



On approval of the Rules for calculation and the limit value of the borrower's debt burden ratio of the organization engaged in microfinance activities

Unofficial translation

Resolution of the Board of the National Bank of the Republic of Kazakhstan dated November 28, 2019 № 215. Registered with the Ministry of Justice of the Republic of Kazakhstan on December 3, 2019 № 19670.

Unofficial translation

Footnote. The title - in the wording of the Resolution of the Management Board of the Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan dated 17.02.2021 № 34 (shall enter into force upon expiry of ten calendar days after the day of its first official publication).

For the purposes of implementation of the Law of the Republic of Kazakhstan dated July 3, 2019 "On amendments and additions to certain legislative acts of the Republic of Kazakhstan on the issues of regulation and development of the financial market, microfinance activities and taxation" the Board of the National Bank of the Republic of Kazakhstan

HEREBY RESOLVES:

1. The following shall be approved:

1) the Rules for Calculating and Limiting the Borrower's Debt Burden Ratio of the Entity Engaged in Microfinance Activities;

2) the limit value of the debt load ratio of a borrower of an entity engaged in microfinance activities in the amount of 0.5, for a borrower with the characteristics of a person actively involved in gambling business in the amount of 0.25 (zero point twenty-five hundredths).

Footnote. Paragraph 1 as revised by Resolution № 101 of the Management Board of the Agency of the Republic of Kazakhstan on Regulation and Development of Financial Market of 30.12.2023 (shall come into effect on 01.04.2024).

2. The Department of methodology and regulation of financial organizations, in accordance with the procedure, established by the legislation of the Republic of Kazakhstan shall ensure:

1) jointly with the Legal Department, the state registration of this resolution with the Ministry of Justice of the Republic of Kazakhstan;

2) placement of this resolution on the official Internet resource of the National Bank of the Republic of Kazakhstan after its official publication;

3) within ten working days after the state registration of this resolution, submission to the Legal Department of information about implementation of measures, stipulated by subclause 2) of this clause and clause 3 of this resolution.

3. The Department of External Communications – the Press Service of the National Bank shall ensure, within ten calendar days after the state registration of this resolution, sending of its copy for official publication to printed periodicals.

4. Control over execution of this resolution shall be entrusted to the deputy Chairman of the National Bank of the Republic of Kazakhstan Smolyakov O.A.

5. This resolution shall come into force from January 1, 2020 and shall be subject to official publication.

*Chairman
of the National Bank*

Ye. Dossayev

Approved
by the Resolution of
the National Bank
of the Republic of Kazakhstan
dated November 28, 2019 № 215

Rules for calculating the debt burden ratio of a borrower of an organization engaged in microfinance activities

Footnote. The title - in the wording of the Resolution of the Management Board of the Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan dated 17.02.2021 № 34 (shall enter into force upon expiry of ten calendar days after the day of its first official publication).

1. These Rules for calculating the debt burden ratio of a borrower of a microfinance organization, (hereinafter referred to as the Rules) have been developed in accordance with the Law of the Republic of Kazakhstan dated November 26, 2012 "On microfinance activities " (hereinafter referred to as the Law) and shall determine the procedure for calculating the debt burden ratio of a borrower of an organization engaged in microfinance activities, (except for the pawnshop), in accordance with subparagraph 3) of paragraph 1-1 of Article 3 of the Law (hereinafter referred to as the microfinance organization).

Footnote. Paragraph 1 - in the wording of the Resolution of the Management Board of the Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan dated 17.02.2021 № 34 (shall enter into force upon expiry of ten calendar days after the day of its first official publication).

2. The Rules shall use the basic concepts specified in the Law, as well as the following concepts:

1) credit facility - the obligation of the microfinance organization to provide the borrower with a microloan on the terms that allow the borrower to determine the time for obtaining a microloan, but within the amount and time determined by the rules for granting microloans and the agreement on the provision (opening) of a credit facility;

2) credit limit - the maximum amount of the credit line;

3) borrower - an individual resident of the Republic of Kazakhstan intending to use or using the services of a microfinance organization in accordance with paragraph 3) of paragraph 1-1 of Article 3 of the Law on the provision of microcredit;

4) official income - the average monthly income calculated on the basis of one and (or) several of the following documents:

information from the database of the unified funded pension fund or the State corporation "Government for citizens" on mandatory pension contributions, mandatory professional pension contributions of the depositor (recipient) or information from the databases of central executive bodies and legal entities belonging to or subordinate to them in terms of information on the income of individuals;

statements from the bank account to which pension payments shall be received;

statements from the bank account, which shall receive wages and other income from the employer;

statements from the bank account to which insurance payments shall be received under the pension annuity agreement, under the annuity insurance agreement concluded in accordance with the requirements of the Law of the Republic of Kazakhstan "On compulsory insurance of an employee against accidents in the performance of his labor (official) duties";

information on the income of an individual entrepreneur calculated on the basis of the following tax deductions:

5 (five) percent of taxable income when applying a special patent-based tax regime;

15 (fifteen) percent of taxable income when applying a special tax regime on the basis of a simplified declaration;

20 (twenty) percent of the taxable income of the special tax regime using a fixed deduction.

Footnote. Paragraph 2 - in the wording of the Resolution of the Management Board of the Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan dated 07.06.2023 № 39 (shall enter into force upon expiry of ten calendar days after the day of its first official publication).

3. The microfinance organization shall calculate the borrower's debt burden ratio before making a decision on:

issuing a microloan to the borrower, with the exception of issuing a microloan (part of a microloan) within the credit line open to the borrower;

opening a credit line to the borrower (setting a credit limit);

issuing an additional microloan to the borrower within the concluded microloan agreement(s);

changing the terms of the open credit line and (or) microloan of the borrower, resulting in an increase in the amount of periodic payments on this microloan, in accordance with the microloan repayment schedule.

Footnote. Paragraph 3 - as amended by the Resolution of the Board of the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market dated 12.06.2024 № 27 (effective after the date of its first official publication).

4. The requirements of paragraph 3 of the Rules shall apply to microloans granted to borrowers for the purchase of goods, works and services unrelated to entrepreneurial activities

The debt burden ratio is not calculated when a microloan is granted in the period from April 1, 2024 to December 31, 2024 inclusive for the purpose of purchasing a new motor vehicle secured by a pledge of this motor vehicle.

Footnote. Paragraph 4 - as amended by the Resolution of the Board of the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market dated 12.06.2024 № 27 (effective after the date of its first official publication).

Chapter 2. Procedure of calculation of a debt burden ratio of the borrower

5. Calculation of the debt burden ratio of the borrower shall be carried out by the microfinance organization in two stages:

- 1) the first stage – assessment of the borrower's solvency;
- 2) the second stage – the calculation of the borrower's debt burden.

6. The borrower's solvency shall be estimated as follows:

$$BI \geq MSL + 0,5 * MSL * NUFM,$$

where:

BI – is the borrower's income;

MSL – minimum subsistence level established for the relevant financial year by the Law of the Republic of Kazakhstan "On the Republican Budget" (hereinafter -the Budget Law);

NUFM – number of underage family members.

The borrower's income shall be estimated basing on one and (or) several of the following criteria:

- 1) official income for 6 (six) months preceding the date of the borrower's application;
- 2) average monthly amount of expenses on the debit card for 6 (six) months preceding the date of the borrower's application;
- 3) average monthly amount of the debit card top-up for 6 (six) months preceding the date of the borrower's application;
- 4) the ratio of the average monthly amount of balances on the deposit and (or) current account for 6 (six) months preceding the date of the borrower's application to the term of the loan issued, expressed in months;
- 5) average monthly amount of top-up of deposits and (or) current accounts for 6 (six) months preceding the date of the borrower's application;
- 6) the average monthly amount of withdrawals from deposits and (or) current accounts for 6 (six) months preceding the date of the borrower's application;

7) the borrower's income, defined as the ratio of the average amount of the borrower's monthly payments on repaid and (or) outstanding bank loans and microloans for the last 6 consecutive calendar months preceding the date of the borrower's application, made without delay, to the maximum permissible value of the debt burden ratio (0.5);

8) average monthly income from carriages of passengers and baggage by taxi for 6 (six) months preceding the date of the borrower's application (if such income is confirmed through an intermediary company);

9) availability of a document confirming payment of a single aggregate payment for a period of 12 (twelve) months preceding the date of the borrower's application. Income for each month shall be taken at the level of one minimum wage established for the relevant financial year by the Budget Law;

10) average monthly income for 6 (six) months preceding the date of the borrower's application, calculated on the basis of the income verification letter from the employment place and (or) a statement from the educational institution on the amount of the scholarship received.

The information specified in subparagraphs 1), 2), 3), 4), 5), 6), 7), 8), 9) and 10) of part two of this paragraph shall be confirmed by the borrower by providing the relevant documents and (or) requested by the microfinance organization on the borrower's consent, given in writing or by means of the borrower's identification means.

When estimating the borrower's income on the criteria specified in subparagraphs 1), 2), 3), 4), 5), 6) and 7) of part two of this paragraph, only one of these criteria shall be applied.

With respect to a recipient of targeted social assistance and (or) a borrower with signs of a person actively involved in gambling business, the income shall be estimated basing on the official income specified in subparagraph 1) of part two of this paragraph.

For the purposes of the Rules, a borrower with the signs of a person actively involved in gambling business shall mean an individual who has made 6 (six) or more payments in favor of the gambling business organizer in the total amount of more than 300,000 (three hundred thousand) tenge over the last 6 (six) full months.

Information on the dates and amounts of payments made by the borrower in favor of the gambling business organizer shall be established by the microfinance organization on the basis of the borrower's credit report received from the credit bureau.

With regard to a borrower who has not reached the age of twenty-one, the income assessment shall be determined on the basis of the income specified in subparagraphs 1), 8) and 10) of part two of this paragraph.

Footnote. Paragraph 6 - as amended by the Resolution of the Board of the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market dated 12.06.2024 № 27 (effective after the date of its first official publication).

7. The borrower's debt burden ratio shall be calculated as the ratio of the amount of the monthly payment on all outstanding microloans, bank loans of the borrower, including the

amounts of overdue payments on all outstanding microloans, bank loans of the borrower and the average monthly payment on the borrower's new debt arising in the cases stipulated by paragraph 3 of the Rules, to the average monthly income of the borrower over the last 6 (six) months:

$$KДH = \frac{\sum_{i=1}^n \Pi H3i + \sum_{i=1}^n \Pi \Pi i + \Pi 3}{Д},$$

where:

DBR (KДH) –is debt burden ratio

POLi (ΠH3i)- monthly payment on the borrower’s outstanding microloan, bank loan (outstanding microloans, bank loans), which is calculated pursuant to paragraph 8 of the Rules ;

OPi (ΠΠi) - the amount of overdue payments on an outstanding microloan, bank loan (outstanding microloans, bank loans) of the borrower;

PD (Π3) - average monthly payment on the borrower's new debt, which is calculated in accordance with paragraph 9 of the Rules;

n - number of outstanding microloans, bank loans of the borrower;

I (Д) - average monthly income of the borrower, which is calculated in accordance with paragraph 10 of the Rules.

When calculating the borrower's debt burden ratio on microloans secured by a pledge of a vehicle, the amount of the borrower's monthly payment under the microloan shall be determined as the ratio of the debt amount to the repayment (including the amount of the principal debt and the interest accrued for the entire loan period), reduced by the value of the motor vehicle as collateral, adjusted by the liquidity ratio to the value of the collateral equal to 0.7, for the term of the microloan issued, expressed in months.

The average market value of a motor vehicle shall be based on an independent appraisal or an appraisal by a microfinance organization in accordance with International Financial Reporting Standard № 13 “Fair Value Measurement” and the requirements of the Law of the Republic of Kazakhstan “On Accounting and Financial Reporting”.

Footnote. Paragraph 7 - as amended by the Resolution of the Board of the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market dated 12.06.2024 № 27 (effective after the date of its first official publication).

8. The monthly payment on the outstanding microcredit, bank loan (outstanding microcredits, bank loans) of the borrower shall be taken equal to the periodic payment on the outstanding microcredit, bank loan, reduced to monthly terms (the amount of periodic payments on outstanding microcredits, bank loans, reduced to monthly terms).

A recurring payment on an outstanding microcredit, bank loan, reduced to monthly terms, shall be calculated as the product of a periodic payment on an outstanding microcredit, a bank loan according to the microcredit repayment schedule, a bank loan by the ratio of the number of periodic payments on an outstanding microcredit, bank loan in annual terms to twelve:

$$\frac{\text{PSCHED} * \text{NPPERANNUM}}{\text{PMONTH} 12},$$

where:

PMONTH - periodic payment on an outstanding microcredit, bank loan, adjusted to monthly terms;

PSCHED - periodic payment on outstanding microcredit, bank loan according to the repayment schedule of microcredit, loan;

NPPERANNUM - the number of periodic payments on outstanding microcredit, bank loan in annual terms.

The number of periodic payments on an outstanding microcredit, bank loan in annual terms shall be calculated as the ratio of three hundred and sixty to the number of days characterizing the frequency of payments on a microcredit, bank loan according to the repayment schedule.

The number of days in a month for the purpose of calculating part one of this clause shall be assumed to be thirty.

In the absence of data on the periodic payment according to the repayment schedule of the microcredit, bank loan and (or) the frequency of payments in days, the monthly payment on the outstanding microcredit, bank loan shall be calculated as the ratio of the balance of the principal debt and interest on the microcredit, bank loan to the remaining term of this microcredit, bank loan, expressed in months.

The monthly payment on an outstanding microcredit, bank loan (outstanding microcredits, bank loans) includes an assessment of the amount of the monthly payment to repay the unused portion of the credit limit, a monthly payment on a credit card, as well as on a payment card, the terms of which provide for lending to the borrower within the credit limit.

The used part of the credit limit is understood as the balance of the debt on the loan (tranche) received by the borrower under an open credit line.

The assessment of the amount of the monthly payment to repay the unused portion of the credit limit shall be calculated as the ratio of the amount of the unused portion of the credit limit to the remaining term of this limit determined by the agreement, expressed in months.

The monthly payment on a credit card, as well as on a payment card, the terms of which provide for lending to the borrower within the credit limit, shall be calculated as the product of the credit limit on the credit card, payment card, the terms of which provide for lending to the borrower within the credit limit, respectively by ten percent.

The amount of overdue payments on an outstanding microcredit, bank loan of the borrower includes the amount of overdue principal debt, overdue interest and the amount of

debt written off to the balance sheet of a microfinance organization, a second-tier bank, an organization performing certain types of banking operations, as well as other information providers, the list of which is established article 18 of the Law of the Republic of Kazakhstan dated July 6, 2004 "On Credit Bureaus and Formation of Credit Histories in the Republic of Kazakhstan" (hereinafter referred to as the information providers).

In the event of issuing a microcredit, a bank loan to a borrower for the purpose of refinancing a previously concluded (concluded) agreement (agreements) on the provision of a microcredit, a bank loan, the amount of debt on outstanding microcredit (microcredits), bank loan (bank loans) subject to refinancing shall not be taken into account in the calculation of a monthly payment and in the amount of late payments on outstanding microcredit (microcredits), bank loan (bank loans).

In the event of a change in the conditions of an open of a loan facility and (or) microcredit, a bank loan of the borrower carried out in order to restructure the previously concluded (entered into) agreement (agreements) on the provision of microcredit, bank loan, entailing an increase in the size of periodic payments on this microcredit, bank loan according to the repayment schedule of a microcredit, bank loan and does not imply an increase in the credit limit of an open loan facility and (or) the size of a microcredit, bank loan, the amount of overdue payments on outstanding microcredits, bank loans of the borrower shall be taken to be zero.

Information on periodic payments according to the repayment schedule of microcredits, bank loans, principal balance, remuneration balance on outstanding microcredits, bank loans, credit limit, unused portion of the credit limit, amounts of overdue payments on outstanding microcredits, bank loans of the borrower shall be requested by the microfinance organization in the credit bureau.

The information provided to the credit bureau by all information providers shall be included in the calculation of periodic payments, the balance of the principal debt, the balance of interest on outstanding microcredits, bank loans, monthly payments on a credit card, as well as on a payment card, the terms of which provide for lending to the borrower within the credit limit, assessing the size of the monthly payment to repay the unused portion of the credit limit and the amount of late payments on outstanding microcredits, bank loans of the borrower.

Outstanding microloans of the borrower include microloans specified in clause 4 of the Rules, as well as other outstanding microloans of the borrower.

Footnote. Paragraph 8 - as amended by Resolution № 7 of the Board of the Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan dated 21.02.2022 (effective ten calendar days after the date of its first official publication).

9. The average monthly payment on the borrower's new debt shall be calculated as the ratio of the amount of payments on the principal debt and remuneration calculated in accordance with the repayment schedule by the term of this microcredit, expressed in months.

The calculation of the average monthly payment for the new debt of the borrower, which is an obligation of a loan facility, the terms of which provide for lending to the borrower within the credit limit, shall be made in accordance with parts seven and eight clause 8 of the Rules.

Footnote. Paragraph 9 as amended by the Resolution of the Management Board of the Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan dated 28.12.2020 № 128 (shall enter into force upon expiry of ten calendar days after the day of its first official publication).

10. The average monthly income of the borrower shall be calculated as the ratio of the amount of income based on one or more criteria specified in sub-paragraphs 1), 2), 3), 4), 5), 6), 7), 8), 9) and 10) of part two of paragraph 6 hereof, by six times the average monthly income of the borrower.

The types of income accepted by the microfinance organisation in calculating the borrower's average monthly income must have been received in at least two any months during the six (6) consecutive months preceding the date of the borrower's application..

Microfinance organisations shall calculate the average monthly income of a borrower who is a recipient of targeted social assistance and (or) a borrower who has the characteristics of a person actively involved in gambling based on the official income specified in sub-paragraph 1) of part two of paragraph 6 hereof.

Microfinance organisations shall calculate the average monthly income of a borrower under twenty-one years of age based on the income specified in sub-paragraphs 1), 8) and 10) of part two of paragraph 6 hereof.

Footnote. Paragraph 10 as revised by Resolution № 101 of the Management Board of the Agency of the Republic of Kazakhstan on Regulation and Development of Financial Market of 30.12.2023 (shall be effective on 01.04.2024).

11. Should the amount of income based on one or more criteria specified in paragraph 6 hereof be less than the subsistence minimum established for the relevant financial year by the Budget Law and half of the subsistence minimum for each minor family member, as well as the value of the borrower's debt load coefficient exceeds the limit value established by sub-paragraph 2) of paragraph 1 hereof, or the borrower has signs of a person actively involved in the gambling business and has overdue debts and (or) remuneration over ninety calendar days on bank loans and (or) microloans, the microfinance organisation shall not take a positive decision on (about):

выдаче заемщику микрокредита, а также a microloan (part of a microloan) within the framework of a credit line opened to the borrower;

opening of a credit line to the borrower (setting a credit limit);

issuing an additional microloan under the concluded agreement(s) on granting a microloan;

changing the terms and conditions of the borrower's open credit line and (or) microcredit, resulting in an increase in the amount of periodic payments under the microloan, as per the microloan repayment schedule.

Footnote. Paragraph 11 as revised by Resolution № 101 of the Management Board of the Agency of the Republic of Kazakhstan on Regulation and Development of Financial Market of 30.12.2023 (shall be brought into effect on 01.04.2024).

12. The microfinance organization independently shall determine the debt burden of the borrower in accordance with the requirements of paragraphs 5-10 of the Rules.

Footnote. Paragraph 12 - in the wording of the Resolution of the Management Board of the Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan dated 12.12.2022 № 115 (shall enter into force upon expiry of ten calendar days after the day of its first official publication).