

KASPI.KZ

JOINT STOCK COMPANY

Interim Condensed Consolidated
Financial Information
For the nine months ended
30 September 2020 (Unaudited)

Kaspi.kz Joint Stock Company

Table of Contents

| | Page |
|--|-------------|
| STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020 (UNAUDITED) | 1 |
| REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION | 2 |
| INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020 (UNAUDITED): | |
| Interim condensed consolidated statement of profit or loss (unaudited) | 3 |
| Interim condensed consolidated statement of other comprehensive income (unaudited) | 4 |
| Interim condensed consolidated statement of financial position (unaudited) | 5 |
| Interim condensed consolidated statement of changes in equity (unaudited) | 6 |
| Interim condensed consolidated statement of cash flows (unaudited) | 7 |
| Selected explanatory notes to the interim condensed consolidated financial information (unaudited) | 8-29 |

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 2020 (Unaudited)

Management is responsible for the preparation of the interim condensed consolidated financial information that presents fairly the interim condensed consolidated financial position of Kaspi.kz Joint Stock Company and its subsidiaries ("the Group") as at 30 September 2020, and the related interim condensed consolidated statements of profit or loss, comprehensive income for the three and nine months then ended, changes in equity and cash flows for the nine months then ended, in compliance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34").

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 three and nine months ended 30 September 2020 was authorized for issue on 12 November 2020 by the Chairman of the Management Board and the Chief Accountant.

On behalf of the Management:

Mikheil Lomtadze
Chairman of the Management Board



Nailya Ualibekova
Chief Accountant

12 November 2020
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 statement of financial position of Kaspi.kz Joint Stock Company and its subsidiaries ("the Group") as at 30 September 2020 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 a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair 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

13 November 2020
Almaty, Kazakhstan

Kaspi.kz Joint Stock Company

Interim Condensed Consolidated Statement of Profit or Loss For the Three and Nine Months Ended 30 September 2020 (Unaudited)

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

| | Notes | Nine Months Ended | | Three Months Ended | |
|--------------------------------------|-------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | | 30 September 2020 (unaudited) | 30 September 2019 (unaudited) | 30 September 2020 (unaudited) | 30 September 2019 (unaudited) |
| REVENUE | 4,5,6 | 460,859 | 363,158 | 161,763 | 136,296 |
| Interest Revenue | | 239,077 | 189,192 | 82,393 | 70,629 |
| Fees & Commissions | | 126,553 | 120,996 | 39,663 | 43,010 |
| Seller Fees | | 33,355 | 25,073 | 15,218 | 9,312 |
| Transaction & Membership Revenue | | 64,182 | 34,946 | 26,417 | 14,776 |
| Other gains/(losses) | | (2,308) | (7,049) | (1,928) | (1,431) |
| COST OF REVENUE | 7 | (145,469) | (128,932) | (51,967) | (43,608) |
| Interest Expenses | | (100,883) | (87,975) | (36,503) | (29,134) |
| Transaction Expenses | | (11,061) | (10,344) | (4,074) | (4,131) |
| Operating Expenses | | (33,525) | (30,613) | (11,390) | (10,343) |
| TOTAL NET REVENUE | | 315,390 | 234,226 | 109,796 | 92,688 |
| TECHNOLOGY & PRODUCT DEVELOPMENT | | (18,653) | (14,491) | (6,558) | (5,038) |
| SALES & MARKETING | | (31,108) | (18,071) | (13,295) | (6,577) |
| GENERAL & ADMINISTRATIVE EXPENSES | | (10,174) | (8,981) | (3,452) | (3,278) |
| PROVISION EXPENSE | 8 | (34,550) | (29,734) | (4,455) | (6,522) |
| OPERATING INCOME | | 220,905 | 162,949 | 82,036 | 71,273 |
| INCOME TAX | 9 | (36,522) | (28,102) | (13,232) | (13,427) |
| NET INCOME | | 184,383 | 134,847 | 68,804 | 57,846 |
| Attributable to: | | | | | |
| Shareholders of the Company | | 182,696 | 132,054 | 68,196 | 57,288 |
| Non-controlling Interests | | 1,687 | 2,793 | 608 | 558 |
| NET INCOME | | 184,383 | 134,847 | 68,804 | 57,846 |
| Earnings per share | | | | | |
| Basic and diluted (KZT) | | 961 | 703 | 364 | 300 |

On behalf of the Management:


Mikheil Lomtadze
Chairman of the Management Board




Nailya Ualibekova
Chief Accountant

The notes on pages 8-29 form an integral part of this interim condensed consolidated financial information.

Kaspi.kz Joint Stock Company

Interim Condensed Consolidated Statement of Other Comprehensive Income For the Three and Nine Months Ended 30 September 2020 (Unaudited)

(in millions of KZT)

| | Nine Months Ended | | Three Months Ended | |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | 30 September 2020 (unaudited) | 30 September 2019 (unaudited) | 30 September 2020 (unaudited) | 30 September 2019 (unaudited) |
| NET INCOME | 184,383 | 134,847 | 68,804 | 57,846 |
| 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 fair value through other comprehensive income | (18) | (105) | (7) | (22) |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | | |
| Movement in investment revaluation reserve for debt instruments at fair value through other comprehensive income: Gains/(losses) arising during the period, net of tax KZT Nil | 2,808 | (874) | 3,498 | (911) |
| Expected credit losses/ (recoveries) recognised in profit or loss | 1,891 | (1,413) | 1,017 | 542 |
| Reclassification of losses included in profit or loss, net of tax KZT Nil | (455) | (788) | (179) | (179) |
| Other comprehensive gain/ (loss) for the period | 4,226 | (3,180) | 4,329 | (570) |
| TOTAL COMPREHENSIVE INCOME | 188,609 | 131,667 | 73,133 | 57,276 |
| Attributable to: | | | | |
| Shareholders of the Company | 186,878 | 128,970 | 72,480 | 56,724 |
| Non-controlling Interests | 1,731 | 2,697 | 653 | 552 |
| TOTAL COMPREHENSIVE INCOME | 188,609 | 131,667 | 73,133 | 57,276 |

On behalf of the Management:


Mikheil Lomtadze
Chairman of the Management Board




Nailya Ualibekova
Chief Accountant

The notes on pages 8-29 form an integral part of this interim condensed consolidated financial information.

Kaspi.kz Joint Stock Company

Interim Condensed Consolidated Statement of Financial Position

As at 30 September 2020 (Unaudited)

(in millions of KZT)

| | Notes | 30 September 2020 (unaudited) | 31 December 2019 |
|---|--------|-------------------------------------|---------------------|
| ASSETS: | | | |
| Cash and cash equivalents | 10 | 269,626 | 239,140 |
| Mandatory cash balances with National Bank of the Republic of Kazakhstan | | 25,996 | 25,243 |
| Due from banks | | 41,705 | 43,484 |
| Investment securities and derivatives | 11 | 821,008 | 474,581 |
| Loans to customers | 12 | 1,253,699 | 1,292,104 |
| Property, equipment and intangible assets | | 70,536 | 60,985 |
| Other assets | | 63,091 | 52,044 |
| TOTAL ASSETS | | 2,545,661 | 2,187,581 |
| LIABILITIES AND EQUITY | | | |
| LIABILITIES: | | | |
| Due to banks | | - | 3,000 |
| Customer accounts | 13, 15 | 1,975,735 | 1,626,973 |
| Debt securities issued | | 135,648 | 138,574 |
| Insurance reserves | | 2,996 | 3,608 |
| Other liabilities | | 52,031 | 42,018 |
| Subordinated debt | | 76,254 | 77,786 |
| TOTAL LIABILITIES | | 2,242,664 | 1,891,959 |
| EQUITY: | | | |
| Share capital | | 95,825 | 95,825 |
| Additional paid-in-capital | | 506 | 506 |
| Revaluation reserve of financial assets | | 4,654 | 472 |
| Retained earnings | | 198,630 | 195,232 |
| Total equity attributable to Shareholders of the Company | | 299,615 | 292,035 |
| Non-controlling interests | | 3,382 | 3,587 |
| TOTAL EQUITY | | 302,997 | 295,622 |
| TOTAL LIABILITIES AND EQUITY | | 2,545,661 | 2,187,581 |

On behalf of the Management:


Mikheil Lomtadze
Chairman of the Management Board




Nailya Ualibekova
Chief Accountant

The notes on pages 8-29 form an integral part of this interim condensed consolidated financial information.

Kaspi.kz Joint Stock Company

Interim Condensed Consolidated Statement Of Changes in Equity For the Nine Months Ended 30 September 2020 (Unaudited) (in millions of KZT)

| | Share capital | Additional paid-in-capital | Revaluation reserve/(deficit) of financial assets | Retained earnings | Total equity attributable to Shareholders of the Company | Non-controlling interests | Total equity |
|---|---------------|----------------------------|---|-------------------|--|---------------------------|----------------|
| Balance at 1 January 2019 | 54,857 | 506 | 3,307 | 142,822 | 201,492 | 12,426 | 213,918 |
| Net Income | - | - | - | 132,054 | 132,054 | 2,793 | 134,847 |
| Other comprehensive loss | - | - | (3,084) | - | (3,084) | (96) | (3,180) |
| Total comprehensive (loss)/income | - | - | (3,084) | 132,054 | 128,970 | 2,697 | 131,667 |
| Change in non-controlling interest due to exchange of treasury shares with Kaspi Bank JSC subsidiary shares | 40,968 | - | - | (31,358) | 9,611 | (9,611) | - |
| Transaction for entities under common control | - | - | - | (11,741) | (11,741) | - | (11,741) |
| Dividends declared by subsidiary to non-controlling interests | - | - | - | - | - | (2,749) | (2,749) |
| Dividends declared | - | - | - | (64,131) | (64,131) | - | (64,131) |
| Balance at 30 September 2019 (unaudited) | 95,825 | 506 | 223 | 167,646 | 264,201 | 2,763 | 266,964 |
| Balance at 31 December 2019 | 95,825 | 506 | 472 | 195,232 | 292,035 | 3,587 | 295,622 |
| Net Income | - | - | - | 182,696 | 182,696 | 1,687 | 184,383 |
| Other comprehensive income | - | - | 4,182 | - | 4,182 | 44 | 4,226 |
| Total comprehensive income | - | - | 4,182 | 182,696 | 186,878 | 1,731 | 188,609 |
| Dividends declared by subsidiary to non-controlling interests | - | - | - | - | - | (1,936) | (1,936) |
| Dividends declared | - | - | - | (179,298) | (179,298) | - | (179,298) |
| Balance at 30 September 2020 (unaudited) | 95,825 | 506 | 4,654 | 198,630 | 299,615 | 3,382 | 302,997 |

On behalf of the Management:



Mikheil Lomtadze
Chairman of the Management Board




Nailiya Ualibekova
Chief Accountant

The notes on pages 8-29 form an integral part of this interim condensed consolidated financial information.

Kaspi.kz Joint Stock Company

Interim Condensed Consolidated Statement of Cash Flows For the Nine Months Ended 30 September 2020 (Unaudited)

(in millions of KZT)

| Notes | Nine months ended 30 September 2020 (unaudited) | Nine months ended 30 September 2019 (unaudited) |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Interest received* | 204,490 | 173,150 |
| Interest paid | (97,984) | (88,631) |
| Expenses paid on obligatory insurance of individual deposits | (4,090) | (3,160) |
| Fee & commissions received | 217,096 | 179,959 |
| Fee & commissions paid | (37,302) | (25,107) |
| Other income received | 12,746 | 4,314 |
| Other expenses paid | (60,804) | (49,908) |
| Cash flows from operating activities before changes in operating assets and liabilities | 234,152 | 190,617 |
| Changes in operating assets and liabilities (Increase)/decrease in operating assets: | | |
| Mandatory cash balances with NBRK | (753) | (8,350) |
| Financial assets at FVTPL | 6,403 | 468 |
| Due from banks | 6,140 | (15,606) |
| Loans to customers | 4,608 | (171,190) |
| Other assets | (11,030) | (8,070) |
| Increase/(decrease) in operating liabilities: | | |
| Due to banks | (3,000) | 1,029 |
| Customer accounts | 302,606 | 274,428 |
| Financial liabilities at FVTPL | (8,119) | 4,075 |
| Other liabilities | 11,393 | (8,337) |
| Cash inflow from operating activities before income tax | 542,400 | 259,064 |
| Income tax paid | (32,634) | (14,427) |
| Net cash inflow from operating activities | 509,766 | 244,637 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of property, equipment and intangible assets | (19,326) | (12,330) |
| Proceeds on sale of property and equipment | 5,486 | 256 |
| Proceeds on disposal of financial assets at FVTOCI | 340,792 | 594,884 |
| Purchase of financial assets at FVTOCI | (644,804) | (641,010) |
| Acquisition of subsidiary, net of cash acquired | (663) | - |
| Net cash outflow on transaction under common | - | (11,730) |
| Net cash outflow from investing activities | (318,515) | (69,930) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Repayment of subordinated debt | - | (11,368) |
| Dividends paid by subsidiary to non-controlling interests | (1,075) | (1,969) |
| Dividends paid | (179,298) | (64,131) |
| Net cash outflow from financing activities | (180,373) | (77,468) |
| Effect of changes in foreign exchange rate on cash and cash equivalents | 19,608 | 442 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 30,486 | 97,681 |
| CASH AND CASH EQUIVALENTS, beginning of period | 239,140 | 168,471 |
| CASH AND CASH EQUIVALENTS, end of period | 269,626 | 266,152 |

*Please see Note 3 on presentation of interest received on loans participated in repayment deferral program.

On behalf of the Management:


Mikheil Lomtadze
Chairman of the Management Board




Nailya Ualibekova
Chief Accountant

The notes on pages 8-29 form 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 2020 (Unaudited)

(in millions of KZT)

1. Corporate information

Overview

Kaspi.kz is the Payments, Marketplace and Fintech Ecosystem in Kazakhstan. At the core of the Kaspi.kz Ecosystem is the Kaspi.kz Super App, which serves as a single gateway to all our products and is an integral part of the Kaspi.kz Ecosystem Consumers' daily lives in Kazakhstan.

Through the Kaspi.kz Super App we provide a growing range of innovative, interconnected, technologically advanced products that have transformed the way our customers pay, shop and manage their personal finances.

We are executing our strategy and growing our business by leveraging advanced technology and proprietary big data analytics as well as by designing a seamless customer experience.

Our Ecosystem serves both consumers and merchants and enables all participants to interact with each other. The growth and development of one service contributes to the growth and development of other services creating a powerful network effect, with each participant deriving greater value than if they were to use a standalone service.

Kaspi.kz Segments

The Kaspi.kz Ecosystem is comprised of the following three market leading platforms centred around our customers' everyday needs:

- *Payments Platform* connects our customers, which consist of both consumers and merchants, to facilitate cashless, digital payment transactions. We offer our customers a technology platform to both pay and receive payments for goods and services, as well as to transfer and withdraw money. Consumers can transact with merchants and amongst themselves using a variety of services, including the Kaspi.kz Super App, Kaspi Gold pre-paid debit card, any bankcard or e-Wallet.
- *Marketplace Platform* connects merchants and consumers enabling merchants to increase their sales and enabling consumers to buy a broad selection of products and services from a variety of merchants. We help merchants increase their sales by linking them to our technology, Payments Platform, Buy Now Pay Later consumer finance products, marketing and fulfillment. Fulfilment options include in-store pick up, delivery by merchants and delivery powered by Kaspi.kz.
- *Fintech Platform* enables customers to manage their personal finances online and access consumer finance and deposit products primarily through the Kaspi.kz Super App. Our Buy Now Pay Later consumer finance products are also strategically integrated around the product and merchant selection on our Marketplace Platform, which means that customers are able to shop seamlessly and pay over times in several affordable monthly installments.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Nine Months Ended 30 September 2020 (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"). The registered address of the Company is 154A, Nauryzbai Batyr street, Almaty, 050013, the Republic of Kazakhstan. During the nine months ended 30 September 2020, the Company's indirectly held subsidiary "Kaspi Insurance" JSC was renamed to Insurance Company "Basel" JSC. The Group structure has not changed during 2020, except for acquisition of Traveleasy LLC and incorporation of a new subsidiary Kaspi Pay LLC.

On 28 August 2020 (the "acquisition date"), the Company completed the acquisition of a 100% shares of Traveleasy LLC, whose primary business is selling online airline and railway tickets for KZT 963 million. Subsequently it was renamed into Kaspi Travel LLC. The fair value of identifiable intangible assets amounted to KZT 1,071 million and other net assets amounted to KZT (108) million.

The Company will finalize the amounts recognized as it obtains the information necessary to complete the analysis, but no later than one year from the date of the acquisition. The preliminary fair values are substantially complete with the exception of identifiable intangible assets and goodwill.

In August 2020, we created Kaspi Pay LLC, a separate legal entity fully owned by Kaspi.kz. Kaspi Pay will incorporate our Payments Platform technology and will benefit from greater flexibility to offer innovative payment products to customers including Kaspi.kz, third-party online and offline merchants and financial institutions, as well as pursuing M&A, joint ventures and strategic partnerships in Kazakhstan and across the CIS region.

In June 2020, Kaspi Bank JSC entered into an agreement to sell its subsidiary Basel JSC to an unrelated third party. As at the date of approval of this interim condensed consolidated financial information, completion of the sale is expected not later than 31 March 2021 and is subject to receipt of the required regulatory approvals by the purchaser. As such, assets and liabilities of Basel JSC were not classified as assets and liabilities held for sale in accordance with IFRS 5 in this interim condensed consolidated financial information, as final execution of the agreement is subject to obtaining approval of the regulator by the purchaser.

As at 30 September 2020 and 31 December 2019, the ultimate shareholders' structure of the Company was as follows:

| | 30 September 2020 % | 31 December 2019 % |
|-------------------------------|------------------------------------|-----------------------------------|
| Ultimate shareholders: | | |
| Baring Vostok Funds | 35.23 | 35.23 |
| Kim Vyacheslav | 31.77 | 31.77 |
| Lomtadze Mikheil (CEO) | 25.98 | 29.00 |
| Goldman Sachs | 4.00 | 4.00 |
| Management | 3.02 | - |
| Total | 100.00 | 100.00 |

Operating environment

External factors affecting Expected credit loss ("ECL") estimates

At the end of the 1st quarter of 2020, there were significant changes in the economic environment where the Group operates. The global pandemic spread of COVID-19 and consecutive "lock down" measures implemented by governments around the world, led to a global deterioration of the macroeconomic environment. As a result of the global pandemic, a significant reduction in oil demand led to a sharp fall of oil prices in March 2020 before stabilization in the second quarter of 2020.

To address the spike of COVID-19 cases in Kazakhstan, the Government imposed a state of emergency and severe restrictions on movement of the population and on activity of non-essential entities starting from mid-March 2020 for three months. In the first half of May 2020, the state of emergency ended and the majority of restrictions were removed. As a result of these temporary "lock down" measures, Kazakhstan's annual economic outlook forecasts were revised downwards for 2020.

In mid-July 2020, the Government re-imposed certain restrictions on the activity of some entities associated with a high concentration of the population in confined areas due to continued instances of COVID-19. These restrictions were removed in mid-August 2020, with the introduction of strict sanitary rules to prevent further cases.

To support customers in temporary financial difficulties and/or had limited access to loan repayment infrastructure due to the Government imposed "lock down" measures, the Group announced a loan repayment deferral program ("the Program"). The Program allowed customers to postpone three upcoming monthly payments to later periods with a corresponding extension of loan term for three months via the Kaspi.kz Mobile App.

The Program fully complies with the Government's support measures for individuals in the form of the right for repayment deferral that was declared a few days after the Group's announcement. In addition, the Government issued a substantial stimulation and supportive measures package to mitigate the consequences of the macroeconomic shock. In particular, the package includes:

- Direct distribution of a minimal salary amount for all individuals and entrepreneurs, that lost income due to "lock down" measures for each month of activity restriction;
- Support measures to SME's and corporates, to maintain employment levels;
- Repayment deferral for SME's and individuals for a period of up to three months;
- Concessional financing for SME's and corporates;
- Tax payment deferrals for SME's and corporates in certain industries.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Nine Months Ended 30 September 2020 (Unaudited) (in millions of KZT)

The management's analysis of the Group's liquidity and capital position in the third quarter of 2020, demonstrate that the Group has a sufficient liquidity buffer and will continue to comply with regulatory requirements, including liquidity risk and capital adequacy ratios, for the foreseeable future. The Group has reflected the most recent macroeconomic outlooks, as well as actual customers' loan repayment statistics in its ECL estimates. Management assumes that the adaptation of businesses to new sanitary rules will continue until the end of 2020 year, with the macroeconomic environment gradual recovering thereafter. GDP rebound in 2021, is expected to offset the contraction in 2020. Further details on the adjustments to the criteria of significant increase of credit risk, credit impairment and ECL are described in Note 3.

This interim condensed consolidated financial information was approved on 12 November 2020.

2. Basis of presentation

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*. This interim condensed consolidated financial information has been prepared assuming that the Group is a going concern, as the Group have the resources to continue in operation for the foreseeable future. In making this assessment, the management have considered a wide range of information in relation to present and future economic conditions, including projections of cash flows, profit and capital resources. These considerations include an assessment of stress scenario assuming a prolonged negative impact of Covid-19 pandemic on the Kazakhstan economy and as a result, its impact on the future financial performance of the Group. This 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 2019 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:

| | 30 September 2020 | 31 December 2019 |
|---------|----------------------|---------------------|
| KZT/USD | 431.82 | 382.59 |
| KZT/EUR | 505.57 | 429.00 |

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.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Nine Months Ended 30 September 2020 (Unaudited) *(in millions of KZT)*

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 2019, except for the changes as set out below:

Criteria for significant increase of credit risk and credit impairment

To capture additional uncertainties caused by the macroeconomic shock, the management has applied the following changes to the criteria for impairment staging of loans in the Program based on observed customers' repayment behavior:

- Loans with up to 30 days past due and non-past due loans that had delinquency after the end of the Program, were moved from Stage 1 (12 month ECL) to Stage 2 (SICR);
- Loans with past due more than 30 days, were moved from Stage 2 (SICR) to Stage 3 (Credit impaired).

The managerial adjustment to the criteria for loan staging is made in light of IASB clarification "IFRS 9 and COVID-19" taking into account all support measures available to the customers of the Group, that mitigates credit risk over the expected life of a financial instrument, as well as the high level of uncertainty regarding the full economic effect of "lock down" measures. The above changes to criteria of impairment staging will be removed after repayment of two and three consecutive scheduled payments for loans reclassified to Stage 2 and Stage 3, respectively.

Accounting policy for repayment deferral

Given the mission of the Program, described in Note 1, the Group structured repayment deferral in a way to avoid a higher debt repayment burden and allow customers to defer payments during the lockdown period. To enable this, interest income accrued during the repayment deferral was recorded as received for the cash flow statement purposes during the period as it was formally financed by providing short-term overdrafts to these borrowers with no additional interest or penalties accrued for the deferral period. Interest received in the cash flow statement during the Program includes KZT 32,089 million, representing interest payments from borrowers who, participated in the Program.

As at 30 September 2020, 95% of all customers, participating in the Program, made their monthly payment including interest after expiry of the payments holiday.

Application of new and revised International Financial Reporting Standards (IFRSs)

The following amended standards and interpretations became effective for the Group from 1 January 2020, but did not have any significant impact on the Group's interim condensed consolidated financial information for the nine months ended 30 September 2020:

- Amendments to IFRS 3 Definition of a business;
- Amendments to IAS 1 and IAS 8 Definition of material;
- Amendments to References to the Conceptual Framework in IFRS Standards.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Nine Months Ended 30 September 2020 (Unaudited) (in millions of KZT)

The Group did not early adopt any other standards, amendments or interpretations that have been issued and are not yet effective.

4. Revenue by Segments

The Group reports its business in three operating segments as described in Note 1 under Kaspi.kz Segments.

Revenue by segments for the three and nine months ended 30 September 2020 and 2019 is presented below:

| | Nine months ended 30 September 2020 (unaudited) | Nine months ended 30 September 2019 (unaudited) | Three months ended 30 September 2020 (unaudited) | Three months ended 30 September 2019 (unaudited) |
|-------------------------------------|---|---|--|--|
| REVENUE | 460,859 | 363,158 | 161,763 | 136,296 |
| Marketplace | 35,171 | 25,113 | 16,020 | 9,352 |
| Seller fees | 33,355 | 25,073 | 15,218 | 9,312 |
| Other | 1,816 | 40 | 802 | 40 |
| Payments | 82,606 | 43,748 | 34,012 | 18,418 |
| Transaction & Membership Revenue | 59,621 | 32,119 | 24,741 | 13,627 |
| Interest Revenue | 22,985 | 11,629 | 9,271 | 4,791 |
| Fintech | 343,082 | 294,297 | 111,731 | 108,526 |
| Interest Revenue | 216,092 | 177,563 | 73,122 | 65,838 |
| Fees & Commissions | 126,553 | 120,996 | 39,663 | 43,010 |
| Transaction & Membership Revenue | 4,561 | 2,827 | 1,676 | 1,149 |
| Other gains/(losses) | (4,124) | (7,089) | (2,730) | (1,471) |

Revenue classification and distribution among segments is performed in accordance with the following guidelines:

Marketplace revenue includes seller fees paid by merchants and other partners when a sale is closed within the Marketplace Platform.

It also includes revenue from delivery service and revenue from the Company's subsidiary Digital Classifieds in the Republic of Azerbaijan.

Payments revenue includes transaction fees originated from processing payments for regular household needs, payments for purchases both of online and in-store, other debit card transactions, online money wire transfers within the Kaspi Ecosystem, both inside the country and globally, and transactions by SME and corporate customers. It also includes membership and annual fees paid by individual customers, SME and corporate customers for engagement in Kaspi Ecosystem. The Payments Platform segment also derives treasury revenue from cash balances.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Nine Months Ended 30 September 2020 (Unaudited) (in millions of KZT)

Fintech revenue includes interest income from financing customers which is mainly originated online through the Mobile App or to finance purchases on the Marketplace Platform, third party merchant sites and third-party mobile apps.

It also includes banking fees and commissions, membership and other fees paid by customers, income/loss from foreign exchange revaluation, securities, interbank and derivatives, and fees/commissions from other banking services.

5. Segment Reporting

The Group reports its business in three operating segments as described in Note 1 to the interim condensed consolidated financial information of the Group.

The following tables present the summary of each segments revenue, net revenue and net income for the three and nine months ended 30 September 2020 and 2019:

| | Nine months ended 30 September 2020 (unaudited) | Nine months ended 30 September 2019 (unaudited) | Three months ended 30 September 2020 (unaudited) | Three months ended 30 September 2019 (unaudited) |
|--------------------|--|--|---|---|
| REVENUE | 460,859 | 363,158 | 161,763 | 136,296 |
| Marketplace | 35,171 | 25,113 | 16,020 | 9,352 |
| Payments | 82,606 | 43,748 | 34,012 | 18,418 |
| Fintech | 343,082 | 294,297 | 111,731 | 108,526 |
| NET REVENUE | 315,390 | 234,226 | 109,796 | 92,688 |
| Marketplace | 32,110 | 23,638 | 14,673 | 8,687 |
| Payments | 68,577 | 31,942 | 29,004 | 13,889 |
| Fintech | 214,703 | 178,646 | 66,119 | 70,112 |
| NET INCOME | 184,383 | 134,847 | 68,804 | 57,846 |
| Marketplace | 19,684 | 15,222 | 9,471 | 5,554 |
| Payments | 41,663 | 17,465 | 17,778 | 8,305 |
| Fintech | 123,036 | 102,160 | 41,555 | 43,987 |

Operating segments are reported in a manner consistent with internal reports, which are reviewed and used by management and board of directors (who are identified as Chief Operating Decision Makers).

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Nine Months Ended 30 September 2020 (Unaudited) (in millions of KZT)

6. Revenue

Revenue includes interest revenue, fees, commissions, seller fees, transaction & membership revenue and other gains/(losses).

| | Nine months ended 30 September 2020 (unaudited) | Nine months ended 30 September 2019 (unaudited) | Three months ended 30 September 2020 (unaudited) | Three months ended 30 September 2019 (unaudited) |
|-------------------------------------|--|--|---|---|
| REVENUE | 460,859 | 363,158 | 161,763 | 136,296 |
| Interest Revenue | 239,077 | 189,192 | 82,393 | 70,629 |
| Fees & Commissions | 126,553 | 120,996 | 39,663 | 43,010 |
| Seller Fees | 33,355 | 25,073 | 15,218 | 9,312 |
| Transaction & Membership Revenue | 64,182 | 34,946 | 26,417 | 14,776 |
| Other gains/(losses) | (2,308) | (7,049) | (1,928) | (1,431) |

Interest revenue includes interest originated on loans to customers, securities and deposits placed with banks.

Fees & Commissions revenue mainly includes banking service fees and commissions, which are paid by customers on a monthly basis.

Seller Fees includes fees paid by merchants from shopping transaction originated on the Marketplace Platform. The Group earns seller fees when transactions are completed and are generally determined as a percentage based on the value of merchandise and services being sold by merchants.

The Group earns Transaction and Membership Revenues when processing payments and engaging customers in the Kaspi Ecosystem. This includes transaction fees paid by merchants when the Group enables various payment and purchase transactions. It also includes membership fees paid by customers and merchants for accessing various Kaspi Ecosystem services.

Other gains/(losses) are mainly due to net gains/(losses) on foreign exchange operations and financial assets and liabilities at fair value through profit or loss. For the nine months ended 30 September 2020 and 2019, the net gain/(loss) on financial assets and liabilities at fair value through profit or loss amounted to KZT 13,936 million and KZT (7,500) million, respectively. For the nine months ended 30 September 2020 and 2019, the net (loss)/gain on foreign exchange operations amounted to KZT (18,515) million and KZT 2,575 million, respectively. It also includes revenue from delivery service and revenue from Digital Classifieds in the Republic of Azerbaijan.

For the three months ended 30 September 2020 and 2019, the net gain on financial assets and liabilities at fair value through profit or loss amounted to KZT 5,567 million and KZT 1,781 million, respectively. For the three months ended 30 September 2020 and 2019, the net loss on foreign exchange operations amounted to KZT (8,476) million and KZT (2,347) million, respectively.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Nine Months Ended 30 September 2020 (Unaudited) (in millions of KZT)

7. Cost of revenue

Cost of revenue includes interest expense, transaction expenses and operating expenses which are directly attributable for the Group's everyday operating activities.

| | Nine months ended 30 September 2020 (unaudited) | Nine months ended 30 September 2019 (unaudited) | Three months ended 30 September 2020 (unaudited) | Three months ended 30 September 2019 (unaudited) |
|------------------------|---|---|--|--|
| COST OF REVENUE | (145,469) | (128,932) | (51,967) | (43,608) |
| Interest Expenses | (100,883) | (87,975) | (36,503) | (29,134) |
| Transaction Expenses | (11,061) | (10,344) | (4,074) | (4,131) |
| Operating Expenses | (33,525) | (30,613) | (11,390) | (10,343) |

Interest expenses include interest expenses on customer accounts, mandatory insurance of retail deposits and interest expense 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.

Operating expenses include costs incurred to operate retail network, 24-hour call support and communication with customers, product packaging, loan origination and risk assessment, customer deposit acquisition and other expenses which can be attributed to the Group's operating activities related to the origination and delivery of the products and services.

Employee benefits, depreciation and amortisation expenses and operating lease expenses for the three and nine months ended 30 September 2020 and 2019 are presented as follows:

| | Nine months ended 30 September 2020 (unaudited) | | | Nine months ended 30 September 2019 (unaudited) | | |
|---|---|--|--------------------|---|--|--------------------|
| | Employee benefits | Deprecia- tion & amortisa- tion | Operating lease | Employee benefits | Deprecia- tion & amortisa- tion | Operating lease |
| Cost of Revenue | (13,037) | (454) | (984) | (12,942) | (346) | (1,086) |
| Technology & Product Development | (8,371) | (4,568) | (1,204) | (6,464) | (3,235) | (1,056) |
| Sales & Marketing | (260) | - | (2) | (232) | - | (17) |
| General & Administrative expenses | (4,390) | (1,549) | (1,451) | (3,906) | (1,194) | (1,554) |
| Total | (26,058) | (6,571) | (3,641) | (23,544) | (4,775) | (3,713) |

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the Nine Months Ended 30 September 2020 (Unaudited)

(in millions of KZT)

| | Three months ended 30 September 2020 (unaudited) | | | Three months ended 30 September 2019 (unaudited) | | |
|---|--|--|--------------------|--|--|--------------------|
| | Employee benefits | Deprecia- tion & amortisa- tion | Operating lease | Employee benefits | Deprecia- tion & amortisa- tion | Operating lease |
| Cost of Revenue | (4,190) | (162) | (310) | (4,156) | (125) | (350) |
| Technology & Product Development | (2,883) | (1,622) | (413) | (2,215) | (1,149) | (376) |
| Sales & Marketing | (93) | - | - | (82) | - | (5) |
| General & Administrative expenses | (1,414) | (511) | (480) | (1,206) | (484) | (486) |
| Total | (8,580) | (2,295) | (1,203) | (7,659) | (1,758) | (1,217) |

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Nine Months Ended 30 September 2020 (Unaudited)

(in millions of KZT)

8. Provision expense

The movements in loss allowance for the nine months ended 30 September 2020 were as follows:

| | Loans to customers | | | Due from banks | | | Financial assets at fair value through other comprehensive income | | | Cash and cash equivalents | | | Other assets | | | 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 | |
| Loss allowance for ECL as at 31 December 2019 | 31,983 | 5,235 | 70,195 | 22 | 304 | 789 | 9 | 2,378 | 51 | 110,966 | | | | | | |
| Changes in provisions | | | | | | | | | | | | | | | | |
| -Transfer to Stage 1 | 2,494 | (563) | (1,931) | - | - | - | - | - | - | - | - | - | - | - | - | |
| -Transfer to Stage 2 | (1,246) | 1,586 | (340) | - | - | - | - | - | - | - | - | - | - | - | - | |
| -Transfer to Stage 3 | (1,901) | (3,775) | 5,676 | - | - | (789) | - | - | - | - | - | - | - | - | - | |
| Net changes, resulting from changes in credit risk parameters | 1,072 | 22,818 | (92) | 5 | (22) | 95 | (6) | 270 | 33 | 25,902 | | | | | | |
| New assets issued or acquired | 22,971 | - | - | - | - | - | - | - | - | 23,066 | | | | | | |
| Repaid assets (except for write-off) | (10,926) | (618) | (2,868) | - | (6) | - | - | - | - | (14,418) | | | | | | |
| Write-off, net of recoveries | - | - | (5,793) | - | - | - | - | (9) | - | (5,802) | | | | | | |
| Foreign exchange difference | - | - | 132 | 5 | - | - | - | 7 | - | 144 | | | | | | |
| As at 30 September 2020 (unaudited) | 44,447 | 24,683 | 64,979 | 32 | 371 | 2,613 | 3 | 2,646 | 84 | 139,858 | | | | | | |

The effects of managerial adjustment to ECL, which is described in Note 3 (Significant accounting policies), is allocated in rows "Net changes, resulting from changes in credit risk parameters" and "New assets issued or acquired".

As at 30 September 2020, the allowance for expected credit losses on financial assets at fair value through other comprehensive income in the amount of KZT 2,984 million (31 December 2019: KZT 1,093 million) included in the 'Revaluation reserve of financial assets' within equity.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Nine Months Ended 30 September 2020 (Unaudited)

(in millions of KZT)

The movements in loss allowance for the nine months ended 30 September 2019 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 | | Stage 1 | Stage 2 | Stage 3 | | | | |
| Loss allowance for ECL as at 31 December 2018 | 21,193 | 7,028 | 92,574 | 13 | 409 | 1,940 | 4 | 2,063 | 42 | 125,266 | |
| Changes in provisions | | | | | | | | | | | |
| -Transfer to Stage 1 | 7,076 | (806) | (6,270) | - | - | - | - | - | - | - | |
| -Transfer to Stage 2 | (405) | 949 | (544) | - | (100) | 100 | - | - | - | - | |
| -Transfer to Stage 3 | (2,559) | (5,151) | 7,710 | - | - | - | - | - | - | - | |
| Net changes, resulting from changes in credit risk parameters | (8,813) | 4,168 | 33,449 | 10 | (6) | (1,940) | 8 | 498 | 7 | 27,915 | |
| New assets issued or acquired | 17,282 | - | - | - | 9 | - | - | - | - | 17,291 | |
| Repaid assets (except for write-off) | (8,549) | (756) | (6,157) | - | (10) | - | - | - | - | (15,472) | |
| Write-off, net of recoveries | - | - | (51,332) | - | - | - | - | (20) | - | (51,352) | |
| Foreign exchange difference | - | - | 540 | - | - | - | - | - | - | 540 | |
| As at 30 September 2019 (unaudited) | 25,225 | 5,432 | 69,970 | 23 | 302 | 634 | 12 | 2,541 | 49 | 104,188 | |

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Nine Months Ended 30 September 2020 (Unaudited) (in millions of KZT)

9. Income tax

The Group provides for taxes for the current period based on the tax accounts maintained and prepared in accordance with the tax regulations of the Republic of Kazakhstan and the Republic of Azerbaijan, 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 as at 30 September 2020 and 31 December 2019 relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

Deferred income tax liabilities as at 30 September 2020 and 31 December 2019 comprise:

| | 30 September 2020 (unaudited) | 31 December 2019 |
|---|--|-----------------------------|
| Vacation reserve and accrued bonuses | 567 | 605 |
| Property, equipment and intangible assets | (3,425) | (2,999) |
| Other | 34 | 21 |
| Net deferred tax liability | (2,824) | (2,373) |

Relationships between tax expenses and accounting profit for the three and nine months ended 30 September 2020 and 2019 are explained as follows:

| | Nine months ended 30 September 2020 (unaudited) | Nine months ended 30 September 2019 (unaudited) | Three months ended 30 September 2020 (unaudited) | Three months ended 30 September 2019 (unaudited) |
|--------------------------------------|--|--|---|---|
| Net income before income tax | 220,905 | 162,949 | 82,036 | 71,273 |
| Tax at the statutory tax rate of 20% | 44,181 | 32,590 | 16,407 | 14,255 |
| Non-taxable income | (8,259) | (4,954) | (3,380) | (1,047) |
| Non-deductible expense | 600 | 466 | 205 | 219 |
| Income tax expense | 36,522 | 28,102 | 13,232 | 13,427 |
| Current income tax expense | 36,071 | 27,376 | 13,079 | 12,759 |
| Deferred tax expense | 451 | 726 | 153 | 668 |
| Income tax expense | 36,522 | 28,102 | 13,232 | 13,427 |

During the three and nine months ended 30 September 2020 and 2019, 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 in 2020 and 2019 years.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Nine Months Ended 30 September 2020 (Unaudited) (in millions of KZT)

| | 30 September 2020 (unaudited) | 30 September 2019 (unaudited) |
|--|-------------------------------------|-------------------------------------|
| Net deferred tax liability: | | |
| As at 1 January | (2,373) | (1,833) |
| Change in deferred income tax balances recognized in consolidated profit or loss | (451) | (726) |
| Change in deferred income tax balances recognized in consolidated equity | - | 9 |
| At the end of the period | (2,824) | (2,550) |

10. Cash and cash equivalents

| | 30 September 2020 (unaudited) | 31 December 2019 |
|--|-------------------------------------|---------------------|
| Cash on hand | 126,903 | 102,143 |
| Current accounts with other banks | 33,705 | 15,576 |
| Short-term deposits with other banks | 97,866 | 103,852 |
| Reverse repurchase agreements | 11,152 | 17,569 |
| Total cash and cash equivalents | 269,626 | 239,140 |

As at 30 September 2020 and 31 December 2019, the fair value of collateral of reverse repurchase agreements, which were classified as cash and cash equivalents, amounted to KZT 14,230 million and KZT 22,079 million, respectively.

11. Investment securities and derivatives

| | 30 September 2020 (unaudited) | 31 December 2019 |
|--|-------------------------------------|---------------------|
| Total financial assets at FVTOCI | 812,067 | 473,255 |
| Total financial assets at FVTPL | 8,941 | 1,326 |
| Total investment securities and derivatives | 821,008 | 474,581 |

| | 30 September 2020 (unaudited) | 31 December 2019 |
|---|-------------------------------------|---------------------|
| Debt securities | 811,772 | 472,943 |
| Equity investments | 295 | 312 |
| Total financial assets at FVTOCI | 812,067 | 473,255 |

As at 30 September 2020 and 31 December 2019, sovereign debt securities of KZT 645,112 million and KZT 391,467 million, respectively, were included in debt securities.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Nine Months Ended 30 September 2020 (Unaudited) (in millions of KZT)

| | A- and higher | BBB+ to BBB- | BB+ to B- | CCC+ and lower | Total |
|---|---------------|--------------|-----------|----------------|---------|
| Investment securities and derivatives as at 30 September 2020 (unaudited) | 5,589 | 799,312 | 14,760 | 1,347 | 821,008 |
| Investment securities and derivatives as at 31 December 2019 | 3,092 | 438,975 | 30,530 | 1,984 | 474,581 |

As at 30 September 2020, investment securities and derivatives at FVTOCI of the Group in the amount of KZT 819,661 million and KZT 1,347 million are classified in Stage 1 and Stage 3 (2019: KZT 472,597 million and KZT 1,984 million), respectively according to IFRS 9.

Financial assets at fair value through profit or loss comprise:

| | 30 September 2020 (unaudited) | 31 December 2019 |
|--|-------------------------------|------------------|
| Financial assets at fair value through profit or loss: | | |
| Derivative financial instruments | 8,941 | 1,326 |
| Total financial assets at fair value through profit or loss | 8,941 | 1,326 |

As at 30 September 2020, financial assets at FVTPL included swap and spot instruments in the amount of KZT 544 million with a notional amount of KZT 18,101 million and forwards in the amount of KZT 8,397 million with a notional amount of KZT 121,761 million. Financial liabilities at FVTPL included swap and spot instruments in the amount of KZT Nil million with a notional amount of KZT 18,151 million and forwards in the amount of KZT 719 million with a notional amount of KZT 117,260 million.

As at 31 December 2019, financial assets at FVTPL included swap and spot instruments in the amount of KZT 6 million with a notional amount of KZT 2,761 million and forwards in the amount of KZT 1,320 million with a notional amount of KZT 193,683 million. Financial liabilities at FVTPL included swap and spot instruments in the amount of KZT 21 million with a notional amount of KZT 8,915 million and forwards in the amount of KZT 8,817 million with a notional amount of KZT 205,458 million.

As at 30 September 2020 and 31 December 2019, restricted deposits included in due from banks with investment credit ratings (higher than 'BBB-') in favor of international payments systems amounted to KZT 29,799 million and KZT 22,227 million, respectively and in favor of non-deliverable forwards amounted to KZT 10,675 million and KZT 19,913 million, respectively.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Nine Months Ended 30 September 2020 (Unaudited) (in millions of KZT)

12. Loans to customers

| | 30 September 2020 (unaudited) | 31 December 2019 |
|--|-------------------------------------|---------------------|
| Gross loans to customers | 1,387,808 | 1,399,517 |
| Less: allowance for impairment losses (Note 8) | (134,109) | (107,413) |
| Total loans to customers | 1,253,699 | 1,292,104 |

As at 30 September 2020 and 31 December 2019, all loans to customers issued by the Group were allocated to Fintech segment for internal segment reporting purposes.

Movements in allowances for impairment losses on loans to customers for the nine months ended 30 September 2020 and 2019 are disclosed in Note 8.

As at 30 September 2020 and 31 December 2019, accrued interest of KZT 18,508 million and KZT 17,677 million, respectively, was included in loans to customers.

The following tables set forth the Group's outstanding NPLs as compared to the total allowance for impairment losses on total loans to customers as at the dates indicated:

| | Gross NPLs | Total allowance for impairment losses | Total allowance for impairment to losses gross NPLs |
|--|----------------|--|---|
| Non-performing loans | 110,205 | 134,109 | 122% |
| Total non-performing loans to customers as at 30 September 2020 (unaudited) | 110,205 | 134,109 | 122% |

| | Gross NPLs | Total allowance for impairment losses | Total allowance for impairment to losses gross NPLs |
|---|----------------|--|---|
| Non-performing loans | 115,817 | 107,413 | 93% |
| Total non-performing loans to customers as at 31 December 2019 | 115,817 | 107,413 | 93% |

Provision expense on loans to customers for the nine months ended 30 September 2020 and 2019:

| | Nine months ended 30 September 2020 (unaudited) | Nine months ended 30 September 2019 (unaudited) |
|---|---|---|
| Provision expense on loans to customers: | | |
| Fintech | (32,357) | (30,624) |
| Total provision expenses on loans to customers | (32,357) | (30,624) |

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Nine Months Ended 30 September 2020 (Unaudited) (in millions of KZT)

As at 30 September 2020 and 31 December 2019, the Group did not have outstanding loans which individually exceeded 10% of the Group's equity.

As at 30 September 2020 and 31 December 2019, the gross carrying amount and related loss allowance on loans to customers by stage were as follows:

| | Stage 1 | Stage 2 | Stage 3 | |
|--|------------------|-----------------|-----------------|------------------|
| | 12-month | Lifetime | Lifetime | |
| | ECL | ECL | ECL | Total |
| Loans to customers | | | | |
| Gross carrying amount | 1,182,737 | 59,515 | 145,556 | 1,387,808 |
| Loss allowance | (44,447) | (24,683) | (64,979) | (134,109) |
| Carrying amount as at 30 September 2020 (unaudited) | 1,138,290 | 34,832 | 80,577 | 1,253,699 |
| | | | | |
| | Stage 1 | Stage 2 | Stage 3 | |
| | 12-month | Lifetime | Lifetime | |
| | ECL | ECL | ECL | Total |
| Loans to customers | | | | |
| Gross carrying amount | 1,228,093 | 15,383 | 156,041 | 1,399,517 |
| Loss allowance | (31,983) | (5,235) | (70,195) | (107,413) |
| Carrying amount as at 31 December 2019 | 1,196,110 | 10,148 | 85,846 | 1,292,104 |

As at 30 September 2020 and 31 December 2019, commitments on loans and unused credit lines represented by revocable loan commitments amounted to KZT 91,958 million and KZT 77,239 million, respectively.

As at 30 September 2020 out of the loans to customers, participated in the Program described in Note 1, the Group has classified loans in the amount of KZT 56,153 million in Stage 2 and KZT 18,496 million in Stage 3.

As at 30 September 2020 out of the loans to customers, participated in the Program, Group classified to Stage 1 only loans that are not past due and had no delinquency after the end of Program.

13. Customer accounts

| | 30 September 2020 (unaudited) | 31 December 2019 |
|---|--|-----------------------------|
| Individuals | | |
| Time deposits | 1,528,664 | 1,298,772 |
| Current accounts | 350,787 | 242,206 |
| Total due to individuals | 1,879,451 | 1,540,978 |
| Corporate customers | | |
| Time deposits | 42,476 | 44,118 |
| Current accounts | 53,808 | 41,877 |
| Total due to corporate customers | 96,284 | 85,995 |
| Total customer accounts | 1,975,735 | 1,626,973 |

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Nine Months Ended 30 September 2020 (Unaudited) *(in millions of KZT)*

As at 30 September 2020 and 31 December 2019, accrued interest of KZT 12,239 million and KZT 8,996 million, respectively, was included in customer accounts.

As at 30 September 2020 and 31 December 2019, customer accounts of KZT 9,829 million and KZT 13,109 million, respectively, were held as security against loans, letters of credit, guarantees issued by the Group and other transactions related to contingent liabilities.

As at 30 September 2020 and 31 December 2019, customer accounts of KZT 69,098 million (3.5%) and KZT 97,195 million (6.0%), respectively, were due to the top twenty customers.

14. 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).

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Nine Months Ended 30 September 2020 (Unaudited)

(in millions of KZT)

| Financial assets/financial liabilities | Fair value as at 30 September 2020 (unaudited) | Fair value as at 31 December 2019 | Fair value hierarchy | Valuation technique(s) and key input(s) |
|--|--|-----------------------------------|----------------------|---|
| Non-derivative financial assets at FVTOCI (Note 11) | 791,018 | 442,002 | Level 1 | Quoted bid prices in an active market. |
| Non-derivative financial assets at FVTOCI (Note 11) | 20,978 | 31,183 | Level 2 | Quoted prices in markets that are not active or 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. |
| Unlisted Equity investments classified as financial assets at FVTOCI (Note 11) | 71 | 70 | 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) | 8,941 | 1,326 | 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) | 719 | 8,838 | 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. |

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Nine Months Ended 30 September 2020 (Unaudited) (in millions of KZT)

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 interim condensed consolidated financial information approximate their fair values.

| | 30 September 2020 (unaudited) | | |
|------------------------|--------------------------------------|-------------------|-----------------------------|
| | Carrying amount | Fair value | Fair value hierarchy |
| Due from banks | 41,705 | 41,673 | Level 2 |
| Loans to customers | 1,253,699 | 1,294,920 | Level 3 |
| Customer accounts | 1,975,735 | 1,931,310 | Level 2 |
| Debt securities issued | 135,648 | 135,460 | Level 2 |
| Subordinated debt | 76,254 | 75,660 | Level 2 |

| | 31 December 2019 | | |
|------------------------|-------------------------|-------------------|-----------------------------|
| | Carrying amount | Fair value | Fair value hierarchy |
| Due from banks | 43,484 | 43,621 | Level 2 |
| Loans to customers | 1,292,104 | 1,334,322 | Level 3 |
| Customer accounts | 1,626,973 | 1,610,650 | Level 2 |
| Debt securities issued | 138,574 | 137,651 | Level 2 |
| Subordinated debt | 77,786 | 76,347 | Level 2 |

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.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Nine Months Ended 30 September 2020 (Unaudited) (in millions of KZT)

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.

15. 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 as at 30 September 2020 and 31 December 2019 with related parties:

| | As at 30 September 2020 (unaudited) | | As at 31 December 2019 | |
|---|--|--|--|--|
| | 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 statement of financial position | | | | |
| Loans to customers | 5,692 | 1,387,808 | - | 1,399,517 |
| - other related parties | 5,692 | | | |
| Allowance for losses on loans to customers | (3) | (134,109) | - | (107,413) |
| - other related parties | (3) | | | |
| Customer accounts | 13,984 | 1,975,735 | 10,303 | 1,626,973 |
| - key management personnel of the Group | 949 | | 1,018 | |
| - other related parties | 13,035 | | 9,285 | |

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

| | Nine months ended 30 September 2020 (unaudited) | Nine months ended 30 September 2019 (unaudited) |
|--|--|--|
| Compensation to key management personnel: | | |
| Employee benefits | (509) | (750) |

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Nine Months Ended 30 September 2020 (Unaudited)

(in millions of KZT)

During the nine months ended 30 September 2020 and 2019, interest income from transactions with key management personnel amounted to KZT Nil and KZT 104 million, respectively, and other related parties amounted to KZT 68 million and KZT Nil, respectively. During the nine months ended 30 September 2020 and 2019, interest expense from transactions with key management personnel amounted to KZT 9 million and KZT 55 million, respectively, and other related parties amounted to KZT 102 million and KZT 93 million, respectively. During the nine months ended 30 September 2020 and 2019, transaction costs attributable to origination of loans to customers and paid to other related parties on an arm's length basis, amounted KZT 6,738 million and KZT 8,802 million, respectively.

16. Regulatory matters

The management of JSC Kaspi Bank (subsidiary of the Company) monitor capital adequacy ratio based on requirements of standardized 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 JSC Kaspi Bank's consolidated financial statements under Basel III are presented in the following table:

| | 30 September 2020 (unaudited) | 31 December 2019 |
|--------------------------|--|-----------------------------|
| Capital adequacy ratios: | | |
| Tier 1 capital | 14.6% | 17.6% |
| Total capital | 18.9% | 22.4% |

As at 30 September 2020 and 31 December 2019, JSC Kaspi Bank had complied with NBRK's capital requirements. The following table presents the JSC Kaspi Bank's capital adequacy ratios in accordance with the NBRK requirements:

| | 30 September 2020 (unaudited) | 31 December 2019 |
|--------------------------|--|-----------------------------|
| Capital adequacy ratios: | | |
| Tier 1 capital (k1.2) | 11.1% | 11.4% |
| Total Capital (k.2) | 14.3% | 14.5% |

17. Subsequent events

On 15 October 2020, the Company completed its IPO on the London Stock Exchange (LSE) and the Astana International Exchange (AIX). The Company did not raise any primary funds in the IPO, with all shares sold being those held by the existing shareholders of the Company.