



# **ANNUAL REPORT**

## **2017**

The microfinance institution KMF is the largest MFI in Kazakhstan and in the CIS. The Company provides loan products aimed at supporting entrepreneurship, growth of well-being of the population, and development of agriculture.

## **1. Reporting events in 2017**

### **The largest transaction on the microfinance market of Kazakhstan: KMF received \$44 million loan from IFC**

KMF signed loan agreement with the International Finance Corporation (IFC), a member of the World Bank Group, for \$44 million purported for the development of microfinance in Kazakhstan. This is the first loan from IFC for Kazakhstan's microfinance sector. The funds were provided to KMF in several tranches in local currency in the equivalent of about KZT14.5 billion (at the rate of the National Bank of Kazakhstan as of the agreement date), thereby excluding currency risks for KMF customers. The syndicate of foreign investors includes the leading financial providers of the microfinance market: Microvest (USA), Bank im Bistum (Germany), Incofin (Belgium), Symbiotics (Switzerland).

The funds received under IFC syndicated loan will be used to finance entrepreneurs, particularly the people living in rural areas, where the population's access to bank financing is limited.

### **The Women in Business Program of the European Bank for Reconstruction and Development (EBRD)**

In 2017, KMF received KZT 2.2 billion in two tranches under this program aimed at supporting women-entrepreneurs.

The Women in Business program for KMF female clients is co-financed by the EBRD and the Government of the Republic of Kazakhstan. It started in 2016 and is planned to last until 2020. The program provides support to small and medium-sized women-led enterprises with access to financing, know-how and advice. Increasing the role of women in the economy is a key element in strengthening the economic sustainability of countries in which the EBRD invests and one of its three strategic priorities. Workshops are held for entrepreneurs in Almaty, Astana and regional centers of Kazakhstan.

### **EBRD Program for Loan Financing for Micro, Small and Medium- sized Enterprises**

In 2017, KMF received KZT 1.5 billion from EBRD under this program.

Loan Financing for Micro, Small and Medium- sized Enterprises is one of the key programs of the EBRD to support entrepreneurship in Kazakhstan. KMF is a key partner of this program in Kazakhstan. The funds are used to further expand access of Kazakhstan entrepreneurs to microloans, especially in remote villages of the republic.

### **Cooperation of KMF and Kazakh National Agrarian University on development of agro-industrial complex in Kazakhstan**

KMF and the Kazakh National Agrarian University (KazNAU) signed a memorandum of cooperation that envisaged the wide introduction and use of research and development, knowledge and technologies of KazNAU in agriculture among KMF borrowers engaged in agriculture, as well as organization of start-up projects competition for university students. Three students with the best projects received cash prizes.

## **KMF is the largest microfinance institution in the CIS**

Kazakhstan microfinance market is the largest market on the territory of the CIS countries. According to international organization Microfinance Information Exchange (without taking into account the activity of banks), Kazakhstan formed about 33% of the aggregate market of microloans in the Commonwealth, or USD 464.3 million in 2017.

And the largest organization in the CIS was the Kazakhstani microfinance institution KMF with 183,300 active borrowers. This is 16.8% of the active client base in the Commonwealth market. Azerbaijan ranks second with a significant gap from Kazakhstan. Aggregate loan portfolio of Azerbaijani non-bank MFIs is USD 337.6 million, or 24% of the CIS market. The third biggest is Tajikistan; the total amount of issued microloans there is estimated at USD 191 million. This is 13.6% of the aggregate volume in the CIS.

## **Opening of new outlets in rural areas**

In 2017, new outlets were opened in several regions. In particular, in Kostanay, West-Kazakhstan and Kyzylorda regions. Also, new buildings of KMF branches in Taldykorgan and Kyzylorda was put into operation.

## **IX Conference "Woman and Business": New Approaches to Entrepreneurship Development in Kazakhstan**

In March 2017, IX Conference "Woman and Business" was held in Almaty. It was devoted to discussing and finding ways to solve the problems that women face when organizing and developing their business in Kazakhstan. The event was hosted by the microfinance institution KMF and the Corporate Fund KMF-Demeu.

The main goal of the conference is to provide women with access to modern methods and business models for developing their businesses, as well as to the assistance of experts and business trainers. The conference is aimed not only at well-established businesses, but also on micro entrepreneurs, self-employed women who are just starting their way in business.

More than 150 women entrepreneurs from the regions of Kazakhstan participated in the conference.

## **Kazakhstan Microfinance Forum**

On September 7-8, 2017 the first Kazakhstan Microfinance Forum "Financial Literacy Improvement as a Factor of Social and Economic Growth" was held in Almaty. The Forum was organized by the microfinance institution KMF with the support of the Association of Microfinance Organizations of Kazakhstan (AMFOK) and the National Bank of Kazakhstan. More than 30 experts in the field of financial literacy from 12 countries, as well as representatives of the National Banks of Kazakhstan, Kyrgyzstan, Georgia, and Russia took part in the Forum. In total, more than 220 participants visited the Forum.

Experts from Europe, Caucasus, Russia and Central Asia discussed the existing experience and the role of government agencies, non-governmental organizations, financial and educational institutions in achieving results in the implementation of national programs to increase financial literacy. Participants noted that increasing the level of economic knowledge of the population contributes to the growth of the country's well-being.

An important topic for discussion was the proposal of forum participants to create an Expert Board under the National Bank of Kazakhstan, as a single discussion platform for considering and promoting projects to increase financial literacy in the country. It is expected that the

Expert Board will include representatives of government agencies, financial sector, independent experts, public figures, the media and other stakeholders.

## 2. KMF in figures

At the end of 2017, KMF had 220 903 active clients, and the loan portfolio<sup>1</sup> reached KZT 87.6 billion.

KMF has 110 sales points across Kazakhstan, which cover more than 3,000 settlements, and 15 branches located in major cities of Kazakhstan. The Company has an important social impact on the business of clients, providing support in the form of financial and non-financial services. Thanks to KMF microloans more than 183 000 jobs were created. In addition, entrepreneurs finance about 40,000 jobs for their employees, thereby ensuring their employment.

### Social Performance

66% of our clients, and this is 145 000 people, are residents of rural areas, who have assimilated 60% of the Company's loan portfolio.

It is worth noting that 62% of all clients are women, and 85 thousand of those clients provided with our credit facilities are women in rural areas.

Data as of 31 December 2017

Share of clients by source of income	
Income from business activities	35%
Income from farming	33%
Average loan amount and coverage of population with low income	
Average loan amount (only micro business clients), total	437,000
Coverage of population with low income: Income per 1 family member <1 minimum living wage (for new clients)	3%
Service Quality	
Client satisfaction survey	96.3%
Client retention rate	86%
Coverage by Financial Literacy Project	122 000 (55% of active clients)
Jobs created due to KMF financing	
Number of financed jobs (self-employed clients + hired workers)	195,364
including self-employed clients (financing of micro enterprises)	149,527
including number of workers hired by our clients	45,837

### Financial Literacy Improvement Project

Corporate social responsibility encompasses not only the provision of financial services, but also free financial literacy training.

Since 2013, with the support of the parent organization - Corporate Fund "KMF-Demeu", KMF has been implementing the Financial Literacy Improvement Project among the

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<sup>1</sup> Hereinafter "loan portfolio" means the outstanding principal amount on loans to clients before impairment provisioning as of 31.12.2017.

population of Kazakhstan. Workshops are free of charge not only for our clients, but for all other citizens of Kazakhstan. By January 1, 2018, the total number of participants of Financial Literacy Improvement Project exceeded 122 000 people. Over 2500 borrowers of KMF visited lessons on financial literacy in business management.

## Charity

Charity plays an important role in the social activities of the Company. Employees share and support this vision of the Company. Starting from 2014 all KMF branches are involved in "Kindness Campaign", under which KMF employees provide financial help to people who are in need, or help such people with household chores, etc. Employees are patronizing veterans of the Great Patriotic War, multi-child families and orphanages.

## 3. Overview of key macroeconomic indicators in 2017

2017 was full of challenges for the financial sector, both in Kazakhstan and abroad. But, despite the difficulties, KMF obtained significant results. The Company managed to achieve its goals and fulfill its tasks.

Due to the improvement of the economic environment, the results of KMF showed significant growth. In this jubilee year, KMF managed to achieve 70% of the portfolio growth, at the same time the Company retained high quality of the loan portfolio - PAR<sup>2</sup>> 30 was 1.6%<sup>2</sup> at the end of 2017. Efficiency has also improved, which can be seen from many indicators (for example: the overhead rate improved from 70.3% in 2016 to 59.4% in 2017). The high KMF figures signify that the Company successfully managed to raise financing, and moreover, in 2017, it entered a new level of cooperation through the use of a syndicated loan from IFC, which covered 34% of the financing needs. Most of the borrowed funds were provided to the Company in local currency, which allowed minimizing currency risk.

At the same time, the cost of funds for KMF remained practically at the same level of 16.2% for the year. This allowed increasing net profit from KZT 2.1 billion in 2016 to KZT 5.5 billion in 2017, which in its turn led to an increase in return on equity to 35.3%<sup>3</sup>.

High indicators of KMF show that the Company retains its leading position in the microfinance market of Kazakhstan with the largest portfolio (over 55% market share), customer base (about 50% market share) and regional network (110 points of sales).

In 2017, in order to improve the efficiency of KMF business processes, the following important tasks have been implemented:

- ✓ transformation of organizational structure of seven large branches, the aggregate portfolio of which is 85% of KMF total portfolio;
- ✓ projects aimed at increasing the efficiency of customer service, such as mobile credit committee, electronic document flow for loans disbursement;
- ✓ modernization and optimization of the MIS "ASBUKA" in order to improve its performance;
- ✓ introduction of new conditions for loan products that are aimed at satisfying the clients' needs and increasing their loyalty;
- ✓ launch of new marketing campaign to increase the Company's brand awareness in the regions;
- ✓ completion of comprehensive inspection of KMF's activities by the National Bank of Kazakhstan;
- ✓ organization of Kazakhstan Microfinance Forum "Improvement of financial literacy as a factor of social and economic growth";

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<sup>2</sup> This is the ratio of the amount of overdue loans over 30 days to the outstanding principal amount on loans to clients before impairment provisioning as of 31.12.2017

- ✓ continued work on the centralization of accounting transactions and start of the centralization of business processes of operational risk management and debt collectors activities;
- ✓ launch of contact center focused on bad debts recovery.

Optimization of the organizational structure of branches, updating and introduction of new technologies, optimization of business processes, increase of promotional activity in the regions and high level of customer loyalty, active participation in socially significant projects created additional prerequisites for increasing the competitiveness of KMF.

Taking into account the actual results of the last three years and in order to support the implementation of future strategic tasks for the Company's development, the General Meeting of Shareholders held on March 30, 2017, made a decision to increase the charter capital by making an additional contribution of KZT 4.3 billion by non-resident shareholders. In the first half of 2017, the charter capital was increased to KZT14.4 billion.

**The key financial results of 2017 are presented in the table below:**

Indicators	2015	2016	2017
Return on assets (ROA), %	4.6%	4.3%	7.1%
Return on equity (ROE), %	20.4%	21.8%	35.3%
Portfolio at risk > 30 days, %	1.9%	1.8%	1.6%
Leverage	3.8	4.3	3.7
Capital Adequacy Ratio, %	20.9%	18.8%	21.1%
Portfolio Yield, %	41.9%	41.6%	42.7%
Overhead costs ratio, %	70.3%	71.3%	59.4%

## 4. Overview of KMF financial performance for 2017

The Company prepares financial statements in accordance with the International Financial Reporting Standards (IFRS) and the laws of the Republic of Kazakhstan on accounting and financial reporting.

All data in this section are taken from the financial statements confirmed by the audit reports for years ended on 31 December 2015, 2016 and 2017.

At the end of 2017, KMF's net profit amounted to KZT5.5 billion, which is by 164% higher than the net profit for 2016. In 2017, KMF showed the following profitability indicators: ROA - 7.1%, ROE - 35.3%, taking into account the following average indicators in the microfinance market: ROA - 6.2%, ROE - 18.2% (according to the National Bank of Kazakhstan<sup>4</sup>). Such growth in the net profit, first of all, is the result of growth in the loan portfolio by 70%, as well as changes in the structure of the loan portfolio towards the most profitable products.

As in previous years, 99% of the aggregate interest income was received on loans to clients. For the reporting year, interest income on loans increased by KZT12.3 billion or 70% and amounted to KZT29.8 billion. Income on short-term investments increased by KZT 69.1 million or 63% and amounted to KZT 177.9 million.

The growth in interest expenses was KZT5.5 billion or 101% as compared to the result of 2016. This growth was due to several reasons: increase in liabilities in 2017 and high cost of new borrowings. Increase in interest expenses affected a slight decrease in the efficiency of financial expenses, which was 16.2% (as compared to 16.0% in 2016).

Interest expenses on loans under back-to-back transactions are reflected in the net profit on financial instruments measured at fair value through profit or loss.

<sup>4</sup> Source: Report of NBK "Information on Microfinance Institutions" as of 01.01.2018

KZT thousand

Income Item	2017	2016	2015	2017/2016, %	2016/2015, %
<b>Financial income:</b>	<b>29,976,196</b>	<b>17,602,278</b>	<b>12,983,804</b>	<b>36%</b>	<b>36%</b>
Interest income on loans	27,824,544	16,435,349	11,974,383	37%	37%
Commission income on loans	1,819,521	984,132	839,511	17%	17%
Other portfolio income	154,244	73,962	68,944	9%	7%
Income on short-term investments	177,887	108,835	100,965	8%	8%
<b>Financial expenses</b>	<b>10,946,677</b>	<b>5,447,495</b>	<b>3,573,015</b>	<b>52%</b>	<b>52%</b>
<b>Financial margin</b>	<b>19,029,519</b>	<b>12,154,783</b>	<b>9,410,789</b>	<b>57%</b>	<b>29%</b>

Expenses on asset impairment provisions increased twofold or by KZT265.1 million as compared to the previous year and at the year-end 2017 they amounted to KZT526.3 million due to the growth in the loan portfolio by 70%. At the same time, the quality of the portfolio remains high (portfolio at risk >30 days is 1.6%).

Net expenses on transactions with financial instruments measured at fair value through profit or loss in 2017 include expenses from changes in the fair value of currency swaps in the amount of KZT398.5 million (in 2016, expenses amounted to KZT1,433.8 million) and forwards in the amount of KZT202.2 million (in 2016, expenses amounted to KZT536.6 million). As compared to 2016, we assess current result of transactions with financial instruments as positive, because the loss from non-interest expenses was 3 times less (in 2016, the loss amounted to KZT1, 970.4 million).

Taking into account the growth in the active client base in 2017 by 21% and volume of the loan portfolio by 70%, the Company's operating expenses increased by KZT3.8 billion or by 53.1%. As of the reporting date, operating expenses amounted to KZT11.1 billion.

The most significant increase in absolute terms was shown by personnel expenses, which are the largest item of operating expenses (70.9% of operating expenses). The growth in personnel expenses was 55% or KZT2.8 billion. This growth is resulted from introduction of a new incentive scheme for loan officers, as well as indexation of salaries of employees because of heavy devaluation of the national currency in 2015.

At year-end 2016, number of employees amounted to 1,693 people. The growth in the number of employees was mainly due to the increase in the number of employees of the credit department - by 12% or 98 people. The growth of other employees was 8% or 59 people.

The growth in other administrative expenses amounted to KZT1.0 billion or 48% that is caused by investments in development, improvements of branch network and information systems, expansion of the network of own terminals for loan repayment acceptance, strengthening of security at offices and improvement of terms and conditions of loan products.

Despite the growth in operating expenses, the ratio of operating expenses improved by 1.2% and at the end of 2017 it amounted to 16.7% (at the end of 2016 - 17.9%). Of these, the efficiency of personnel expenses was 11.3%, which is much better than the result of 2016 (12.1%), and the efficiency of other administrative expenses was 4.6%, having improved by 0.5% as compared to 2016 (5.2%).

Following the results of 2017, the ratio of operational expenses to financial income amounted to 37% showing improvement by 4% as compared to the results of 2016 (41%).

## 5. Statement of Financial Position



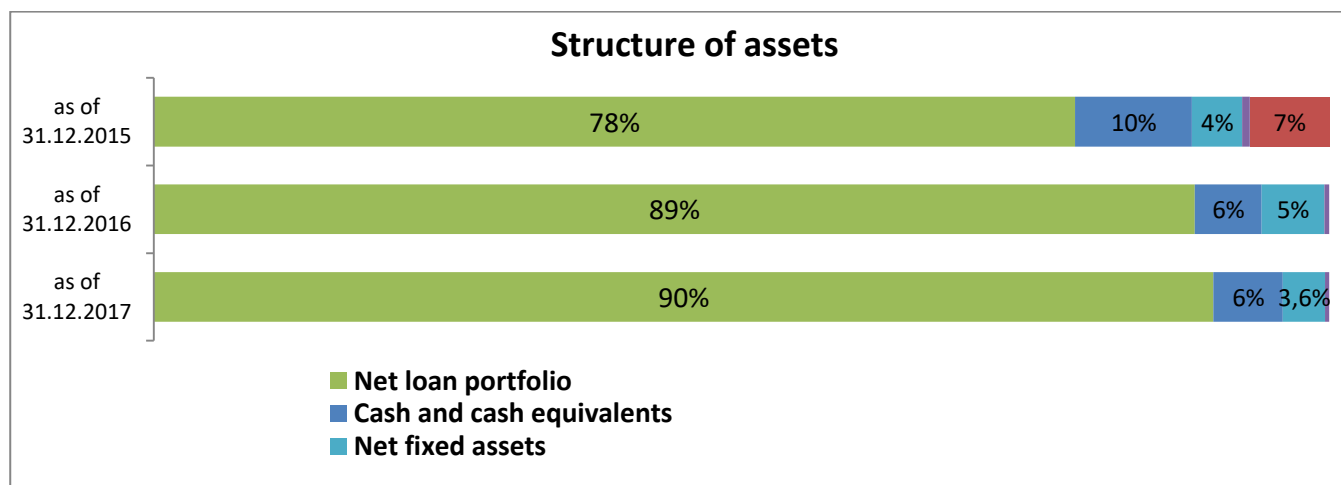
## Overview of KMF assets

At the end of 2017, KMF assets increased by 67% up to KZT96.8 billion as compared to KZT 59 billion at the end of 2016. The dynamics of assets is to the large extent determined by the changes in the loan portfolio, which accounts for 90.2% of the balance.

KZT thousand

Assets	31.12.2017	31.12.2016	31.12.2015	2017/2016, %	2016/2015, %
Cash and cash equivalents	5,733,074	3,300,031	4,392,587	74%	-25%
Financial instruments measured at fair value	0	0	2,984,600	0%	-100%
Net loan portfolio	87,264,557	51,342,886	34,644,759	70%	48%
Other assets	323,707	235,118	278,277	38%	-16%
Net fixed assets	3,475,445	3,081,666	1,890,453	13%	63%
<b>TOTAL ASSETS</b>	<b>96,796,783</b>	<b>57,959,702</b>	<b>44,190,676</b>	<b>67%</b>	<b>31%</b>

Loans to clients remain the Company's largest asset: they account for 90.2% of the total assets. The share of liquid assets, including cash and short-term investments is 5.9%. The volume of net fixed assets decreased to 3.6%.



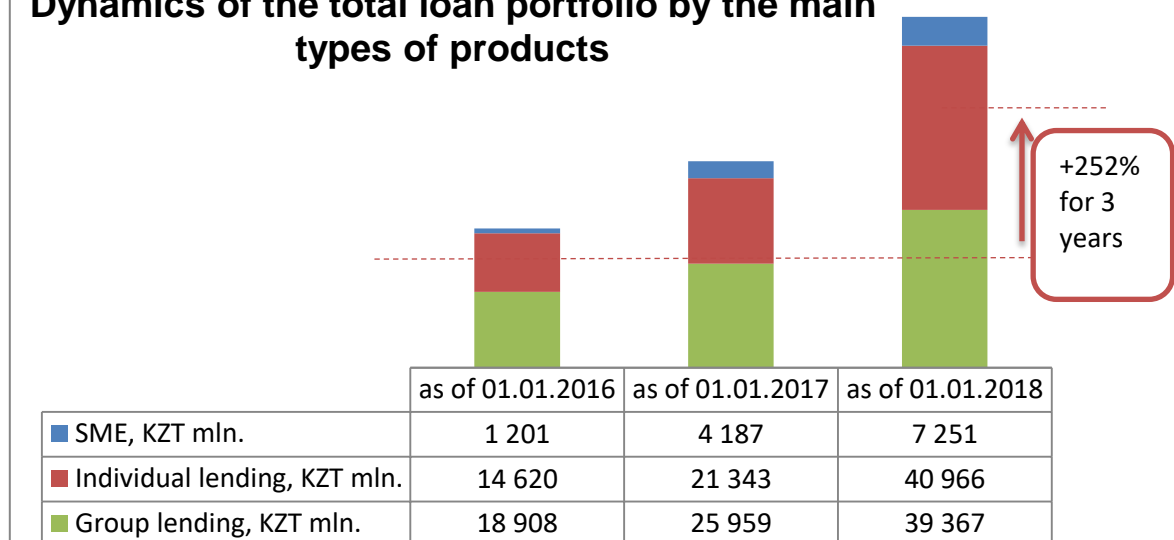
Financial instruments measured at fair value through profit or loss have been transferred from claims to liabilities. The portfolio of financial instruments reflects the results of revaluation of back-to-back transactions and forward agreements.

## Loan Portfolio

The KMF total loan portfolio before the deduction of provisions increased by 70% year-on-year and amounted to KZT87.6 billion. Positive dynamics and significant volume of the loan portfolio was achieved due to the competitive conditions and individual approach to each client.



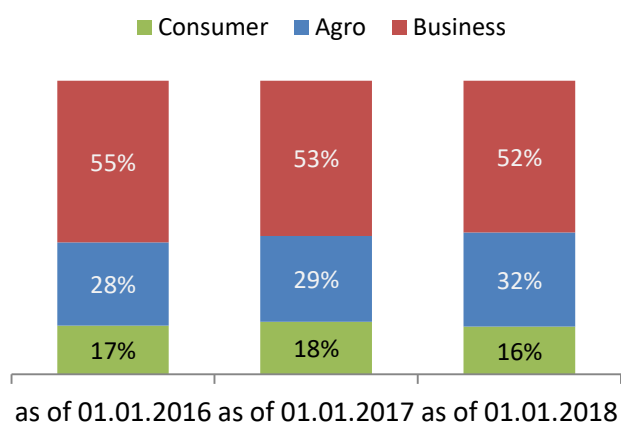
## Dynamics of the total loan portfolio by the main types of products



Loan portfolio dynamics shown in the diagram illustrates stable loan portfolio growth. Over the last three years the loan portfolio increased almost in 2.5 times.

The portfolio structure by the lending methodology has changed because of changes in the terms and conditions of loan products. The share of individual lending products<sup>5</sup> has significantly increased. The volume of individual microloans increased up to KZT40.9 billion and reached 47% (at year-end 2016 it was 41%). The volume of group loans has decreased to 45% in the total portfolio and amounted to KZT39.4 billion. The share of SME loans in the total loan portfolio remains at the level of 8% for the second year and the total volume of SME products amounted to KZT7.3 billion.

## Structure of the loan portfolio by the source of income



In the structure of the loan portfolio by the sources of client income, there have also been changes in the share of agribusiness loans by 4% (from 28% in 2015 to 32% in 2017). But the largest share (more than 52%) is still taken by the loans aimed at business development. Following the results of 2017, the share of loans issued for clients with salary income source decreased to 16%.

All changes in the portfolio structure correspond to the Company's strategic goals.

The growth rate of the loan portfolio was due to the high demand for KMF products and construction of the processes aimed at increasing staff efficiency and productivity, which is evidenced by the growth in the active client base from the beginning of the year by 21% or 37,572 clients. Following the results of 2017, the total active client base was 220 thousand people. The targets set in the beginning of the year on preserving existing client base and attracting new clients were achieved in 2017.

<sup>5</sup> Excluding SME

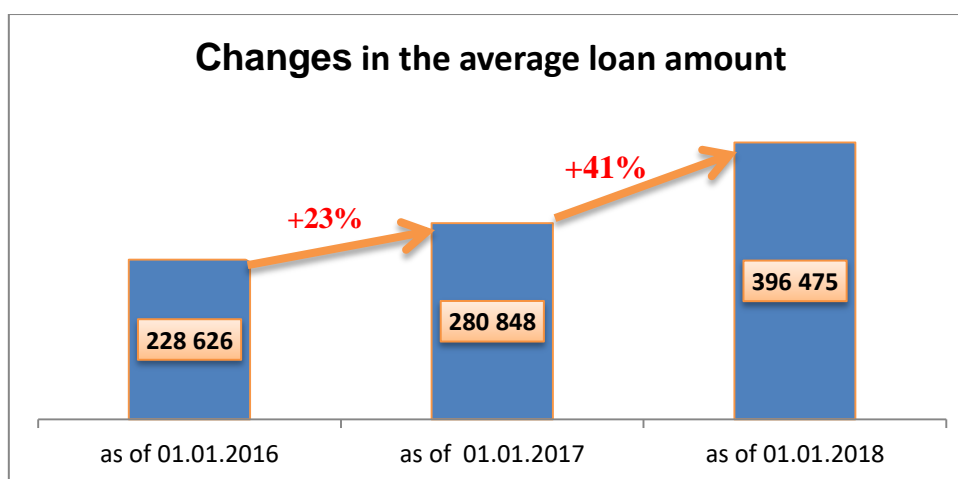
The share of loans issued to repeated clients has increased by 3% and by the end of 2017 amounted to 77%. One of the reasons for the growth in the number of loyal clients was introduction of a new loyalty program, which provides for building long-term relationships, encouraging positive credit history and obtaining additional beneficial conditions for clients.

In 2017, the share of loyal clients increased up to 23% with the annual growth of 5%.

At the end of 2017, the volume of loans disbursed in KZT amounted to more than KZT146 million. As compared to the results of 2016, the total amount of loans disbursed increased by 56%.

One of the important options for improving the quality of client service is the provision of services through different channels. As of 01 January 2018, there are 152 own cash-in terminals in all offices of the Company. Also, clients can repay loans through the terminals of our partners - QIWI, Astana Plat, Kassa 24 and Kazpost JSC. In addition, in the second half of the year a new website [www.kmf.kz](http://www.kmf.kz) was launched with a new option for clients - "User Account", where a client can apply for a loan, view his/her current and future repayments.

Moreover, a loan can be repaid on this website with credit cards Visa and MasterCard.

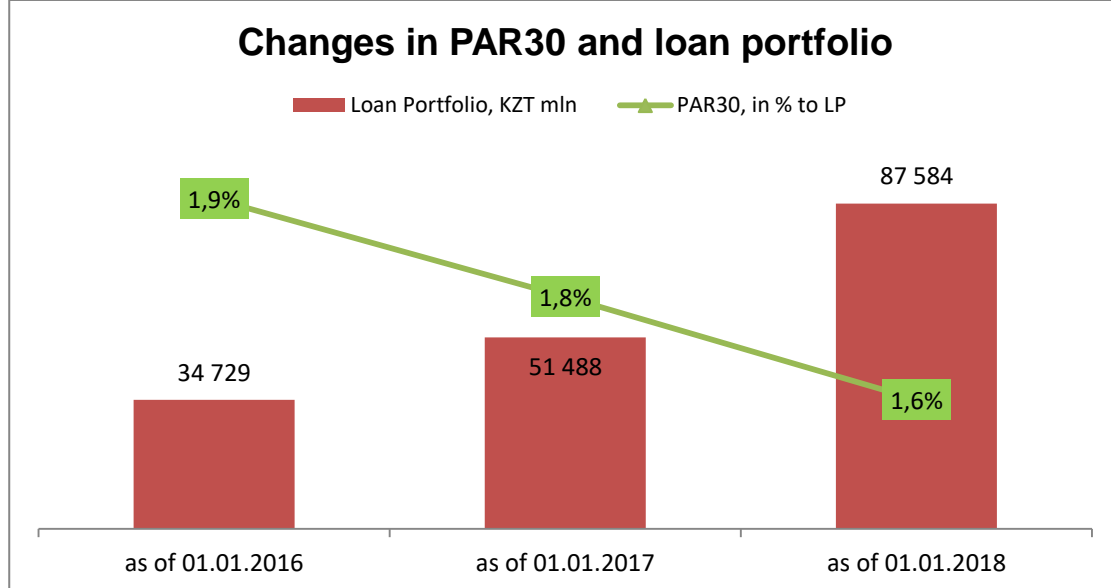


As in previous years, KMF remains within its target group of clients. 60% of issued loans were for the amounts of less than KZT300 thousand. It should be noted that in 2017 the average loan amount increased by 41% and amounted to KZT396 thousand.

In 2017, loan loss provisions increased by 67% and amounted to KZT1.2 billion. The dynamics of changes in provisions is related to the overall dynamics of the loan portfolio. At the same time, the ratio of provisions to the portfolio remained unchanged at the end of 2017 - 1.4% showing stable quality of new loans.

The strength of KMF is that the lending procedure for each of the Company's loan product is strictly regulated. Assessment of the credit risk includes such parameters as payment discipline, credit history, and frequency of default. The process of loan approval is effective, which is certified by the low level of non-performing loans with overdue interests or principal for more than 30 days (or PAR>30 days). In 2017, the portfolio at risk over 30 days was 1.6%, showing the decrease by 0.2% as compared to 2016. The coverage of non-performing loans by provisions in 2017 increased by 14% as compared to 2016 and amounted to 86%.

## Changes in PAR30 and loan portfolio

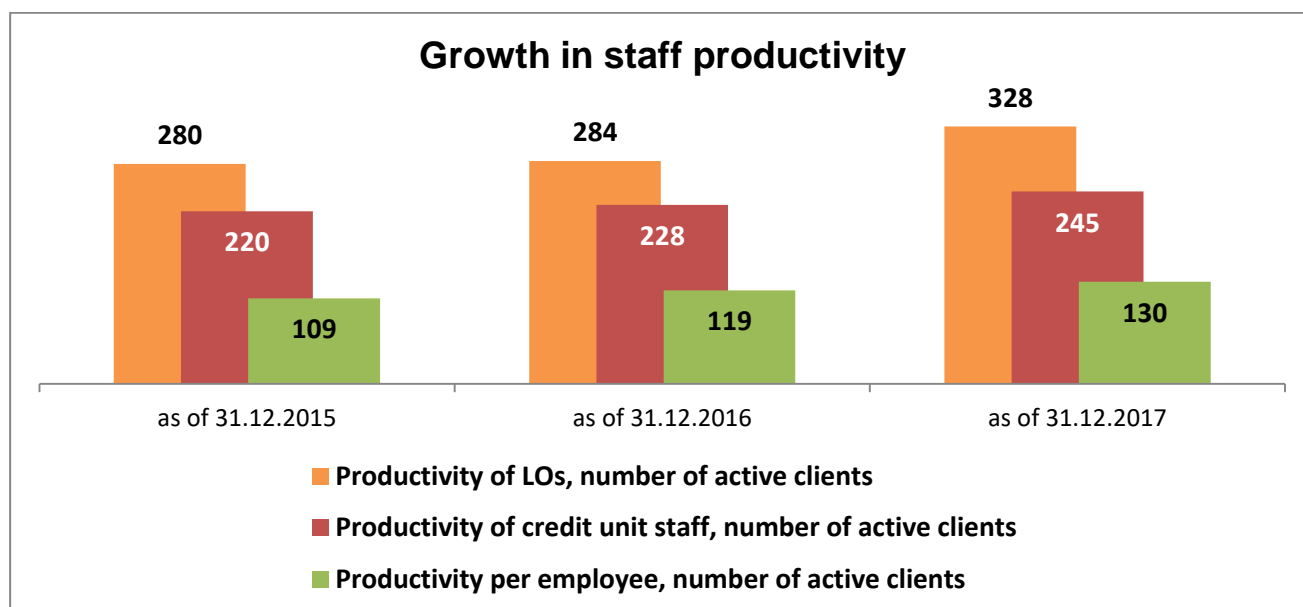


Due to organization of high-quality disbursements of microloans and fewer facts of falling in arrears in 2017, there is a positive trend in reducing the portfolio at risk. With the loan portfolio growth by 70% in 2017, the portfolio at risk >30 days was 1.6%.

Another indicator of the loan portfolio quality is the ratio of the amount of write-offs to the collection of previously written-off loans. In 2017, KMF wrote off KZT2.1 million of non-performing loans, which is by KZT18 million less than the amount of loans written off in 2016.

### Productivity of Loan Officers

In 2017, staff productivity increased by 9% and reached the level of 130 active clients per Company's employee. By the end of the year the loan officers' productivity was 328 clients per loan officer, showing the growth by 44 clients.



Growth in credit unit staff productivity was ensured by several factors, such as transformation of organizational structure of big branches and maximum usage of options of the tablet solution "Mobile Application" that has allowed increasing document flow speed on credit activities and reducing timing for loan application processing. The ratio of branch staff productivity and credit unit's productivity to active client base growth also demonstrates the increase in staff performance. The number of active clients increased by 21% for the last year, and the staff of loan officers increased by 16% as compared to the beginning of the reporting period.

### Fixed assets

As of 31 December 2017, net book value of KMF's fixed assets and intangible assets was KZT3.5 billion. Growth of the residual book value for the reporting year was KZT394 million, or 13%. This happened due to major repairs in own current offices, renovation of fixed assets.

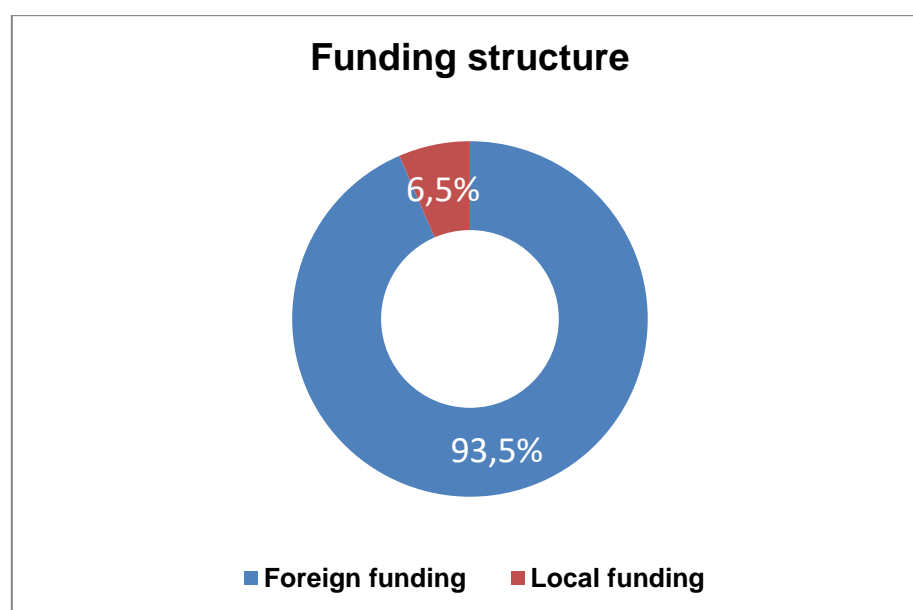
Following the results of 2017, the share of net fixed assets was 4%. KMF's investments in its own property do not exceed 10% of the total value of the Company's assets proving the rational use of its own funds and borrowings. The residual value of fixed assets as of 31 December 2017 is presented in the table below.

KZT thousand					
Fixed assets	2017	2016	2015	2017/2016, %	2016/2015, %
Land and buildings	2,090,140	1,952,230	999,034	7%	95%
Office furniture and equipment	543,837	394,461	313,810	38%	26%
Hardware	483,139	397,964	294,855	21%	35%
Vehicles	197,302	160,072	176,826	23%	-9%
Intangible assets	157,129	176,812	104,926	-11%	69%
Construction in progress	3,898	127	1,003	2,969%	-87%
<b>Total</b>	<b>3,475,445</b>	<b>3,081,666</b>	<b>1,890,454</b>	<b>13%</b>	<b>63%</b>

### Liabilities

At the end of 2017, KMF's total liabilities increased by 62% and amounted to KZT 76.4 billion, as compared to KZT47 billion at the end of 2016.

The Company's liabilities include borrowings and other liabilities. The share of liabilities is 78.9% of the total assets. Growth in liabilities was due to the increase in the amount of borrowings. The amount of borrowed funds increased for the period by 63% or by KZT 28.7 billion and amounted to KZT74.1 billion.



The Company has the extensive list of funding sources represented both by international financial institutions and local commercial banks. The major portion of all borrowings (more than 93.5%) was raised from international financial institutions from Western Europe and the United States.

In 2017, new borrowings were raised in local currency (KZT). Therefore, the share of USD loans in the structure of borrowing by currencies decreased by 14%, and by the end of the year the share of USD loans was 6.4%. The share of KZT loans was 91.6% of the total borrowings.

In 2017, the Company moved to a new level of cooperation by raising a syndicated loan from IFC, which allowed coverage of 34% of the Company's funding needs.

## Equity

KMF's charter capital increased due to reinvestment of dividends for 2016 for the amount of KZT1.6 billion and additional contribution of the Company's shareholders-non-residents for the amount of KZT4.3 bn. As of 31 December 2017, the amount of charter capital was KZT20.4 billion, which is by 86.8% higher than in 2016. At the end of 2017, net profit amounted to KZT5.5 million.

Following the results of 2017, capital adequacy ratio was at the level of 21.1%, which is much higher than the minimum level set by the National Bank of the Republic of Kazakhstan.

The table below shows the results that are in compliance with the prudential ratios of the National Bank of Kazakhstan.

#	Indicator	Prudential ratio	As of 01.01.2018
1	Paid-up charter capital, KZT thousand	$\geq \text{KZT}30 \text{ million}$	14,430,993
2	Calculated equity, KZT thousand	$\geq \text{KZT}30 \text{ million}$	20,394,726
3	Equity adequacy ratio	$k1 \geq 0.1$	0.211
4	Maximum exposure ratio per borrower	$k2 \leq 0.25$	0.001
5	Ratio of maximum limit of total liabilities	$k3 \leq 10$	2.656