

KASPI.KZ
JOINT STOCK COMPANY

Interim Condensed Consolidated
Financial Information
For the nine months ended
30 September 2023 (Unaudited)

Kaspi.kz Joint Stock Company

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Kaspi.kz Joint Stock Company

Statement of Management's Responsibilities For the Preparation and Approval of the Interim Condensed Consolidated Financial Information For the Nine months ended 30 September 2023 (Unaudited)

Management of Kaspi.kz Joint Stock Company is responsible for the preparation and presentation of the interim condensed consolidated financial position of Kaspi.kz Joint Stock Company and its subsidiaries ("the Group") as at 30 September 2023, and the related interim condensed consolidated statements of profit or loss, other comprehensive income for the three and nine months then ended, changes in equity and cash flows for the nine months then ended, and selected explanatory notes in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*.

In preparing the interim condensed consolidated financial information, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IAS 34 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's interim condensed consolidated financial position and financial performance; and
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the interim condensed consolidated financial position of the Group, and which enable them to ensure that the interim condensed consolidated financial information of the Group complies with IAS 34;
- Maintaining accounting records in compliance with the legislation of the Republic of Kazakhstan;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

The interim condensed consolidated financial information of the Group for the nine months ended 30 September 2023 was authorized for issue on 3 November 2023 by the Chairman of the Management Board, the Chief Financial Officer and the Chief Accountant.

On behalf of the Management:


Mikheil Lomtadze
Chairman of the Management Board


Tengiz Mosidze
Chief Financial Officer


Nailya Ualibekova
Chief Accountant

3 November 2023
Almaty, Kazakhstan



REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the Shareholders of Kaspi.kz Joint Stock Company

Introduction

We have reviewed the accompanying interim condensed consolidated statements of financial position of Kaspi.kz Joint Stock Company and its subsidiaries ("the Group") as at 30 September 2023 and the related interim condensed consolidated statements of profit or loss, other comprehensive income for the three and nine months then ended, changes in equity and cash flows for the nine months then ended, and selected explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Deloitte LLP

3 November 2023
Almaty, Kazakhstan

Kaspi.kz Joint Stock Company

Interim Condensed Consolidated Statements of Profit or Loss

For the nine and three months ended 30 September 2022 and 2023 (Unaudited)

(in millions of KZT, except for earnings per share which are in KZT)

	Notes	Nine Months Ended		Three Months Ended	
		30 September 2022	30 September 2023	30 September 2022	30 September 2023
REVENUE	4,5	877,692	1,342,697	337,529	508,436
Net fee revenue	18	457,276	682,287	182,603	266,833
Interest revenue	18	407,973	602,604	152,454	217,166
Retail revenue		-	37,133	-	16,027
Other gains	18	12,443	20,673	2,472	8,410
COSTS AND OPERATING EXPENSES	6	(387,887)	(621,834)	(135,972)	(228,873)
Interest expenses	18	(190,519)	(344,431)	(75,176)	(123,957)
Transaction expenses	18	(16,200)	(20,078)	(5,568)	(7,238)
Cost of goods and services	18	(57,097)	(108,085)	(21,340)	(40,749)
Technology & product development		(41,664)	(60,079)	(15,056)	(22,138)
Sales & marketing		(19,390)	(13,802)	(4,034)	(5,073)
General & administrative expenses		(16,604)	(18,194)	(5,520)	(6,515)
Provision expenses	7	(46,413)	(57,165)	(9,278)	(23,203)
NET INCOME BEFORE TAX		489,805	720,863	201,557	279,563
Income tax	8	(89,210)	(120,086)	(35,271)	(47,071)
NET INCOME		400,595	600,777	166,286	232,492
Attributable to:					
Shareholders of the Company		397,882	597,073	165,243	231,156
Non-controlling interest		2,713	3,704	1,043	1,336
NET INCOME		400,595	600,777	166,286	232,492
Earnings per share					
Basic (KZT)	9	2,072	3,143	860	1,218
Diluted (KZT)	9	2,054	3,116	852	1,207

On behalf of the Management:


Mikheil Lomtadze
 Chairman of the Management Board


Tengiz Mosidze
 Chief Financial Officer




Nailya Ualibekova
 Chief Accountant

The accompanying notes are an integral part of this interim condensed consolidated financial information.

Kaspi.kz Joint Stock Company

Interim Condensed Consolidated Statements of Other Comprehensive Income For the nine and three months ended 30 September 2022 and 2023 (Unaudited) (in millions of KZT)

	Nine Months Ended		Three Months Ended	
	30 September 2022	30 September 2023	30 September 2022	30 September 2023
NET INCOME	400,595	600,777	166,286	232,492
OTHER COMPREHENSIVE INCOME				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Movement in investment revaluation reserve for equity instruments at FVTOCI	(56)	67	24	48
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Movement in investment revaluation reserve for debt instruments at FVTOCI: (Losses)/gains arising during the period, net of tax KZT Nil	(18,671)	14,334	3,561	(2,458)
Expected credit losses/(recoveries) recognised in profit or loss	1,473	720	(194)	536
Reclassification of losses included in profit or loss, net of tax KZT Nil	508	3,116	13	2,015
Foreign exchange differences on translation of foreign operations	(22)	(59)	(48)	(247)
Other comprehensive (loss)/gain for the period	(16,768)	18,178	3,356	(106)
TOTAL COMPREHENSIVE INCOME	383,827	618,955	169,642	232,386
Attributable to:				
Shareholders of the Company	381,290	615,060	168,563	231,051
Non-controlling interest	2,537	3,895	1,079	1,335
TOTAL COMPREHENSIVE INCOME	383,827	618,955	169,642	232,386

On behalf of the Management:


Mikheil Lomtadze
Chairman of the Management Board


Tengiz Mosidze
Chief Financial Officer


Nailya Ualibekova
Chief Accountant

The accompanying notes are an integral part of this interim condensed consolidated financial information.

Kaspi.kz Joint Stock Company

Interim Condensed Consolidated Statements of Financial Position As at 31 December 2022 and 30 September 2023 (Unaudited)

(in millions of KZT)

	Notes	31 December 2022	30 September 2023
ASSETS:			
Cash and cash equivalents	10	615,360	528,515
Mandatory cash balances with National Bank of the Republic of Kazakhstan		42,917	46,931
Due from banks		25,668	29,589
Investment securities and derivatives	11	1,076,272	1,424,422
Loans to customers	12,18	3,154,810	3,789,852
Property, equipment and intangible assets		131,840	151,913
Other assets	18	74,780	108,053
TOTAL ASSETS		5,121,647	6,079,275
LIABILITIES AND EQUITY			
LIABILITIES:			
Due to banks	13	16,432	5,011
Customer accounts	14,18	4,000,690	4,821,439
Debt securities issued		140,378	97,104
Subordinated debt		67,608	60,783
Other liabilities	18	70,850	85,492
TOTAL LIABILITIES		4,295,958	5,069,829
EQUITY:			
Issued capital	15	130,144	130,144
Treasury shares	15	(94,058)	(136,532)
Additional paid-in-capital		506	506
Revaluation (deficit)/reserve of financial assets and other reserves		(9,201)	8,786
Share-based compensation reserve	16	29,274	25,602
Retained earnings		762,500	970,989
Total equity attributable to Shareholders of the Company		819,165	999,495
Non-controlling interest		6,524	9,951
TOTAL EQUITY		825,689	1,009,446
TOTAL LIABILITIES AND EQUITY		5,121,647	6,079,275

On behalf of the Management:


Mikheil Lomtadze
Chairman of the Management Board


Tengiz Mosidze
Chief Financial Officer


Nailya Ualibekova
Chief Accountant

The accompanying notes are an integral part of this interim condensed consolidated financial information.

Kaspi.kz Joint Stock Company

Interim Condensed Consolidated Statements of Changes in Equity For the nine months ended 30 September 2022 and 2023 (Unaudited)

(in millions of KZT)

	Issued capital	Treasury shares	Additional paid-in capital	Revaluation (deficit)/ reserve of other reserves	Share-based compensation reserve	Retained earnings	Total equity attributable to Shareholders of the Company	Non-controlling interest	Total equity
Balance at 31 December 2021	130,144	(32,614)	506	2,597	21,242	377,852	499,727	4,968	504,695
Net income	-	-	-	-	-	397,882	397,882	2,713	400,595
Other comprehensive loss	-	-	-	(16,592)	-	-	(16,592)	(176)	(16,768)
Total comprehensive income	-	-	-	(16,592)	-	397,882	381,290	2,537	383,827
Dividends declared	-	-	-	-	-	(95,787)	(95,787)	-	(95,787)
Dividends declared by subsidiary to non-controlling interest	-	-	-	-	-	-	-	(1,703)	(1,703)
Share options accrued	-	-	-	-	11,082	-	11,082	-	11,082
Share options exercised	-	2,223	-	-	(11,937)	9,714	-	-	-
Share buy-back program	-	(36,344)	-	-	-	-	(36,344)	-	(36,344)
Balance at 30 September 2022	130,144	(66,735)	506	(13,995)	20,387	689,661	759,968	5,802	765,770
Balance at 31 December 2022	130,144	(94,058)	506	(9,201)	29,274	762,500	819,165	6,524	825,689
Net Income	-	-	-	17,987	-	597,073	597,073	3,704	600,777
Other comprehensive income	-	-	-	17,987	-	-	17,987	191	18,178
Total comprehensive income	-	-	-	17,987	-	597,073	615,060	3,895	618,955
Acquisition of subsidiary with non-controlling interest	-	-	-	-	-	(2,080)	(2,080)	2,080	-
Dividends declared	-	-	-	-	-	(399,067)	(399,067)	-	(399,067)
Dividends declared by subsidiary to non-controlling interest	-	-	-	-	-	-	-	(2,548)	(2,548)
Share options accrued	-	-	-	-	11,651	-	11,651	-	11,651
Share options exercised	-	2,760	-	-	(15,323)	12,563	-	-	-
Share buyback program	-	(45,234)	-	-	-	-	(45,234)	-	(45,234)
Balance at 30 September 2023	130,144	(136,532)	506	8,786	25,602	970,989	999,495	9,951	1,009,446

On behalf of the Management

Mikheil Lomtadze

Chairman of the Management Board

Tengiz Mositdze

Chief Financial Officer

Nailya Ualibekova

Chief Accountant

The accompanying notes are an integral part of this interim condensed consolidated financial information.

Kaspi.kz Joint Stock Company

Interim Condensed Consolidated Statements of Cash Flows For the nine months ended 30 September 2022 and 2023 (Unaudited) (in millions of KZT)

	Nine months ended 30 September 2022	Nine months ended 30 September 2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net fee revenue received	452,570	693,922
Interest received from loans to customers	339,162	424,259
Other interest received	31,870	57,208
Retail revenue received	-	37,133
Other income received	28,986	21,289
Interest paid	(180,816)	(330,833)
Expenses paid on obligatory insurance of individual deposits	(5,090)	(7,604)
Transaction expenses	(16,200)	(20,078)
Cost of goods and services purchased	(52,481)	(106,822)
Technology & product development	(27,545)	(51,158)
Fees & commissions paid	(20,070)	(25,115)
General & administrative expenses	(9,465)	(11,554)
Cash flows from operating activities before changes in operating assets and liabilities	540,921	680,647
Changes in operating assets and liabilities		
Decrease/(increase) in operating assets:		
Mandatory cash balances with NBRK	(8,578)	(4,014)
Due from banks	18,493	(3,425)
Financial assets at FVTPL	9,779	3,303
Loans to customers	(430,148)	(669,550)
Other assets	(23,705)	(31,311)
Increase/(decrease) in operating liabilities:		
Due to banks	30,540	(11,368)
Customer accounts	559,841	813,091
Financial liabilities at FVTPL	(2,140)	881
Other liabilities	(2,400)	2,243
Cash inflow from operating activities before income tax	692,603	780,497
Income tax paid	(86,896)	(110,435)
Net cash inflow from operating activities	605,707	670,062
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, equipment and intangible assets	(34,655)	(43,301)
Proceeds on sale of property and equipment	3,807	155
Proceeds on disposal of investment securities at FVTOCI	609,552	1,751,639
Purchase of financial assets at FVTOCI	(897,048)	(1,976,849)
Acquisition of subsidiary, net of cash acquired	-	(4,820)
Net cash outflow from investing activities	(318,344)	(273,176)

Kaspi.kz Joint Stock Company

Interim Condensed Consolidated Statements of Cash Flows (continued)

For the nine months ended 30 September 2022 and 2023 (Unaudited)

(in millions of KZT)

	Nine months ended 30 September 2022	Nine months ended 30 September 2023
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	(95,787)	(399,067)
Purchase of treasury shares	(36,344)	(45,234)
Dividends paid by subsidiary to non-controlling interest	(1,703)	(2,548)
Repayment of debt securities issued	-	(41,261)
Repayment of subordinated debt	-	(5,300)
Net cash outflow from financing activities	(133,834)	(493,410)
Effect of changes in foreign exchange rate on cash and cash equivalents	22,033	9,679
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	175,562	(86,845)
CASH AND CASH EQUIVALENTS, beginning of period	342,101	615,360
CASH AND CASH EQUIVALENTS, end of period	517,663	528,515

On behalf of the Management:


Mikheil Lomtadze

Chairman of the Management Board


Tengiz Mosidze

Chief Financial Officer




Nailya Ualibekova

Chief Accountant

The accompanying notes are an integral part of this interim condensed consolidated financial information.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information For the Nine months ended 30 September 2023 (Unaudited) (in millions of KZT)

1. Corporate information

Overview

Kaspi.kz operates a two-sided Super App business model: the Kaspi.kz Super App for consumers and the Kaspi Pay Super App for merchants and entrepreneurs. Our offerings include payments, marketplace and fintech solutions for both consumers and merchants. Our business model, reinforced by our highly recognizable brand and continuing product innovation, generates powerful network effects, which have resulted in growth across all our platforms and strong financial performance.

Kaspi.kz Segments

Our segment reporting is based on our three business platforms:

- *Payments:* Our Payments Platform facilitates transactions between and among merchants and consumers. For consumers, our Payments Platform is a highly convenient way to pay for shopping transactions, pay regular household bills and make peer-to-peer payments. For merchants, our Payments Platform enables them to accept payments online and in-store, issue and instantly settle invoices, pay suppliers and monitor merchants' turnover. Our Payments Platform is our main customer acquisition tool. We consider our Payments Platform to be fundamental for high levels of customer engagement. Having achieved scale with consumers and merchants, our Payments Platform brings disproportionately more value to consumers and merchants. Payments Platform proprietary data facilitates informed decision-making across multiple areas of our business.
- *Marketplace:* Our Marketplace Platform connects both online and offline merchants with consumers, enabling merchants to increase their sales through an omnichannel strategy and allowing consumers to purchase a broad selection of products and services from a wide range of merchants. Marketplace has three main propositions—m-Commerce, e-Commerce and Kaspi Travel. m-Commerce is our mobile solution for shopping in person, while consumers can use e-Commerce to shop anywhere, anytime and typically with free delivery. Kaspi Travel allows consumers to book domestic and international flights, domestic rail tickets and international package holidays. We help merchants increase their sales by connecting them to our Payments and Fintech products, Kaspi Advertising and our delivery services. Other than in e-Grocery, our Marketplace Platform is a "3P" model, enabling third-party merchants to sell their products directly to consumers.
- *Fintech:* Our Fintech Platform provides consumers with BNPL, finance and savings products, and merchants with merchant finance services. All Fintech services can be accessed through our Super Apps, fully digitally, with users identified using Kaspi ID biometrics technology. We incentivize consumers and merchants to prepay any finance products prior to contractual maturity without penalty, which helps to drive frequency of transactions. We lend only in local currency and we fund our financing products mainly using Kaspi Deposits, which are primarily local currency savings accounts. As we add more opportunities to transact with the Kaspi.kz Super App, consumers typically keep more of their deposits with us.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Nine months ended 30 September 2023 (Unaudited) (in millions of KZT)

Information about the group of companies

Kaspi.kz Joint Stock Company ("the Company") was incorporated in the Republic of Kazakhstan in 2008. The Company is regulated by the National Bank of the Republic of Kazakhstan ("NBRK") and the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market. The registered address of the Company is 154A, Nauryzbai Batyr street, Almaty, 050013, the Republic of Kazakhstan.

The Group structure did not change since 31 December 2022, except for acquisition of a 51% share in "Magnum E-commerce Kazakhstan" LLC in February 2023 with an investment of KZT 5 billion in its share capital, followed by an increase of the share of the Group in "Magnum E-commerce Kazakhstan" LLC to 90.01% with an additional commitment to invest KZT 65 billion during the next 3 years. The remaining 9.99% is owned by "Magnum Cash&Carry" LLC, the largest retail food chain in Kazakhstan. The net assets recognised in this interim condensed consolidated financial information were based on a provisional assessment of their fair value while the Group sought an independent valuation for the assets and liabilities owned by "Magnum E-commerce Kazakhstan" LLC. The valuation had not been completed at the time the financial information was authorised for issue.

The shareholders are as follows:

	31 December 2022	30 September 2023
	%	%
Baring Funds*	28.80	27.48
Mikheil Lomtadze	24.55	24.63
Vyacheslav Kim	23.35	23.43
Public Investors	20.18	21.06
Management	3.12	3.40
Total	100.00	100.00

*As at 31 December 2022 and 30 September 2023, Asia Equity Partners Limited held 22.36% and 21.02% of total shares, respectively and Baring Fintech Nexus Limited held 6.44% and 6.46% of total shares, respectively, on behalf of Baring Funds.

This interim condensed consolidated financial information was approved on 03 November 2023.

2. Basis of presentation

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. This interim condensed consolidated financial information has been prepared on the assumption that the Group is a going concern, as the Group has the resources to continue in operation for at least the next twelve months. In making this assessment, the management has considered a wide range of information in relation to present and future economic conditions, including projections of cash flows, profit and capital resources.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Nine months ended 30 September 2023 (Unaudited) (in millions of KZT)

This interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements. The Group omitted disclosures, which would substantially duplicate the information contained in its audited annual consolidated financial statements for 2022 prepared in accordance with International Financial Reporting Standards ("IFRS"), such as accounting policies and details of accounts, which have not changed significantly in amount or composition.

The exchange rates at the period-end used by the Group in the preparation of the interim condensed consolidated financial information are as follows:

	31 December 2022	30 September 2023
KZT/USD	462.65	474.47
KZT/EUR	492.86	503.51

3. Significant accounting policies

This interim condensed consolidated financial information has been prepared under the historical cost convention, except for the revaluation of certain properties and financial instruments.

The same accounting policies, presentation and methods of computation have been followed in this interim condensed consolidated financial information as were applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2022.

Adoption of new and revised Standards

New and revised IFRS Standards that are effective for the current year

The following amendments and interpretations are effective for the Group beginning 1 January 2023:

Amendments to IAS 1	<i>Classification of liabilities as current or non-current</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current — Deferral of Effective Date</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 12	<i>Deferred Tax Relating to Assets and Liabilities Arising from a Single Transaction</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>

The above standards and interpretations were reviewed by the Group's management, and determined to not have a significant effect on the consolidated financial information of the Group.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Nine months ended 30 September 2023 (Unaudited) (in millions of KZT)

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of this financial information, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New or revised standard or interpretation	Applicable to annual reporting periods beginning on or after
Amendment to IFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1 – Non-current Liabilities with Covenants	1 January 2024

The management does not expect that the adoption of the Standards listed above to have a material impact on the condensed consolidated financial information of the Group in future periods.

4. Revenue

Revenue includes fee revenue, interest revenue, retail revenue, rewards and other gains . Rewards earned by retail customers of the Group are deducted from revenue.

	Nine months ended 30 September 2022	Nine months ended 30 September 2023	Three months ended 30 September 2022	Three months ended 30 September 2023
REVENUE	877,692	1,342,697	337,529	508,436
Fee revenue	489,235	710,162	193,817	276,318
Interest revenue	407,973	602,604	152,454	217,166
Retail revenue	-	37,133	-	16,027
Rewards	(31,959)	(27,875)	(11,214)	(9,485)
Other gains	12,443	20,673	2,472	8,410

Revenue by segments is presented below:

	Nine months ended 30 September 2022	Nine months ended 30 September 2023	Three months ended 30 September 2022	Three months ended 30 September 2023
Marketplace	148,922	283,566	67,868	125,250
Marketplace fee revenue	146,946	243,479	67,153	108,158
Retail revenue	-	37,133	-	16,027
Other gains	1,976	2,954	715	1,065
Payments	228,223	339,014	88,479	124,873
Payments fee revenue	174,664	260,788	68,254	97,009
Interest revenue	53,559	78,226	20,225	27,864
Fintech	534,929	747,992	192,396	267,798
Interest revenue	356,837	524,378	132,229	189,302
Fintech fee revenue	167,625	205,895	58,410	71,151
Other gains	10,467	17,719	1,757	7,345
Intergroup	(2,423)	-	-	-
Segment Revenue	909,651	1,370,572	348,743	517,921
Rewards	(31,959)	(27,875)	(11,214)	(9,485)
REVENUE	877,692	1,342,697	337,529	508,436

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Nine months ended 30 September 2023 (Unaudited) (in millions of KZT)

Intergroup represents Payments interest revenue that was offset by Fintech interest expenses (part of the Fintech costs and operating expenses) due to Fintech loans being partially funded from Payments' interest free balances.

Other gains (losses) are mainly net gains (losses) on foreign exchange operations and financial assets and liabilities at FVTPL.

For the nine months ended 30 September 2022 and 2023, the net (loss) gain on foreign exchange operations were KZT (1,030) million and KZT 10,817 million, respectively. For the three months ended 30 September 2022 and 2023, the net gain (loss) on foreign exchange operations were KZT (1,624) million and KZT 6,251 million, respectively.

For the nine months ended 30 September 2022 and 2023, the net gain on financial assets and liabilities at FVTPL were KZT 10,956 million and KZT 3,419 million, respectively. For the three months ended 30 September 2022 and 2023, the net (losses) gains on financial assets and liabilities at FVTPL were KZT 2,152 million and KZT (1,016) million, respectively.

It also includes immaterial revenue from mobile classified app in the Republic of Azerbaijan, Digital Classifieds LLC.

Fee revenue and retail revenue are presented by timing of revenue recognition in the table below:

	Nine months ended 30 September 2022	Nine months ended 30 September 2023	Three months ended 30 September 2022	Three months ended 30 September 2023
Goods and services transferred at point in time	308,244	527,892	131,050	216,615
Marketplace fee revenue - Seller Fees	146,946	243,479	67,153	108,158
Payments fee revenue - Transaction Revenue	161,298	247,280	63,897	92,430
Retail revenue	-	37,133	-	16,027
Goods and services transferred over time	180,991	219,403	62,767	75,730
Payments fee revenue - Membership Revenue	13,366	13,509	4,357	4,580
Fintech fee revenue - Membership Revenue	3,756	2,375	970	847
Fintech fee revenue - Fintech Banking Service Fees	163,869	203,519	57,440	70,303
Total fee and retail revenue	489,235	747,295	193,817	292,345

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Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Nine months ended 30 September 2023 (Unaudited) (in millions of KZT)

5. Segment Reporting

The Group reports its business in three operating segments.

The following tables present the summary of each segments' revenue and net income:

	Nine months ended 30 September 2022	Nine months ended 30 September 2023	Three months ended 30 September 2022	Three months ended 30 September 2023
SEGMENT REVENUE	909,651	1,370,572	348,743	517,921
Marketplace	148,922	283,566	67,868	125,250
Payments	228,223	339,014	88,479	124,873
Fintech	534,929	747,992	192,396	267,798
Intergroup	(2,423)	-	-	-
NET INCOME	400,595	600,777	166,286	232,492
Marketplace	93,114	160,474	44,935	73,862
Payments	136,715	219,531	55,753	81,939
Fintech	170,766	220,772	65,598	76,691

Operating segments are reported in a manner consistent with internal reports, which are reviewed and used by the management board (who are identified as Chief Operating Decision Makers, "CODM"). The operating performance measure of each operating segment is revenue and net income.

For the nine months ended 30 September 2022 and 2023, costs and operating expenses that are deducted from revenue, include interest expenses of KZT 190,519 million and KZT 344,431 million, respectively, and for the nine months ended 30 September 2022 and 2023, provision expenses were KZT 46,413 million and KZT 57,165 million, respectively, both attributable to Fintech Segment, share-based compensation expenses and other expenses recognised across the segments.

Management believes that other segment expenses are not material for analysis of our ongoing operations.

Expenses associated with share-based compensation are recognised across the segments. The following table presents the summary of share-based compensation expense by segments:

	Nine months ended 30 September 2022	Nine months ended 30 September 2023	Three months ended 30 September 2022	Three months ended 30 September 2023
SHARE-BASED COMPENSATION	(11,082)	(11,651)	(3,695)	(3,952)
Marketplace	(1,192)	(1,194)	(405)	(398)
Payments	(3,013)	(3,775)	(1,040)	(1,262)
Fintech	(6,877)	(6,682)	(2,250)	(2,292)

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Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Nine months ended 30 September 2023 (Unaudited) *(in millions of KZT)*

6. Costs and operating expenses

	Nine months ended 30 September 2022	Nine months ended 30 September 2023	Three months ended 30 September 2022	Three months ended 30 September 2023
COSTS AND OPERATING EXPENSES	(387,887)	(621,834)	(135,972)	(228,873)
Interest expenses	(190,519)	(344,431)	(75,176)	(123,957)
Transaction expenses	(16,200)	(20,078)	(5,568)	(7,238)
Cost of goods and services	(57,097)	(108,085)	(21,340)	(40,749)
Technology & product development	(41,664)	(60,079)	(15,056)	(22,138)
Sales & marketing	(19,390)	(13,802)	(4,034)	(5,073)
General & administrative expenses	(16,604)	(18,194)	(5,520)	(6,515)
Provision expenses (see Note 7)	(46,413)	(57,165)	(9,278)	(23,203)

Interest expenses include interest expenses on customer accounts, mandatory insurance of retail deposits and interest expenses on debt securities, including subordinated debt.

Transaction expenses are mainly composed of the costs associated with accepting, processing and otherwise enabling payment transactions. Those costs include fees paid to payment processors, payment networks and various service providers.

Cost of goods and services include costs incurred to operate retail network, 24-hour call support and communication with customers, product packaging and delivery and other expenses which can be attributed to the Group's operating activities related to the provision of the products and services. It also includes the price paid by us for consumer products, the subsequent sale of which generates Retail revenue.

Technology & product development consist of staff and contractor costs that are incurred in connection with the research and development of new and maintenance of existing products and services, development, design, data science and maintenance of our products and services, and infrastructure costs. Infrastructure costs include depreciation of servers, networking equipment, data center, kartomats, postomats and payment equipment, rent, utilities, and other expenses necessary to support our technologies and platforms. Collectively, these costs reflect the investments we make in order to offer a wide variety of products and services to our customers.

Sales and marketing consist primarily of online and offline advertising expenses, promotion expenses, staff costs and other expenses that are incurred directly to attract or retain consumers and merchants. It also includes our charity and sponsorship activity. In the nine months ended 30 September 2022 it included also our KZT 10,000 million contribution to the Kazakhstan Halkyna fund.

General and administrative expenses consist primarily of costs incurred to provide support to our business, including legal, human resources, finance, risk, compliance, executive, professional services fees, office facilities and other support functions. In the nine months ended 30 September 2022 it included also our losses in the amount of KZT 690 million as a result of January events.

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Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Nine months ended 30 September 2023 (Unaudited) (in millions of KZT)

Employee benefits, depreciation and amortization expenses and operating lease expenses are presented as follows:

	Nine months ended 30 September 2022			Nine months ended 30 September 2023		
	Employee benefits	Depreciation & amortisation	Operating lease	Employee benefits	Depreciation & amortisation	Operating lease
Cost of goods and services	(14,608)	(725)	(743)	(16,665)	(237)	(939)
Technology & product development	(21,281)	(9,030)	(1,817)	(28,011)	(15,854)	(2,426)
Sales & marketing	(769)	-	(21)	(1,254)	-	(85)
General & administrative expenses	(9,696)	(2,061)	(1,697)	(11,755)	(2,630)	(257)
Total	(46,354)	(11,816)	(4,278)	(57,685)	(18,721)	(3,707)

	Three months ended 30 September 2022			Three months ended 30 September 2023		
	Employee benefits	Depreciation & amortisation	Operating lease	Employee benefits	Depreciation & amortisation	Operating lease
Cost of goods and services	(4,756)	(276)	(273)	(5,682)	-	(290)
Technology & product development	(7,530)	(3,538)	(679)	(9,872)	(6,249)	(896)
Sales & marketing	(256)	-	(9)	(438)	-	(26)
General & administrative expenses	(3,269)	(730)	(575)	(4,049)	(891)	(132)
Total	(15,811)	(4,544)	(1,536)	(20,041)	(7,140)	(1,344)

Expenses associated with share-based compensation are recognised across the functions in which the compensation recipients are employed. The following table sets forth an analysis of share-based compensation expense by function for the periods indicated:

	Nine months ended 30 September 2022	Nine months ended 30 September 2023	Three months ended 30 September 2022	Three months ended 30 September 2023
SHARE-BASED COMPENSATION	(11,082)	(11,651)	(3,695)	(3,952)
Cost of goods and services	(915)	(988)	(306)	(330)
Technology & product development	(5,089)	(5,192)	(1,696)	(1,696)
Sales & marketing	(369)	(377)	(123)	(125)
General & administrative expenses	(4,709)	(5,094)	(1,570)	(1,801)

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Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Nine months ended 30 September 2023 (Unaudited) (in millions of KZT)

7. Provision expenses

The movements in loss allowance for the nine months ended 30 September 2022 were as follows:

	Loans to customers			Due from banks			Financial assets at fair value through other comprehensive income			Cash and cash equivalents			Other assets		Contingencies		Total	
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1		Stage 2
Loss allowance for ECL as at 31 December 2021	64,043	10,582	67,791	19	-	-	130	-	2,662	1	-	-	18	3,846	-	-	-	149,092
Changes in provisions																		
-Transfer to Stage 1	3,877	(1,320)	(2,557)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-Transfer to Stage 2	(5,264)	5,632	(368)	-	(24)	-	-	24	-	-	-	-	-	-	-	-	-	-
-Transfer to Stage 3	(11,646)	(6,678)	18,324	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Net changes, resulting from changes in credit risk parameters</i>	<i>(23,429)</i>	<i>5,587</i>	<i>28,931</i>	<i>(9)</i>	<i>1,172</i>	<i>319</i>	<i>(11)</i>	<i>1,172</i>	<i>319</i>	<i>4</i>	<i>412</i>	<i>-</i>	<i>20</i>	<i>412</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>12,996</i>
<i>New assets issued or acquired</i>	<i>62,326</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>13</i>	<i>-</i>	<i>13</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>62,339</i>
<i>Repaid assets (except for write-off)</i>	<i>(22,621)</i>	<i>(1,630)</i>	<i>(9,787)</i>	<i>-</i>	<i>(20)</i>	<i>-</i>	<i>(20)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(34,058)</i>
<i>Modification effect</i>	<i>-</i>	<i>-</i>	<i>5,136</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>5,136</i>
Total effect on Consolidated Statements of Profit or Loss	16,276	3,957	24,280	(9)	1,172	319	(18)	1,172	319	4	412	-	20	412	-	-	-	46,413
Write-off, net of recoveries	-	-	(11,201)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,201)
Foreign exchange difference	-	-	18	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18
As at 30 September 2022	67,286	12,173	96,287	10	1,196	2,981	88	1,196	2,981	5	4,258	-	38	4,258	-	-	-	184,322

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The movements in loss allowance for the nine months ended 30 September 2023 were as follows:

	Loans to customers			Due from banks			Financial assets at fair value through other comprehensive income			Cash and cash equivalents			Other assets			Contin-gencies	Total
	Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2		
Loss allowance for ECL as at 31 December 2022	67,604	11,785	135,313	-	6	82	656	-	-	-	3	-	-	39	-	-	223,282
Changes in provisions																	
-Transfer to Stage 1	14,411	(1,737)	(12,674)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-Transfer to Stage 2	(8,382)	13,579	(5,197)	-	-	(1)	1	-	-	-	-	-	-	-	-	-	-
-Transfer to Stage 3	(13,518)	(8,204)	21,722	-	-	(530)	530	-	-	-	-	-	-	-	-	-	-
<i>Net changes, resulting from changes in credit risk parameters</i>	<i>(26,163)</i>	<i>1,385</i>	<i>46,641</i>	<i>70</i>	<i>7</i>	<i>(3)</i>	<i>656</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>3</i>	<i>-</i>	<i>-</i>	<i>(5)</i>	<i>-</i>	<i>-</i>	<i>23,952</i>
<i>New assets issued or acquired</i>	<i>57,322</i>	-	-	-	-	28	-	-	-	-	-	-	-	-	-	-	<i>57,350</i>
<i>Repaid assets (except for write-off)</i>	<i>(27,703)</i>	<i>(1,473)</i>	<i>(9,518)</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	<i>(38,694)</i>
<i>Modification effect</i>	-	-	<i>14,557</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	<i>14,557</i>
Total effect on Consolidated Statements of Profit or Loss	3,456	(88)	51,680	70	7	25	39	656	-	-	3	-	-	(5)	-	-	57,165
Write-off, net of recoveries	-	-	(43,134)	-	-	-	-	-	-	-	-	-	(3,737)	-	-	-	(46,871)
Foreign exchange difference	-	-	(1)	-	-	(1)	-	-	-	-	-	-	(48)	-	-	-	(49)
As at 30 September 2023	63,571	15,335	147,709	70	13	106	1,186	1,186	1,186	5,331	6	6	5,331	34	34	5,331	233,527

Net changes, resulting from changes in credit risk parameters include decrease of provisions due to partial repayment of loans.

As at 31 December 2022 and 30 September 2023, the allowance for impairment on financial assets at FVTOCI of KZT 738 million and KZT 1,458 million, respectively, is included in the 'Revaluation reserve/(deficit) of financial assets and other reserves' within equity.

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8. Income tax

The Group provides for taxes for the current period based on the tax accounts maintained and prepared in accordance with the respective tax regulations of Kazakhstan, Azerbaijan and Ukraine, where the Company and its subsidiaries operate and which may differ from IFRS.

The Group is subject to certain permanent tax differences due to non-tax deductibility of certain expenses and a tax-free regime for certain income. Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

Deferred income tax liabilities comprise:

	31 December 2022	30 September 2023
Vacation reserve, accrued bonuses	873	860
Property, equipment and intangible assets	(4,078)	(4,012)
Losses carried forward	-	1,234
Net deferred tax liability	(3,205)	(1,918)

Relationships between income tax expenses and net income before tax are explained as follows:

	Nine months ended 30 September 2022	Nine months ended 30 September 2023	Three months ended 30 September 2022	Three months ended 30 September 2023
Net income before tax	489,805	720,863	201,557	279,563
Tax at the statutory tax rate of 20%	(97,961)	(144,173)	(40,311)	(55,913)
Non-taxable income	9,317	29,120	4,571	10,511
Non-deductible expense	(566)	(5,033)	469	(1,669)
Income tax expense	(89,210)	(120,086)	(35,271)	(47,071)
Current income tax expense	(88,946)	(121,373)	(35,155)	(47,153)
Deferred income tax (expense)/benefit	(264)	1,287	(116)	82
Income tax expense	(89,210)	(120,086)	(35,271)	(47,071)

Non-taxable income was represented by interest income on governmental and other qualified securities in accordance with the tax legislation. Corporate income tax rate is 20% in Kazakhstan and Azerbaijan, and 18% in Ukraine.

	30 September 2022	30 September 2023
Net deferred tax liability:		
At the beginning of the period	(2,467)	(3,205)
Change in deferred income tax balances recognised in profit or loss	(264)	1,287
At the end of the period	(2,731)	(1,918)

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Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Nine months ended 30 September 2023 (Unaudited) (in millions of KZT)

9. Earnings per share

Earnings per share are determined by dividing the net income attributable to shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. For the purpose of diluted earnings per share calculation, the Group considers dilutive effects of share options.

	30 September 2022	30 September 2023
Net income attributable to the shareholders of the Company	397,882	597,073
Weighted average number of common shares for basic earnings per share	192,060,553	189,976,406
Weighted average number of common shares for diluted earnings per share	193,716,263	191,624,662
Earnings per share – basic (KZT)	2,072	3,143
Earnings per share – diluted (KZT)	2,054	3,116

Reconciliation of the number of shares used for basic and diluted earnings per share:

	30 September 2022	30 September 2023
Weighted average number of common shares for basic earnings per share	192,060,553	189,976,406
Number of potential common shares attributable to share-based compensation	1,655,710	1,648,256
Weighted average number of common shares for diluted earnings per share	193,716,263	191,624,662

10. Cash and cash equivalents

	31 December 2022	30 September 2023
Cash on hand	179,766	195,479
Current accounts with banks	196,194	165,779
Short-term deposits with banks	229,389	156,295
Reverse repurchase agreements	10,011	10,962
Total cash and cash equivalents	615,360	528,515

Cash on hand includes cash balances with ATMs and cash in transit. As at 31 December 2022 and 30 September 2023, current accounts and short-term deposits with NBRK are KZT 220,109 million and KZT 21,298 million, respectively.

As at 31 December 2022 and 30 September 2023, the fair value of collateral of reverse repurchase agreements classified as cash and cash equivalents, are KZT 9,544 million and KZT 10,497 million, respectively.

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Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Nine months ended 30 September 2023 (Unaudited) (in millions of KZT)

11. Investment securities and derivatives

Investment securities and derivatives comprise:

	31 December 2022	30 September 2023
Total financial assets at FVTOCI	1,076,242	1,424,275
Total financial assets at FVTPL	30	147
Total investment securities and derivatives	1,076,272	1,424,422

Financial assets at FVTOCI comprise:

	31 December 2022	30 September 2023
Debt securities	1,075,955	1,423,843
Equity investments	287	432
Total financial assets at FVTOCI	1,076,242	1,424,275

	Interest rate, %	31 December 2022	Interest rate, %	30 September 2023
Debt securities				
Discount notes of the NBRK	16.03	538,100	16.1	336,632
Bonds of the Ministry of Finance of the Republic of Kazakhstan	0.60-16.03	350,670	0.60-16.70	863,742
Corporate bonds	2.00-11.80	186,819	2.00-15.88	222,019
Sovereign bonds of foreign countries	0.63	366	0.63-3.50	1,450
Total debt securities		1,075,955		1,423,843

As at 31 December 2022 and 30 September 2023, sovereign debt securities represented by discount notes of the NBRK, bonds of the Ministry of Finance of the Republic of Kazakhstan, sovereign bonds of foreign countries amounted to KZT 889,136 million and KZT 1,201,824 million, respectively.

	A- and higher	BBB+ to BBB-	BB+ to B-	Not rated	Total
Debt securities as at 31 December 2022	558	1,070,752	2,393	2,252	1,075,955
Debt securities as at 30 September 2023	10,787	1,405,543	4,067	3,446	1,423,843

As at 31 December 2022, financial assets at FVTOCI of the Group of KZT 1,073,703 million and KZT 2,252 million are classified in Stage 1 and Stage 2, respectively. As at 30 September 2023, financial assets at FVTOCI of the Group of KZT 1,420,395 million, KZT 2,217 million and KZT 1,231 million are classified in Stage 1, Stage 2 and Stage 3, respectively.

Financial assets at FVTPL comprise:

	31 December 2022	30 September 2023
Derivative financial instruments	30	147
Total financial assets at FVTPL	30	147

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Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Nine months ended 30 September 2023 (Unaudited) (in millions of KZT)

As at 31 December 2022 and 30 September 2023, financial assets at FVTPL included swap and spot instruments of KZT 30 million and KZT 56 million, respectively, with a notional amount of KZT 102,563 million and KZT 259,571 million, respectively and forwards of KZT Nil and KZT 91 million with a notional amount of KZT Nil and KZT 13,522 million.

As at 31 December 2022 and 30 September 2023, financial liabilities at FVTPL included swap and spot instruments of KZT 3 million and KZT 1,009 million, respectively with a notional amount of KZT 102,498 million and KZT 260,159 million, respectively, and forwards of KZT 144 million and KZT 18 million with a notional amount of KZT 8,598 million and KZT 14,738 million.

As at 31 December 2022 and 30 September 2023, restricted deposits included in due from banks with investment credit ratings (higher than 'BBB-') in favor of international payments systems were KZT 22,720 million and KZT 25,351 million, respectively, and in favor of non-deliverable forwards of KZT 2,125 million and KZT 2,966 million, respectively.

As at 31 December 2022 and 30 September 2023, investment securities were not pledged or somehow restricted, except for bonds of the Ministry of Finance of the Republic of Kazakhstan, notes of NBRK and corporate bonds pledged under repurchase agreements with other banks totaling KZT 16,119 million and KZT 5,011 million, respectively.

12. Loans to customers

	31 December 2022	30 September 2023
Gross loans to customers	3,369,512	4,016,537
Less: allowance for impairment losses (Note 7)	(214,702)	(226,685)
Total loans to customers	3,154,810	3,789,852

All loans to customers issued by the Group were allocated to the Fintech segment for internal segment reporting purposes.

Movements in allowances for impairment losses on loans to customers for the nine months ended 30 September 2022 and 2023 are disclosed in Note 7.

As at 31 December 2022 and 30 September 2023, accrued interest of KZT 35,924 million and KZT 45,210 million, respectively, was included in loans to customers.

Loans with principal or accrued interest in arrears for more than 90 days are classified as non-performing loans ("NPL"). Allowance for impairment to NPLs reflects the Group's total provision as a percentage of NPL's. Considering the ratio represents impairment loan loss allowances for all loans as a percentage of NPLs, the ratio can be more than 100%. These loans were classified in Stage 3.

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Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Nine months ended 30 September 2023 (Unaudited) (in millions of KZT)

The following table sets forth the Group's outstanding NPLs as compared to the total allowance for impairment losses on total loans to customers:

	Gross NPLs	Total allowance for impairment	Total allowance for impairment to gross NPLs
As at 31 December 2022	211,581	214,702	101%
As at 30 September 2023	229,129	226,685	99%

Provision expenses on loans to customers:

	Nine months ended 30 September 2022	Nine months ended 30 September 2023	Three months ended 30 September 2022	Three months ended 30 September 2023
Provision expenses on loans to customers:				
Loans to customers	(44,513)	(55,118)	(9,624)	(22,569)
Total provision expenses on loans to customers	(44,513)	(55,118)	(9,624)	(22,569)

The Group did not provide loans, which individually exceeded 10% of the Group's equity.

The gross carrying amount and related loss allowance on loans to customers by stage were as follows:

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Gross loans to customers	3,058,897	40,934	264,927	4,754	3,369,512
Loss allowance	(67,604)	(11,785)	(135,313)	-	(214,702)
Carrying amount as at 31 December 2022	2,991,293	29,149	129,614	4,754	3,154,810
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Gross loans to customers	3,625,014	53,378	329,614	8,531	4,016,537
Loss allowance	(63,571)	(15,335)	(147,709)	(70)	(226,685)
Carrying amount as at 30 September 2023	3,561,443	38,043	181,905	8,461	3,789,852

As at 31 December 2022 and 30 September 2023, loans to customers of KZT 30,969 million and KZT 63,857 million, respectively, that were restructured classified to Stage 3 with respective recognition of gross carrying amount of KZT 22,534 million and KZT 51,029 million, respectively.

As at 31 December 2022 and 30 September 2023, loans to customers of KZT nil and KZT 7,189 million, respectively, that were restructured more than 12 month ago classified to Stage 2 with respective recognition of gross carrying amount of KZT nil and KZT 5,909 million, respectively.

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Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Nine months ended 30 September 2023 (Unaudited) (in millions of KZT)

As at 31 December 2022 and 30 September 2023, loans to customers of KZT 18,720 million and KZT 26,046 million, respectively, that were restructured classified as POCI loans with respective recognition of gross carrying amount of KZT 4,754 million and KZT 8,531 million, respectively.

13. Due to banks

	31 December 2022	30 September 2023
Recorded at amortised cost:		
Repurchase agreements	16,119	5,011
Time deposits of banks and other financial institutions	313	-
Total due to banks	16,432	5,011

As at 31 December 2022 and 30 September 2023, accrued interest of KZT 58 million and KZT 7 million, respectively, was included in due to banks.

Fair value of collateral of repurchase agreements, which were classified as due to banks as at 31 December 2022 and 30 September 2023, amounted to KZT 15,014 million and KZT 4,890 million, respectively.

14. Customer accounts

	31 December 2022	30 September 2023
Individuals		
Term deposits	3,057,870	3,846,040
Current accounts	700,957	726,310
Total due to individuals	3,758,827	4,572,350
Corporate customers		
Term deposits	59,638	57,276
Current accounts	182,225	191,813
Total due to corporate customers	241,863	249,089
Total customer accounts	4,000,690	4,821,439

As at 31 December 2022 and 30 September 2023, accrued interest of KZT 29,214 million and KZT 41,092 million, respectively, was included in customer accounts.

As at 31 December 2022 and 30 September 2023, customer accounts of KZT 42,733 million and KZT 43,963 million, respectively, were held as security against loans.

As at 31 December 2022 and 30 September 2023, customer accounts of KZT 108,665 million (2.72% of total customer accounts) and KZT 107,126 million (2.22% of total customer accounts), respectively, were due to the top twenty customers.

As at 31 December 2022 and 30 September 2023, customer accounts were predominately denominated in KZT, comprising 87% and 90%, respectively and customer accounts in other foreign currencies were 13% and 10%, respectively.

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15. Share capital

The table below provides a reconciliation of the change in the number of authorised shares, shares issued and fully paid, treasury shares and shares outstanding:

	Authorised shares	Issued and fully paid shares	Treasury shares	Shares outstanding
Common shares				
1 January 2022	216,742,000	199,500,000	(7,312,777)	192,187,223
GDR options exercised (Note 16)	-	-	499,472	499,472
GDR buyback program	-	-	(2,376,725)	(2,376,725)
31 December 2022	216,742,000	199,500,000	(9,190,030)	190,309,970
GDR options exercised (Note 16)	-	-	618,788	618,788
GDR buyback program	-	-	(1,244,230)	(1,244,230)
30 September 2023	216,742,000	199,500,000	(9,815,472)	189,684,528

All shares are KZT denominated. The Group has one class of common shares which carry no right to fixed income.

During the periods ended 31 December 2022 and 30 September 2023, the Board of Directors approved five separate GDR buyback programs. The Group accounts for GDRs repurchased in Treasury Shares component of Share Capital. One GDR represents one share.

The following table summarizes the details of the GDR buyback programs:

	Start date	Maturity date	Number of GDRs acquired	Total amount paid
1st buy-back program	22 April 2022	21 July 2022	998,429	22,841
2nd buy-back program	22 July 2022	21 October 2022	788,153	21,325
3rd buy-back program	22 October 2022	24 February 2023	1,131,380	38,474
4th buy-back program	22 March 2023	21 July 2022	531,995	18,740
5th buy-back program (ongoing)	22 July 2023	21 October 2023	170,998	7,526
As at 30 September 2023			3,620,955	108,906

On 20 July 2023, the Board of Directors approved fifth share buyback program through October 2023 in the amount of up to USD 100 million.

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The table below provides a reconciliation of the change in outstanding share capital fully paid:

	issued and fully paid shares	Treasury shares	Total
Balance at 1 January 2022	130,144	(32,614)	97,530
GDR options exercised	-	2,228	2,228
GDR buyback program	-	(63,672)	(63,672)
31 December 2022	130,144	(94,058)	36,086
GDR options exercised	-	2,760	2,760
GDR buyback program	-	(45,234)	(45,234)
30 September 2023	130,144	(136,532)	(6,388)

The following tables represent dividends declared:

	Dividends declared	Dividend per share
September 2022	95,787	KZT 500
Total for the period ended 30 September 2022	95,787	

	Dividends declared	Dividend per share
March 2023	269,365	KZT 1,350
September 2023	129,702	KZT 750
Total for the period ended 30 September 2023	399,067	

16. Share-based compensation

In the fourth quarter 2022, the share option program was expanded to include more senior executives and other core Group personnel. The share options will vest in annual installments over five years.

The management of the Group believes that share-based awards are vital to attract, incentivise and retain employees over the long-term.

Share-based compensation expense

The Group applies the graded vesting method, under which granted equity instruments are vested in instalments over the vesting period. Each installment is separately measured and attributed to expense over the vesting period. According to IFRS 2, this accelerates the recognition of compensation expenses resulting in a higher proportion of expenses being recognised in the early years of overall plan.

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GDR Options

The fair value of GDR options at the date of grant is determined using the Black-Scholes model. The fair value determined at the grant date is expensed over the five year vesting period, based on the Group's estimate of the number of GDR options that will eventually vest. Recipients of GDR Options are entitled to receive dividends once GDR options vested and exercised.

The inputs into the Black-Scholes model are as follows:

	31 December 2022	30 September 2023
Weighted average share price in USD	63.67	63.70
Expected volatility	43.48%	43.47%
Risk-free rate	3.57%	3.57%
Dividend yield	7.019%	7.016%

Expected volatility is based on the historical share price volatility over the past 3 years.

The following table summarizes the details of the GDR options outstanding:

	31 December 2022 (GDRs)	30 September 2023 (GDRs)
Outstanding at the beginning of the period	2,154,082	2,266,166
Granted	611,556	8,652
Forfeited	-	(7,774)
Exercised	(499,472)	(618,788)
Expired	-	-
Outstanding at the end of the period	2,266,166	1,648,256

In the period ended 31 December 2022 and 30 September 2023, 499,472 GDR options and 618,788 GDR options, respectively, were exercised and GDRs were issued from treasury shares.

The following table represents Share-based compensation reserve outstanding:

	Share-Based Compensation reserve
1 January 2022	21,242
GDR options accrued	19,984
GDR options exercised	(11,952)
31 December 2022	29,274
GDR options accrued	11,651
GDR options exercised	(15,323)
30 September 2023	25,602

17. Fair value of financial instruments

a. Fair value of financial instruments

IFRS defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

b. Fair value of the Group's financial assets and financial liabilities measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

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Financial assets/financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	31 December 2022	30 September 2023		
Non-derivative financial assets at FVTOCI (Note 11)	1,236	4,825	Level 1	Quoted prices in an active market.
Non-derivative financial assets at FVTOCI (Note 11)	1,074,972	1,417,200	Level 2	Quoted prices in markets that are not active.
Non-derivative financial assets at FVTOCI (Note 11)	-	2,216	Level 3	DCF method with weighted average discount ratio 18.3%
Unlisted Equity investments classified as financial assets at FVTOCI (Note 11)	34	34	Level 3	Adjusted net assets based on most recent published financial statements of unlisted companies with discount for marketability and liquidity. Discount ratios varies from 10% to 30%.
Derivative financial assets (Note 11)	30	147	Level 2	DCF method. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Derivative financial liabilities (Note 11)	147	1,027	Level 2	DCF method. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

As at 31 December 2022, the fair value of the investment securities in Level 2 includes short-term and long-term sovereign debt securities of KZT 534,108 million and KZT 664,469 million, respectively. As at 30 September 2023, the fair value of the investment securities in Level 2 includes short-term and long-term sovereign debt securities of KZT 534,108 million and KZT 664,469 million, respectively. Those investment securities are by nature and for regulatory purposes treated as high quality liquid assets, but are classified as Level 2 due to insufficient trading on regulated market.

There were no transfers between Level 1 and Level 2 in the period.

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The reconciliation of Level 3 fair value measurements of financial assets is presented as follows:

	Fair value through other comprehensive income Unquoted debt securities	Total
1 January 2023	-	-
Total gains or losses:		
- in profit or loss	-	-
- in other comprehensive income	-	-
Purchases	-	-
Issues	-	-
Disposals/settlements	-	-
Transfer into level 3	2,216	2,216
Transfers out of level 3	-	-
30 September 2023	2,216	2,216

Transfer into Level 3

As at 30 September 2023, the Group has transferred debt securities with a fair value of KZT 2,217 million from level 2 to Level 3, as there were no recent observable arm's length transactions on the market for more than 30 days, and in accordance with valuation technique, the fair value of these securities was categorised as Level 3.

c. Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required).

Except as detailed in the following table, management of the Group considers that the carrying amount of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	31 December 2022		
	Carrying amount	Fair value	Fair value hierarchy
Due from banks	25,668	25,234	Level 2
Loans to customers	3,154,810	3,192,581	Level 3
Due to banks	16,432	15,324	Level 2
Customer accounts	4,000,690	3,899,302	Level 2
Debt securities issued	140,378	133,825	Level 2
Subordinated debt	67,608	63,500	Level 2
	30 September 2023		
	Carrying amount	Fair value	Fair value hierarchy
Due from banks	29,589	29,093	Level 2
Loans to customers	3,789,852	3,730,868	Level 3
Due to banks	5,011	4,890	Level 2
Customer accounts	4,821,439	4,758,209	Level 2
Debt securities issued	97,104	92,878	Level 2
Subordinated debt	60,783	57,238	Level 2

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For the nine months ended 30 September 2023 (Unaudited)

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Due from banks

The estimated fair value of term due from banks is determined by discounting the contractual cash flows using interest rates currently offered for due from banks with similar terms.

Loans to customers

Loans to individual customers are made at fixed rates. The fair value of fixed rate loans has been estimated by reference to market rates available at the reporting date for loans with a similar maturity profile.

Due to banks

The estimated fair value of due to banks is determined by discounting the contractual cash flows using interest rates currently offered for due to banks with similar terms.

Customer accounts

The estimated fair value of term deposits is determined by discounting contractual cash flows using interest rates currently offered for deposits with similar terms. For current accounts, the Group considers fair value to equal carrying value, which is equivalent to the amount payable on the balance sheet date.

Debt securities issued, subordinated debt

Debt securities issued and subordinated debt are valued using quoted prices.

Assets and liabilities for which fair value approximates carrying value

For financial assets and liabilities that have a short-term maturity (less than 3 months), it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and savings accounts without a maturity.

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Notes to the Interim Condensed Consolidated Financial Information (Continued)
For the nine months ended 30 September 2023 (Unaudited)
(in millions of KZT)

18. Transactions with related parties

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The Group had the following transactions outstanding with related parties:

	As at 31 December 2022		As at 30 September 2023	
	Transactions with related parties	Total category as per financial statements captions	Transactions with related parties	Total category as per financial statements captions
Interim condensed consolidated statements of financial position				
Loans to customers	3,057	3,369,512	2,586	4,016,537
- entities controlled by the key management personnel of the Group	-		2,586	
- other related parties	3,057		-	
Allowance for losses on loans to customers	(7)	(214,702)	(2)	(226,685)
- entities controlled by the key management personnel of the Group			(2)	
- other related parties	(7)		-	
Other assets	20	74,780	725	108,053
- entities controlled by the key management personnel of the Group	3		725	
- other related parties	17		-	
Customer accounts	16,442	4,000,690	36,848	4,821,439
- entities controlled by the key management personnel of the Group	5,462		18,050	
- key management personnel of the Group	478		18,718	
- other related parties	10,502		80	
Other liabilities	1,339	70,850	1,213	85,492
- entities controlled by the key management personnel of the Group	198		1,167	
- key management personnel of the Group	-		46	
- other related parties	1,141		-	

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Notes to the Interim Condensed Consolidated Financial Information (Continued) For the nine months ended 30 September 2023 (Unaudited) (in millions of KZT)

	As at 30 September 2022		As at 30 September 2023	
	Transactions with related parties	Total category as per financial statements captions	Transactions with related parties	Total category as per financial statements captions
Interim condensed consolidated statements of profit or loss				
REVENUE				
Net fee revenue	-	457,276	3,107	682,287
- entities controlled by the key management personnel of the Group	-		2,994	
- key management personnel of the Group	-		113	
Interest revenue	240	407,973	199	602,604
- entities controlled by the key management personnel of the Group	-		199	
- other related parties	240		-	
Other gains	-	12,443	2	20,673
- entities controlled by the key management personnel of the Group	-		2	
COSTS AND OPERATING EXPENSES				
Interest expense	(283)	(190,519)	(427)	(344,431)
- entities controlled by the key management personnel of the Group	(116)		(409)	
- key management personnel of the Group	(16)		(16)	
- other related parties	(151)		(2)	
Transaction expenses	-	(16,200)	(113)	(20,078)
- entities controlled by the key management personnel of the Group	-		(113)	
Cost of goods and services	-	(57,097)	(3,065)	(108,085)
- entities controlled by the key management personnel of the Group	-		(3,065)	
Transaction expenses attributable to loans to customers	(2,917)		(4,853)	
- entities controlled by the key management personnel of the Group	(2,917)		(4,853)	

For the nine months ended 30 September 2023 the total value of goods purchased from entities controlled by the key management personnel was KZT 2,507 million, from which KZT 2,600 million recognised in cost of goods sold.

We are party to agreement with Kolesa JSC, the largest car and real estate classifieds platform in Kazakhstan and an entity controlled by the key management personnel of the Group. Under this agreement, we pay fees to Kolesa JSC for car loans generated on Kolesa's car classifieds platform, which are presented as transaction expenses attributable to loans to customers in the table above.

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Notes to the Interim Condensed Consolidated Financial Information (Continued) For the nine months ended 30 September 2023 (Unaudited) (in millions of KZT)

Compensation to directors and other members of key management is presented as follows:

	Nine months ended 30 September 2022		Nine months ended 30 September 2023	
	Transactions as per financial with related parties	Total category statements captions	Transactions as per financial with related parties	Total category statements captions
Compensation to key management personnel:				
Employee benefits	(586)	(46,354)	(402)	(57,685)
Share-based compensation	(4,316)	(11,082)	(3,157)	(11,651)

19. Regulatory matters

The management of "Kaspi Bank" JSC ("the Bank"-subsidiary of the Company) monitors capital adequacy ratio based on requirements of standardised approach of Basel Committee of Banking Supervision "Basel III: A global regulatory framework for more resilient banks and banking systems" (December 2010, updated in June 2011).

The capital adequacy ratios calculated on the basis of the Bank's consolidated financial statements under Basel III with updated RWA methodology are presented in the following table:

	31 December 2022	30 September 2023
Tier 1 capital (k1.2)	17.0%	16.7%
Total capital (k.2)	18.0%	17.4%

The Bank complies with NBRK's capital requirements. The following table presents the Bank's capital adequacy ratios in accordance with the NBRK requirements:

	31 December 2022	30 September 2023
Tier 1 capital (k1.2)	12.2%	12.2%
Total capital (k.2)	13.1%	12.6%

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Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the nine months ended 30 September 2023 (Unaudited)

(in millions of KZT)

20. Subsequent events

On 12 October 2023, Kaspi Shop LLC, subsidiary, acquired 39.758% of the shares of Kolesa JSC from Krysha & Kolesa Holding B.V., an indirect subsidiary of Baring Vostok Private Equity Fund V, for USD 88.5 million.

On 12 October 2023, Mikheil Lomtadze, Chairman of the Management Board and significant shareholder, who is also a significant shareholder of Kolesa JSC, have transferred 11% of the shares of Kolesa JSC to Kaspi Shop LLC in trust, for no consideration, under a trust management agreement, which will enable Kaspi Shop LLC to hold approximately 51% of the voting rights in Kolesa JSC and give control over the board of directors of Kolesa JSC.

On 19 October 2023, the Board of Directors of the Company proposed a dividend of KZT 850 per share, subject to shareholder approval.

On 20 October 2023, the Board of Directors approved another share buyback program for up to USD 100 million, which will be in force until 01 March 2024.

As at 21 October 2023, fifth GDR buyback program was completed, totalling 283,689 GDRs equivalent to KZT 12,614 million.