-	-	25
	11,259	-	524	11,783
МАВҚЕИ КУШОДАИ ТАВОЗУНӢ	5,230	540	(519)	5,251

Accounting classification and fair values

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at December 31, 2022:

	Valued at amortized cost	Valued at fair value through profit and loss	Valued at fair value through OCI	Total carrying amount	Fair value
FINANCIAL ASSETS:					
Cash and cash equivalents	4,309	-	-	-	4,309
Obligatory reserves with the National bank of Tajikistan	98	-	-	-	98
Due from banks	2,205	-	-	-	2,205
Loans to customers	29	-	-	-	29
Accounts receivable	10,901	-	-	-	10,901
	17,542	-	-	-	17,542
FINANCIAL LIABILITIES:					
Due to banks and financial institutions	10,071	-	-	-	10,071
Customer deposits	719	-	-	-	719
Accounts payable	3,190	-	-	-	3,190
Lease liabilities	176	-	-	-	176
Other liabilities	97	-	-	-	97
	14,253	-	-	-	14,253

The table below sets out the carrying amounts and fair values of financial assets and financial liabilities as at December 31, 2021:

	Valued at amortized cost	Valued at fair value through profit and loss	Valued at fair value through OCI	Total carrying amount	Fair value
FINANCIAL ASSETS:					
Cash and cash equivalents	84	-	-	-	84
Due from banks	5,810	-	-	-	5,810
Accounts receivable	11,140	-	-	-	11,140
	17,034	-	-	-	17,034
FINANCIAL LIABILITIES:					
Due to banks and financial institutions	7,323	-	-	-	7,323
Accounts payable	4,141	-	-	-	4,141
Lease liabilities	294	-	-	-	294
Other liabilities	25	-	-	-	25
	11,783	-	-	-	11,783

Fair value of financial instruments

Fair value is defined as the value at which a financial instrument can be acquired in a transaction between well-informed, willing to make such a transaction parties, independent from each other except in cases of forced or liquidation sale. The presented estimates may not reflect the amounts that the Company could receive if there was an actual sale of a package of certain financial instruments.

The carrying amount of cash is approximately equal to the fair value due to the short-term nature of such financial instruments.

IFRS 13 defines fair value as the amount that would be received after selling an asset or paid after transferring a liability in an orderly transaction on the main (or most advantageous) market at the measurement date under current market conditions. Since there are no markets for most of the Company's financial instruments, under the current economic conditions and specific risks that characterize the tool, a judgement should be applied to determine the fair value.

As of December 31, 2022 and 2021, the following methods and assumptions were used by the Company to assess the fair value of financial instruments for which it was practical to determine the value:

Cash and cash equivalents - current value of cash and cash equivalents corresponds to fair value.

Accounts receivable and other accounts receivable - current value approximates the fair value of these financial instruments, as the allowance for doubtful debts is valid estimation of the required discount to reflect the credit risk.

Accounts payable and other payables- current value approximates the fair value of given financial instruments due to short-term nature of the loan.

Long-term liabilities - current value approximates fair value as the interest rate of long-term debt approximates market rate, with reference to loans with similar credit risk and maturity at the reporting date.

Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows. The Company classifies the fair values of its financial instruments into a three-level hierarchy based on the degree of the source and observability of the inputs that are used to derive the fair value of the financial asset or liability as follows:

Level 1	Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can assess at the measurement date; or
Level 2	Inputs other than quoted inputs included in Level 1 that are observable for the assets or liabilities, either directly or indirectly; or
Level 3	Unobservable inputs for the assets or liabilities, requiring the Company to make market-based assumptions.

Level 1 classifications primarily include financial assets and financial liabilities that are traded in stock markets, whereas Level 2 classifications primarily include financial assets and financial liabilities which derive their fair value primarily from market quotes and readily observable quotes. Level 3 classifications primarily include financial assets and financial liabilities which derive their fair value predominantly from models that use applicable market-based estimates surrounding location, quality and credit differentials. In circumstances where the Company cannot verify fair value with observable market inputs (Level 3 fair values), it is possible that a different valuation model could produce a materially different estimate of fair value.

It is the Company's policy that transactions and activities in trade related financial instruments be concluded under master netting agreements or long form confirmations to enable balances due to/from a common counterparty to be offset in the event of default, insolvency, or bankruptcy by the counterparty.

The following tables show the fair values of financial assets and financial liabilities as at December 31, 2022 and 2021. Other assets and liabilities which are measured at fair value on a recurring basis are cash and cash equivalents. Eveluation of fair value on irregular bases was not conducted.

	Level 1	**Level 2**	**Level 3**	**December 31, 2022 Total**
FINANCIAL ASSETS:				
Cash and cash equivalents	4,309	-	-	4,309
Obligatory reserves with the National bank of Tajikistan	98	-	-	98
Due from banks	2,205	-	-	2,205
Loans to customers	-	29	-	29
Accounts receivable	-	10,901	-	10,901
	6,612	10,930	-	17,542
FINANCIAL LIABILITIES:				
Due to banks and financial institutions	10,071	-	-	10,071
Customer deposits	-	719	-	719
Accounts payable	-	3,190	-	3,190
Lease liabilities	-	176	-	176
Other liabilities	-	-	97	97
	10,071	4,085	97	14,253

	Level 1	**Level 2**	**Level 3**	**December 31, 2021 *(unaudited)* Total**
FINANCIAL ASSETS:				
Cash and cash equivalents	84	-	-	84
Due from banks	5,810	-	-	5,810
Accounts receivable	-	11,140	-	11,140
	5,894	11,140	-	17,034
FINANCIAL LIABILITIES:				
Due to banks and financial institutions	7,323	-	-	7,323
Accounts payable	-	4,141	-	4,141
Lease liabilities	-	294	-	294
Other liabilities	-	-	25	25
	7,323	4,435	25	11,783

Currency rate sensitivity

Table below represents sensitivity analysis of the Company to 10% increase and decrease in currency rate to somoni in 2022 and 2021. The Company's management believes that in the current economic environment in the Republic of Tajikistan, a 10% decrease represents a realistic change in the exchange rate of the Tajik somoni against the official exchange rates. 10% - a level of sensitivity, which is used internally by banks when reporting foreign currency risk internally to key management personnel of the Company and is an estimate by management of the Company. Sensitivity analysis include only amounts in foreign currency as at period end, for which rates are used changed by 10% compared to current ones during conversion.

Following table presents a sensitivity analysis of the Company based on nominal value of financial asset as at December 31, 2022 and 2021:

		December 31, 2022		**December 31, 2021** (unaudited)	
	Currency	Official exchange rate, +10%	Official exchange rate -10%	Official exchange rate, +10%	Official exchange rate, -10%
Effect on profit or loss	USD	56	(56)	2	(2)

Limitations of sensitivity analysis

The above tables demonstrate the effect of changes based on the main clause while other assumptions remain unchanged. In fact, there is a connection between the assumptions and other factors. It should also be noted that the sensitivity has nonlinear character so should not be interpolated or extrapolated from these results.

Sensitivity analysis does not consider that the Company actively manages the assets and liabilities. In addition, the Company's financial position may be subject to change depending on changes in the market. For example, the strategy of the Company's financial risk management aims to manage exposure to market fluctuations. In the case of sudden adverse price fluctuations in the securities market leadership can refer to such methods as selling investments, changing investment portfolio, as well as other methods of protection. Consequently, changes in assumptions may not have influence on the commitment and significant impact on the assets recorded on the balance sheet at market price. In this situation, different methods of valuation of assets and liabilities may lead to volatility in equity.

Other limitations in the above sensitivity analysis include the use of hypothetical market movements with a view to the disclosure of potential risks, which represent only the Company's forecast of the upcoming changes in the market that cannot be predicted with any certainty.

Segment reporting

The Company's activities apply only to commercial lending and concentrated in the Republic of Tajikistan.

27. EVENTS AFTER THE REPORTING DATE

As at the date of issuance of these financial statements, no significant events or transactions that are required to be disclosed in accordance with IAS 10 "Events after the Reporting Period" have occurred.