OCN MOGO LOANS SRL
(IDNO 1017600033216)

FINANCIAL SITUATIONS
FOR THE MANAGEMENT PERIOD ENDED ON DECEMBER 31, 2021

PREPARED IN ACCORDANCE WITH THE
INTERNATIONAL FINANCIAL REPORTING STANDARDS

Chisinau, 2022

Contents

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Independent Auditors’ Report

To the sole shareholder of O.C.N. “MOGO LOANS" S.R.L.

Blvd. Cuza-Voda 20/A, Chisinau, Republic of Moldova
Unique registration code: 101760003321

Opinion

1. We audited the attached financial statements of the company O.C.N. “MOGO LOANS" S.R.L. ("the Company") which include the statement of the financial position on December 31, 2021, the statement of profit or loss and other elements of the overall result, the statement of changes in equity and the statement of cash flows for the reported period ended on this date, and notes, including significant accounting policies and other explanatory notes.
2. The financial statements as of and for the reported period ended on December 31, 2021 are identified as follows:
   - Net assets: Lei 43,573,405
   - Net profit for the year: Lei 23,874,767
3. In our opinion, the attached financial statements provide a true picture of the Company's financial position as of December 31, 2021 as well as its financial performance and cash flows for the reported period ended on this date, in accordance with the International Financial Reporting Standards ("IFRS").

Basis for Opinion

4. We conducted our audit in accordance with the International Auditing Standards (ISA") and Law no. 271/2017 with subsequent amendments and additions ("the Law"). Our responsibilities under these standards and regulations are described in detail in the *Auditor's* Responsibilities *in an Audit of Financial* Statements section of our report. We are independent from the Company, according to the *International Code of Ethics for Professional Accountants (including the International Standards on Independence) issued by the Council for International Ethical Standards for Accountants (the IESBA code)* and according to the relevant professional ethics requirements for the audit of financial statements in the Republic Moldova, including the Law, and we have fulfilled our other professional ethics responsibilities, in accordance with these requirements and in accordance with the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information - Management Report

5. The Company's management is responsible for the preparation and presentation of other information. That other information includes the Management Report but does not include the financial statements and the auditor's report on them.

   Our opinion on the financial statements does not cover that other information and, except where it is explicitly mentioned in our report, we do not express any kind of assurance conclusion about them.

   In relation to the audit of the financial statements, our responsibility is to read that other information and, in doing so, to assess whether that other information is significantly inconsistent with the financial statements or with the knowledge we have obtained during the audit, or if they appear to be significantly distorted.

   Regarding the Management Report, we have read and report whether the Management Report is drawn up, in all significant aspects, in accordance with the Accounting and Financial Reporting Law no. 287/2017, article 23, points 2-4.

   Based exclusively on the activities that must be carried out during the audit of the financial statements, in our opinion, in all significant aspects:

   1) The information presented in the Management Report for the reported period for which the financial statements were drawn up are in accordance with the financial statements;

   2) The Management Report was drawn up in accordance with the Accounting and Financial Reporting Law no. 287/2017, article 23, points 2 - 4.

   In addition, based on our knowledge and understanding of the Company and its environment, obtained during the audit, we are asked to report if we have identified significant distortions in the Management Report. We have nothing to report on this matter.

Responsibilities of the management and the persons responsible for governance of the financial statements

6. The Company's management is responsible for the preparation of financial statements that provide a true picture in accordance with the International Financial Reporting Standards and for the internal control that the management considers necessary to allow the preparation of financial statements free of significant distortions, caused either by fraud or by error.

7. In preparing the financial statements, the management is responsible for evaluating the Company's ability to continue its activity, if necessary, presenting the aspects related to the continuity of the activity and for the use of accounting based on the continuity of the activity, apart from the case where the management intends to liquidate the Company or stop operations, or has no realistic alternative.

8. The persons responsible for governance are responsible for supervising the financial reporting process of the Company

Auditors' Responsibility for the Audit of the Financial Statements

9. Our objectives are to obtain reasonable assurance regarding the extent to which 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 represents a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement, if it exists. Misstatements can be caused by fraud or error and are considered significant if it can reasonably be expected that they, individually or cumulatively, will influence the economic decisions of users, taken on the basis of these financial statements.

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

    - Identify and assess the risks of material misstatement of the 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 separate and consolidated 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 evaluate whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

11. We communicate with the persons responsible for governance, among other aspects, regarding the planned scope and timing of the audit, as well as the main findings of the audit, including any significant deficiencies in the internal control that we identify during the audit.

May 30, 2022

For and on behalf of ICS KPMG Moldova S.R.L.

Victor Voluta **Irina Rubeli**

Refer to the original signed Romanian version

Registered in the public register of
financial auditors with No. 1612079

Licensed auditor for general audit
Auditor qualification certificate
AG Series, No. 000048

ICS KPMG Moldova S.R.L.

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MD-2004, Chisinau, Republic of Moldova

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firms with No. 1903038

Management's responsibility statement

May 30, 2022

The management of OCN MOGO LOANS SRL is responsible for preparing the financial statements.

The Company's management declares that, taking into account the information it has, the financial statements have been prepared in accordance with the transactions recorded in the primary accounting documents and with the provisions of the International Financial Reporting Standards and provide a correct and clear picture of the assets, liabilities, the financial situation on December 31, 2021, on the results and cash flow on December 31, 2021.
The Company's management confirms that, for the preparation of the financial statements, appropriate and consistent accounting policies and estimates were applied. The management of the Company confirms that the financial statements were prepared taking into account the principle of prudence, as well as the principle of continuity of activity. The Company's management confirms its own responsibility for accounting accuracy, as well as the monitoring, control, and protection of the Company's assets.

The Company's management is responsible for detecting and preventing errors, inaccuracies and/or frauds. The Company's management is responsible for carrying out the Company's activity in accordance with the legislation of the Republic of Moldova in force. The management report includes a true picture of the Company's business development and its results.

Signed on behalf of the company by:

Luchianenco Veaceslav
Administrator

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE MANAGEMENT PERIOD ENDING DECEMBER 31, 2021
(All amounts are indicated in MDL, unless otherwise stated)

	Note	2021 MDI	2020 MDI
Interest revenue calculated using the effective interest rate method	7	109,327,973	110,455,447
Other interest revenue	7	25,608	4,785
Interest expenses calculated using the effective interest rate method	7	(23,196,719)	(22,194,459)
Net interest income		**86,156,862**	**88,265,773**
Fee and commission income	8	6,153,665	7,175,770
Fee and commission expense	8	(112,860)	(193,540)
Income from fees and commissions, net		**6,040,805**	**6,982,230**
Net foreign exchange gain/(loss)	9	4,766,724	(19,096,790)
Income from portfolio sale		(2,036,210)	
Other operating income	10,26	4,149,072	5,075,056
Operating Income		**99,077,252**	**81,226,269**
Impairment expenses	11	(17,865,602)	(27,655,881)
Personnel expenses	12	(16,767,619)	(13,171,058)
General and administrative expenses	13	(27,269,053)	(23,398,097)
Depreciation expenses	14	(1,829,481)	(1,664,284)
Provisions for financial guarantees	26	(6,513,192)	
Operational Expenses		**(70,244,946)**	**(65,889,320)**
Profit from operational activity before taxation		**28,832,306**	**15,336,949**
Income tax expenses	15	(4,957,539)	(3,398,352)
Net profit of the management period		**23,874,767**	**11,938,598**
Other elements of the overall result			-
The total global result of the management period		**23,874,767**	**11,938,598**

The attached notes constitute an integral part of these Financial Statements.

The financial statements were signed by the executive management of the Entity on May 30, 2022, represented by:

Luchianenco Veaceslav
Administrator

STATEMENT OF THE FINANCIAL POSITION
FOR THE MANAGEMENT PERIOD ENDING DECEMBER 31, 2021
(All amounts are indicated in MDL, unless otherwise stated)

	Note	December 31, 2021 MDI	31 December 2020 MDI
Assets			
Cash and cash equivalents	16	3,979,059	2,785,349
Loans and advances to customers	17	300,679,717	226,428,806
Finance lease receivables	18	5,204,245	9,783,941
Current tax assets	19	820,813	916,898
Deferred tax assets	19	894,792	1,556,245
Intangible assets	20	255,555	26,442
Tangible assets	21	2,589,653	3,666,420
Assets held for sale	22	1,882,147	3,461,428
Other assets	2. 3	4,002,705	896,647
Total assets		**320,308,686**	**249,522,178**
Liabilities			
Borrowings	24	263,540,013	197,674,556
Current tax liabilities	19		-
Lease liabilities	25	1,831,865	3,296,818
Provisions for financial guarantees	26	5,783,895	4,591,389
Other liabilities	27	5,579,508	5,439,345
Total liabilities		**276,735.281**	**211,002,109**
Equity			
Share capital	28	1,000,000	22,465,342
Reserve capital	28	641,713	641,713
Provisions for financial guarantees	26	(6,074,225)	(8,718,136)
Retained earnings/(losses)		48,005,917	24,131,150
Total equity		**43,573,405**	**38,520,069**
Total liabilities and equity		**320,308,686**	**249,522,178**

The attached notes constitute an integral part of these Financial Statements.

The financial statements were signed by the executive management of the Entity on May 30, 2022, represented by:

Luchianenco Veaceslav
Administrator

STATEMENT OF CHANGES IN EQUITY
FOR THE MANAGEMENT PERIOD ENDING DECEMBER 31, 2021
(All amounts are indicated in MDL, unless otherwise stated)

	Share capital	Reserve capital	Provisions for financial guarantees	Retained earnings/(losses)	Total
Balance on January 1, 2020	**22,465,342**	**-**	**(13,170,483)**	**12,834,267**	**22,129,126**
Profit for the reporting year	-	-	-	11,938,598	**11,938,598**
Total global result	**-**	**-**	**-**	**11,938,598**	**11,938,598**
Guarantee de-recognition (Note 26)	-	-	4,452,346	-	**4,452,346**
Allocation of reserves	-	641,713	-	(641,713)	-
Balance as of December 31, 2020	**22,465,342**	**641,713**	**(8,718,137)**	**24,131,152**	**38,520,069**
Balance on January 1, 2021	**22,465,342**	**641,713**	**(8,718,137)**	**24,131,152**	**38,520.069**
Profit for the reporting year	-			23,874,767	**23,874,767**
Total global result	-	-	-	**23,874,767**	**23,874,767**
Share capital decrease	(21,465,342)				**(21,465,342)**
Guarantee de-recognition (Note 26)			2,643,911		**2,643,911**
Allocation of reserves	-	-	-	-	-
Balance as of December 31, 2021	**1,000,000**	**641,713**	**(6,074,226)**	**48,005.919**	**43,573.405**

The accompanying notes are an integral part of these financial Statements.

The financial statements were signed by the executive management of the Entity on May 30, 2022, represented by:

Luchianenco Veaceslav
Administrator

STATEMENT OF CASH FLOW
FOR THE MANAGEMENT PERIOD ENDING DECEMBER 31, 2021
(All amounts are indicated in MDL, unless otherwise stated)

	Note	2021 MDI	2020 MDI
Cash flow from operating activity			
The Profit for the reporting year		23,874,767	**11,938,598**
Adjustments for:			
Amortization and depreciation		1,829,476	1,664,284
Impairment income / (expense)		2,125,536	27,655,881
Interest income		(109,353,581)	(110,460,233)
Interest expense		23,196,719	22,194,459
Foreign currency revaluation gains/losses		-	-
Income tax expenses		4,957,539	3,398,352
The expense with the amortization of financial guarantees		(3,911,954)	(3,703,024)
Disposals of property, equipment, and intangible assets		301,229	1,240,123
Net profit adjusted with non-monetary elements		**(49,156,363)**	**(46,071,560)**
Changes in:			
Loans and advances to customers		(68,849,964)	(13,467,241)
Finance lease receivables		(1,117,383)	(16,395,775)
Assets held for sale		1,579,281	(1,627,835)
Other assets		(3,100,244)	2,856,091
Loans raised		(20,478,185)	50,546,069
Lease liabilities		705,962	7,070,589
Other liabilities		43,251	(324,220)
Interest received		108,495,121	129,642,099
Dividends received		-	-
Interest paid		(23,339,671)	(21,970,519)
Income tax paid		(4,200,000)	(4,700,000)
Net cash flow from operating activity		**(59,472,194)**	**85,557,697**
Cash flow from investing activity			
Purchases of tangible assets		(1,036,782)	(2,783,176)
Purchases of intangible assets		(246,269)	-
Net cash flow from investment activity		**(1,283,051)**	**(2,783,176)**
Cash flow from financial activity			
Share capital increase		-	-
Share capital decrease		(5,465,342)	
Proceeds from borrowings		490,390,542	223,941,612
Gross payments for borrowings		(428,402,281)	(284,666,105)
Gross payments from operational leasing contracts		(2,272,959)	(6,649,395)
Dividends paid		-	-
Net cash flows from financial activity		**54,249,960**	**(67,373,888)**
			-
Change in cash and cash equivalents		**(6,505,285)**	**15,400,633**
Cash and cash equivalents on January 1		**2,785,350**	**7,196,837**
Effect of exchange rate fluctuations on cash		**7,698,996**	(19,812,121)
Cash and cash equivalents on 31 December		**3,979,059**	**2,785,349**

The accompanying notes are an integral part of these financial Statements.

The financial statements were signed by the executive management of the Entity on May 30, 2022, represented by:

Luchianenco Veaceslav
Administrator

NOTES OF THE FINANCIAL STATEMENTS
FOR THE MANAGEMENT PERIOD ENDING DECEMBER 31, 2021
(All amounts are indicated in MDL, unless otherwise stated)

1. General information about the Company

OCN Mogo Loans SRL (hereinafter referred to as the Company) was registered in the Register of Enterprises and Organizations on August 4, 2017. The company is incorporated in bd. Cuza Voda 20/A, Chisinau, MD-2060, Moldova. The initial founder of the Company was Mogo Finance SA (registered in Luxembourg), with a 100% share of the Company's capital starting on August 4, 2017. On May 14, 2019, based on the decision of the Shareholders, the shareholder was changed based on the contract of sale and purchase of the social part of May 13, 2019. The sole associate becomes Eleving Stella AS (Mogo Eastern Europe AS until December 15, 2021) (registered in Latvia), with a 100% share of the Company's capital, until December 31, 2021.

The basic activity of the Company is the granting of loans and financial leasing.

These Financial Statements were approved by the Company Administrator on May 30, 2022.

	2021	2020
The average number of employees in the reporting year:	42	40

Of the average number of employees for the year 2021, 98% carry out the activity in the Municipality of Chisinau. On 31.12.2021, one employee works at the Office in the municipality of Balti.

2. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), based on the fair value convention, the initial recognition of financial instruments based on fair value and by revaluation of financial instruments classified at fair value through profit or loss (" FVTPL") and at fair value through other global income ("FVOCI"), modified based on the historical cost convention for tangible and intangible assets. The main accounting policies applied in the preparation of these financial statements are presented below. These policies have been applied consistently to the periods presented unless otherwise stated.

The annual financial statements of the Company and its financial result are influenced by the accounting policies, assumptions, estimates and reasoning of the management (Note 4), which must be made during the preparation of the annual financial statements. The company makes estimates and assumptions that affect the reported values of assets and liabilities in the current and future financial periods. All estimates and assumptions imposed in accordance with IFRS are best estimates made in accordance with the applicable standard. Estimates and judgments are continuously evaluated and are based on experience and other factors, including expectations regarding future events. Accounting policies and management reasoning for certain elements are particularly important for the Company's results and financial situation due to their significance. The effect of any change in estimates will be recorded in the financial statements when it can be determined (Note 4). If subsequent events provide additional information, they have been taken into account.
The functional currency of the Company is the Moldovan leu (MDL). The financial statements are presented in Moldovan lei and the amounts are rounded to the nearest leu. The financial year / management period starts on January 1 and ends on December 31 and includes all operations carried out by the Company. All actual figures that reflect the financial and economic results of the Company's activity during the management period are included in the financial statements of the management period.

The Company's management does not use the segmental approach to the operational decision-making process. All the economic activities of the company take place in a single geographical segment - the Republic of Moldova.

The principle of business continuity

These financial statements have been prepared based on the going concern principle, which assumes that the Company will continue its operations for the foreseeable future. To assess the reasonableness of this assumption, management analyzes forecasts of future cash inflows. Based on these analyzes and, if applicable, also on the ongoing support of the Eleving Group, management believes that the Company will be able to continue to operate on a going concern basis for the foreseeable future and, therefore, this principle has been applied in the preparation of these financial statements.

NOTES OF THE FINANCIAL STATEMENTS
FOR THE MANAGEMENT PERIOD ENDING DECEMBER 31, 2021
(All amounts are indicated in MDL, unless otherwise stated)

3. Summary of significant accounting policies

3.1 Changes in accounting policies

The accounting policies presented in these financial statements were consistently applied in the management periods ended on December 31, 2021, respectively December 31, 2020.

3.2 Intangible assets

Intangible assets are initially recorded at cost and depreciated over their estimated useful life on a straight-line basis. The accounting values of intangible assets are reviewed for impairment, when events or changes in circumstances indicate that the accounting value cannot be recovered. Impairment losses are recognized when the accounting value of intangible assets exceeds their recoverable value.

Other intangible assets consist mainly of purchased software products.
Depreciation is calculated using the straight-line method over the estimated useful life of the asset as follows:

Concessions, patents, licenses and similar rights - over 1 year;
Other non-corporate fixed assets - purchased IT systems - over 2, 3 and 5 years.

3.3 Fixed assets

The equipment is recognized at cost, minus the amount of accumulated wear and depreciation losses. Depreciation is calculated using the straight-line method based on the estimated life of the asset, as follows:

Computers - 3 years;
Furniture - 5 years;
Means of transport - 7 years;
Improvements of leased means - according to the terms of the leasing contract.
Other equipment - 2 years.

Depreciation of an asset begins when it is available for use, that is, when it is in the location and conditions necessary for it to be used in the manner desired by management. The accounting values of the equipment are reviewed for impairment, when events or changes in circumstances indicate that the accounting value cannot be recovered. If there are such indices and if the accounting values exceed the estimated recoverable amount, the assets or cash generating units are depreciated to their recoverable amount. The recoverable value of the equipment is the higher value of the asset's net sales price and its use value. When assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments regarding the time value of money and asset-specific risks. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit of which the asset is a part. Depreciation losses are recognized in the statement of the overall result in the heading "Expenses from depreciation". the recoverable amount is determined for the cash-generating unit of which the asset is a part. Depreciation losses are recognized in the statement of the overall result in the heading "Expenses from depreciation". the recoverable amount is determined for the cash-generating unit of which the asset is a part. Depreciation losses are recognized in the statement of the overall result in the heading "Expenses from depreciation".

An item of equipment is derecognized on disposal or when no future economic benefits are expected from the continued use of the asset. Any gain or loss resulting from the derecognition of the asset (calculated as the difference between the net receipts and the accounting value of the item) is reflected in the statement of comprehensive income in the year in which the item is derecognised.

3.4 Financial assets

a) Financial assets - initial recognition

Date of recognition
Loans and advances to clients are recognized when the funds are transferred to clients' accounts. Other assets are recognized on the date the Company concludes the contract that generates the financial instruments.

Initial assessment
The classification of financial instruments at their initial recognition depends on the contractual terms and the business model for the management of these instruments, as further described in the accounting policies. Financial instruments are initially measured at their fair value and, except for financial assets and financial liabilities recorded at fair value through profit or loss (FVPL), transaction costs are added or subtracted from this value. Other receivables are valued at the transaction price.

NOTES OF THE FINANCIAL STATEMENTS

FOR THE MANAGEMENT PERIOD ENDING DECEMBER 31, 2021
(All amounts are indicated in MDL, unless otherwise stated)

3. Summary of significant accounting policies (continued)
3.4 Financial assets (continued)

b) Classification of financial assets

The company evaluates loans and advances to customers, loans to related parties, receivables from related parties, cash equivalents and other loans and receivables at amortized cost, only if both of the following conditions are met:

- Financial assets are held within a business model, with the objective of holding financial assets for the collection of contractual cash flows.
- The contractual terms of the financial asset generate, on specified dates, cash flows that are exclusively payments of principal and interest (SPPI) related to the value of the principal owed.

c) Evaluation of the business model

The company determines its business model, at the level that best reflects the way it manages financial assets, in order to achieve its business objective - the risks that affect the performance of the business model (and the financial assets held within the business model) and how these risks are managed. The frequency, value and expected timing of sales are also important aspects of the Company's evaluation. The assessment of the business model is based on reasonably expected scenarios, without taking into account "worst case" or "stress cases" scenarios. If the cash flows after the initial recognition are realized in a different way from the initial expectations of the Company, this does not change the classification of the remaining financial assets held in that business model but incorporates this information when evaluating the new financial situation or the recently acquired financial assets in development. The assessed business model intends to hold financial assets to collect contractual cash flows.

d) SPPI test (excluding principal and interest payments)

As a second step in its classification process, the Company evaluates, where relevant, the contractual terms of the financial assets to identify whether they meet the SPPI test. Financial assets subject to SPPI testing are loans and advances to customers (including financial assets resulting from sales transactions and reversible financial leasing, as reported in a separate section of this note). "Principal" for the purposes of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are capital repayments or amortization of the premium / discount).

In evaluating whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. These include assessing whether the financial asset contains a contractual term that could change the schedule or value of the contractual cash flows so that it does not meet this condition. When performing the evaluation, the Company mainly takes into account:
- contingent events that would change the amount and schedule of cash flows.
- the terms of advance payment and extension; and
- conditions that limit the Company's claim to the cash flows from the specified assets (for example, non-recourse loans).

In general, the loan contracts stipulate that, in case of return of the guarantee and non-repayment of the guarantee, the request is not limited to the recovery of the guarantee and if the amount of the guarantee does not cover the remaining debt, additional resources can be requested from the borrower to compensate the losses from the risk of credit. Consequently, this aspect does not create obstacles to passing the SPPI test. However, in some cases, company loans that are guaranteed by the borrower's guarantee limit the company's claim to the cash flows of the underlying collateral (non-recourse loans). The company applies judgment in evaluating whether non-recourse loans meet the SPPI criterion. Typically, the Company considers the following information when making this judgment:
- if the contractual arrangement specifically defines the amounts and dates of cash payments of the loan;
- the fair value of the guarantee in relation to the value of the underlying loan;
- the ability and desire of the borrower to make contractual payments, without prejudice to the decrease in the value of the guarantees;
- the company's risk of loss on the asset in relation to a loan with full recourse; and
- if the Company will benefit from any advantage from the underlying assets.

Even if according to the court decision the loan is declared without recourse but is guaranteed by the debtor's guarantee, this loan fulfills the SPPI criterion.

NOTES OF THE FINANCIAL STATEMENTS

FOR THE MANAGEMENT PERIOD ENDING DECEMBER 31, 2021
(All amounts are indicated in MDL, unless otherwise stated)

3. Summary of significant accounting policies (continued)
3.4 Financial assets (continued)

Reclassification of financial assets
The Company does not reclassify its financial assets after initial recognition, except in exceptional circumstances in which the Company acquires, sells or closes a business.
Financial liabilities are never reclassified.

e) Derecognition of financial assets and Finance lease receivables

The derecognition provisions below apply to all financial assets valued at amortized cost and Finance lease receivables.

Derecognition due to the substantial modification of the terms and conditions
The company derecognizes the loan to a customer or a receivable from a financial lease, when the terms and conditions have been renegotiated to the extent that they become, substantially, a new loan or leasing contract, the difference being recognized as a gain or loss from derecognition, to the extent that an impairment loss has not already been recorded. Newly recognized loans are classified in Stage 1 for the purpose of ECL evaluation, except for the case11where the new financial asset is considered to be originated depreciated (POCI).

When evaluating a financial asset for it to be derecognized or not, among others, the Company takes into account the following qualitative factors:
• Changing the currency of the loan
• Counteragent modification
• If the modification is of such a nature that the instrument no longer meets the SPPI criterion
• If the legal obligations "have been extinguished."

Moreover, in the case of loans and advances to clients and Finance lease receivables, the Company takes into account, specifically, the purpose of the changes. It is evaluated whether the modification was introduced for commercial (business) reasons or for the purpose of credit restructuring. The change is considered to be introduced for commercial reasons if the DPD (past due days) of the counterparty immediately before the change is less than 5 DPD. In such cases, the change is considered made for commercial purposes and results in the derecognition of the old contract and the respective loan/leasing claim. These changes include increasing the amount or term of the loan contract, which are agreed with the client for commercial purposes (e.g.:

Other changes to the terms of the agreement are treated as non-opt-out changes (see the section on Changes below).

Derecognition for reasons other than substantial changes
A financial asset or a receivable from a finance lease (or, if applicable, a part of a financial asset or a receivable from a finance lease or a part of a Company with financial assets or receivables from a finance lease similar) are derecognized when the rights to receive cash flows from the financial asset or receivable from the financial lease have expired. Also, the Company derecognizes the financial asset or the receivable from the financial lease, if it has transferred either the financial asset or the receivable from the financial lease, and the transfer qualifies for derecognition. The Company has transferred the financial asset or the receivable from the financial lease, if it- transferred the contractual rights to receive cash flows from the financial asset or receivable from the financial lease.
The company has transferred the asset if and only if:
- The company has transferred its contractual rights to receive cash flows from its asset
- It retains its rights over the cash flows but has assumed an obligation to pay a third party in full the cash flows received, without significant delays, based on a transfer agreement."

Transfer agreements are transactions in which the Company retains the contractual rights to receive the cash flows of a financial asset (the "initial asset"), but assumes a contractual obligation to pay those cash flows to one or more entities ("possible recipients"), when the three conditions below are met:
- The Company has no obligation to pay amounts to eventual recipients unless it has collected equivalent amounts from the initial asset, with the exception of short-term advances from the Company with the right to full recovery of the loaned amount, plus accrued interests at market rates;
- The company cannot sell or pledge the initial asset except as a guarantee, to the eventual recipients, for the obligation to pay them the cash flows;

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3. Summary of significant accounting policies (continued)
3.4 Financial assets (continued)
e) Derecognition of financial assets and Finance lease receivables (contribution)

- The company must remit any cash flows it collects on behalf of potential recipients, without significant delays. In addition, the Company does not have the right to reinvest these cash flows, with the exception of investments in cash or cash equivalents for a short settlement period from the date of collection to the date of the necessary remittance to the eventual recipients, and the interest earned from such investments are transferred to eventual recipients.

A Transfer qualifies for derecognition, only if:
- The company transferred substantially all the risks and rewards of its assets
- The company neither transferred nor retained substantially all the risks and rewards of the assets but transferred control over the asset.

f) Modifications

Sometimes, the Company rather intervenes with changes in the initial conditions regarding the loans/leasing contract, in response to the financial difficulties encountered by the borrower but does not take possession or impose the collection of guarantees. The Company considers a restructured leasing/loan contract, when these changes are provided as a result of the borrower's present or expected financial difficulties, and the Company would not have agreed on them, if the borrower's financial situation had been solid. Indicators of financial difficulties include non-payment or DPDs before changes. Such changes may involve the expansion of payment methods and the agreement of new loan conditions.

If the modification does not result in substantially different cash flows, as shown above, the modification does not result in derecognition. Based on the change in cash flows discounted at the initial effective interest rate (EIR), the Company records a gain or loss in interest income/expenses calculated by the effective interest method from the profit or loss statement to the extent that an impairment loss was not already registered (Note 7). More information on modified financial assets and finance lease receivable is presented in the following section on depreciation.

As described in the section on "Derecognition due to substantial modification of the terms and conditions" if the modification is carried out for commercial reasons, then it is considered to result in the derecognition of the initial financial leasing / loan contract. Such changes include increasing the amount of the lease and increasing the duration of the leasing contract, which are agreed with the customers for commercial reasons (for example, the customers and the Company are both interested in substantially changing the scope of the leasing / loan transaction). Whenever such a modification agreement is reached, the old agreement and the respective claim are derecognized.

Treatment of non-substantial changes:
If the expectations regarding the cash flows of fixed rate financial assets are revised for reasons other than credit risk, the changes related to the future contractual cash flows are updated to the initial EIR, with a consequent adjustment of the book value. The difference compared to the previous accounting value is recorded as a positive or negative adjustment of the accounting value of the financial asset in the statement of financial position with a corresponding increase or decrease in interest income/expenses calculated by the effective interest method.

The accounting value of the financial asset or financial liability is adjusted if the Company revises its estimates regarding payments or collections. If the modification of an asset or a financial liability measured at amortized cost does not result in derecognition, a gain/loss of the modification is calculated. The adjusted accounting value is calculated based on the initial effective interest rate, and the change in the accounting value is recorded as interest income or expense.

Changes to the asset's contractual cash flows are recognized in the statement of comprehensive income and any costs or charges incurred adjust the book value of the modified financial asset and are amortized over the remaining life of the modified instrument. Therefore, the initial EIR, determined at initial recognition, is revised upon modification to reflect any costs or charges incurred.

g) General presentation of the principles regarding expected credit losses (ECL)

The company recognizes the provision for expected credit losses for all loans and other financial assets that are not held at FVPL and financial leasing receivables (because due to the specificity of the leasing contract, the leasing receivable does not contain any unguaranteed residual value, the provisions of IFRS 9 apply to the total balance of the financial leasing claim). in this section, all referred to as "financial instruments.

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3. Summary of significant accounting policies (continued)
3.4 Financial assets (continued)
g) General presentation of the principles regarding expected credit losses (ECL) (continued)

If there has been no significant increase in credit risk since initial recognition, the ECL allowance is based on the 12-month expected credit loss (12 mECL), as shown below. If there has been a significant increase in credit risk since initial recognition, the ECL allowance is based on the credit losses expected to occur over the lifetime of the asset (lifetime expected credit loss or LTECL). The company's policies for determining whether there has been a significant increase in credit risk are outlined below.

The case of 12mECL is the portion of LTECLs that represent the ECLs resulting from the probability of non-repayment that is possible in the 12 months from the reporting date. Both LTECL and ECL for 12 months are calculated either individually or collectively, depending on the nature of the related portfolio of financial instruments.

The company has established a policy to perform an assessment, at the end of each reporting period, of the credit risk of a financial instrument, to determine whether it has increased significantly since initial recognition, taking into account the change in the risk of default on the remaining life of the financial instrument. This is further explained in the section on Significant increase in credit risk.

Depreciation of Finance lease receivables, loans and advances to customers

Definition of credit rating
The basic assets of the Company - Finance lease receivables, loans and advances to clients - have an individual character, therefore they are classified by products (Finance lease receivables, Loans and advances to clients) for the collective calculation of ECL, which is mainly based on the number of days outstanding (DPD), the Company analyzes its portfolio of Finance lease receivables, loans and advances to customers, dividing the receivables into categories depending on the product group, the outstanding days for each of them and the presence of the underlying guarantee (for pledged products). Financial leasing receivables and secured loans (vehicle secured loans) are combined due to the similar nature of the products.

The company continuously monitors all assets subject to ECLs. To determine whether an instrument or a portfolio of instruments is subject to 12-month ECL or LTECL, the Company evaluates whether there has been a significant increase in credit risk since initial recognition. When estimating the ECL on a collective basis for a company with similar assets, the Company applies the same principles to assess whether there has been a significant increase in credit risk since initial recognition in the country portfolios, based on the type of product - contract of leasing or loan.

The company divides Finance lease receivables, loans and advances to clients into the following categories:

Finance lease receivables:
1) Non-persistent
2) Remaining until 25 days
3) Balances from 25 to 35 of days
4) Leftovers 35 of days
5) unsecured (general definition: more than 90 days passed, or guarantees are not available, i.e. lost or sold).

Loans and advances to customers:
1) Non-persistent
2) Remaining until 25 days
3) Balances from 26 to 34 of days
4) Leftovers 34 of days

Based on the above process, the Company classifies leases and loans into Stage 1, Stage 2 and Stage 3, as described below:

• **Stage 1**: When loans/leasing contracts are recognized for the first time, the Company recognizes a provision based on ECL for 12 months. The company takes into consideration current leasing contracts or with an arrears of up to 25 days as being in Stage 1.

An observation period of 2 months applies before an exposure, previously classified as Stage 2, can be transferred to Stage 1 and such an exposure must meet the general DPD Stage 1 criteria above. The concept of the observation period does not apply to unsecured loans. Exposures are no longer classified in Stage 1 if they no longer meet the above criteria.

3. Summary of significant accounting policies (continued)
3.4 Financial assets (continued)
g) General presentation of the principles regarding expected credit losses (ECL) (continued)

• **Stage 2**: When a loan/leasing contract has shown a significant increase in credit risk since inception, the Company records a provision for LTECL. In general, the Company considers leasing/loan contracts that have an arrears status of 26-34 days as being in Stage 2. Also, the unsecured loan is considered in Stage 2 if the DPD is in the range 26 – 34 days. Leasing exposures remain in Stage 2 for an observation period of 2 months, even if they would otherwise meet the criteria from Stage 1 above for this period.
• **Stage 3**: Leasing and loan contracts considered depreciated because of credit risk and not honored. The company records a provision for LTECL.

The company considers the financial leasing contract/loan not honored and, therefore, in all cases where the borrower has a DPD of 35 of days to its contractual payments or the contract is terminated, it is classified in Stage 3. The exposures remain in stage 3 for an observation period of 1 month, even if they would otherwise fulfill the criteria of stage 2 above during this period.

Due to the nature of the Company's credit exposures, there is no qualitative assessment of whether a client is unable to pay, and the focus is on the above criteria.

Temporary debt restructuring (TDR) and restructuring

In order to support customers, Mogo took into account the recommendations of the regulator (CNPF) and resorted to the forgiveness of late penalties if the customer pays the outstanding debt and/or agrees to return to regular payments.

In response to the COVID-19 situation, the Company introduced the TDR program consisting of 2 main products:

Extension - is a paid vacation for one month (or several months). The client pays the extension fee and returns to the initial program in the next few months. The extension fee paid is an indication that the customer is willing to cooperate, and the Company expects the customer to return to the previous payment discipline under normal circumstances. The classification in such cases for Stages is based on DPD.

Restructuring - permanent modification of the payment schedule. Classification for Stages is based on DPD.

Extension and Restructuring (subsequent modification of the original payment schedule) is almost the only feasible solution to reduce the financial burden on customers, given the circumstances, thus the fact that forbearance as such does not lead to the recognition of SICR if the customer pays according to the new terms and later returns at or close to the original schedule.

The Company has made changes to the depreciation policy, effective until further notice but no later than December 2021*: cases where the Company has reasonable grounds to expect the customer to return to their regular fork in no more than 12 months should not be classified as SICR even if the client has been granted the forbearance instrument.

The extension is applied to clients who were previously in default and have as a result continued treatment in Stage 3 during the one-month cure period, followed by a 2-month cure period in Stage 2. In case of modification for credit reasons before of the inability to pay (generally the extension), the exposure is passed to Stage 2 for a cure period of 2 months.

*During 2021, the company significantly decreased the use of TDRs, however, due to the uncertain evolution of the pandemic and the remaining stricter restrictions and lockdowns, it was decided to maintain the validity of the TDR program option until December 2022.

ECL calculation
The company calculates the ECL based on probability-weighted scenarios to measure expected cash deficits, updated with an approximation to the EIR. A cash shortfall is the difference between the cash flows owed to the Company, in accordance with the contract, and the cash flows that the Company expects to obtain.

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3. Summary of significant accounting policies (continued)
3.4 Financial assets (continued)
g) General presentation of the principles regarding expected credit losses (ECL) (continued)

The key elements are as follows:

- PD The probability of non-payment is an estimate of the probability of non-fulfillment of the obligations during the 12-month period or during life (the time horizon depends on the type of ECL - ie 12mECL or LTECL). The default distribution vector (DDV) is the estimate of the time until default, more precisely it ensures the distribution of PD during a period of 12 months or for life.

- EAD Default exposure is an estimate of default exposure at a future date, taking into account expected changes in exposure after the reporting date, including repayments, whether contractually scheduled or otherwise.

- LGD Loss given default is an estimate of losses incurred in case of default at a certain date. This is based on the difference between the contractual cash flows due and those that the creditor would expect to receive, including from the realization of any guarantee. It is usually expressed as a percentage of EAD.

- The maximum period for which credit losses are determined is the average remaining contractual life of a financial instrument.

- Macroeconomic factors

The company can choose to use the actual balance instead of EAD and not apply DDV for segments with high credit risk

The company uses a multiplication model on all stages for the ECL calculation:

ECL=EAD*PD*LGD*[DDV]

Considering that DDV is a multidimensional vector (generally 12 or 13 dimensions but can be shorter if representative historical data for a shorter period is available) it is aggregated into a single value before multiplication - [DDV]. The aggregate VAT value is obtained as follows:

- each VAT value is multiplied by the reduction factor;
- the reduction factor is calculated regularly (for example, the NPV formula), where the discount is calculated on the EIR of the portfolio and the number of periods corresponds to the size of the respective DDV value;
- [DDV] is the sum of all the respective multipliers of the DDV values with the respective reduction factors.

Depending on the Stage, the following specific steps are applied to the general ECL model:

- **Stage 1**: the probability of default over 12 months is calculated. The company calculates an adjustment for expected losses using the probability of impairment in the next 12 months (or shorter if the product life is less than 12 months or if there is historical data representative of a shorter period) and the vector of impairment distribution on the 12-month horizon. These 12-month default probabilities are applied to an estimated default exposure and multiplied by the expected LGD and REDUCED with an approximation of the initial effective interest rate using the depreciation distribution vector, thus incorporating the time for depreciation into the model.

- Stage 2: When a loan has shown a significant increase in credit risk since initial recognition, the Company records an adjustment for expected losses for the life of the loan. The mechanism is the one explained above, but the probability of depreciation and the distribution vector of the depreciation are estimated during the lifetime of the instrument. Expected cash shortfalls are updated by an approximation to the original EIR using DDV.

- Stage 3: For loans considered impaired, the Company recognizes expected credit losses over the lifetime of these loans. The method is similar to that of assets in stage 2, the probability of depreciation being set at 100%.

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3. Summary of significant accounting policies (continued)
3.4 Financial assets (continued)
g) General presentation of the principles regarding expected credit losses (ECL) (continued)

ECL for restructured and modified loans:
Some types of changes were made to clients that serve to renegotiate the terms of an agreement that was previously defaulted categorized in Stage 3 for a recovery period of one month, followed by an observation period of 2 months in Stage 2. In the case of modification of the credit prior to the default (generally extending the term), the exposure is moved to Stage 2 for an observation period of 2 months.

Cancellation of bad debts
The company considers any kind of debt completely irrecoverable and writes off the debt from the balance sheet in its entirety if all legal actions have been carried out to recover the debt and the debt is considered irrecoverable by the respective court.

3.5 Financial liabilities

a) Initial recognition and evaluation

Financial liabilities are classified, at the stage of initial recognition, as financial liabilities at fair value through profit or loss, or liabilities at amortized cost.
All financial liabilities are initially recognized at fair value and, in the case of credits, loans and debts, minus directly attributable transaction costs. The entity's financial liabilities include trade and other debts, credits, and loans.

b) Subsequent evaluation

The assessment of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss (FVTPL)

A financial debt is classified at FVTPL if it is classified as held for trading, is a derivative instrument or is designated as such upon initial recognition. Net gains or losses, including any interest expense, for the debts held at FVTPL are recognized in the profit and loss account.
The company does not hold any financial debt as fair value through profit or loss.

- Financial liabilities at amortized cost (Credits and loans)

This is the most relevant category for the Company. After initial recognition, interest-bearing loans and credits are subsequently valued at amortized cost using the effective interest method. Gains and losses are recognized in the statement of comprehensive income when debts are derecognized, as well as through the amortization of effective interest.
The amortized cost is calculated taking into account any discount or purchase premium and commissions or costs that are an integral part of the effective interest. The amortization of the effective interest is included in financial costs in the statement of the overall result.
This category generally applies to interest-bearing credits and loans.

c) Modification of financial debts

In the case of financial debts, the Company considers a change to be significant based on qualitative factors (interest rate, contract term) and if this results in a difference between the updated present value and the initial accounting value of the financial debt in the amount of or greater than ten to hundred. If the change is significant, then a derecognition gain or loss is recorded. If the modification does not generate substantially different cash flows, the modification does not result in derecognition.

d) Addressing insignificant changes

If the cash flow estimates related to fixed-rate financial liabilities are revised, then changes to future contractual cash flows are updated at the initial effective interest rate, with a corresponding adjustment to the book value. The difference compared to the previous accounting value is recorded as a positive or negative adjustment of the accounting value of the financial debt in the statement of financial position with a corresponding increase or decrease in income / expenses from interests calculated using the effective interest method.

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3. Summary of significant accounting policies (continued)
3.5 Financial liabilities (continued)

e) Derecognition

A financial debt is derecognized when the obligation related to the debt is paid, canceled, or expires. When an existing financial debt is replaced by another from the same creditor, in substantially different terms, or the terms of an existing debt are significantly modified, such exchange or modification is treated as derecognition of the original debt and recognition of a new debt. The difference between the respective accounting values is recognized in the global result statement.

The company considers a change to be significant based on qualitative factors, and if this results in a difference between the updated present value and the initial accounting value of the financial debt in the amount of ten percent or more.

3.6 Credits and loans

All credits, loans and financing attracted through peer-to-peer lending platforms are initially recognized at cost, being the fair value of the consideration received minus the issuance costs related to the loan.

After initial recognition, credits, loans, and financing attracted through Peer-to-Peer platforms are subsequently valued at amortized cost using the effective interest rate method.

The amortized cost is calculated taking into account any issue costs and any discount or premium at the time of settlement.
Gains and losses are recognized in the statement of comprehensive income as interest income / expenses when the liabilities are not recognized through the amortization process.

3.7 Clearing of financial instruments

Financial assets and financial liabilities are offset, and the net value is reported in the statement of financial position if there is a legally enforceable right at this time to offset the amounts recognized and there is an intention to settle them on a net basis, to realize the assets and settle the liabilities simultaneous.

3.8 Provisions for financial guarantees and other reserves

If a contract corresponds to the definition of a financial guarantee contract, the Company, as the issuer, applies the specific accounting and valuation requirements provided by IFRS 9. These valuation requirements of IFRS 9 apply to all guaranteed contracts, including the guarantees issued between entities under common control, as well as guarantees issued by a subsidiary on behalf of a parent entity. If the guarantee is issued for the Company's shareholders in their capacity as owners, the Company treats such transactions as an increase in Provisions for financial guarantees and an equal decrease in equity (as distribution of equity). The reduction of equity as a result of the issuance of financial guarantees for the parent company is recognized in other reserves.

Financial guarantees are initially recognized at a fair value. Subsequently, with the exception of the case in which the financial guarantee contract is initially designated as at fair value through comprehensive income, the Company's liability under each guarantee is valued at the highest value initially recognized minus the cumulative depreciation recognized in the statement of comprehensive income and the provisions for the loss of expected credit determined in accordance with IFRS 9 (as stipulated in Note 3). Amortization is recognized in the statement of the overall result under the heading "Other operational income" in a straight-line manner during the warranty period.

Financial guarantees are derecognized if the terms of the guarantee are significantly modified. Changing the warranty limit is treated as a denial. In this case, the initial guarantee is derecognized, and a new guarantee is recognized at fair value. The change in fair value is recognized as a decrease or increase in Provisions for financial guarantees and an equal decrease or increase in other reserves. Other reserves are transferred to the profits obtained upon the repayment of the obligations within the financial guarantee.

3.9 Financial leasing - Company as lessor

Financial leasing contracts, which generally transfer all the risks and benefits related to ownership of the assets, are recognized as assets at amounts equal to the net investment in the lease at the beginning of the lease. The financial income is allocated over a period of time in accordance with the terms of the lease to produce a constant return on the net leasing investments in the balance.

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3. Summary of significant accounting policies (continued)
3.9 Financial leasing - Company as lessor (continued)

Financial leasing receivables are recognized and measured according to the provisions of IFRS16. The provisions of IFRS9 apply to the following situations:
(1) derecognition,
(2) requirements regarding "expected credit loss",
(3) the relevant provisions that apply to derivative instruments incorporated in leasing.

The company is engaged in financial leasing transactions by selling vehicles to its customers through financial leasing contracts.

When concluding a contract, the Company evaluates whether the contract is or contains a leasing contract. The starting date of the leasing contract is the first between the date of the rental contract and the date of the commitment of the parties to the main provisions of the leasing contract. From this date:
• a leasing contract is classified as a financial leasing contract; and
• the amounts to be recognized at the beginning of the lease term are determined.

The beginning of the lease is the date from which the lessee has the right to exercise the right to use the leased asset. It is the date of the initial recognition of the rental contract (that is, the recognition of assets, liabilities, income or expenses resulting from the rental contract, as the case may be)

A lease is classified as a finance lease at the inception of the lease if it transfers substantially all the risks and rewards of ownership. The beginning of the rental contract is the first between the date of the rental contract and the date of the commitment of the parties to the main provisions of the rental contract. From this date:

• the leasing contract transfers ownership of the asset to the lessee at the end of the leasing period.
• the lessee has the option to purchase the asset at a price that is expected to be sufficiently low compared to the fair value on the date the option becomes exercisable, so that, at the beginning of the leasing contract, it is sufficiently certain that the option will be exercised.
• the duration of the leasing contract is for most of the economic life of the asset, even if the title is not transferred.
• at the beginning of the leasing contract, the updated value of the minimum leasing payments is at least substantially equal to the fair value of the leased asset.
• the leasing assets are of a specialized nature, so that only the lessee can use them without making major changes.

Other indicators that, individually or in combination, would also lead to the classification of a leasing contract as a financial leasing contract are:
• the lessee can cancel the rental contract, the lessor's losses associated with the cancellation are borne by the lessee;
• gains or losses from the fluctuation of the fair value of the residual value are transferred to the lessee.
• the lessee has the ability to continue the lease for a later period at a rent that is substantially lower than that of the market

a) Initial assessment
At the beginning of the lease, the Company records a financial leasing contract, as follows:
• derecognizes the accounting value of the underlying asset;
• recognizes the net investment in leasing;
• recognizes, in profit or loss, any profit from the sale or loss from the sale

At the beginning of the financial leasing contract, the Company records the net investment in leasing contracts, which consists of the sum of the minimum lease payments to be received by the lessor and the gross investment reduced by the income from the uncollected leasing interest. The difference between the gross investment and its discounted value is recorded as uncollected financial leasing income. Initial direct costs, such as customer commissions and commissions paid by the Company to automobile dealers, are included in the initial valuation of lease receivables. Calculations are made using the effective interest method.

Advance payments and other payments received from customers are normally recorded in the statement of financial position upon receipt and settled in relation to the financial leasing contract of the respective customer at the time of issuing the next monthly invoice in accordance with the payment schedule.

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3. Summary of significant accounting policies (continued)
3.9 Financial leasing - Company as lessor (continued)

b) Subsequent evaluation

Income from financial leasing consists of the amortization of uncollected income from financial leasing. Income from financial leasing is recognized based on a model that reflects a constant periodic rate of return on the net investment depending on the effective interest rate regarding the financial leasing.

The company recognizes income from variable payments that are not included in the net investment in (e.g. variable payments based on performance, such as penalties or income from debt collection) separately in the period in which the income is obtained, in the line "Income from taxes and commissions" (Note 6) in accordance with IFRS 15.

The company applies the derecognition and depreciation requirements of IFRS 9 on the net investment in leasing.

3.10 Operational leasing – The company as lessor

Leasing in which the Company does not transfer substantially all the risks and benefits of ownership over an asset are classified as operational leasing. Rental income is accounted for on a straight-line basis under the terms of the rental contract and is included in the income from the profit and loss account. The initial direct costs incurred in the negotiation and conclusion of an operational leasing contract are added to the accounting value of the leased asset and recognized during the lease term on the same basis as the rental income. Contingent rents are recognized as income in the period in which they are earned.
The company is not engaged in operational leasing as a Lessor.

3.11 Operational leasing – Company as lessee

a) Leasing debt
Initial recognition
At the start date of the leasing contract, the Company evaluates the leasing debt at the present value of the lease payments that are not paid on that date in accordance with the lease term. Leasing payments included in the assessment of the leasing debt include:

- fixed payments (including fixed payments in the fund), minus any leasing incentives to be received;
- variable leasing payments that depend on an index or a rate, initially evaluated on the basis of the index or the rate from the start date;
- the expected amounts owed by the lessee based on guarantees related to the residual value;
- the exercise price of a purchase option if the lessee has reasonable certainty that he will exercise the option; and
- payments of the penalties for termination of the leasing contract if the duration of the leasing contract reflects the exercise by the lessee of an option to terminate the leasing contract.

The company has chosen for all asset classes not to separate components other than leasing from the leasing components in the leasing payments. Instead, the Company accounts for each leasing component and any other components than the leasing ones as a single leasing component. Lease payments are updated using the interest rate implicit in the lease contract if this rate can be easily determined. If this rate cannot be easily determined, the Company uses the incremental loan rate for similar contracts.

The term of the leasing contract is the irrevocable period for which the Company has the right to use the underlying asset, together with:

a) the periods covered by an option to extend the leasing contract if the lessee has reasonable certainty that he will exercise that option; and
b) the periods covered by an option to terminate the leasing contract if the lessee has reasonable certainty that he will not exercise that option.

At the start of leasing, the Company estimates whether it has reasonable certainty that it will exercise the option to extend the leasing contract or that it will acquire the underlying asset or that it will not exercise the option to terminate the leasing contract.

Subsequent evaluation
After the start date, the Company evaluates the leasing debt by:

- increasing the accounting value to reflect the interest related to the leasing debt;
- reducing the book value to reflect the lease payments made; and
- revaluation of the carrying amount to reflect any revaluation or specified lease changes, or to reflect substantially revised fixed lease payments.

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3. Summary of significant accounting policies (continued)
3.11 Operating lease – Company as lessee (continued)

b) Assets related to the right of use

Initial recognition
At the start date of the lease contract, the Company recognizes the right-of-use assets at cost. The cost of a right-of-use asset includes:

- the amount of the initial assessment of the leasing debt;
- any lease payments made on or before the contract start date, minus any lease incentives received;
- any initial direct costs borne by the Company; and
- an estimate of the costs that the Company must bear for the dismantling and removal of the supporting asset, the restoration of the territory on which it is located or the restoration of the supporting asset up to the conditions provided by the terms and conditions of the leasing contract, with the exception of the case where these costs are to generate inventories.

Subsequent evaluation

The company evaluates the right-of-use asset at cost, less any accumulated depreciation and any accumulated impairment losses; and adjusted according to any revaluations of the debt arising from the leasing contract. Depreciation of the right-of-use asset is recognized on a straight-line basis in profit or loss.

The Company's approach to the supporting asset before the start date of the leasing contract:

If a Company incurs costs related to the construction or design of a supporting asset, the lessee accounts for those costs applying other IFRS, such as IAS16. The costs related to the construction or design of a supporting asset do not include the payments made by the lessee for the right to use the supporting asset.

The company applies IAS36 to determine whether the right-of-use asset is impaired and to account for any identified impairment loss.

Initial recognition exceptions applied.
As an exception to recognition, the Company chooses not to apply the requirements for recognizing the right-of-use asset and the leasing liability for:
(a) Short-term leasing contract - for all classes of supporting assets; and
(b) Leasing contracts of low-value assets - on each separate lease contract.

In the case of leasing that qualifies as short-term leasing and/or leasing of low-value assets, the Company does not recognize any leasing debt or asset related to the right of use. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease.

(a) Short-term leasing contract
A short-term leasing contract is a leasing contract which, at the start date, has a term of 12 months or less. A leasing contract that contains a purchase option is not a short-term leasing contract. This leasing exception applies to all classes of underlying assets.

(b) Leasing contracts of low value assets
The Company defines a low-value asset as one that:
1) has a value, in new condition, of EUR 5000 or less. The company evaluates the value of a supporting asset based on the value of the asset in new condition, regardless of the age of the asset offered for leasing.
2) The Company may benefit from the use of separate assets or together with other resources that are available to the Company; and
3) the supporting asset can be used separately from other assets

c) Sale and leaseback transactions

The company is also engaged in financing vehicles already owned by customers. In these leasing transactions, the Company acquires the underlying asset and then leases it to the same customer. The vehicle serves as a guarantee to secure all rental contracts. The Company applies the requirements to determine when a performance obligation is satisfied under IFRS 15 to determine whether the transfer of an asset is accounted for as a sale of that asset. If the transfer of an asset by the seller-lessee does not meet the requirements of IFRS 15 to be accounted for as a sale of the asset, the buyer's lessee will not recognize the transferred asset and will recognize a financial asset equal to the proceeds from the transfer.

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3. Summary of significant accounting policies (continued)
3.11 Operating lease – Company as lessee (continued)

The company performed the SPPI test for its sale and leaseback agreements. The vehicle serves as collateral to secure all these loans. Sale and leaseback agreements include contractual terms that may vary the contractual cash flows in a way that is unrelated to an underlying credit agreement. Such cash flows occur in the case or default of the debtors and are related to the sales of returned vehicles for which any excess proceeds may be retained by the Company and commissions and other fees charged to the customer that are not directly related to the principal / interest (for example, external debt recovery costs that are charged to customers with marking). Other contractual elements relevant to the evaluation of SPPI include options to buy back the leased assets,

The company made relevant assessments and came to the conclusion that the SPPI test is met in all the above circumstances, since:
1) the repossession fees and commissions charged by the Company are intended to cover the costs incurred by the Company in the debt servicing process according to the regular lending model,
2) the fact that, in certain circumstances, the Company maintains proceeds from the sale of the repossessed car in excess of the recovered exposure (if applicable) is not proof that the risk assumed by the Company is actually the price risk of the car and not the credit risk. The company is able to sell the guarantee and keep any surplus only in case of non-payment, and the occasional profits from the transaction are only a tool to minimize credit losses.
3) the termination penalties for non-recoverable sale and leaseback transactions charged to customers are also contractual elements intended to compensate for credit risk and do not result in any significant gains for the Company.

3.12 Cash and cash equivalents

Cash includes cash in bank accounts.

3.13 Assets held for sale

The company classifies fixed assets as held for sale if their book value is to be recovered through a sale transaction, rather than through their continued use.
Assets held for sale include vehicles obtained through forced recovery, in case customers do not fulfill their obligations related to existing leasing contracts. Such recovered pledges are classified as held for sale and valued at the lower of book value and fair value, minus selling costs. Selling costs are the additional costs, directly attributable to the sale of an asset, with the exception of financial costs and income tax expenses.

The criteria for classification as 'held for sale' are considered to be met only when the sale is highly probable and the asset is available for immediate sale in its current condition. The actions necessary to complete the sale should indicate that it is unlikely to make significant changes to the sale transaction or to withdraw the sale decision. Management must undertake the plan to sell the asset, and the sale must be expected to be completed within one year from the date of classification.

Assets classified as "held for sale" are presented separately as current items in the statement of financial position.

3.14 Reserves for vacation pay
The reserve for the payment of holidays is calculated based on the requirements of the legislation of the Republic of Moldova.

3.15 Other investments

a) Transactions with Peer-to-Peer platforms
General information

The parent company and the subsidiary, as loan originators, signed cooperation agreements with the operator of a Peer-to-Peer internet investment platform. Cooperation agreements and related assignment agreements are in force until the parties agree to terminate them. The purpose of the cooperation agreement for the Company is to attract financing through the Peer-to-Peer platform.

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3. Summary of significant accounting policies (continued)
3.15 Other investments (continuation)

The Peer-to-Peer platform allows individual and corporate investors to obtain cash flows with fully proportional interest and the main cash flows from debt instruments (financial leasing receivables or loans and advances to customers) issued by the Company in exchange for an advance payment. These rights are established by assignment agreements between investors and the Peer-to-Peer platform, which acts as an agent on behalf of the Company. Assignment agreements are of two types:

1) Agreements with recourse rights that require the Company to guarantee the full reimbursement of the funds invested by the investor in case of non-fulfillment of payment obligations by the Company's client (repurchase guarantee);
2) Agreements without recourse rights that do not require the Company to guarantee the reimbursement of the funds invested by the investor in case of non-fulfillment of the payment obligations by the Company's client (no guarantee of redemption).

The company retains legal title to its debt instruments (including collection of payments), but transfers part of the equity and interest to investors through the Peer-to-Peer platform.

b) Claims and payments from/to the Peer-to-Peer platform

The Peer-to-Peer platform acts as an agent in the transfer of cash flows between the company and investors. The receivable for the financing attracted from investors through the Peer-to-Peer platform corresponds to the payments due to the Peer-to-Peer platform.

The receivable results from placements made through the Peer-to-Peer platform where the related investment is not yet transferred to the Company (Note 21).
The commissions of the Peer-to-Peer platform and the service commissions borne by the Company are fees charged by the Peer-to-Peer platform for servicing the financing attracted through the Peer-to-Peer platform and are presented in Note 8.

c) Funding attracted through the Peer-to-Peer platform

Obligations arising from assignments with or without recourse rights are initially recognized at cost, which is the fair value of the consideration received from investors, without the issuance costs associated with the loan.

Commitments to investors are recognized in the statement of financial position in the chapter Financing attracted through the Peer-to-Peer platform (Note 24) and are treated as loans received.

After the initial recognition, the Funding raised through the Peer-to-Peer platform is subsequently valued at amortized cost using the effective interest rate method. The amortized cost is calculated taking into account any issue costs and any discount or settlement premium.

The Company must return to the investor the proportional share of the financing attracted for each debt instrument, in accordance with the term indicated in the individual agreement with the Company's client, which can be up to 72 months.

d) Attributions with appeal rights (redemption guarantee)

Assignments with recourse rights provide for direct recourse to the Company,

Therefore, the Company's respective debt instruments do not qualify to be considered for partial derecognition and the interest expenses paid to investors are presented in gross value under Interest income calculated using the effective interest method (Note 4).

e) Attributions without appeal rights (without redemption guarantee)

Non-recourse attributions are agreements that transfer substantially all the risks and rewards of ownership to the investors, equal to a fully proportional share of the cash flows to be received from the Company's debt instruments. Therefore, these arrangements are classified as transfer agreements in accordance with IFRS 9.
As such, the fully proportional share, equal to the investor's claim in connection with the related debt instrument, is derecognized.

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3.16 Reserves

Other reserves are used to record the effect of transactions with owners in their capacity as owners and include financial guarantees given by the Company.

3.17 Provisions

Provisions are recognized when the Company has a present obligation (legal or implied) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to fulfill the obligation and a reliable estimate of the amount of the obligation can be made. If the Company's provisions are expected to be partially or fully reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is practically certain. The expenses related to any provision are presented in the Statement of profit or loss net of any reimbursement. If the effect of the time value of money is significant, provisions are determined by discounting expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, as the case may be, specific debt risks. If discounting is used, the increase in provisions due to the passage of time is recognized as a borrowing cost.

3.18 Contingent Liabilities

Contingent liabilities are not recognized in financial statements. They are disclosed, except in the case where an outflow of resources is possible that includes economic benefits. A contingent asset is not recognized in the financial statements, but disclosed when a flow of economic benefits is probable.

3.19 Income and expenses

Expenses are recognized when they are incurred. Expenses are recognized without value added tax. In certain situations, the value added tax incurred for a service received or calculated in accordance with the requirements of the legislation cannot be fully recovered from the fiscal authority. In such cases, the value added tax is recognized as part of the item related to the corresponding expenses, as the case may be.

Revenues are recognized in accordance with the requirements of the related standard and to the extent that there is a probability of receiving economic benefits by the Company and the possibility of evaluating the revenues reliably.

Effective interest rate method

Interest income or expenses using the amortized cost method are recorded at the effective interest rate, which is the rate that exactly updates the future cash payments or receipts over the expected duration of the financial instrument to the net book value of the financial asset or financial liability. The calculation takes into account all the contractual terms of the financial instrument and includes any commissions or additional costs that are directly attributable to the instrument and constitute an integral part of the effective interest rate, but not future credit losses.

When a financial asset depreciates and is classified in "Stage 3", the Company calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial asset is restored and is no longer considered depreciated, the Company reverts to calculating interest income on a gross basis.

Income from the assignment of bad debts

The gain or loss on the sale of bad finance lease receivables and loans and advances to customers is presented on a net basis under "Net gain/loss on derecognition of financial assets measured at amortized cost". Gains or losses resulting from assignment transactions are recognized in the statement of comprehensive income at the date of the transaction as the difference between the proceeds received and the book value of the derecognized lease/loan receivables assigned through assignment agreements.

3.20 Expenses related to raising financing

The expenses related to attracting funding consist of the administration fee for using the Peer-to-peer platform. The expenses are charged monthly and recognized in the overall result of the Company at the time of their occurrence.

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3.21 Revenues and expenses from contracts with clients

The revenues obtained from the contracts with the customers that come under the incidence of IFRS 15 include goods or services sold as a result of the Company's ordinary activities. The company uses the following criteria to identify contracts with customers:

- the contracting parties have approved the contract (in writing, orally or in accordance with other usual commercial practices) and undertake to fulfill their respective obligations;
- the rights of each party regarding the goods or services to be transferred can be identified;
- the payment conditions for the goods or services to be transferred can be identified;
- the contract is of a commercial nature (that is, the risk, the term or the value of the Company's future cash flows are expected to change, as a result of the contract);
- it is likely that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the client.

Performance obligations are promises in contracts (expressly or implicitly) with the Company's clients to transfer distinct goods or services to the clients. The promised goods or services represent separate performance obligations if the goods or services are distinct. A promised good or service is considered distinct if the customer can benefit from the good or service separately or with other readily available resources (that is, individually distinct), and the good or service is identified separately from other promises in the contract (distinct within the context of the contract). Both criteria must be met to conclude that the good or service is distinct.

The company examines whether there are other promises in the contract that represent separate performance obligations to which a part of the transaction price must be allocated. In determining the transaction price, the Company takes into account the effects of variable payments, the existence of significant financing components, non-cash payments and payments owed to the client (if any).

The company recognizes revenues when (or once) they correspond to a performance obligation to transfer a promised good or service to the customer. Revenues are recognized when the customer obtains control over the respective good or service. Revenue from contracts with customers is recognized when control over goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenues from satisfied performance obligations are recognized over time, if one of the following criteria is met:

- the client simultaneously receives and consumes the benefits;
- the customer controls the asset as it is created or improved;
- the Company's performance creates an asset and is entitled to payment for the completed performance.

The terms of payment for goods or services transferred to customers according to the contractual conditions are within 45 to 60 days from the provision of services or the sale of goods. The price of the transaction is, in general, determined by the conditions agreed by the contract. Invoices are usually issued after the goods have been sold or services rendered.

In 2021 and 2020, the Company did not conclude contracts with rights of return, financing components, non-cash consideration or consideration payable to the customer.

The Company has generally concluded that it is itself the primary party to revenue arrangements, except for debt collection activities and agency services below, because it normally controls the goods or services before transferring them to the customer.

When another party is involved in the provision of goods or services to the Company's customers, the Company considers this to be the principal party, if it obtains control over any of the following:

a) a good or other asset from the other party, which he then transfers to the client.
b) aright to a service to be performed by the other party, which gives the Company the opportunity to direct that party to provide the service to the customer on behalf of the Company.
c) a good or service from the other party which it then combines with other goods or services to provide the customer with the specified good or service.

3.22 Income from fees and commissions

Income from debt collection activities and penalties earned (moment to time)

Revenues from debt collection activities and penalties are recognized in the statement of comprehensive income only when the actual payment for the services rendered is received.

Revenues from penalties arise when customers violate the contractual conditions related to financial leasing receivables and liabilities and advances to customers, such as exceeding the payment date. In these situations, the Company has the right to charge customers in accordance with the terms of the agreement. The company recognizes income from penalties when the cash is received, because the probability and timing of the settlement are uncertain. If the customers do not pay the penalty amount, the Company has the right to initiate the recovery of the pledge.

Revenue from debt collection activities usually arises when customers are late in making their due payments. As a lessor, the Company has the right to protection within the leasing contracts with the clients, which requires the clients to preserve and maintain the condition of the vehicle, because it serves as insurance for the leasing contract. The company's income includes a compensation of the internal and external costs incurred by the company in connection with debt management, legal fees, as well as the recovery of the vehicle in case of termination of the leasing contract, which are charged from the customers in accordance with the terms of the leasing contract. Income from debt collection is recognized on a net basis (agent), because these amounts are collected from customers in accordance with the contractual terms, and the Company does not control these services before they are transferred to a customer. The performance obligation is fulfilled when the respective service has been provided.

3.23 Income Tax

The profit tax includes current and deferred taxes. The current profit tax was applied at a legal rate of 12%. The same rate of 12% was applied for the Withheld Tax.

3.24 Receivables and debts related to the withheld tax

Withheld tax is calculated using the balance sheet method for all temporary differences that occur between the tax bases of assets and liabilities and their accounting value. Receivables and liabilities with deferred tax are assessed at the tax rates that are expected to apply to the period in which the asset is realized or when the debt is settled, based on the tax rates that have been substantially adopted up to the balance sheet date. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available for deductible temporary differences. Deferred tax receivables are reviewed at each reporting date and are reduced to the extent that it is no longer likely that the related tax benefit will be realized.

3.25 Related Parties

The parties are considered affiliated when one party has the possibility to control the other party or has a significant influence on the other party in making financial and operational decisions. The affiliated parties of the Company are the shareholders who could control or have a significant influence on the Company in accepting operating decisions, the management staff of the Company, including the members of the supervisory body - the Audit Committee and the close family members of any of the persons mentioned above, as well as entities over which these persons have significant control or influence, including subsidiaries and associates.

3.26 Subsequent Events

The events after the end of the period which provide additional information about the position of the Company at the date of the financial position situation (adjustment events) are reflected in the financial statements. Events after the end of the period that are not adjusting events are disclosed in the notes if they are significant.

4. Use of significant estimates and judgments

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the disclosure of contingents. The significant areas of estimation used in the preparation of the financial statements refer to the assessment of impairment, the fair value of financial guarantees, the assessment of the fair value of recovered guarantees and the lease term and the determination of the incremental loan rate in accordance with IFRS 16. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimated.

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4. Use of significant estimates and judgments (continued)

In the process of applying the Company's accounting policies, the management made the following estimates and judgments that have a significant effect on the amounts recognized in the financial statements:

The principle of continuity of activity
These financial statements are drawn up on the basis of the going concern principle. In light of the events related to Covid-19, the Company's management assessed the impact of the coronavirus outbreak on the Company's ability to comply with the principle of business continuity.

The company's performance in the permanent situation of Covid-19

The company successfully evolved through the first, second and current waves of Covid-19, all of which left minimal impact on operational performance for the company. The company has had a relatively stable portfolio quality over this period and is comfortable entering 2022 from both an operational and future funding availability perspective.

Operations have not been affected by the third wave of Covid-19 in 2021, therefore the Company's management believes that further growth in service volumes is possible.

The company controls its liquidity by managing the amount of financing it attracts through the Mintos P2P platform and other sources. The Mintos P2P platform offers management greater flexibility to manage the level of loans and available cash balances. Despite the current uncertainty in the global economy, the value of loans financed through Mintos has remained stable, demonstrating that investors trust Mogo as a stable company and continue to invest in Mogo loans.

In the management's opinion, the above factors and the measures taken support the statement that the Company will have sufficient resources to continue for a period of at least 12 months from the reporting date and that there are no material uncertainties related to events or conditions that could generate significant doubts about the Company's ability to continue as a going concern.

The management cannot however exclude the possibility that the prolonged blocking periods, an escalation of the severity of such measures or a consequent negative impact of these measures on the economic environment in which the Company operates will not have a negative effect on the Company and on the operational position and results, in the medium and long term. We continue to monitor the situation closely and will respond to mitigate the impact of such events and circumstances as they arise.

Impairment of financial assets
The assessment of impairment losses in accordance with IFRS 9 for all categories of financial assets in the scope of application requires judgment, in particular, the estimation of the value and timing of future cash flows and the values of guarantees when determining impairment losses and assessing an increase significant credit risk. These estimates are determined by a number of factors, changes that can lead to different levels of odds. The Company's ECL calculations are the result of complex models with a series of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of ECL models that are considered accounting judgments and estimates include probability of default and default date loss, the judgment also applies.
Probability of Default (PD)

The probability of default is an estimate of the possibility of non-payment in a certain period of time, where the period of non-payment is defined as:35 DPD.

To estimate PD, the Company uses the Markov chain methodology. This methodology involves a statistical analysis of historical transitions between delinquent debts in order to estimate the probability that the loan will eventually reach the state of default.

The Company uses a continuous transition period of 12 months (or less if the actual life of the product is shorter or if historical data representative of a shorter period is available), and the lifetime estimate has been defined as "n"-the power of the 12-month matrix (n-depends on the estimated lifetime, for example, if the lifetime is 36 months, then n = 3).

The exposures are grouped in groups depending on (DPD) the due dates for loans/leasing.

The company uses the transition period of 6 months (continuous horizon) and the lifetime estimate is defined as the "n" power of the 6-month matrix. The approach improves the consistency of PD calculations, i.e., it represented the effect of 6-month seasonality and improved the unstable impact of regular changes in business processes.
The calculations are applied at the product level (leasing products and loans).

4. Use of significant estimates and judgments (continued)

Model of anticipatory macroeconomic indicators for portfolio depreciation assessment

In 2021, the company changed the approach of the hierarchical Bayes model to the simplified approach, based on the analysis of the relationship between changes in input variables and changes in PD. The description of the new macro model is provided below.

The macro model uses the expected changes of macroeconomic indicators from year to year and assumes the same or similar change with Stage 1 PD.

The following variables are used:

1. GDP growth (GDP)
2. Changing the unemployment rate (UR);
3. Change in the inflation rate (IR)

These variables proved to have a significant correlation with PD.

The model includes indicators that, based on the opinions of the Company's experts and industry practice, could have a significant impact on the default rates of financial products. Such indicators are also widely used by the banking and non-banking industries around the world. The model assumes the relationship between the changes in macro indicators and the change in stage 1 PD. If there is a strong correlation between stage 1 PD and the change in the macro indicator, then the linear regression equation is used to determine the impact on PD due to changes in macro indicators. If there is no visible correlation between stage 1 PD and the change in macro indicators, then the impact on PD is assessed based on qualitative analysis of available data and reasonable assumptions of experts.

To account for possible economic fluctuations and uncertainty, three scenarios are considered and used for the final calculation to arrive at the weighted average probability:

1. base scenario - based on actual data and forecasts from the external source.
2. pessimistic scenario – based on experts' assessment of the potential worsening of macroeconomic indicators.
3. the optimistic scenario - based on the experts' judgment regarding the potential improvement of macroeconomic indicators.

The pessimistic and optimistic scenario is obtained from the base scenario of increase or decrease of the base scenario according to the confidence interval of the forecast of the given macro-indicator. Confidence intervals are available for each macroeconomic indicator forecast and are easy to read from the chart. Each scenario also has a specific probability of occurring. The company applies a probability of 15% for the worst-case scenario and only 5% for the best case.

To obtain the final effect on PD from the change in the macro indicator, the weights applied for each macro indicator and the final result is taken as the weighted average of the PD effect of the macro indicator. The weights are modified according to their significance in affecting the overall default rate.

To account for future uncertainty should the model generate a positive PD correction, the Company has decided to be cautious and not apply the PD enhancement effect for the impairment correction. In this case, a 0% improvement ceiling is set for 2022.

The output of the macro model is then applied to stage 1 PDs for each month close starting in December 2021. The macro-outlook is consistently updated quarterly; thus, the macro model is expected to be updated quarterly in 2022.

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4. Use of significant estimates and judgments (continued)

The tables below present optimistic and pessimistic macro variable assumptions as of December 31, 2021

	2020 Q4	2021 Q4	2022 estimate
The basic scenario			
GDP growth (GDP)	-7.3%	6.00%	4.00%
Change in inflation rate (IR)	1.0%	12.40%	8.50%
Change in the unemployment rate (UR)	9.1%	3.10%	3.90%
The optimistic scenario			
GDP growth (GDP)	-6.9%	6.00%	4.50%
Change in inflation rate (IR)	1.0%	12.40%	4.50%
Change in the unemployment rate (UR)	8.6%	3.10%	1.90%
The pessimistic scenario			
GDP growth (GDP)	-8.4%	6.00%	3.50%
Change in inflation rate (IR)	1.2%	12.40%	12.50%
Change in the unemployment rate (UR)	10.5%	3.10%	5.90%

The default distribution vector (DDV)

The default distribution vector ensures the PD distribution during a 12-month life period. It is calculated from samples of historical data of all unpaid loans.

Loss Given Default (LGD)

Finance lease receivables

The company closely monitors recoveries from unpaid finance lease receivables and reviews the LGD rates each month for portfolios based on actual recoveries received.

- The sample used to calculate LGD consists of all financial leasing receivables that have historically been unpaid. If the termination of the contract occurs before reaching the state of non-payment, then the loan is considered unpaid (not paid in advance) and is included in the LGD sample. Subsequent recoveries for such loans are monitored monthly. They are followed by recoveries from the usual collection process, car sales, assignments, and court proceedings.
- The restructured lease (the ability to pay restored after termination) also affects the LGD rate, by incorporating the cash recovered after the renewal of the agreement and comparing it with the default exposure of subsequently renewed agreements, implying the cure rate. The recovery rate from renewals is calculated over a period of four years. For the purpose of the depreciation from December 31, 2021, a recovery rate of 87.63% for renewed cases. The LGD rate described above is used for all portfolio groups, except for the unsecured portfolio. For the unsecured portfolio, the LGD is estimated using the triangular recovery matrix for all unsecured cases. The recovery received is updated with an effective interest rate depending on the number of months between the date when the account becomes unsecured and the date the recovery was received. Considering that most car sales take place before receiving unsecured status, the LGD for the unsecured portfolio is significantly higher than for other portfolio groups.

Loans and advances to customers (unsecured loans)

For unsecured loans, LGD is determined based on the activity of the debt sales market and the prices offered. For later stages (DPD 360) LGD is set to 100%.

Exposure to default (EAD) model

Default exposure is modeled by adjusting the unpaid balance of leasing receivables and loans and advances granted on the reporting date with future repayments expected in the next 12 months. On December 31, 2021, it is applied only to Stage 1 exposures. This is done on the basis of contractual repayment schedules, adjusted for the observed prepayment rate. Historical prepayment patterns are considered to be a reliable estimate of future prepayment activity.

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4. Use of significant estimates and judgments (continued)

Determination of FVLCTS of assets held for sale
The FVLCTS determination for repossessed vehicles is performed individually at the time of repossessing.
Management's estimate is based on data available from historical sales transactions for such assets from prior reporting periods. The company also takes into account factors such as historical average real loss (if any) from previous years. The management considers whether the events after the reporting year indicate a decrease in the selling prices of these assets.

Financial guarantees
Determination of fair value and initial recognition

The Company has chosen to determine the fair value of the guarantee using the valuation of the expected loss approach. The fair value of the collateral is calculated as a product of exposure to default (EAD), probability of default (PD) and loss given default (LGD). EAD is determined based on the guaranteed contractual amount in the guaranteed agreement and taking into account the company's proportional share of the estimated guaranteed amount taking into account the total assets of the guarantors (the Company and other subsidiaries of Eleving Group SA) at the end of the reporting period included in the respective warranty contract.

The guarantee is issued to ensure the issuance of bonds of the affiliated party of the Company Eleving Group SA. The company would suffer losses in the event that Eleving Group SA does not fulfill its obligations towards bondholders. Consequently, PD al Eleving Group S.A. is determined based on credit rating Eleving Group SA, determined by the rating agency Fitch Ratings and historical statistical data of average default values for companies with the respective credit rating.

Determining the expected credit loss for the subsequent assessment

In order to estimate the fair value, the Company uses the latest credit rating of Eleving Group SA, as determined by the rating agency Fitch Ratings. Since the initial recognition, the Company has assessed that the last credit risk of the Parent Company has not increased and, therefore, the liability regarding the guarantee is considered as a Stage 1 exposure.

Determination of the leasing term according to IFRS 16 (The company as lessee)

IFRS 16 provides that, in determining the lease term and evaluating the duration of the continuous period of a lease contract, an entity must apply the definition of a contract in accordance with IFRS 15 and establish the period for which the contract is enforceable. To estimate the term of the rental contract, the Company takes into account the rights and enforceable obligations of both parties. If both the lessee and the lessor can terminate the contract only by incurring insignificant sanctions at any time at/or after the end of the non-cancellable term, then there are no enforceable rights and obligations beyond the non-cancellable term. For rental contracts without a fixed duration and contracts that are "rolled" monthly until notification by either party,

Taking into account the Company's options to extend or not terminate the rental contract, the Company evaluates what are the rights of the Company and the lessor within these options. The company examines whether the options included in the rental contracts:

(1) give a unilateral right for a party (eg the Company) and
(2) creates an obligation to comply with the other party (ie lessor).

If neither of the parties to the contract has an obligation, then the Company's conclusion is that such options should not be taken into account in the context of evaluating the terms of the rental contract. In such situations, the rental contract will not exceed the contractual term that cannot be cancelled. In determining the lease term, the Company evaluated the sanctions in the lease contracts, as well as the economic incentives to extend the lease contracts, such as the underlying asset being strategic.

Gradual determination of the loan rate of the leasing debt in accordance with IFRS 16 (Company as lessee)
The lease liability is initially valued at the present value of the lease payments that are not paid at the start of the contract, updated using the implicit interest rate in the lease or, if this rate cannot be easily determined, the Company's incremental loan rate. In general, the Company uses the incremental loan rate as the discount rate.
The company used the rates of the National Bank of Moldova as incremental loan rates. The Company considers the rates of the National Bank of Moldova used as the appropriate measure for incremental lending rates, as they correctly reflect the ability to finance a specific asset acquisition.

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4. Use of significant estimates and judgments (continued)

Sale and leaseback transactions
In sale and leaseback transactions, the Company acquires the underlying asset and then leases it back to the same client. To determine how to account for a sale and leaseback transaction, the Company first analyzes whether the transfer of the underlying asset from the seller-lessee (Client) to the buyer-lessor (Company) is a sale. The company applies IFRS 15 to determine if a sale transaction has taken place. Key indicators that check whether control has been transferred to the company include:

- a current payment obligation;
- physical possession (of the purchased asset);
- a legal title (for the purchased asset);
- the risks and benefits of the property (acquired asset);
- The company accepted the asset;
- the borrower can or must redeem the asset for a lower amount than the initial sale price of

To assess whether the contractual cash flows correspond to the SPPI, the Company considers the contractual conditions of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or value of the contractual cash flows so that it does not meet this condition. In carrying out the evaluation, the Company takes into account:

- contingent events that would change the amount and timing of cash flows;
- usage levers;
- the deadlines for early payment and extension;
- conditions that limit the Company's claim to cash flows from specified assets (for example, non-recourse loans); and
- characteristics that change the consideration of the time value of money (for example, the periodic reset of interest rates).

Please refer to Note 2 for further detailed descriptions of the decisions made by management to assess whether the conventional loan, non-recourse loan and sale and lease finance agreements meet the SPPI criteria.

5. Adoption of new or revised standards and interpretations

The following new standards and interpretations came into effect on January 1, 2021:

Reform of the interest rate benchmark– Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendment entered into force starting on January 1, 2021. Its application does not have a significant impact on the financial statements for 2021 or previous years.

6. New or revised standards and interpretations that will apply for periods beginning on or after January 1, 2022

The following new and amended standards are effective for annual periods beginning after January 1, 2021, and earlier application is permitted. Company has not early adopted any of these new or amended standards and does not expect them to have a material impact on its financial statements company when it enters into force.

Amendments to IFRS 16 Leases "Rent Concessions Related to COVID-19" After June 30, 2021 (Effective for annual periods beginning on or after April 1, 2021. Earlier application is permitted, including in financial statements that have not been authorized for publication as of March 31, 2021)

The amendments extend by one year the application period of the optional practical solution that simplifies how a tenant accounts for rent concessions that are a direct consequence of the COVID-19 pandemic. A lessee applies the amendments retroactively and recognizes the cumulative effect of their initial application in the opening retained earnings of the reporting period in which they are first applied.

Company the amendments, when applied for the first time, are not expected to have a material impact on the financial statements.

6. New or revised standards and interpretations to be applied for periods beginning on or after January 1, 2022 (continued)

Amendments to IAS 16 Property, plant, and equipment – Receipts before expected use (Effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted.)

The amendments to IAS 16 require that proceeds from the sale of items produced - when an item of property, plant and equipment is brought to the location and condition necessary for it to function as intended - be recognized, together with the cost of those items, in profit or loss and that the entity assesses the cost of those elements applying the assessment provisions of IAS 2.

The amendments must be applied retroactively, but only to items of property, plant and equipment that are brought into the place and condition necessary for them to function in the manner intended at the beginning or after the beginning of the first period presented in the financial statements in which the entity first applies the amendments. The cumulative effect of the initial application of the amendments will be recognized as an adjustment to the opening balance of retained earnings (or other components of equity, as applicable) at the beginning of the first period presented (if necessary). Company anticipates that the amendments, when applied for the first time, could not have a significant impact on the financial statements.

Amendments to IAS 37 Provisions, contingent liabilities, and contingent assets - Onerous contracts - The cost of fulfilling a contract (Effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted.)

To determine the costs of performing a contract, the amendments require an entity to include all costs that directly relate to a contract. Paragraph 68A clarifies that the cost of performing a contract includes: the marginal costs of performing that contract and an allocation of other costs directly related to the performance of the contract.

An entity must apply those amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (date of initial application). The entity shall not restate the comparative information. Instead, the entity shall recognize the cumulative effect of the initial application of the changes as an adjustment to the opening balance of retained earnings or other components of equity, as appropriate, at the date of initial application.

Company anticipates that the amendments, when applied for the first time, could not have a significant impact on the financial statements.

Amendments to IAS 12 Income tax - Deferred tax on assets and liabilities arising from a single transaction (Effective for annual periods beginning on or after 1 January 2023. Earlier application is permitted.)

The amendments narrow the scope of the initial recognition exemption (IRE) to exclude transactions that give rise to equal and compensating temporary differences - for example, leases and liabilities arising from decommissioning.

For leases and liabilities arising from decommissioning, the associated deferred tax assets and liabilities should be recognized from the beginning of the first comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the first period presented.

The entity accounts for deferred tax related to leases and liabilities arising from decommissioning using the "integrally linked" approach, which results in a similar result to the amendments, except that the deferred tax impact is presented net in the statement of financial position. Under the amendments, the entity will recognize a separate deferred tax asset and deferred tax liability. There will be no impact on the carried forward result when the amendments are adopted.

6. New or revised standards and interpretations to be applied for periods beginning on or after January 1, 2022 (continued)

Amendments to IAS 1 Presentation of financial statements - Classification of liabilities into current liabilities or long-term liabilities (Effective for annual periods beginning on or after January 1, 2023. Application before this date is permitted.)

The amendments clarify that a classification of liabilities into current or long-term liabilities is based solely on the entity's right to defer settlement of the liability at the end of the reporting period. The entity's right to defer settlement for at least twelve months after the reporting date need not be unconditional, but it must have an economic basis. The classification is not affected by management's intentions or expectations regarding the extent and timing of the entity's exercise of the right. The amendments also clarify the situations that are assimilated to a settlement of a debt. Company anticipates that the amendments, when applied for the first time, could not have a significant impact on the financial statements.

Amendments to IAS 1 Presentation of financial statements and IFRS practice statement no. 2 Making judgments about the materiality threshold (Effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.)

The amendments to IAS 1 require companies to disclose accounting policy information in relation to the materiality threshold rather than significant accounting policies. Company anticipates that the amendments, when applied for the first time, could not have a significant impact on the financial statements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.)

The amendments introduced a definition of “accounting estimates” and included other amendments to IAS 8 that clarify how changes in accounting policies can be distinguished from changes in estimates. The distinction is important because changes in accounting policies are generally applied retrospectively, while changes in estimates are accounted for in the period in which the change occurs.

Company anticipates that the amendments, when applied for the first time, could not have a significant impact on the financial statements.

Annual Improvements to IFRS Standards 2018-2020 (Effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted.)

- **Amendment to IFRS 9 Financial instruments**

The improvements clarify that, when assessing whether an exchange of debt instruments between an existing debtor and a creditor takes place on substantially different terms, the fees to be included with the discounted value of the cash flows under the new terms include only the fees paid or received between the debtor and the creditor, including commissions paid or received by the debtor or the creditor on behalf of the other.

- **Amendment to Illustrative Examples accompanying IFRS 16 Leases**

The improvements remove from illustrative example 13 - which accompanies IFRS 16 - the reference to the lessor's reimbursement to the lessee for upgrades to the asset, as well as an explanation of the lessee's accounting for such reimbursement.
Company anticipates that the amendments, when applied for the first time, could not have a significant impact on the financial statements.

NOTES OF THE FINANCIAL STATEMENTS

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7. Interest income, net

	2021 MDI	2020 MDI
Interest and similar income		
Interest income from loans and advances to customers	100,655,318	99,131,393
Interest income from finance lease receivables	5,428,542	9,829,331
Interest income from loans to related parties	114,542	260,384
Interest income from P2P platform investors	3,129,571	1,234,339
Interest revenue calculated using the effective interest rate method	**109,327.973**	**110,455,447**
Other interest revenue	25,608	4,785
Total interest revenue	**109,353,581**	**110,460,233**
Interest and similar expenses		
Interest expenses for loans from P2P platform investors	13,400,920	13,755,994
Interest expenses for obligations from related parties	9,649,943	8,287,829
Interest expenses for lease liabilities	145,856	150,636
Total interest expense	**23,196,719**	**22,194,459**
Net interest income	**86,156,862**	**88,265,773**

Part of the interest income can be derecognized as the Company allocated to Peer-to-Peer investors a part of the receivables regarding financial leasing and the receivables regarding loans and advances to customers. In case the allocation is made without the redemption obligation, the interest income obtained accordingly from such contracts is derecognized from the Company's interest income in an amount equal to the investor's claim against the earned interest.

In the current financial year, the Company continued to benefit from financing through peer-to-peer platforms.

8. Net fee and commission income/(loss), net

	2021 MDI	2020 MDI
Net fee and commission income/(loss)		
Commissions for delaying the repayment of loans	3,993,557	4,815,446
Commissions for early repayment of loans	891,164	592,729
Income from other expenses and commissions	1,268,943	1,767,595
Total net fee and commission income/(loss)	**6,153,665**	**7,175,770**
Expenses with fees and commissions		
Vehicle assessment fee	(112,860)	(193,540)
Total expenses with fees and commissions	**(112,860)**	**(193,540)**
Net fee and commission income/(loss)	**6,040,805**	**6,982,230**

9. Net foreign exchange gain/(loss)

	2021 MDI	2020 MDI
Net income from foreign currency conversion operations	307,379	522,467
Revaluation of foreign currency balances	(5,074,103)	18,574,323
Total	**(4,766,724)**	**19,096,790**

NOTES OF THE FINANCIAL STATEMENTS
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10. Other operational income

	2021 MDI	2020 MDI
Income from the recovery of legal expenses	1,131,961	834,794
Provisions for financial guarantees (Note 26)	2,601,238	3,703,024
Other operating income (i)	415,873	537,238
Total	**4,149,072**	**5,075,056**

(i) The line Other operational income includes the following types of income: recoveries of debt recovery expenses and net income from the sale of repossessed assets.

11. Impairment expenses

	2021 MDI	2020 MDI
Change in impairment in finance lease (Note 17)	765,993	2,116,718
Change in impairment in loans and advances to customers (Note 18)	11,661,918	23,811,880
Expenses for canceling loans and advances to clients,	5,431,516	1,627,458
Expenses with the depreciation of other assets (Note 11)	6,175	99,816
Total	**17,865,602**	**27,655,881**

12. Expenses related to remuneration of work

	2021 MDI	2020 MDI
Employees' salaries	12,539,650	9,762,402
Social security contribution	3,323,397	1,826,282
Medical insurance expenses	-	456,570
Expenses regarding the calculated liabilities related to the unused leave	58,960	704,351
Employee's bonuses	845,612	421,453
Total	**16,767,619**	**13,171,058**

13. General and administrative expenses

	2021 MDI	2020 MDI
Management fee	14,921,132	12,634,150
Court expenses	1,860,692	1,817,519
Peer to Peer platform service charges	1,167,798	1,556,048
Legal, consulting and audit services expenses (i)	1,033,491	1,249,786
Marketing, advertising, and entertainment expenses (ii)	2,297,079	1,097,256
Communications and IT expenses	1,004,997	908,664
Debt collection expenses	786,529	900,522
Maintenance expenses for offices and branches	764,501	614,655
Lease expenses	141,042	477,470
Credit database expenses	523,294	445,086
Contributions and taxes expense (iii)	400,601	364,629
GPS equipment expense	952,709	186,675
Low value and short duration equipment expense	99,652	163,223
Bank commissions	196,555	149,531
Transportation expense	106,205	108,412
Other administrative expenses	1,012,773	724,471
Total	**27,269,052**	**23,398,097**

(i) Audit services for the year 2021 - 680 thousand MDL (2020 – 860 thousand MDL)

(ii) In 2021, the company was more aggressive in introducing products to the market, and as a result marketing costs were increased.
(iii) - Expenses related to contributions and taxes include expenses with Local Land Use Tax, Tax for commercial units, CNPF Taxes and other taxes.

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14. Depreciation expenses

	2021 MDI	2020 MDI
Depreciation of intangible assets	17,156	29,841
Depreciation of tangible assets	1,812,325	1,634,443
Total	**1,829,481**	**1,664,284**

15. Income Tax Expenses

	2021 MDI	2020 MDI
Current tax	4,296,086	2,667,482
Tax exempted	661,453	730,870
Total	**4,957,539**	**3,398,352**

Since 2012, the profit tax rate is 12%. See Note 19 for the calculation of deferred and current income tax.

16. Cash and cash equivalents

	December 31, 2021 MDI	December 31, 2020 MDI
Cash at bank	3,979,059	2,785,349
Total	**3,979,059**	**2,785,349**

This financial asset is not impaired on December 31, 2021.

The company does not operate with cash in the cash register, all transactions are carried out by bank transfer.

The company has not created ECL provisions for cash and cash equivalents based on the fact that the placement destinations with the banks have a short-term character and the life of these assets in accordance with IFRS 9 is so short that the low probability of non-payment would result in insignificant amounts of ECL.

17. Loans and advances to clients

Analysis by sector	**December 31, 2021 MDI**	**Weight %**	**December 31, 2020 MDI**	**Weight %**
Individuals	330,190,853	94%	275,058,716	100%
Legal entities	22,459,046	6%		
Total portfolio before provisions	**352,649,899**	**100%**	**275,058,716**	**100%**
Impairment	(51,970,182)	-	(48,629,910)	-
Total portfolio, net of provisions	**300,679,717**	**-**	**226,428,807**	**-**

	December 31, 2021 MDI	December 31, 2020 MDI
Gross investment in loans and advances to clients:	**352,649,899**	**275,058,716**
Up to 1 year	141,627,527	104,325,946
More than 1 and less than 5 years	182,663,491	149,358,718
More than 5 years	28,358,882	21,374,053
Unrealized financial income	323,536,305	279,832,949
The gross investment in loans and advances granted	352,649,899	275,058,716
Impairment	(51,970,182)	(48,629,909)
Net investment in loans and advances to clients	**300,679,717**	**226,428,807**

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18. Finance lease receivables

Analysis by sector	December 31, 2021 MDI	Weight %	December 31, 2020 MDI	Weight %
Individuals	9,341,963	100%	17,856,738	100%
Total portfolio before provisions	**9,341,963**	**100%**	**17,856,738**	**100%**
Impairment	(4,137,719)	-	(8,072,796)	-
Total portfolio, net of provisions	**5,204,245**	**-**	**9,783,942**	**-**

	December 31, 2021 MDI	December 31, 2020 MDI
Gross investment in financial leasing:	**9,341,963**	**17,856,738**
Up to 1 year	6,163,817	10,671,105
More than 1 and less than 5 years	3,178,146	7,024,335
More than 5 years	-	161,298
Unrealized financial income	3,522,174	8,979,037
The gross investment in leasing	9,341,963	17,856,738
Impairment	(4,137,719)	(8,072,796)
Net investment in leasing	**5,204,245**	**9,783,942**

Transactions with peer-to-peer platforms

Contracts sold on peer-to-peer platforms are offered with a redemption guarantee, which means that all the risks of such agreements remain with the Company and, in case of non-payment by the client, the Company has the obligation to reimburse the entire remaining capital and interest accrued to the Peer-to-Peer investor. By using the same platform, the company also offers loans without a redemption guarantee, which means that all the risks related to the client's non-payment have been transferred to the Peer-to-Peer investor. Part of the contracts are purchased by investors; therefore, they are considered eligible financial assets for derecognition from the financial position of the Company.

The gross portfolio and related liabilities for the portfolio derecognized from the company's financial assets were:

	December 31, 2021 MDI	December 31, 2020 MDI
Finance lease receivables	22,316	131,735
Related liabilities	(22,316)	(131,735)

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19. Deferred tax asset

The reconciliation of income tax expense is shown in the table below as follows:

a. Amounts recognized in the statement of profit or loss and other comprehensive income

	2021 MDI	2020 MDI
Current tax		
Expenditure with current tax	4,296,086	2,667,482
Correction of the previous year's income tax	-	-
	4,296,086	**2,667,482**
Tax-deferred expenses/(savings).	703,524	752,785
Relating to the origination and reversal of temporary differences	(42,070)	(21,915)
Disrecognition of temporary differences	**661,454**	**730,870**
Total	**4,957,539**	**3,398,351**

Deferred income tax is calculated for all temporary differences using the liability method using an effective tax rate of 12% (2020: 12%).

b. Reconciliation of the effective tax rate

	2021 %	2021 MDI	2020 %	2020 MDI
Profit before taxation		**28,832,306**		**15,336,949**
Income tax calculated at the rate of 12% (2020: 12%)	12%	3,459,877	12%	1,840,434
The fiscal effect of permanent differences				
Othernon-taxable income	-0.6%	(186,746)	-1.1%	(168,273)
Distinction permanent and non-deductible expenses:				
Accelerated depreciation tax	0.0%	(1,392)	0.1%	10,631
Provisions and commitments	9.0%	312,929	2.5%	385,594
Other non-deductible expenses	-0.6%	(19,170)	0.2%	27,281
Interest expenses	21.1%	730,588	3.7%	571,816
Income tax expenses of the management period	**14.9%**	**4,296,086**	**17.4%**	**2,667,482**

	2021 MDI	2020 MDI
Income Tax liabilities for the current year	-	-
Advance payments regarding Income Tax	820,813	916,898
Income tax in the Statement of Financial Position:	**820,813**	**916,898**

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19. Receivables regarding deferred tax (continued)

Deferred income tax assets

	January 1, 2021	Recognized in profit and loss	December 31, 2021
Assets			
Tangible assets	(8,764)	(18,722)	(27,486)
Loans and advances to customers	1,261,130	(685,543)	575,586
Other Assets	11,978	741	12,719
Deferred income tax assets	**1,264,344**	**(703,524)**	**560,820**
Liabilities			
Other liabilities	-	-	-
Anticipated expenses	88,595	27,278	115,873
Accruals for bonuses	63,020	7,717	70,737
Accrued unused vacation	140,286	7,075	147,362
Deferred income tax assets	**291,901**	**42,070**	**333,971**
Net deferred tax assets	**1,556,245**	**(661,454)**	**894,791**

	January 1, 2020	Recognized in profit and loss	December 31, 2020
Assets			
Tangible assets / real estate investments	(31,986)	23,222	(8,764)
Loans and advances to customers	2,049,115	(787,985)	1,261,130
Other assets	-	11,978	11,978
Deferred income tax assets	**2,017,129**	**(752,785)**	**1,264,344**
Liabilities			
Other liabilities	-	-	-
Anticipated expenses	184,923	(96,328)	88,595
Accruals for bonuses	29,298	33,722	63,020
Accrued unused vacation	55,764	84,522	140,286
Deferred income tax assets	**269,986**	**21,915**	**291,901**
Net deferred tax assets	**2,287,115**	**(730,870)**	**1,556,245**

20. Intangible assets

	programmer	Other intangible assets	Total
Gross book value			
Balance on January 1, 2020	**91,177**	**4,929**	**96,107**
Additions	-	-	-
Disposals	(29,155)	-	(29,155)
Balance as of December 31, 2020	**62,022**	**4,929**	**66,952**
Balance on January 1, 2021	**62,022**	**4,929**	**66,952**
Additions	137,320	108,950	246,269
Disposals	-	-	-
Balance as of December 31, 2021	**199,342**	**113,879**	**313,221**
Accumulated depreciation			
Balance on January 1, 2020	**38,591**	**1,232**	**39,823**
Depreciation expenses	28,855	986	29,841
Disposals	(29,155)	-	(29,155)
Balance as of December 31, 2020	**38,291**	**2,218**	**40,509**
Balance on January 1, 2021	**38,291**	**2,218**	**40,509**
Depreciation expenses	16,169	986	17,155
Disposals	(1)	(0)	(1)
Balance as of December 31, 2021	**54,458**	**3,204**	**57,662**
Net book value			
Balance on January 1, 2020	**52,587**	**3,697**	**56,284**
Balance as of December 31, 2020	**23,731**	**2,711**	**26,442**
Balance as of December 31, 2021	**144,883**	**110,675**	**255,558**

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21. Tangible assets

	Assets related to the right of use	Improvements of the goods received in the lease	Means of transport	IT technique	Furnitu re	Other assets	Total
Gross book value at							
Balance on January 1, 2020	4,698,413	151,390	-	557,414	164,725	253,135	5,825,076
Additions	2,384,292	-	122,976	146,235	45,848	83,825	2,783,176
Disposals	(2,051,886)	-	-	(121,260)	-	(35,513)	(2,208,659)
Balance as of December 31, 2020	**5,030,819**	**151,390**	**122,976**	**582,389**	**210,573**	**301,447**	**6,399,593**
Balance on January 1, 2021	5,030,819	151,390	122,976	582,389	210,573	301,447	6,399,593
Additions	395,841	38,688	263,054	249,417	41,057	48,724	1,036,782
Disposals	(675,718)	-	(122,976)	-	-	-	(798,694)
Balance as of December 31, 2021	**4,750,942**	**190,079**	**263,054**	**831,807**	**251,630**	**350,170**	**6,637,682**
Accumulated depreciation							
Balance on January 1, 2020	1,555,336	79,414	-	255,217	44,757	132,544	2,067,267
Depreciation expenses	1,233,992	60,028	10,248	191,680	35,505	102,989	1,634,443
Disposals	(811,763)	-	-	(121,260)	-	(35,513)	(968,536)
Balance as of December 31, 2020	**1,977,565**	**139,442**	**10,248**	**325,637**	**80,262**	**200,019**	**2,733,174**
Balance on January 1, 2021	1,977,565	139,442	10,248	325,637	80,262	200,019	2,733,174
Depreciation expenses	1,492,675	21,110	27,500	139,657	46,828	84,550	1,812,321
Disposals	(472,894)	-	(24,595)	2. 3	(0)	(0)	(497,467)
Balance as of December 31, 2021	**2,997,346**	**160,553**	**13,153**	**465,317**	**127,090**	**284,570**	**4,048,028**
Net book value							
Balance on January 1, 2020	3,143,077	71,976	-	302,197	119,968	120,591	3,757,809
Balance as of December 31, 2020	**3,053,254**	**11,948**	**112,728**	**256,752**	**130,310**	**101,427**	**3,666,420**
Balance as of December 31, 2021	**1,753,596**	**29,526**	**249,902**	**366,490**	**124,539**	**65,601**	**2,589,653**

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22. Assets held for sale

Assets in possession include foreclosed guarantees related to non-performing loans. The details of the assets obtained by the Company by taking possession of the guarantees related to leasing receivables and held at the end of the year are presented below:

	December 31, 2021 MDI	December 31, 2020 MDI
Assets held for sale	1,882,147	3,461,428
Total assets held for sale	**1,882,147**	**3,461,428**

Recovered guarantees are vehicles taken over by the company in case of non-payment by the Company's clients within the related leasing contracts. If the customer does not pay, the Company has the right to return the vehicle and sell it to a third party. The Company does not have the right to return, sell or hand over the vehicle in the default absence of the Company's customers. The company usually sells repossessed vehicles within 90 days of repossession.

23. Other assets

	December 31, 2021 MDI	December 31, 2020 MDI
Financial		
Peer-to-peer platform clearing accounts*	3,173,171	275,014
Receivables regarding payments from customers	103,138	140,260
Security deposit for the location of the premises	71,258	63,602
Other assets	331,985	147,734
Impairment	(105,991)	(99,816)
Total other financial assets	**3,573,560**	**526,795**
Non-financial		
Anticipated expenses	39,146	41,252
Stocks and consumables	136,163	172,509
Advances paid for goods and services	253,836	156,092
Fees paid in advance	-	-
Total other non-financial assets	**429,145**	**369,852**
Total other assets	**4,002,705**	**896,647**

*Due to several loans placed in the Peer-to-Peer platform at the end of 2021, the Company has receivables from the Peer-to-Peer platform on December 31, 2021.

Movement of allowances for expected credit risk losses for other financial assets:

	2021 Stage 1	2020 Stage 1
Balance on January 1st	**99,816**	**-**
Increases due to initiation and acquisition	12,977	99,816
Decreases due to derecognition	(6,802)	-
The net change due to the increase/decrease in credit risk		-
Balance as of December 31	**105,991**	**99,816**

24. Borrowings

Loans from:	December 31, 2021 MDI	December 31, 2020 MDI
Funding attracted through peer-to-peer platforms	110,732,687	127,555,371
Loans from related parties	152,807,326	70,119,185
Total	**263,540,013**	**197,674,556**

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24. Borrowings (continued)

24.1 Funding attracted through peer-to-peer platforms

	Annual interest rate %)	Maturity	December 31, 2021 MDI	December 31, 2020 MDI
Mintos peer-to-peer platform	8% - 14%	May 28, 2023	110,249,414	127,052,186
Increased interest			483,273	503,185
Total Funds lent on peer-to-peer platforms			**110,732,687**	**127,555,371**

Funding attracted from the Peer-to-Peer platform is transferred to the company's bank accounts once a week.

On May 28, 2018, Mogo Loans SRL signed a movable goods pledge contract with Mintos.

In accordance with this Pledge Agreement, the Company pledges the goods for the benefit of Mintos OU with prorated claim rights, guaranteeing full payments on time, as well as the fulfillment of all obligations guaranteed in the following pledge).

The pledge includes all improvements, additions, and other extensions of the pledged goods, whether existing, future, or those used in connection with them, as well as any goods arising from the transformation of the pledged goods.

The total value of the pledged assets is and will constitute at any time during the term of the Contract 12,000,000 twelve million) EUROS.

24.2 Loans from related parties

	Annual interest rate %)	Maturity	December 31, 2020 MDI	December 31, 2019 MDI
Eleving Group AS	11%	December 31, 2025	137,019,622	70,119,185
Eleving Stella AS	11%	October 27, 2024	15,787,704	-
Increased interest			-	-
Total Funds borrowed from related parties			**152,807,326**	**70,119,185**

On October 27, 2021, the company received a subordinated loan from founder Eleving Stella AS, an annual interest rate of 11%.

25. Lease liabilities

25.1 Lease liabilities for right-of-use assets

The assets with the right of use and the liabilities for the rights of use of the assets are presented as follows in the annual statement of financial position, the statement of profit or loss, and other elements of the overall result:

	Lands and buildings	Means of transport	Total
On January 1, 2020	**2,017,040**	**1,126,037**	**3,143,077**
Additions	1,597,513	786,779	2,384,292
Disposals	(164,444)	(1,075,679)	(1,240,123)
Depreciation expenses	(896,476)	(337,517)	(1,233,992)
On December 31, 2020	**2,553,633**	**499,620**	**3,053,254**
On January 1, 2021	**2,553,633**	**499,620**	**3,053,254**
Additions	225,049	170,792	395,841
Disposals	(96,548)	(106,276)	(202,824)
Depreciation expenses	(1,172,858)	(319,817)	(1,492,675)
On December 31, 2021	**1,509,276**	**244,320**	**1,753,596**

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25.Lease liabilities (continued)

25.1 Lease liabilities for right-of-use assets (continued)

Maturity analysis of lease liabilities not updated.
The non-discounted contractual cash flows after maturity are presented in the table below:

	December 31, 2021	December 31, 2020
Up to 1 month	120,385	131,992
Between 1 month and 3 months	242,281	265,732
Between 3 and 12 months	1,009,449	1,195,558
Between 1 year and 5 years	469,751	1,703,536
Value of leasing liabilities, gross, December 31	**1.841,865**	**3,296,818**

25.2 Amounts recognized in the Statement of profit or loss and other elements of the overall result

	2021	2020
Interest expense on operating leases	145,856	150,636
Total	**145,856**	**150,636**

25.3 Amounts recognized in the Statement of cash flows

	2021	2020
Operating lease liabilities	-	-
Cash outflows related to leasing contracts	2,272,959	6,649,395

For the calculation, the weighted average rate of the NBM for new loans granted, for a month prior to the month in which the rental contract was signed, was used.
On December 31, 2021, the Company recognizes five spaces with right of use and four cars with right of use.

26. Provisions for financial guarantees

Movement in reserve for financial guarantees	**2021 MDI**	**2020 MDI**
Balance on January 1	8,718,136	**13,170,482**
Issuance of guarantees	6,523,800	**-**
Derecognition on old guarantees	(9,136,433)	-
Revaluation of the financial guarantees	(31,278)	(4,452,346)
Balance on December 31	**6,074,225**	**8,718,136**

Movement in the provision for financial guarantees	**2021 MDI**	**2020 MDI**
Balance on January 1	**(4,591,389)**	**(12,199,502)**
Issuance of new guarantees	(6,523,800)	**-**
Amortized as income prior to derecognition	2,601,238	3,703,024
Derecognition of old guarantees	2,623,241	-
Re-evaluation of the financial guarantee	31,278	4,452,346
The impact of exchange rate fluctuations	75,537	(547,258)
Balance on December 31	**(5,783,895)**	**(4,591,389)**

On November 13, 2018, Eleving Group SA (ex. Mogo Finance SA), as issuer, on the one hand, and its subsidiaries as Guarantor, on the other hand, signed a guaranteed agreement. It is dated July 9, 2018, modified, and adjusted on November 13, 2018. In accordance with this agreement, the Guarantors unconditionally and irrevocably guarantee each bondholder of Eleving Group SA, by means of an independent payment obligation, the timely payment of principal and interest due and any other amounts payable within the bond prospectus of Eleving Group.

The company did not receive compensation for the warranty granted. The fair value of the financial guarantee is recognized as a liability and as a distribution of equity in provisions for financial guarantees. Debts based on the financial guarantee contract are recognized in income (Note 10) in the straight line until the maturity of the obligation.

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26. Provisions for financial guarantees (continued)

OCN Mogo Loans SRL is one of the Guarantors according to the "contraction of the pledge of movable property" from October 15, 2021. Based on the provisions of Article 2, point 20.2, Warranty OCN Mogo Loans SRL is limited at any time to a total amount that does not exceed 150,000,000.00 EUR.

The liabilities according to the new financial guaranteed contract are recognized in income (Note 10) according to the straight-line method until the maturity of the obligation, which is October 2026.

After initial recognition, the warranty liability is measured at the higher of the initially recognized amount minus the accumulated depreciation recognized through straight-line depreciation and an ECL provision. The ECL provision for the financial guarantee is a stage 1 exposure, as described in Note 4. The ECL for the guarantees issued by the company is less than their carrying amount on December 31, 2021, and therefore no ECL has been recognized.

27. Other liabilities

	December 31, 2021 MDI	December 31, 2020 MDI
Other financial liabilities		
Settlements with natural and legal persons	752,678	377,519
Liabilities to related parties	-	-
Accrued unused vacation	1,228,013	1,169,053
Accruals for bonuses	589,473	525,165
Accruals for employee’s salaries	2,233	-
Amounts being settled / Anticipated expenses	970,955	968,491
Amounts being settled with affiliated parties	908,450	1,425,143
Total other financial liabilities	**4,451,802**	**4,465,371**
Other non-financial liabilities		
Non-income tax liabilities	611,114	513,098
Liabilities related to employee contributions	516,593	460,876
Total other non-financial liabilities	**1,127,707**	**973,974**
Total other liabilities	**5,579,509**	**5,439,345**

28. Equity

a) Share capital

The share capital of the Company is MDL 1,000,000 as of December 31, 2021. On October 27, 2021, the share capital was reduced, 16,000,000 of the share capital was reclassified as a subordinated Loan and the difference of 5,465,342 was returned to the Sole Associate in December 2021.

On December 31, 2021, and December 31, 2020, the shareholders' structure was as follows:

	December 31, 2021		December 31, 2020	
Shareholder	**Share in capital %**	**Amount in MDL**	**Share in capital %**	**Amount in MDL**
Eleving Stella AS	**100%**	**1,000,000**	**100%**	**22,465,342**
Voting capital	100%	1,000,000	100%	22,465,342
Non-voting capital	-	-	-	-
Total	**100%**	**1,000,000**	**100%**	**22,465,342**

b) Reserve capital

In accordance with local law, 5% of the Company's net profit must be transferred to a non-distributable legal reserve until this reserve represents at least 10% of the Company's share capital. According to the statute, the reserve capital can only be used to cover losses and/or to increase its share capital. In 2020, the Company formed reserve capital in the amount of 5% of the previous year's profit in the amount of MDL 641,713. In 2021, the reserve capital was not changed.

29. Transactions with related parties

All transactions with group companies are carried out under the same conditions as similar transactions with third parties, including interest rates and collateral.

The Company's affiliated parties are:

- Eleving Group SA	
- Eleving Stella AS	100% shareholder
- Eleving Vehicle Finance AS	
- OCN Sebo Credit SRL	
- Veaceslav Luchianenco	Administrator

	December 31, 2021				December 31, 2020			
	Eleving Group AS	**Eleving Stella AS**	**Other companies in the Mogo Group**	**Basic management**	**Eleving Group AS**	**Eleving Stella AS**	**Other companies in the Mogo Group**	**Basic management**
Liabilities								
Loans			22,100,077					
Loans received	137,019,622	15,787,704		-	70,119,185		-	-
Provisions for financial guarantees	5,783,895			-	4,591,389		-	-
Other liabilities		908,450		-	-		1,425,143	-

	December 31, 2021				December 31, 2020			
	Eleving Group AS	**Eleving Stella AS**	**Other companies in the Mogo Group**	**Basic management**	**Eleving Group AS**	**Eleving Stella AS**	**Other companies in the Mogo Group**	**Basic management**
Profit and loss								
Interest income	-	-	114,542	-	-	-	260,384	-
Interest expense	9,331,481	318,462	-	-	8,287,829	-	-	-
General and administrative expenses	**-**	**12,896,198**	**288,938**	**-**	**-**	**-**	**10,922,817**	**-**
- Management fee*	-	12,444,163			-	-	10,542,002	-
- Other fee	-	452,035	288,938	-	-	-	380,815	-
expenses related to remuneration of work	-	-	-	3,163,857	-	-	-	2,342,533

*During 2021, the Company benefited from management services only from Eleving Stella AS.

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30. Risk management

30.1 Risk strategy and general risk profile of the Company

The risk management function within the Company refers to financial risks, operational risks, and legal risks. Financial risk includes market risk including currency risk, interest rate risk, credit risk and liquidity risk. The main objectives of the financial risk management function are to establish risk limits, then to ensure the maintenance of risk exposure within these limits. The operational and legal risk management functions (compliance, regulation) are intended to ensure the proper functioning of internal policies and procedures, to minimize operational and legal risks.

Operational risks
The Company's operational risks are managed by successful risk underwriting procedures in the process of granting loans, as well as efficient debt collection procedures.

Legal risks
Legal risks arise mainly from changes in legislation, which the Company successfully manages with the help of the internal legal department and external legal advisors, who help to address any current or future changes in legislation that could have an impact on the Company's commercial activities.

Compliance risk
Compliance risk refers to the risk of business process losses or interruptions resulting from inadequate or failed internal processing systems that have resulted in a violation of applicable law or other regulations currently in force.

Regulatory risks
The company's operations are subject to regulation by several authorities, such as: consumer protection, financial services, and other state authorities, including, but not limited to, laws and regulations related to consumer loans and the protection of consumer rights, collection debts and the processing of personal data.

Risks related to compliance with the money laundering prevention policy and the Know Your Customer procedure.
The company must comply with money laundering legislation and related compliance obligations. The company has issued an internal regulation on combating money laundering.

As a result, the Company carries out checks to prevent money laundering. In the "Know your customer" procedure, the verification is done by the customers' banks when these customers open new bank accounts. At the same time, the Company has implemented additional internal policies to minimize these risks. The company has established an internal control framework for the identification and reporting of all suspicious transactions with a combination of IT solutions and the human factor. The internal policies of the Company include, as a rule, the verification of the presence of clients on sanctioned lists and other public sources, as provided by local legislation and the Center for the Protection of Consumer Rights.

Confidentiality, the risk related to the protection of personal data.
The Company's activity is subject to a variety of laws and regulations at the national level involving user confidentiality, personal data protection, advertising, marketing, disclosures, distributions, electronic contracts and other communications, consumer protection, and online payment services. The company has implemented an internal control framework consisting of a combination of IT-based solutions and business procedures that are designed to catch any potential non-compliance issues before they occur and to ensure compliance with these requirements.

The significant risks monitored within the Company are credit risk, liquidity risk, market risk and operational risk. Market risk includes currency risk and interest rate risk.

30.2 Individual risk management

The company places particular emphasis on understanding the risk factors and on continuous analysis and discussion at the institution level about possible developments / scenarios and their potential negative impact. The main objectives of risk management include ensuring that all significant risks are recognized in a timely manner, fully understood, and properly described.

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30.3 Credit Risk

Credit risk represents the risk that the Company will record a financial loss if a client or partner in a transaction with financial instruments does not fulfill its contractual obligations.

The company is exposed to credit risk through its financial leasing receivables, loans and advances to customers, and other receivables, as well as cash and cash equivalents. The maximum exposure to credit risk is represented by the gross accounting value of the respective financial assets.

Maximum exposure to credit risk

The table below shows the Company's maximum credit risk exposure as of December 31, 2020, and December 31, 2019, excluding collateral held. For balance sheet assets, exposures are presented at net book value.

	December 31, 2021 MDI	December 31, 2020 MDI
Cash and cash equivalents	3,979,059	2,785,349
Loans and advances to customers (Note 17)	300,679,717	226,428,806
Finance lease receivables (Note 18)	5,204,245	9,783,941
Other financial assets (Note 23)	3,573,560	526,795
Total	**313,436,581**	**239,524,891**

The key areas of the credit risk policy cover the process of granting the lease, including the verification of the solvency of the lease), the monitoring methods, as well as the decision-making principles. The company uses financed vehicles as guarantees to significantly reduce credit risks and offers loans worth up to 85% of the market value of the guarantee.

The company operates by applying a clear set of criteria for granting financial leasing contracts/loans. This criterion includes the evaluation of the customer's credit history, the means of repayment of the lease/loan and the understanding of the object of the lease/loan. The company considers both quantitative and qualitative factors when evaluating the customer's creditworthiness. Based on this analysis, the Company sets a credit limit for each customer.

After signing the lease/loan contract, the Company monitors the object of the lease/loan and the solvency of the client. The company has developed a contract monitoring process, to quickly identify any non-compliance with the provisions of the agreement. Debt balances are continuously monitored to ensure that the Company's exposure to bad debts is minimized and, if necessary, sufficient provisions are made.

The company does not have a significant exposure to credit risk towards a single counteragent, but it has a risk for the group of co-counteragents with similar characteristics.

The following tables present information on the quality of financial assets valued at amortized cost, loans and advances to customers, and finance lease receivables from the perspective of credit risk. Except where otherwise specified, for all financial asset positions mentioned, the exposures in the tables below are presented at their net book value.

The tables below show the credit quality and the maximum exposure to credit risk based on the internal credit rating system and the classification by Stages at the end of the management period.

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30. Risk Management (continued)
30.3 Credit Risk (Continued)

Loans and advances to clients	2021 MDI ECL for 12 months (-) Stage 1	MDI Undepreciated lifetime ECL (-) Stage 2	MDI Lifetime ECL depreciated (-) Stage 3	MDI Total
Unexpired	257,827,885	7,818,701	6,758	265,653,344
Expired 1-25 days	16,088,868	8,171,400	22,848	24,283,116
Expired26-34days	-	-	4,266,668	4,266,668
Expired >=35days	-	-	58,446,770	58,446,770
Allowances for expected credit risk losses	(3,783,674)	(2,331,588)	(45,854,919)	(51,970,182)
Total Net Exposure	**270,133,078**	**13,658,513**	**16,888,126**	**300,679,717**

Loans and advances to clients	2020 MDI ECL for 12 months (-) Stage 1	MDI Undepreciated lifetime ECL (-) Stage 2	MDI Lifetime ECL depreciated (-) Stage 3	MDI Total
Unexpired	182,820,539	8,398,464	-	191,219,003
Expires 1-25 days	13,383,809	8,968,030	-	22,351,839
Expires 26-34 days	-	-	6,697,666	6,697,666
Expired >=35 days	-	-	54,790,208	54,790,208
Allowances for expected credit risk losses	(6,526,442)	(2,417,585)	(39,685,882)	(48,629,910)
Total Net Exposure	**189,677,906**	**14,948,909**	**21,801,992**	**226,428,807**

Finance lease receivables	2021 MDI ECL for 12 months (-) Stage 1	MDI 12-month ECL (-) Stage 2	MDI 12-month ECL (-) Stage 3	MDI Total
Unexpired	3,468,621	178,727	-	3.647,348
Expires 1-25 days	498,286	485,316	-	983,602
Expires 26-34 days	-	-	-	-
Expired >=35 days	-	-	4,711,014	4,711,014
Allowances for expected credit risk losses	(81,670)	(104,735)	(3,951,314)	(4,137,719)
Total Net Exposure	**3.885,237**	**559,308**	**759,700**	**5,204,246**

Finance lease receivables	2020 MDI ECL for 12 months (-) Stage 1	MDI ECL for 12 months (-) Stage 1	MDI ECL for 12 months (-) Stage 1	MDI Total
Unexpired	5,088,819	465,751	-	5,554,570
Expires 1-25 days	427,946	918,787	-	1,346,733
Expires 26-34 days	-	-	610,220	610,220
Expired >=35 days	-	-	10,345,216	10,345,216
Allowances for expected credit risk losses	(245,720)	(199,802)	(7,627,274)	(8,072,796)
Total Net Exposure	**5,271,045**	**1,184,735**	**3,328,162**	**9,783,943**

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30. Risk Management (continued)
30.3 Credit Risk (Continued

An analysis of the changes in the gross book value and the corresponding ECL allocations related to finance lease receivables are as follows:

Movement in the portfolio of loans and advances to customers:

Loans and advances to clients	2021			
	MDI Stage 1	MDI Stage 2	MDI Stage 3	MDI Total
Balance on 01 January 2021	**205,180,231**	**17,366,494**	**61,487,874**	**284,034,599**
Transfer to Stage 1	6,877,656	(6,364,019)	(513,637)	-
Transfer to Stage 2	(8,627,459)	9,339,559	(712,099)	-
Transfer to Stage 3	(9,644,113)	(5,619,781)	15,263,894	-
Increases due to initiation and acquisition	194,630,295	6,163,411	16,084,999	216,878,705
Decreases due to derecognition	(75,163,133)	(2,371,395)	(8,930,827)	86,465,354)
Decrease in the impairment allowance account due to off-balance sheet removals	(312,997)	(87,240)	(17,665,859)	(18,066,096)
The net change due to the increase/decrease in credit risk	(33,425,408)	(2,273,309)	(6,374,905)	(42,073,621)
Net change due to exchange rate fluctuations	(5,598,319)	(163,619)	4,103,605	(1,658,333)
Balance as of December 31, 2021	**273,916,752**	**15,990,101**	**62,743,045**	**352,649,899**

Loans and advances to clients	2020			
	MDI Stage 1	MDI Stage 2	MDI Stage 3	MDI Total
Balance on 01 January 2020	**202,872,282**	**16,085,436**	**38,511,493**	**257,469,211**
Transfer to Stage 1	4,093,008	(880,408)	(3,212,600)	-
Transfer to Stage 2	(12,557,358)	15,367,150	(2,809,792)	-
Transfer to Stage 3	(22,209,090)	(37,970,795)	60,179,885	-
Increases due to initiation and acquisition	102,313,472	3,291,600	8,322,011	113,927,084
Decreases due to derecognition	(56,353,759)	-	(4,470,896)	(60,824,655)
Decrease in the impairment allowance account due to off-balance sheet removals	(319,747)	(70,344)	(906,190)	(1,296,281)
The net change due to the increase/decrease in credit risk	(21,634,460)	21,543,855	(34,126,035)	(34,216,640)
Net change due to exchange rate fluctuations	-	-	-	
Balance as of December 31, 2020	**196,204,348**	**17,366,494**	**61,487,876**	**275,058,718**

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30. Risk Management (continued)
30.3 Credit Risk (continued)

Movement in the receivable's portfolio from financial leasing contracts:

	2021			
Finance lease receivables	**MDI Stage 1**	**MDI Stage 2**	**MDI Stage 3**	**MDI Total**
Balance on 01 January 2021	**5,632,682**	**1,384,537**	**10,955,436**	**17,972,655**
Transfer to Stage 1	450,587	(306,554)	(144,032)	-
Transfer to Stage 2	(369,485)	421,735	(52,250)	-
Transfer to Stage 3	(399,622)	(418,241)	817,863	-
Increases due to initiation and acquisition	140,698	-	-	140,698
Decreases due to derecognition	(1,881,077)	(241,332)	(233,682)	(2,356,092)
Decrease in the impairment allowance account due to off-balance sheet removals	(63,808)	-	(5,800,683)	(5,864,491)
The net change due to the increase/decrease in credit risk	456,933	(176,102)	(831,637)	(550,806)
Net change due to exchange rate fluctuations	-	-	-	-
Balance as of December 31, 2021	**3.966,907**	**664,043**	**4,711,014**	**9.341,964**

	2020			
Finance lease receivables	**MDI Stage 1**	**MDI Stage 2**	**MDI Stage 3**	**MDI Total**
Balance on 01 January 2020	**15,383,384**	**2,978,516**	**9,240,857**	**27,602,757**
Transfer to Stage 1	980,717	(329,692)	(651,025)	-
Transfer to Stage 2	(656,130)	1,568,672	(912,541)	-
Transfer to Stage 3	(2,523,514)	(8,887,678)	11,411,193	-
Increases due to initiation and acquisition	234,142	-	429,469	663,611
Decreases due to derecognition	(5,775,280)	-	(753,060)	(6,528,341)
Decrease in the impairment allowance account due to off-balance sheet removals	(105,242)	-	(225,945)	(331,187)
The net change due to the increase/decrease in credit risk	(2,021,310)	6,054,721	(7,583,511)	(3,550,101)
Net change due to exchange rate fluctuations	-	-	-	-
Balance as of December 31, 2020	**5,516,766**	**1,384,538**	**10,955,436**	**17,856,739**

Transfers between Stages capture the annual movement of financial assets that are in a different Stage at the closing balance than at the opening balance. Transfers between each Stage are based on opening balances.

Receivables partially derecognized upon transfer between Stages are reported in the Stage in which the assets are transferred. This represents the period until the date when the modification of financial leasing receivables is transferred to a particular Stage.

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30. Risk Management (continued)
30.3 Credit Risk (continued)

Movement of discounts for expected losses from the credit risk of loans and advances:

Impairment	2021			
	MDI Stage 1	**MDI Stage 2**	**MDI Stage 3**	**MDI Total**
Opening balance January 1, 2021	**6,526,442**	**2,417,585**	**39,685,882**	**48,629,909**
Transfer to Stage 1	991,083	(872,893)	(118,190)	-
Transfer to Stage 2	(420,301)	584,158	(163,857)	-
Transfer to Stage 3	(534,039)	(800,755)	1,334,794	-
Increases due to initiation and acquisition	2,467,990	884,748	7,787,687	11,140,425
Decreases due to derecognition	(2,225,512)	(329,259)	(4,254,393))	(6,809,163)
Decrease in the impairment allowance account due to off-balance sheet removals	(256,695)	(125,123)	(15,902,218)	(16,284,036)
Net assessment of provision loss	(2,682,145)	596,913	14,853,578	12,768,347
Net change due to exchange rate fluctuations	(83,150)	(23,787)	2,631,637	2,524,700
Balance as of December 31, 2021	**3,783,674**	**2,331,588**	**45,854,919**	**51,970,182**

Impairment	2020			
	MDI Stage 1	**MDI Stage 2**	**MDI Stage 3**	**MDI Total**
Opening balance January 1, 2020	**3,611,881**	**1,848,639**	**20,444,146**	**25,904,666**
Transfer to Stage 1	512,354	(359,215)	(153,139)	-
Transfer to Stage 2	(284,236)	386,233	(101,998)	-
Transfer to Stage 3	(678,874)	(783,024)	1,461,898	-
Increases due to initiation and acquisition	3,315,634	499,715	4,677,692	8,493,041
Decreases due to derecognition	(1,305,322)	-	(1,499,308)	(2,804,630)
Decrease in the impairment allowance account due to off-balance sheet removals	(319,747)	(70,344)	(906,190)	(1,296,281)
Net assessment of provision loss	1,674,752	895,582	15,762,780	18,333,113
Net change due to exchange rate fluctuations	-	-	-	
Balance as of December 31, 2020	**6,526,442**	**2,417,585**	**39,685,882**	**48,629,909**

The movement of discounts for expected losses from the credit risk of finance lease receivables:

Finance lease receivables impairment	2021			
	MDI Stage 1	**MDI Stage 2**	**MDI Stage 3**	**MDI Total**
Opening balance January 1, 2021	**245,720**	**199,802**	**7,627,274**	**8,072,796**
Transfer to Stage 1	73,961	(40,819)	(33,142)	-
Transfer to Stage 2	(9,835)	21,858	(12,023)	-
Transfer to Stage 3	(23,400)	(62,895)	86,295	-
Increases due to initiation and acquisition	1,414	-	-	1,414
Decreases due to derecognition	(69,331)	(33,358)	(161,997)	(264,685)
Decrease in the impairment allowance account due to off-balance sheet removals	(34,361)	-	(4,666,710)	(4,701,070)
Net assessment of provision loss	(102,499)	20,146	1,111,618	1,029,265
Net change due to exchange rate fluctuations	-	-	-	-
Balance as of December 31, 2021	**81,670**	**104,735**	**3,951,314**	**4,137,719**

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30. Risk Management (continued)
30.3 Credit Risk (continued)

	2020			
Finance lease receivables impairment	**MDI Stage 1**	**MDI Stage 2**	**MDI Stage 3**	**MDI Total**
Opening balance January 1, 2020	**332,330**	**368,854**	**5,378,454**	**6,079,638**
Transfer to Stage 1	129,876	(72,529)	(57,347)	-
Transfer to Stage 2	(11,965)	11,965	-	-
Transfer to Stage 3	(87,248)	(143,993)	231,241	-
Increases due to initiation and acquisition	23,157	-	378,604	401,761
Decreases due to derecognition	(161,749)	-	(333,239)	(494,988)
Decrease in the impairment allowance account due to off-balance sheet removals	(105,242)	-	(225,945)	(331,187)
Net assessment of provision loss	126,561	35,505	2,255,506	2,417,572
Net change due to exchange rate fluctuations	-	-	-	
Balance as of December 31, 2020	**245,720**	**199,802**	**7,627,274**	**8,072,796**

Transfers between Stages include the annual movement of the loss rates of financial assets that are in different stages in the closing balance compared to the opening balance. Transfers between Stages are based on the ECL at the beginning of the period.

The net revaluation of the loss rate on the transfer of the Stages is reported in the stage in which the assets are transferred. This represents the period until the date when the change in the loss rate is transferred to a particular Stage.

Impairment income / (expense)

The following table shows the reconciliation between:
- the amounts presented in the tables above that reconcile the opening and closing balances of the reductions for depreciation by class of financial instruments; and
- the heading "Net income/(expenses) from reductions for credit risk losses" from the profit or loss statement.

2021	**Finance lease receivables**	**Loans and advances to customers**	**Other financial assets**	**Total**
Net movement in impairment loss	764,579	5,959,184	(6,802)	6,716,961
Increase due to initiation and acquisition	1,414	11,134,250	12,977	11,148,640
Total	765,993	17,093,434	6,175	17,865,602
Recovery of previously derecognized amounts	-	-	-	
The discounting effect of cash flows				
	765,993	**17,093,434**	**6,175**	**17,865,602**
Total				

2020	**Finance lease receivables**	**Loans and advances to customers**	**Other financial assets**	**Total**
Net movement in impairment loss	1,922,585	16,738,679	-	**18,661,264**
Increases due to initiation and acquisition	401,761	8,493,041	99,816	**8,994,618**
Total	**2,324,345**	**25,231,720**	**99,816**	**27,655,882**
Recovery of previously derecognized amounts	-	-	-	-
The discounting effect of cash flows	-	-	-	-
Total	**2,324,345**	**25,231,720**	**99,816**	**27,655,881**

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(All amounts are indicated in MDL, unless otherwise stated)

30. Risk Management (continued)
30.3 Credit Risk (continued)

Excessive concentration of risk

Concentrations occur when several counterparties are engaged in similar commercial activities, or activities in the same geographic region, or have similar economic characteristics that would make their ability to fulfill contractual obligations similarly affected by changes in economic, political, or other conditions. Concentrations indicate the relative sensitivity of the company's performance to developments that affect a certain industry or geographic location.

The company monitors the risk of concentrating on geographical regions.

	December 31, 2021				December 31, 2020			
	North	**Center**	**South**	**Total**	**North**	**Center**	**South**	**Total**
% Total exposure	26%	58%	16%	**100%**	27.81%	56.24%	15.95%	**100.00%**
% NPL	17%	17%	17%	**17%**	5.44%	12.83%	3.99%	**22.27%**

The analysis of loans and advances to customers by fields of use is reflected in the following way.

Loans and advances to clients	**December 31, 2021 MDI**	**December 31, 2020 MDI**
Beneficiaries:		
Individuals	278,220,671	226,428,807
Legal persons	22,459,046	
Total	**300,679,717**	**226,428,807**

Finance lease receivables	**December 31, 2021 MDI**	**December 31, 2020 MDI**
Beneficiaries:		
Individuals	5,204,245	9,783,943
Total	**5,204,245**	**9,783,943**

Additional warranties held.

The tables below show the cumulative amounts for loans and advances to clients and Finance lease receivables:

	December 31, 2021			**December 31, 2020**		
LTV	**Stage 1 and Stage 2**	**Stage 3**	**Total**	**Stage 1 and Stage 2**	**Stage 3**	**Total**
less than 50%	26,832,127	8,536,992	35,369,119	4,329,942	145,607	4,475,549
51%-70%	16,446,764	550,378	16,997,142	14,495,248	1,600,072	16,095,320
71%-90%	94,678,684	4,429,420	99,108,104	111,164,334	17,765,822	128,930,156
91%-100%	108,911,977	8,419,531	117,331,508	80,988,875	5,588,557	86,577,432
more than 100%	36,889,592	188,497	37,078,089	134,291	-	134,291
Total	**283,759,144**	**22,124,818**	**305,883,962**	**211,112,691**	**25,100,057**	**236,212,748**

The table below represents the accounting value and the value of identifiable guarantees (automobiles) held in relation to loans and advances to clients and Finance lease receivables:

	December 31, 2021		**December 31, 2020**	
	Accounting Value	**Guarantee**	**Accounting Value**	**Guarantee**
Stage 1 and Stage 2	283,759,144	357,873,004	211,112,691	307,932,663
Stage 3	22,124,818	163,935,848	25,100,057	130,076,591
Total	**305,883,962**	**521,808,853**	**236,212,748**	**438,009,254**

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30. Risk Management (continued)
30.4 Market risk

Market risk

The company assumes exposure to market risks, which are the risks that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risks affect products involving interest rates and foreign exchange products. All this is exposed to the evolution of the market and changes in the level of market rates or prices, such as interest rates.

30.5 Interest rate risk

The company is not exposed to interest rate risk, because all interest-bearing assets and liabilities have a fixed interest rate.

The table below summarizes the balance sheet items exposed to interest rate risk.

December 31, 2021	Book value	Up to 3 months	3-12 months	1-5 years	More than 5 years
Financial assets					
Cash and cash equivalent	3,979,059	3,979,059			
Loans and advances to clients	300,679,717	40,004,398	50.996.788	187,159,865	22,518,666
Finance lease receivables	5,204,245	572,639	1,602,865	3,028,741	-
Total Financial Assets	**309,863,021**	**44,556,096**	**52,599,653**	**190,188,606**	**22,518,666**
Financial liabilities					
Borrowings	263,540,014		26,419,573	237,120,441	-
Lease liabilities	1,831,865		1,372,114	459,751	
Total financial liabilities	**265,371,879**	**-**	**27,791,687**	**2. 37,580,192**	**-**
Net interest rate exposure	**44,491,142**	**44,556,096**	**24,807,966**	**(47,391,586)**	**22,518,666**

December 31, 2020	Book value	Up to 3 months	3-12 months	1-5 years	More than 5 years
Financial assets					
Cash and cash equivalent	2,785,349	2,785,349	-	-	-
Loans and advances to clients	226,428,806	21,411,155	64,233,465	123,745,059	17,039,125
Finance lease receivables	9,783,941	1,461,966	4,385,899	3,848,267	87,807
Total Financial Assets	**238,998,096**	**25,658,471**	**68,619,365**	**127,593,327**	**127,126,933**
Financial liabilities					
Borrowings	197,674,556		35,174,458	162,501,099	-
Lease liabilities	3,296,818	397,724	1,195,558	1,703,537	-
Total financial liabilities	**200,971,375**	**397,724**	**36,369,016**	**164,204,635**	**-**
Net interest rate exposure	**38,026,722**	**25,260,746**	**32,250,350**	**(36,611,308)**	**17,126,933**

30.6 Capital Risk Management

The company considers both equity and loans to be part of the general capital risk management strategy. The company manages its capital to ensure that it will be able to continue as a going concern. To adjust the capital structure, the Company can attract new loans, borrowed on the Peer-to-Peer platform, increase the share capital or sell the assets to reduce the debt. Loan management is done by monitoring and complying with the requirements imposed by the creditor as well as planning the subsequent loan needs to ensure the further development of the Company.
According to the CNPF requirements, the Non-Banking Credit Organization is obliged to hold and maintain its own capital in relation to the value of the assets at any given time in the amount of at least 5%.

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30. Risk Management (continued)

30.7 Currency Risk

Currency risk is defined as the risk that the value of a financial instrument will fluctuate as a result of changes in the exchange rate. The company is exposed to the effects of exchange rate fluctuations on the part of the sources of financing it receives from Non-Residents and on the part of financial assets - loans granted to clients in foreign currency at the NBM rate.

Financial assets	**December 31, 2021**			**December 31, 2020**		
	EUR	**MDI**	**TOTAL**	**EUR**	**MDI**	**Total**
Cash and cash equivalent	1,346,751	2,632,308	3,979,059	933,727	1,851,622	2,785,349
Loans and advances to clients	130,428,717	170,251,000	300,679,717	22,299,632	204,129,175	226,428,807
Finance lease receivables	131,280	5,072,965	5,204,245	(464)	9,784,406	9,783,941
Assets held for sale	-	1,882,147	1,882,147	-	3,461,428	3,461,428
Other financial assets	3,216,678	356,883	3,573,560	275,014	251,781	526,795
Total Financial Assets	**135,123,427**	**180,195,302**	**315,318,728**	**23,507,908**	**219,478,412**	**242,986,320**
Financial liabilities						
Borrowings	263,540,014	-	263,540,014	197,674,556	-	197,674,556
Lease liabilities	1,438,293	393,572	1,831,865	2,358,583	938,235	3,296,818
Provisions for financial guarantees	5,783,895	-	5,783,895	4,591,389	-	4,591,389
Other financial liabilities	1,598,833	2,852,969	4,451,802	2,237,915	2,227,456	4,465,371
Total financial liabilities	**272,361,034**	**3,246,541**	**275,607,576**	**206,862,443**	**3,165,691**	**210,028,135**
Net Position	**(137,237,607)**	**176,948,761**	**39,711,153**	**(183,354,536)**	**216,312,721**	**32,958,185**

30.8 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in fulfilling the obligations associated with its financial debts that are extinguished by cash payment or the transfer of another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its debts when they fall due, both under normal and stressed conditions, without incurring unacceptable losses or the risk of damaging the company's reputation. The company controls its liquidity risk by managing the amount of financing it attracts through Peer-to-Peer platforms, which offer management greater flexibility to manage loan sizes and cash levels.

The table below shows the cash flows payable by the Company in the form of non-derivative financial liabilities and assets held for liquidity risk management, remaining at the contractual maturity date of the financial position situation. The amounts presented in the table represent the unsettled contractual cash flow. The cash flow payable for the loans includes the estimated interest payments assuming that the principal is paid in full on the due date.

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30. Risk Management (continued)
30.8 Liquidity risk (continued)

December 1, 2021	Accounting value	Contractual cash flows				
		On demand	Up to 1 year	From 1 to 5 years	More than 5 years	Total
Assets						
Cash and cash equivalent	3,979,059	3,979,059				**3,979,059**
Loans and advances to customers	300,679,717		237,432,099	401,840,639	48,348,587	**687,621,325**
Finance lease receivables	5,204,245		7,998,214	4,933,130	-	**12,931,343**
Other assets	3,573,560		3,573,560			**3,573,560**
Total assets	**313,436,581**	**3,979,059**	**249,003,873**	**406,773,769**	**48,348,587**	**708,105,288**
Liabilities						
Borrowings	263,540,014		49,852,141	293,161,988		**343,014,129**
Lease liabilities	1,831,865		1,441,471	464,025		**1,905,496**
Provisions for financial guarantees	5,783,895		-	5,783,895	-	**5,783,895**
Other liabilities	4,451,802		4,451,802			**4,451,802**
Total liabilities	**275,607,576**		**55,676,057**	**299,409,908**	**-**	**355,155,321**
Net liquidity surplus / (deficit).	**37,829,006**	**3,979,059**	**193,258,459**	**107,363,861**	**48,348,587**	**352,949,966**

For 2020, the situation is presented below:

December 31, 2020	Accounting value	Contractual cash flows				
		On demand	Up to 1 year	From 1 to 5 years	More than 5 years	Total
Assets						
Cash and cash equivalent	2,785,349	2,785,349	-	-	-	2,785,349
Loans and advances to customers	226,428,807	-	190,158,059	336,750,925	36,958,563	563,867,547
Finance lease receivables	9,783,941	-	16,063,164	12,168,178	190,174	28,421,516
Other assets	526,795	-	526,795			526,795
Total assets	**239,524,891**	**2,785,349**	**206,748,018**	**348,919,103**	**37,148,737**	**595,601,206**
Liabilities						
Borrowings	197,674,556	-	40,822,186	170,255,945	-	211,078,131
Lease liabilities	3,296,818	-	2,405,791	1,311,208	-	3,716,999
Provisions for financial guarantees	4,591,389	-	-	4,591,389	-	4,591,389
Other liabilities	4,465,371	-	4,465,371	-	-	4,465,371
Total liabilities	**210,028,135**	**-**	**47,693,348**	**176,158,542**	**-**	**223,851,890**
Net liquidity surplus / (deficit).	**29,496,757**	**2,785,349**	**159,054,670**	**172,760,561**	**37,148,737**	**371,749,316**

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30. Risk Management (continued)
30.9 Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between participants at the valuation date. The determination of the fair value is based on the presumption that the sale transaction of the asset or the transfer of the liability takes place either:
- on the main market of its asset or liability
- in the absence of a main market, in the most advantageous market for the assets or debt.

The main or most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is assessed based on the assumptions that market participants would use to set the prices of the asset or liability, if market participants acted in their economic interests. A determination of the fair value of a non-financial asset considers the ability of a market participant to generate economic benefits by using the asset in the best and most efficient way or by selling it to another market participant. The Company uses appropriate valuation techniques for which sufficient data are available to measure fair value, maximizing the use of relevant observable additions and minimizing the use of unobservable additions.

All assets and liabilities, for which the fair value is evaluated or disclosed in the financial statements, are classified in the hierarchy of fair values, described as follows, based on the lowest level of value, which is significant for the evaluation of the fair value as a whole:

Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities.
Level 2 - Valuation techniques for which the lowest level that is significant to the fair value measurement can be directly or indirectly observed.
Level 3 - Valuation techniques for the lowest level input that is significant to the fair value measurement are unobservable.

Level 1 includes highly liquid assets such as cash or cash items. Management recognizes that the fair value of cash and cash equivalents is the same as their accounting value, therefore, the risk of changing the fair value is insignificant.

Level 2 instruments include assets, for which there is no active market, such as financial instruments traded outside the stock exchange, bonds. The company has no assets or liabilities classified in level 2.

Level 3 instruments include finance lease receivables, receivables regarding loans and advances to customers, long-term and current loans, trade payables and trade receivables.

The fair value of current and non-current loans is based on discounted cash flows using the effective interest rate.

The fair value of the finance lease and loan receivables is equal to the book value, which is the discounted value of the minimum lease and loan payments discounted using the effective interest rate of the agreement and adjusted for depreciation.

The fair value of lease receivables, and loan receivables, and customer advances is determined based on the discounted cash flow model, consisting of contractual loan cash flows, which are adjusted to expectations regarding possible variations in value and timing of cash flows using the methodology compatible with the expected determination of the credit loss on December 31, 2020, to determine the cash flows expected to be received without impairment losses. The pre-tax weighted average cost of capital (WACC) of the entity holding the respective financial assets is used as the basis for the discount rate. The WACC is based on the estimated real cost of equity and the cost of debt that reflects any other risks relevant to the loan contracts that have not been considered by the impairment loss adjustment described above and includes compensation for the opportunity cost of establishing a similar loan contract. An additional 1.5% is added to the discount rate as an adjustment to account for portfolio service costs not captured by cash flow adjustments.

The annual discount rate was set as 13.39% (2020: 13.59%). The impairment loss is estimated by applying the PD and LGD rates, which are in accordance with the ECL methodology described in "Calculation of ECL" (Note 3).

The management recognizes that, if the fair value of these assets/liabilities were evaluated as an amount at which an asset could be exchanged or a debt could be settled under conditions of independent competition with known third parties, the obtained fair values of the assets and liabilities would not be materially different.

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30. Risk Management (continued)
30.9 Fair value of financial assets and liabilities (continued)

For assets and liabilities that are recognized in the separate financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing the categorization based on the lowest entry level that is significant to the fair value measurement at the end of each reporting period. For presenting information on fair value, the Company has determined classes of assets and liabilities depending on the nature, characteristics, and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

The table below summarizes the accounting values and fair values of financial assets and liabilities:

December 31, 2021	**The balance sheet value**	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Assets					
Cash and cash equivalents	3,979,059	3,979,059			3,979,059
Loans and advances to customers	300,679,717			420,830,291	420,830,291
Finance lease receivables	5,204,245			6,840,808	6,840,808
Assets held for sale	1,882,147			1,882,147	1,882,147
Other assets	3,573,560			3,573,560	3,573,560
Total assets	**315,318,728**	**3,979,059**	**-**	**433,126,806**	**437,105,865**
Liabilities					
Borrowings	263,540,014			263,540,014	263,540,014
Lease liabilities	1,831,865			1,831,865	1,831,865
Provisions for financial guarantees	5,783,895		5,783,895		5,783,895
Other liabilities	4,451,802			4,451,802	4,451,802
Total liabilities	**275,607,576**	**-**	**5,783,895**	**269,823,681**	**275,607,576**

December 31, 2020	**The balance sheet value**	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Assets					
Cash and cash equivalents	2,785,349	2,785,349	-	-	2,785,349
Loans and advances to customers	226,428,807	-	-	349,654,417	349,654,417
Finance lease receivables	9,783,941	-	-	15,270,305	15,270,305
Assets held for sale	3,461,428	-	-	3,461,428	3,461,428
Other assets	526,795			526,795	526,795
Total assets	**242,986,320**	**2,785,349**	**-**	**368,912,945**	**371,698,294**
Liabilities					
Borrowings	197,674,556	-	-	197,674,556	197,674,556
Lease liabilities	3,296,818	-	-	3,296,818	3,296,818
Provisions for financial guarantees	4,591,389	-	4,591,389	-	4,591,389
Other liabilities	4,465,371	-	-	4,465,371	4,465,371
Total liabilities	**210,028,135**	**-**	**4,591,389**	**205,436,746**	**210,028,135**

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31. Events subsequent to the reporting period

Since the last day of the management period, several significant events have taken place:

1. On February 24, 2022, OCN Mogo Loan SRL (MOGO) signed an Assignment Agreement with PFB Legal Consulting SRL, whereby MOGO assigned to PFB Legal Consulting SRL the claim in the amount of MDL 13,881.02 thousand at a price of 1 104.8 thousand MDL. By means of this transaction, Contracts were transferred that, being given for execution by the Bailiffs, did not register collections in the debt account for more than 180 days. The sale price to be collected by MOGO was collected by MOGO in February 2022.

2.On February 21, 2022, the Russian Federation officially recognized two separatist regions in eastern Ukraine and authorized the use of military force in these territories. On February 24, 2022, Russian troops invaded Ukraine and initiated military operations in several locations. These ongoing operations have resulted in casualties, significant population displacement, damage to infrastructure and disruption of economic activity in Ukraine. In response, several jurisdictions, including the EU, the UK, Switzerland, the US, Canada, Japan, and Australia have announced initial tranches of economic sanctions on Russia (and, in some cases, Belarus).

The wider global economic impact of the conflict could include: significant disruptions to entities operating in Ukraine, Russia and Belarus, liquidity challenges, significant increases in commodity prices, including crude oil and natural gas; of metals, including nickel, iron ore, aluminum and palladium; of mineral products, such as potash, and agricultural crops, especially wheat (Russia and Ukraine together produce about 30% of the global wheat supply); increased global economic uncertainty and the suspension of trading in Russian securities, increased borrowing costs and risk premiums, increased inflation and increased interest rates; and disruptions to economic activity caused by cyber-attacks against Russia.

The Company believes that sanctions, and restrictions, imposed and military actions after the date of the financial statements will not materially affect the Company's operations, either directly or indirectly. The Company's assumptions are based on information available at the time of signing the financial statements, and the impact of future events on the Company's future operations may differ from the Company's assessment.

Signed on behalf of the company by:

Luchianenco Veaceslav

Administrator