

KASPI.KZ
JOINT STOCK COMPANY

Interim Condensed Consolidated
Financial Information
For the six months ended
30 June 2023 (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 SIX MONTHS ENDED 30 JUNE 2023 (UNAUDITED)	1
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION	2
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2023 (UNAUDITED):	
Interim condensed consolidated statements of profit or loss (unaudited)	3
Interim condensed consolidated statements of other comprehensive income (unaudited)	4
Interim condensed consolidated statements of financial position (unaudited)	5
Interim condensed consolidated statements of changes in equity (unaudited)	6
Interim condensed consolidated statements of cash flows (unaudited)	7-8
Selected explanatory notes to the interim condensed consolidated financial information (unaudited)	9-35

Kaspi.kz Joint Stock Company

Statement of Management's Responsibilities For the Preparation and Approval of the Interim Condensed Consolidated Financial Information For the Six months ended 30 June 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 June 2023, and the related interim condensed consolidated statements of profit or loss, other comprehensive income for the three and six months then ended, changes in equity and cash flows for the six 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 six months ended 30 June 2023 was authorized for issue on 28 July 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

28 July 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 June 2023 and the related interim condensed consolidated statements of profit or loss, other comprehensive income for the three and six months then ended, changes in equity and cash flows for the six 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

28 July 2023
Almaty, Kazakhstan

Kaspi.kz Joint Stock Company

Interim Condensed Consolidated Statements of Profit or Loss For the Three and Six months ended 30 June 2023 (Unaudited)

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

	Notes	Six Months Ended		Three Months Ended	
		30 June 2023 (unaudited)	30 June 2022 (unaudited)	30 June 2023 (unaudited)	30 June 2022 (unaudited)
REVENUE	4,5	834,261	540,163	439,257	286,451
Interest revenue		385,438	255,519	200,118	132,265
Fees & commissions		133,216	106,429	68,378	53,147
Transaction & membership revenue		165,307	109,196	87,779	60,218
Seller fees		135,321	79,793	71,885	47,713
Retail revenue		21,106	-	13,092	-
Rewards		(18,390)	(20,745)	(9,136)	(10,136)
Other gains		12,263	9,971	7,141	3,244
COST OF REVENUE	6	(300,650)	(161,732)	(156,379)	(89,378)
Interest expenses		(220,474)	(115,343)	(113,510)	(64,969)
Transaction expenses		(12,840)	(10,632)	(6,881)	(5,210)
Cost of goods sold		(14,910)	-	(9,104)	-
Operating expenses		(52,426)	(35,757)	(26,884)	(19,199)
TOTAL NET REVENUE		533,611	378,431	282,878	197,073
Technology & product development		(37,941)	(26,608)	(19,937)	(13,578)
Sales & marketing		(8,729)	(15,356)	(4,575)	(3,166)
General & administrative expenses		(11,679)	(11,084)	(5,901)	(5,648)
Provision expenses	7	(33,962)	(37,135)	(18,771)	(12,988)
OPERATING INCOME		441,300	288,248	233,694	161,693
Income tax	8	(73,015)	(53,939)	(39,618)	(30,113)
NET INCOME		368,285	234,309	194,076	131,580
Attributable to:					
Shareholders of the Company		365,917	232,639	192,814	130,697
Non-controlling interest		2,368	1,670	1,262	883
NET INCOME		368,285	234,309	194,076	131,580
Earnings per share					
Basic (KZT)	9	1,925	1,212	1,014	683
Diluted (KZT)	9	1,909	1,202	1,005	677

On behalf of the Management:



Mikheil Lomtadze
Chairman of the Management Board


Tengiz Mosidze
Chief Financial Officer


Nailya Ualibekova
Chief Accountant

The notes on pages 9-35 form 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 Three and Six months ended 30 June 2023 (Unaudited) (in millions of KZT)

	Six Months Ended		Three Months Ended	
	30 June 2023 (unaudited)	30 June 2022 (unaudited)	30 June 2023 (unaudited)	30 June 2022 (unaudited)
NET INCOME	368,285	234,309	194,076	131,580
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	19	(80)	6	(34)
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Movement in investment revaluation reserve for debt instruments at FVTOCI: Gains/(losses) arising during the period, net of tax KZT Nil	16,792	(22,232)	3,439	(1,990)
Expected credit losses/(recoveries) recognised in profit or loss	184	1,667	19	(1,174)
Reclassification of losses included in profit or loss, net of tax KZT Nil	1,101	495	1,097	(10)
Foreign exchange differences on translation of foreign operations	188	26	50	29
Other comprehensive gain/(loss) for the period	18,284	(20,124)	4,611	(3,179)
TOTAL COMPREHENSIVE INCOME	386,569	214,185	198,687	128,401
Attributable to:				
Shareholders of the Company	384,009	212,727	197,377	127,552
Non-controlling interest	2,560	1,458	1,310	849
TOTAL COMPREHENSIVE INCOME	386,569	214,185	198,687	128,401

On behalf of the Management:


Mikheil Lomtadze
Chairman of the Management Board


Tengiz Mosidze
Chief Financial Officer




Nailya Ualibekova
Chief Accountant

The notes on pages 9-35 form an integral part of this interim condensed consolidated financial information.

Kaspi.kz Joint Stock Company

Interim Condensed Consolidated Statements of Financial Position

As at 30 June 2023 (Unaudited)

(in millions of KZT)

	Notes	30 June 2023 (unaudited)	31 December 2022
ASSETS:			
Cash and cash equivalents	10	527,280	615,360
Mandatory cash balances with National Bank of the Republic of Kazakhstan		44,459	42,917
Due from banks		26,244	25,668
Investment securities and derivatives	11	1,645,551	1,076,272
Loans to customers	12,18	3,330,530	3,154,810
Property, equipment and intangible assets		145,324	131,840
Other assets		108,671	74,780
TOTAL ASSETS		5,828,059	5,121,647
LIABILITIES AND EQUITY			
LIABILITIES:			
Due to banks	13	139,301	16,432
Customer accounts	14,18	4,520,666	4,000,690
Debt securities issued		99,466	140,378
Subordinated debt		62,460	67,608
Other liabilities	18	80,518	70,850
TOTAL LIABILITIES		4,902,411	4,295,958
EQUITY:			
Issued capital	15	130,144	130,144
Treasury shares	15	(126,923)	(94,058)
Additional paid-in-capital		506	506
Revaluation reserve/(deficit) of financial assets and other reserves		8,891	(9,201)
Share-based compensation reserve	16	21,650	29,274
Retained earnings		882,174	762,500
Total equity attributable to Shareholders of the Company		916,442	819,165
Non-controlling interest		9,206	6,524
TOTAL EQUITY		925,648	825,689
TOTAL LIABILITIES AND EQUITY		5,828,059	5,121,647

On behalf of the Management:

Mikheil Lomtadze

Chairman of the Management Board

Tengiz Mosidze

Chief Financial Officer

Nailya Ualibekova

Chief Accountant

The notes on pages 9-35 form 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 Six months ended 30 June 2023 (Unaudited)

(in millions of KZT)


	Issued capital	Treasury shares	Additional paid-in capital	Revaluation reserve/(deficit) of financial assets and 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	-	-	-	-	-	101,942	101,942	787	102,729
Other comprehensive loss	-	-	-	(16,767)	-	-	(16,767)	(178)	(16,945)
Total comprehensive income	-	-	-	(16,767)	-	101,942	85,175	609	85,784
Dividends declared by subsidiary to non-controlling interest	-	-	-	-	-	-	-	(522)	(522)
Share options accrued	-	-	-	-	3,693	-	3,693	-	3,693
Share options exercised	-	2,209	-	-	(11,898)	9,689	-	-	-
Balance at 30 June 2022 (unaudited)	130,144	(30,405)	506	(14,170)	13,037	489,483	588,595	5,055	593,650
Balance at 31 December 2022	130,144	(94,058)	506	(9,201)	29,274	762,500	819,165	6,524	825,689
Net Income	-	-	-	-	-	365,917	365,917	2,368	368,285
Other comprehensive income	-	-	-	18,092	-	-	18,092	192	18,284
Total comprehensive income	-	-	-	18,092	-	365,917	384,009	2,560	386,569
Acquisition of subsidiary with non-controlling interest	-	-	-	-	-	(2,080)	(2,080)	2,080	-
Dividends declared	-	-	-	-	-	(256,726)	(256,726)	-	(256,726)
Dividends declared by subsidiary to non-controlling interest	-	-	-	-	-	-	-	(1,958)	(1,958)
Share options accrued	-	-	-	-	7,699	-	7,699	-	7,699
Share options exercised	-	2,760	-	-	(15,323)	12,563	-	-	-
Share buyback program	-	(35,625)	-	-	-	-	(35,625)	-	(35,625)
Balance at 30 June 2023 (unaudited)	130,144	(126,923)	506	8,891	21,650	882,174	916,442	9,206	925,648



On behalf of the Management Board

Mikheil Lomtadze
 Chairman of the Management Board


Nailiya Ualibekova
 Chief Accountant


Tengiz Mosidze
 Chief Financial Officer

The notes on pages 9-35 form an integral part of this interim condensed consolidated financial information.

Kaspi.kz Joint Stock Company

Interim Condensed Consolidated Statements of Cash Flows For the Six months ended 30 June 2023 (Unaudited)

(in millions of KZT)

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received from loans to customers	275,138	221,569
Other interest received	37,611	18,682
Interest paid	(209,453)	(106,940)
Expenses paid on obligatory insurance of individual deposits	(4,903)	(3,205)
Fees & commissions received	132,610	102,990
Seller fees received	135,321	79,793
Transaction & membership revenue received	165,371	109,632
Fees & commissions paid	(16,266)	(13,345)
Retail revenue received	18,085	-
Cost of goods purchased	(14,393)	-
Other income received	13,224	22,209
Operating and other expenses paid	(103,145)	(88,899)
Cash flows from operating activities before changes in operating assets and liabilities	429,200	342,486
Changes in operating assets and liabilities		
(Increase)/decrease in operating assets:		
Mandatory cash balances with NBRK	(1,542)	(5,757)
Due from banks	(735)	22,234
Financial assets at FVTPL	4,066	5,126
Loans to customers	(197,243)	(90,490)
Other assets	(29,827)	(25,514)
(Decrease)/increase in operating liabilities:		
Due to banks	122,783	(55,503)
Customer accounts	524,391	309,915
Financial liabilities at FVTPL	458	(2,282)
Other liabilities	2,047	(6,447)
Cash inflow from operating activities before income tax	853,598	493,768
Income tax paid	(71,210)	(55,552)
Net cash inflow from operating activities	782,388	438,216
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, equipment and intangible assets	(29,037)	(20,869)
Proceeds on sale of property and equipment	142	348
Proceeds on disposal of investment securities at FVTOCI	997,852	166,306
Purchase of financial assets at FVTOCI	(1,484,513)	(418,665)
Acquisition of subsidiary, net of cash acquired	(4,820)	-
Net cash outflow from investing activities	(520,376)	(272,880)

Kaspi.kz Joint Stock Company

Notes to Consolidated Financial Statements For the Six months ended 30 June 2023 (Unaudited) (in millions of KZT)

1. Corporate information

Overview

Kaspi.kz operates the Kaspi.kz Super App for consumers, the leading mobile app in Kazakhstan and the Kaspi Pay Super App for merchants. Our Super Apps are the gateway to all Kaspi.kz's digital products and services.

Through our Super Apps users can access Kaspi.kz's Payments, Marketplace and Fintech Platforms. The popularity of the Kaspi.kz Super App has helped each platform achieve market leadership.

Platform products are highly relevant to the daily lives of users and the growth and development of one service is designed to contribute to the growth and development of other services, creating powerful network effects. Our integrated proprietary payments network allows consumers and merchants to transact fully between themselves.

Our mission is to improve people's lives by developing innovative products and services.

Going forward our strategy is to maintain a singular focus on the development of innovative digital products around regular needs of our consumers and merchants. Our technologically advanced products transform the way consumers pay, shop and manage their personal finances, help merchants manage and grow their businesses and allow us to make a significant contribution to the digital transformation of daily life in Kazakhstan.

Kaspi.kz Segments

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

- *Payments Platform* connects our customers, which consist of both consumers and merchants, to facilitate cashless, digital transactions. We offer our customers a proprietary 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 services including the Kaspi.kz Super App, Kaspi QR Scan to Pay, Kaspi Gold debit and virtual card, or any bank card. Merchants can accept payments from consumers using the Kaspi Pay Super App, POS Solutions, Kaspi QR Checkout, Kaspi Bill Payments and Kaspi B2B, amongst a wide suite of other products.

In Ukraine, we operate Portmone Group which facilitates online payments between consumers and merchants.

- *Marketplace Platform* connects merchants and consumers enabling merchants to increase their sales and consumers to buy a broad selection of products and services offered by 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 Kaspi Smart Logistics. Fulfilment options include in-store pick up, delivery by merchants, Kaspi Postomat and delivery powered by Kaspi.kz.

Kaspi.kz Joint Stock Company

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

In 2020 we launched Kaspi Travel LLC, offering domestic, international flight tickets and domestic rail bookings through our Kaspi.kz Super App.

In 2021 we launched Kaspi e-Grocery, in conjunction with Magnum, Kazakhstan's largest food retail chain. Kaspi e-Grocery enables consumers to make their day-to-day grocery purchases online. Orders are placed using the dedicated section of the Kaspi.kz Super App and delivered either the same or next day. In 2023, we acquired a 90.01% share in "Magnum E-commerce Kazakhstan" LLC, with the remaining equity interest owned by Magnum, Kazakhstan's largest food retailer.

In Azerbaijan, we operate a marketplace platform encompassing the country's leading real estate, new and used cars, new and used goods mobile classified apps.

- *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. This allows customers to shop and access financing seamlessly and then pay over time in affordable monthly installments. In the second half of 2020 we broadened our Fintech proposition to include working capital and micro finance products for merchants and these products continue to scale rapidly.

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 FMRDA"). 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. At the time the financial statements were authorized for issue, the Group had not yet completed the accounting for the acquisition of "Magnum E-commerce Kazakhstan" LLC.

The shareholders are as follows:

	30 June 2023 % (unaudited)	31 December 2022 %
Ultimate shareholders:		
Baring Funds	27.45	28.80
Mikheil Lomtadze	24.60	24.55
Vyacheslav Kim	23.40	23.35
Public Investors	21.15	20.18
Management	3.40	3.12
Total	100.00	100.00

Kaspi.kz Joint Stock Company

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

Operating environment

Emerging markets such as Kazakhstan are subject to different risks than more developed markets, including economic, political and social, legal and legislative risks. Laws and regulations affecting businesses in Kazakhstan continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Kazakhstan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment. Because Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market.

The changes in the operating environment caused by the geopolitical situation have had insignificant and limited impact on the Group's operations during the six months ended 30 June 2023. The Group has limited exposure to Ukraine mostly via its subsidiary – Portmone Group, which represents KZT 1,083 million (0.02%) of the Group's total assets as at 30 June 2023 and KZT 178 million (0.05%) of the Group's net income for the six months ended 30 June 2023. Portmone Group continues to operate in the normal course of its business.

The anti-Russian sanctions have had insignificant and limited impact on the Group's currency and credit risks due to insignificant amounts of balances on current accounts in banks of Russian Federation and securities of issuers of Russian Federation. Management of the Group is monitoring developments in the economic and political situation, including for publicly available sanctions risks and takes measures it considers necessary to support the sustainability and development of the Group's business for the foreseeable future.

The Management's analysis of the Group's liquidity and capital position as at 30 June 2023 demonstrates that the Group has 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.

This interim condensed consolidated financial information was approved on 28 July 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.

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.

Kaspi.kz Joint Stock Company

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

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 June 2023	31 December 2022
KZT/USD	452.51	462.65
KZT/EUR	490.70	492.86

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 effective 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 statements of the Group.

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, 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 consolidated financial statements of the Group in future periods.

Kaspi.kz Joint Stock Company

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

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

4. Revenue

Revenue includes interest revenue, fees & commissions, seller fees, transaction & membership revenue, rewards, retail revenue and other gains/(losses). Rewards earned by retail customers of the Group are deducted from revenue.

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)	Three months ended 30 June 2023 (unaudited)	Three months ended 30 June 2022 (unaudited)
REVENUE	834,261	540,163	439,257	286,451
Interest revenue	385,438	255,519	200,118	132,265
Fees & commissions	133,216	106,429	68,378	53,147
Transaction & membership revenue	165,307	109,196	87,779	60,218
Seller fees	135,321	79,793	71,885	47,713
Retail revenue	21,106	-	13,092	-
Rewards	(18,390)	(20,745)	(9,136)	(10,136)
Other gains	12,263	9,971	7,141	3,244

Revenue by segments is presented below:

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)	Three months ended 30 June 2023 (unaudited)	Three months ended 30 June 2022 (unaudited)
Marketplace	158,316	81,054	85,985	48,380
Seller fees	135,321	79,793	71,885	47,713
Retail revenue	21,106	-	13,092	-
Other gains	1,889	1,261	1,008	667
Payments	214,141	139,744	112,936	76,157
Transaction & membership revenue	163,779	106,410	86,983	59,045
Interest revenue	50,362	33,334	25,953	17,112
Fintech	480,194	342,533	249,472	172,050
Interest revenue	335,076	224,608	174,165	115,153
Fees & commissions	133,216	106,429	68,378	53,147
Transaction & membership revenue	1,528	2,786	796	1,173
Other gains	10,374	8,710	6,133	2,577
Intergroup	-	(2,423)	-	-
Segment Revenue	852,651	560,908	448,393	296,587
Rewards	(18,390)	(20,745)	(9,136)	(10,136)
REVENUE	834,261	540,163	439,257	286,451

Kaspi.kz Joint Stock Company

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

Interest revenue includes interest originated from financing of customers through the Kaspi.kz Super App or from financing purchases on the Marketplace Platform, third party merchant sites and third-party mobile apps. It also includes interest revenue from securities and deposits placed with banks. Intergroup represents Payments interest revenue that was offset by Fintech interest expenses (part of the Fintech Cost of Revenue) due to Fintech loans being partially funded from Payments' interest free balances.

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 transactions 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. Seller fees also include Kaspi Travel revenue, revenue from delivery and marketing services paid by Marketplace merchants.

The Group earns Transaction revenue at point in time when processing payments for regular household needs, payments for purchases both online and in-store, other debit card transactions, online money wire transfers both inside the country domestically and globally, and transactions by SME and corporate customers. Payment Platform also includes transaction revenue from our payments business in Ukraine.

For the six months ended 30 June 2023 and 2022, the Transaction revenue was KZT 156,379 million and KZT 100,187 million, respectively.

Membership revenue is earned over time and includes annual fees earned during the six months ended 30 June 2023 and 2022 of KZT 8,928 million and KZT 9,009 million, respectively, paid by individual customers, SME and corporate customers for engagement in Kaspi.kz.

Retail revenue is earned from e-Grocery transactions for the sale of products and related delivery fees. Revenue is recognized when control of the goods is transferred to the customer, which generally occurs when we deliver the order to the customer.

Other gains/(losses) are mainly due to net gains/(losses) on foreign exchange operations and financial assets and liabilities at FVTPL. For the six months ended 30 June 2023 and 2022, the net gain/(loss) on foreign exchange operations were KZT 4,566 million and KZT (594) million, respectively. For the six months ended 30 June 2023 and 2022, the net gain on financial assets and liabilities at FVTPL were KZT 4,435 million and KZT 8,804 million, respectively. It also includes revenue from "Digital Classifieds" LLC in the Republic of Azerbaijan.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Six months ended 30 June 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, net revenue and net income:

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)	Three months ended 30 June 2023 (unaudited)	Three months ended 30 June 2022 (unaudited)
SEGMENT REVENUE	852,651	560,908	448,393	296,587
Marketplace	158,316	81,054	85,985	48,380
Payments	214,141	139,744	112,936	76,157
Fintech	480,194	342,533	249,472	172,050
Intergroup	-	(2,423)	-	-
SEGMENT NET REVENUE	552,001	399,176	292,014	207,209
Marketplace	121,124	71,915	64,997	42,837
Payments	195,135	126,433	103,165	69,383
Fintech	235,742	200,828	123,852	94,989
NET INCOME	368,285	234,309	194,076	131,580
Marketplace	86,612	48,179	46,160	30,194
Payments	137,592	80,962	72,902	46,741
Fintech	144,081	105,168	75,014	54,645

We have designed Kaspi Bonus as a tool to increase cross-platform customer engagement and promote daily use of our Super App. As a result, for management reporting and for segment reporting purposes we continue to account for rewards as selling and marketing expenses and allocate accordingly.

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

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)	Three months ended 30 June 2023 (unaudited)	Three months ended 30 June 2022 (unaudited)
SHARE-BASED COMPENSATION	(7,699)	(7,387)	(3,949)	(3,694)
Marketplace	(796)	(787)	(405)	(402)
Payments	(2,513)	(1,973)	(1,279)	(1,015)
Fintech	(4,390)	(4,627)	(2,265)	(2,277)

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, "CODM").

Kaspi.kz Joint Stock Company

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

6. Cost of revenue

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

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)	Three months ended 30 June 2023 (unaudited)	Three months ended 30 June 2022 (unaudited)
COST OF REVENUE	(300,650)	(161,732)	(156,379)	(89,378)
Interest expenses	(220,474)	(115,343)	(113,510)	(64,969)
Transaction expenses	(12,840)	(10,632)	(6,881)	(5,210)
Cost of goods sold	(14,910)	-	(9,104)	-
Operating expenses	(52,426)	(35,757)	(26,884)	(19,199)

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 sold is the price paid by us for consumer products, the subsequent sale of which generates Retail revenue.

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

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

	Six months ended 30 June 2023 (unaudited)			Six months ended 30 June 2022 (unaudited)		
	Employee benefits	Depreciation & amortisation	Operating lease	Employee benefits	Depreciation & amortisation	Operating lease
Cost of revenue	(10,983)	(237)	(649)	(9,852)	(449)	(470)
Technology & product development	(18,139)	(9,605)	(1,530)	(13,751)	(5,492)	(1,138)
Sales & marketing	(816)	-	(59)	(513)	-	(12)
General & administrative expenses	(7,706)	(1,739)	(125)	(6,427)	(1,331)	(1,122)
Total	(37,644)	(11,581)	(2,363)	(30,543)	(7,272)	(2,742)

Kaspi.kz Joint Stock Company

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

	Three months ended 30 June 2023 (unaudited)			Three months ended 30 June 2022 (unaudited)		
	Employee benefits	Depreciation & amortisation	Operating lease	Employee benefits	Depreciation & amortisation	Operating lease
Cost of revenue	(5,654)	-	(325)	(4,879)	(226)	(237)
Technology & product development	(9,224)	(5,092)	(735)	(7,050)	(2,951)	(623)
Sales & marketing	(422)	-	(47)	(264)	-	(12)
General & administrative expenses	(4,032)	(871)	(27)	(3,195)	(730)	(568)
Total	(19,332)	(5,963)	(1,134)	(15,388)	(3,907)	(1,440)

Expenses associated with share-based compensation are recognized 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:

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)	Three months ended 30 June 2023 (unaudited)	Three months ended 30 June 2022 (unaudited)
SHARE-BASED COMPENSATION	(7,699)	(7,387)	(3,949)	(3,694)
Cost of revenue	(658)	(609)	(329)	(304)
Technology & product development	(3,496)	(3,393)	(1,755)	(1,698)
Sales & marketing	(252)	(246)	(126)	(123)
General & administrative expenses	(3,293)	(3,139)	(1,739)	(1,569)

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Six months ended 30 June 2023 (Unaudited)

(in millions of KZT)

7. Provision expenses

The movements in loss allowance for the six months ended 30 June 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			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 2022	67,604	11,785	135,313	6	82	-	656	-	-	3	39	7,794	-	-	-	223,282	-	-	-
Changes in provisions																			
-Transfer to Stage 1	11,304	(988)	(10,316)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-Transfer to Stage 2	(5,248)	7,724	(2,476)	-	(1)	-	1	-	-	-	-	-	-	-	-	-	-	-	-
-Transfer to Stage 3	(5,958)	(9,248)	15,206	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net changes, resulting from changes in credit risk parameters	(23,525)	7,907	28,432	(1)	(19)	-	180	-	-	4	18	1,207	-	-	-	14,203	-	-	-
New assets issued or acquired	36,710	-	-	-	24	-	-	-	-	-	-	-	-	-	-	36,734	-	-	-
Repaid assets (except for write-off)	(18,442)	(1,183)	(6,413)	-	-	(6,413)	-	-	-	-	-	-	-	-	-	(26,038)	-	-	-
Modification effect	-	-	9,063	-	-	9,063	-	-	-	-	-	-	-	-	-	9,063	-	-	-
Write-off, net of recoveries	-	-	(32,973)	-	-	(32,973)	-	-	-	-	-	(3,737)	-	-	-	(36,710)	-	-	-
Foreign exchange difference	-	-	(3)	-	-	(3)	-	-	-	-	-	(31)	-	-	-	(34)	-	-	-
As at 30 June 2023 (unaudited)	62,445	15,997	135,833	5	86	-	837	-	-	7	57	5,233	-	-	-	220,500	-	-	-

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Six months ended 30 June 2023 (Unaudited)

(in millions of KZT)

The movements in loss allowance for the six months ended 30 June 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			
Loss allowance for ECL as at 31 December 2021	64,043	10,582	67,791	19	-	2,662	130	-	2,662	1	-	3,846	18	-	149,092
Changes in provisions															
-Transfer to Stage 1	3,466	(886)	(2,580)	-	-	-	-	-	-	-	-	-	-	-	-
-Transfer to Stage 2	(4,174)	4,793	(619)	-	24	-	(24)	-	-	-	-	-	-	-	-
-Transfer to Stage 3	(7,079)	(8,029)	15,108	-	-	-	-	-	-	-	-	-	-	-	-
Net changes, resulting from changes in credit risk parameters	(13,899)	9,747	21,808	(14)	1,436	246	(17)	1,436	246	3	-	578	12	-	19,900
New assets issued or acquired	37,614	-	-	-	4	-	4	-	-	-	-	-	-	-	37,618
Repaid assets (except for write-off)	(15,582)	(1,057)	(5,631)	-	-	-	(2)	-	-	-	-	-	-	-	(22,272)
Effect of modifications	-	-	1,889	-	-	-	-	-	-	-	-	-	-	-	1,889
Write-off, net of recoveries	-	-	(14,377)	-	-	-	-	-	-	-	-	-	-	-	(14,377)
Foreign exchange difference	-	-	(15)	-	-	-	-	-	-	-	-	(32)	-	-	(47)
As at 30 June 2022 (unaudited)	64,389	15,150	83,374	5	1,460	2,908	91	1,460	2,908	4	4,392	30	-	-	171,803

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

As at 30 June 2023, the allowance for expected credit losses on financial assets at FVTOCI of KZT 923 million (31 December 2022: KZT 738 million) is included in the 'Revaluation reserve/(deficit) of financial assets and other reserves' within equity.

Kaspi.kz Joint Stock Company

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

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:

	30 June 2023 (unaudited)	31 December 2022
Vacation reserve, accrued bonuses	783	873
Property, equipment and intangible assets	(4,225)	(4,078)
Losses carried forward	1,442	-
Net deferred tax liability	(2,000)	(3,205)

Relationships between tax expenses and accounting profit are explained as follows:

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)	Three months ended 30 June 2023 (unaudited)	Three months ended 30 June 2022 (unaudited)
Operating income	441,300	288,248	233,694	161,693
Tax at the statutory tax rate of 20%	(88,260)	(57,650)	(46,739)	(32,339)
Non-taxable income	18,609	4,746	9,818	2,726
Non-deductible expense	(3,364)	(1,035)	(2,697)	(500)
Income tax expense	(73,015)	(53,939)	(39,618)	(30,113)
Current income tax expense	(74,220)	(53,791)	(39,331)	(30,004)
Deferred income tax (expense)/benefit	1,205	(148)	(287)	(109)
Income tax expense	(73,015)	(53,939)	(39,618)	(30,113)

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Six months ended 30 June 2023 (Unaudited)

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

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 June 2023 (unaudited)	30 June 2022 (unaudited)
Net deferred tax liability:		
At the beginning of the period	(3,205)	(2,467)
Change in deferred income tax balances recognized in profit or loss	1,205	(148)
At the end of the period	(2,000)	(2,615)

9. Earnings per share

Earnings per share are determined by dividing the net income attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the reporting year. For the purpose of diluted earnings per share calculation, the Group considers dilutive effects of Global Depositary Receipts ("GDRs") granted under share-based compensation plan.

	30 June 2023 (unaudited)	30 June 2022 (unaudited)
Net income attributable to the shareholders of the Company	365,917	232,639
Weighted average number of ordinary shares for basic earnings per share	190,058,759	191,958,533
Weighted average number of ordinary shares for diluted earnings per share	191,714,789	193,617,206
Earnings per share – basic (KZT)	1,925	1,212
Earnings per share – diluted (KZT)	1,909	1,202

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

	30 June 2023 (unaudited)	30 June 2022 (unaudited)
Weighted average number of ordinary shares for basic earnings per share	190,058,759	191,958,533
Number of potential ordinary shares attributable to share-based compensation	1,656,030	1,658,673
Weighted average number of ordinary shares for diluted earnings per share	191,714,789	193,617,206

Kaspi.kz Joint Stock Company

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

10. Cash and cash equivalents

	30 June 2023 (unaudited)	31 December 2022
Cash on hand	173,384	179,766
Current accounts with other banks	95,054	196,194
Short-term deposits with other banks	258,842	229,389
Reverse repurchase agreements	-	10,011
Total cash and cash equivalents	527,280	615,360

Cash on hand includes cash balances with ATMs and cash in transit. As at 30 June 2023 and 31 December 2022, current accounts and short-term deposits with NBRK are KZT 256,310 million and KZT 220,109 million, respectively.

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

11. Investment securities and derivatives

Investment securities and derivatives comprise:

	30 June 2023 (unaudited)	31 December 2022
Total financial assets at FVTOCI	1,645,152	1,076,242
Total financial assets at FVTPL	399	30
Total investment securities and derivatives	1,645,551	1,076,272

Financial assets at FVTOCI comprise:

	30 June 2023 (unaudited)	31 December 2022
Debt securities	1,644,783	1,075,955
Equity investments	369	287
Total financial assets at FVTOCI	1,645,152	1,076,242

As at 30 June 2023 and 31 December 2022, sovereign debt securities of KZT 1,466,274 million and KZT 889,136 million, respectively, were included in debt securities.

	A- and higher	BBB+ to BBB-	BB+ to B-	Not rated	Total
Debt securities as at 30 June 2023 (unaudited)	10,770	1,626,961	3,931	3,121	1,644,783
Debt securities as at 31 December 2022	558	1,070,752	2,393	2,252	1,075,955

Kaspi.kz Joint Stock Company

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

As at 30 June 2023, financial assets at FVTOCI of the Group of KZT 1,641,662 million and KZT 3,121 million are classified in Stage 1 and Stage 2, respectively (31 December 2022: KZT 1,073,703 million and KZT 2,252 million are classified in Stage 1 and Stage 2, respectively).

Financial assets at FVTPL comprise:

	30 June 2022 (unaudited)	31 December 2022
Derivative financial instruments	399	30
Total financial assets at FVTPL	399	30

As at 30 June 2023, financial assets at FVTPL included swap and spot instruments of KZT 385 million (31 December 2022: KZT 30 million) with a notional amount of KZT 211,811 million (31 December 2022: KZT 102,563 million) and forwards of KZT 14 million (31 December 2022: KZT Nil) with a notional amount of KZT 12,897 million (31 December 2022: KZT Nil).

As at 30 June 2023, financial liabilities at FVTPL included swap and spot instruments of KZT 226 million (31 December 2022: KZT 3 million) with a notional amount of KZT 211,303 million (31 December 2022: KZT 102,498 million) and forwards of KZT 379 million (31 December 2022: KZT 144 million) with a notional amount of KZT 14,738 million (31 December 2022: KZT 8,598 million).

As at 30 June 2023 and 31 December 2022, restricted deposits included in due from banks with investment credit ratings (higher than 'BBB-') in favor of international payments systems were KZT 22,724 million and KZT 22,720 million, respectively and in favor of non-deliverable forwards of KZT 3,514 million and KZT 2,125 million, respectively.

As at 30 June 2023 and 31 December 2022 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 138,808 million and KZT 16,119 million, respectively.

12. Loans to customers

	30 June 2023 (unaudited)	31 December 2022
Gross loans to customers	3,544,805	3,369,51
Less: allowance for impairment losses (Note 7)	(214,275)	(214,70)
Total loans to customers	3,330,530	3,154,81

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 six months ended 30 June 2023 and 2022 are disclosed in Note 7.

Kaspi.kz Joint Stock Company

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

As at 30 June 2023 and 31 December 2022, accrued interest of KZT 39,085 million and KZT 35,924 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 gross NPLs reflects the Group’s ability to absorb potential losses from NPL. 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.

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 30 June 2023 (unaudited)	217,100	214,275	99%
As at 31 December 2022	211,581	214,702	101%

Provision expenses on loans to customers:

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
Provision expenses on loans to customers:		
Loans to customers	(32,549)	(34,889)
Total provision expenses on loans to customers	(32,549)	(34,889)

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 carrying amount	3,183,659	51,727	300,488	8,931	3,544,805
Loss allowance	(62,445)	(15,997)	(135,833)	-	(214,275)
Carrying amount as at 30 June 2023 (unaudited)	3,121,214	35,730	164,655	8,931	3,330,530
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Loans to customers					
Gross carrying amount	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

Kaspi.kz Joint Stock Company

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

During the six months ended 30 June 2023, the Group has restructured loans to customers, which were classified as NPL in the amount of KZT 45,473 million (KZT 10,130 million were recovered from off-balance, with subsequent recognition of carrying amount of KZT 6,289 million), by providing an interest free extended repayment schedule. During the six months ended 30 June 2023, KZT 14,499 million restructured loans were collected of which 3,307 million the repayment of loan restructured during six months ended 30 June 2023. As at 30 June 2023, remaining outstanding gross amount of restructured loans were KZT 80,213 million with respective recognition of gross carrying amount of KZT 53,351 million.

As at 30 June 2023, loans to customers of KZT 53,594 million that were restructured classified to Stage 3 with respective recognition of gross carrying amount of KZT 41,162 million.

As at 30 June 2023, loans to customers of KZT 4,041 million that were restructured more than 12 month ago classified to Stage 2 with respective recognition of gross carrying amount of KZT 3,258 million.

As at 30 June 2023, loans to customers of KZT 22,578 million that were restructured classified as POCI loans with respective recognition of gross carrying amount of KZT 8,931 million.

13. Due to banks

	30 June 2023 (unaudited)	31 December 2022
Recorded at amortized cost:		
Repurchase agreements	138,808	16,119
Time deposits of banks and other financial institutions	493	313
Total due to banks	139,301	16,432

As at 30 June 2023 and 31 December 2022 accrued interest of KZT 145 million and KZT 58 million, respectively, was included in due to banks.

Fair value of collateral of repurchase agreements, which were classified as due to banks as at 30 June 2023 and 31 December 2022, amounted to KZT 137,545 million and KZT 15,014 million, respectively.

Kaspi.kz Joint Stock Company

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

14. Customer accounts

	30 June 2023 (unaudited)	31 December 2022
Individuals		
Term deposits	3,571,331	3,057,870
Current accounts	717,115	700,957
Total due to individuals	4,288,446	3,758,827
Corporate customers		
Term deposits	53,610	59,638
Current accounts	178,610	182,225
Total due to corporate customers	232,220	241,863
Total customer accounts	4,520,666	4,000,690

As at 30 June 2023 and 31 December 2022, accrued interest of KZT 37,015 million and KZT 29,214 million, respectively, was included in customer accounts.

As at 30 June 2023 and 31 December 2022, customer accounts of KZT 34,016 million and KZT 42,733 million, respectively, were held as security against loans.

As at 30 June 2023 and 31 December 2022, customer accounts of KZT 95,723 million (2.12%) and KZT 108,665 million (2.72%), respectively, were due to the top twenty customers.

15. Share capital

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

	Authorised shares	Issued and fully paid shares	Treasury shares	Shares outstanding
Ordinary 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	-	-	(1,015,930)	(1,015,930)
30 June 2023 (unaudited)	216,742,000	199,500,000	(9,587,172)	189,912,828

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

During the year ended 31 December 2022, the Board of Directors approved three separate GDR buyback programs.

Kaspi.kz Joint Stock Company

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

As at 22 July 2022, the first 3-month GDR buyback program was completed, totalling 998,429 GDRs equivalent to KZT 22,841 million.

The second 3-month GDR buyback program was in force until 22 October 2022. As at the end of the program, the Group has acquired a total of 788,153 GDRs on the market for an aggregate consideration of KZT 21,324 million.

The third GDR buyback program, which was approved on 22 October 2022, was in force until 24 February 2023. As at the end of the program, the Group has acquired a total of 1,131,380 GDRs on the market for an aggregate consideration of KZT 38,474 million.

On 22 March 2023, the Board of Directors approved another 4-month GDR buyback program for up to USD 100 million, which was in force until 21 July 2023.

The Group accounts for GDRs repurchased in Treasury Shares component of Share Capital. One GDR represents one share.

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	-	(35,625)	(35,625)
30 June 2023 (unaudited)	130,144	(126,923)	3,221

During the six months ended 30 June 2023 and 2022, the Group declared dividends of KZT 750 and KZT Nil per ordinary share for the total amount of KZT 269,325 million and KZT Nil, respectively.

16. Share-based compensation

In the fourth quarter 2022, the Group expanded its GDR options program to include more senior executives and other core Group personnel, who will all receive GDR options of the Group. GDR options were measured at fair value of the GDRs at the date of grant. Awards are payable in annual installments over a five-year vesting schedule.

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

Kaspi.kz Joint Stock Company

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

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.

GDR Options

GDR options are measured at fair value of the GDRs at the date of grant 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 GDRs that will eventually vest. Recipients of GDR Options are entitled to the dividends once GDRs vested and exercised.

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

	30 June 2023 (shares) (unaudited)	31 December 2022 (shares)
Outstanding at the beginning of the period	2,266,166	2,154,082
Granted	8,652	611,556
Forfeited	-	-
Exercised	(618,788)	(499,472)
Expired	-	-
Outstanding at the end of the period	1,656,030	2,266,166

In the years ended 31 December 2023 and 2022, GDR options in the quantity of 618,788 shares and 499,472 GDRs, respectively, were exercised from treasury shares under the share-based compensation plan.

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	7,699
GDR options exercised	(15,323)
30 June 2023 (unaudited)	21,650

Kaspi.kz Joint Stock Company

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

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).

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Six months ended 30 June 2023 (Unaudited)

(in millions of KZT)

Financial assets/financial liabilities	Fair value as at 30 June 2023 (unaudited)	Fair value as at 31 December 2022	Fair value hierarchy	Valuation technique(s) and key input(s)
Non-derivative financial assets at FVTOCI (Note 11)	1,382,791	838,260	Level 1	Quoted prices in an active market.
Non-derivative financial assets at FVTOCI (Note 11)	262,327	237,948	Level 2	Quoted prices in markets that are not active.
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)	399	30	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)	605	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.

As at 30 June 2023, the fair value of the investment securities in Level 2 includes short-term and long-term sovereign debt securities of KZT 71,739 million and KZT 60,482 million, respectively. 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 99,350 million and KZT 47,304 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.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Six months ended 30 June 2023 (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 recognized in the interim condensed consolidated financial information approximate their fair values.

	30 June 2023 (unaudited)		
	Carrying amount	Fair value	Fair value hierarchy
Due from banks	26,244	25,659	Level 2
Loans to customers	3,330,530	3,244,483	Level 3
Due to banks	139,301	138,034	Level 2
Customer accounts	4,520,666	4,460,859	Level 2
Debt securities issued	99,466	94,047	Level 2
Subordinated debt	62,460	58,548	Level 2

	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

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 Six months ended 30 June 2023 (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.

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 30 June 2023 (unaudited)		As at 31 December 2022	
	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	2,733	3,544,805	3,057	3,369,512
- entities controlled by the key management personnel of the Group	2,733		-	
- other related parties	-		3,057	
Allowance for losses on loans to customers	(3)	(214,275)	(7)	(214,702)
- entities controlled by the key management personnel of the Group	(3)			
- other related parties			(7)	
Other assets	1,331	108,671	20	74,780
- entities controlled by the key management personnel of the Group	1,331		3	
- other related parties	-		17	
Customer accounts	15,648	4,520,666	16,442	4,000,690
- entities controlled by the key management personnel of the Group	9,779		5,462	
- key management personnel of the Group	5,780		478	
- other related parties	89		10,502	
Other liabilities	4,849	80,518	1,339	70,850
- entities controlled by the key management personnel of the Group	4,849		198	
- other related parties	-		1,141	

Kaspi.kz Joint Stock Company

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

	As at 30 June 2023 (unaudited)		As at 30 June 2022 (unaudited)	
	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				
Interest revenue	136	385,438	163	255,519
- entities controlled by the key management personnel of the Group	136		-	
- other related parties	-		163	
Fees & commissions	81	133,216	-	106,429
- entities controlled by the key management personnel of the Group	7		-	
- key management personnel of the Group	74		-	
Transaction & membership revenue	1,196	165,307	-	109,196
- entities controlled by the key management personnel of the Group	1,196		-	
Seller fees	927	135,321	-	79,793
- entities controlled by the key management personnel of the Group	927		-	
Other gains	2	12,263	-	9,971
- entities controlled by the key management personnel of the Group	2		-	
COST OF REVENUE				
Interest expense	(164)	(220,474)	(153)	(115,343)
- entities controlled by the key management personnel of the Group	(158)		(45)	
- key management personnel of the Group	(5)		(12)	
- other related parties	(1)		(96)	
Transaction expenses	(90)	(12,840)	-	(10,632)
- entities controlled by the key management personnel of the Group	(90)		-	
Cost of goods sold	(1,595)	(14,910)	-	-
- entities controlled by the key management personnel of the Group	(1,595)		-	

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Six months ended 30 June 2023 (Unaudited)

(in millions of KZT)

For the six months ended June 30, 2023 the total value of goods purchased from entities controlled by the key management personnel was KZT 1,626 million, from which KZT 1,595 million recognized in cost of goods sold and remaining in inventory.

Operating expenses	(328)	(52,426)	-	(35,757)
- entities controlled by the key management personnel of the Group	(328)		-	
- other related parties			-	
Transaction costs	(3,061)		(2,397)	
- entities controlled by the key management personnel of the Group	(3,061)		(2,397)	

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

	Six months ended 30 June 2023 (unaudited)		Six months ended 30 June 2022 (unaudited)	
	Transactions with related parties	Total category as per financial statements captions	Transactions with related parties	Total category as per financial statements captions
Compensation to key management personnel:				
Employee benefits	(298)	(37,644)	(391)	(30,543)
Share-based compensation	(2,084)	(7,699)	(2,878)	(7,387)

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:

	30 June 2023 (unaudited)	31 December 2022
Capital adequacy ratios:		
Tier 1 capital	16.8%	17.0%
Total capital	17.7%	18.0%

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Six months ended 30 June 2023 (Unaudited)

(in millions of KZT)

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

	30 June 2023 (unaudited)	31 December 2022
Capital adequacy ratios:		
Tier 1 capital (k1.2)	12.6%	12.2%
Total capital (k.2)	13.1%	13.1%

20. Subsequent events

On 20 July 2023, the Board of Directors of the Company proposed a dividend of KZT 750 per share, subject to Shareholder approval.

As at 21 July 2023, 4-month GDR buyback program was completed, totalling 531,995 GDRs equivalent to KZT 18,741 million.

On 21 July 2023, the Board of Directors approved another 3-month share buyback program for up to USD 100 million, which will be in force until 20 October 2023.

In July 2023, the Group entered into an agreement to acquire 39,758% of JSC "Kolesa", a related party of the Group, for USD 88.5 million. Acquisition is to be completed in the 4th quarter of 2023. As at the date of approval of this interim condensed consolidated financial information, control has not been transferred.