

KASPI.KZ
JOINT STOCK COMPANY

Interim Condensed Consolidated
Financial Information
For the nine months ended
30 September 2022 (Unaudited)

Kaspi.kz Joint Stock Company

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Kaspi.kz Joint Stock Company

Statement of Management's Responsibilities For the Preparation and Approval of the Interim Condensed Consolidated Financial Information For the Nine months ended 30 September 2022 (Unaudited)

Management of Kaspi.kz Joint Stock Company is responsible for the preparation and presentation of the interim condensed consolidated financial position of Kaspi.kz Joint Stock Company and its subsidiaries ("the Group") as at 30 September 2022, and the related interim condensed consolidated statements of profit or loss, other comprehensive income for the three and nine months then ended, changes in equity and cash flows for the nine months then ended, and selected explanatory notes in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*.

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

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

Management is also responsible for:

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

The interim condensed consolidated financial information of the Group for the nine months ended 30 September 2022 was authorised for issue on 28 October 2022 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 October 2022
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 2022 and the related interim condensed consolidated statements of profit or loss, other comprehensive income for the three and nine months then ended, changes in equity and cash flows for the nine months then ended, and selected explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

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



28 October 2022
Almaty, Kazakhstan

Kaspi.kz Joint Stock Company

Interim Condensed Consolidated Statement of Profit or Loss For the Three and Nine months ended 30 September 2022 (Unaudited) (in millions of KZT, except for earnings per share which are in KZT)

	Notes	Nine Months Ended		Three Months Ended	
		30 September 2022 (unaudited)	30 September 2021 (unaudited)	30 September 2022 (unaudited)	30 September 2021 (unaudited)
REVENUE	4,5	877,692	611,746	337,529	240,473
Interest revenue		407,973	298,196	152,454	112,594
Fees & commissions		163,869	136,188	57,440	51,302
Transaction & membership revenue		178,420	119,705	69,224	47,149
Seller fees		146,946	98,059	67,153	41,185
Rewards		(31,959)	(35,900)	(11,214)	(10,123)
Other gains (losses)		12,443	(4,502)	2,472	(1,634)
COST OF REVENUE	6	(263,816)	(177,174)	(102,084)	(62,500)
Interest expenses		(190,519)	(126,269)	(75,176)	(43,494)
Transaction expenses		(16,200)	(11,015)	(5,568)	(4,213)
Operating expenses		(57,097)	(39,890)	(21,340)	(14,793)
TOTAL NET REVENUE		613,876	434,572	235,445	177,973
Technology & product development		(41,664)	(30,929)	(15,056)	(10,964)
Sales & marketing		(19,390)	(5,430)	(4,034)	(2,223)
General & administrative expenses		(16,604)	(16,571)	(5,520)	(5,545)
Provision expenses	7	(46,413)	(22,899)	(9,278)	(8,196)
OPERATING INCOME		489,805	358,743	201,557	151,045
Income tax	8	(89,210)	(60,870)	(35,271)	(26,236)
NET INCOME		400,595	297,873	166,286	124,809
Attributable to:					
Shareholders of the Company		397,882	295,551	165,243	123,828
Non-controlling interest		2,713	2,322	1,043	981
NET INCOME		400,595	297,873	166,286	124,809
Earnings per share					
Basic (KZT)	9	2,072	1,538	863	644
Diluted (KZT)	9	2,054	1,521	855	636

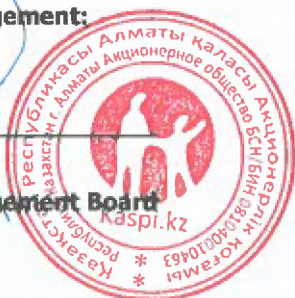
On behalf of the Management:


Mikheil Lomtadze

Chairman of the Management Board


Tengiz Mosidze
Chief Financial Officer


Nailya Ualibekova
Chief Accountant



The notes on pages 9-34 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 2022 (Unaudited)

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

	Nine Months Ended		Three Months Ended	
	30 September 2022 (unaudited)	30 September 2021 (unaudited)	30 September 2022 (unaudited)	30 September 2021 (unaudited)
NET INCOME	400,595	297,873	166,286	124,809
OTHER COMPREHENSIVE INCOME				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Movement in investment revaluation reserve for equity instruments at FVTOCI	(56)	70	24	33
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Movement in investment revaluation reserve for debt instruments at FVTOCI: (Losses)/gains arising during the period, net of tax KZT Nil	(18,671)	856	3,561	(1,061)
Expected credit losses/(recoveries) recognised in profit or loss	1,473	30	(194)	(26)
Reclassification of losses included in profit or loss, net of tax KZT Nil	508	(542)	13	(296)
Foreign exchange differences on translation of foreign operations	(22)	-	(48)	-
Other comprehensive (loss)/gain for the period	(16,768)	414	3,356	(1,350)
TOTAL COMPREHENSIVE INCOME	383,827	298,287	169,642	123,459
Attributable to:				
Shareholders of the Company	381,290	295,961	168,563	122,492
Non-controlling interest	2,537	2,326	1,079	967
TOTAL COMPREHENSIVE INCOME	383,827	298,287	169,642	123,459

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 9-34 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 2022 (Unaudited)

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

	Notes	30 September 2022 (unaudited)	31 December 2021
ASSETS:			
Cash and cash equivalents	10	517,663	342,101
Mandatory cash balances with National Bank of the Republic of Kazakhstan		41,312	32,734
Due from banks		36,022	50,903
Investment securities and derivatives	11	909,416	607,417
Loans to customers	12,18	2,825,770	2,430,737
Property, equipment and intangible assets		107,926	85,101
Other assets		80,287	58,931
TOTAL ASSETS		4,518,396	3,607,924
LIABILITIES AND EQUITY			
LIABILITIES:			
Due to banks	13	107,165	76,492
Customer accounts	14,18	3,385,198	2,763,043
Debt securities issued		136,881	139,711
Subordinated debt		65,794	67,665
Other liabilities	18	57,588	56,318
TOTAL LIABILITIES		3,752,626	3,103,229
EQUITY:			
Issued capital	15	130,144	130,144
Treasury shares	15	(66,735)	(32,614)
Additional paid-in-capital		506	506
Revaluation (deficit)/reserve of financial assets and other reserves		(13,995)	2,597
Share-based compensation reserve	16	20,387	21,242
Retained earnings		689,661	377,852
Total equity attributable to Shareholders of the Company		759,968	499,727
Non-controlling interest		5,802	4,968
TOTAL EQUITY		765,770	504,695
TOTAL LIABILITIES AND EQUITY		4,518,396	3,607,924

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 9-34 form an integral part of this interim condensed consolidated financial information.

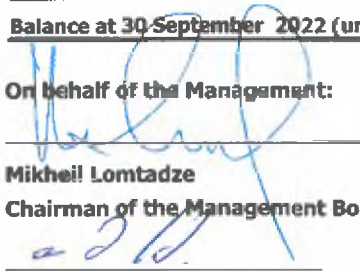
Kaspi.kz Joint Stock Company

Interim Condensed Consolidated Statement of Changes in Equity For the Nine months ended 30 September 2022 (Unaudited)

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

	Issued capital	Treasury shares	Additional paid-in-capital	Revaluation (deficit)/reserve 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 2020	130,144	(34,319)	506	5,171	8,788	280,828	391,118	3,542	394,660
Net income	-	-	-	-	-	295,551	295,551	2,322	297,873
Other comprehensive income	-	-	-	410	-	-	410	4	414
Total comprehensive income	-	-	-	410	-	295,551	295,961	2,326	298,287
Dividends declared	-	-	-	-	-	(250,420)	(250,420)	-	(250,420)
Dividends declared by subsidiary to non-controlling interest	-	-	-	-	-	-	-	(1,468)	(1,468)
Share options accrued	-	-	-	-	13,211	-	13,211	-	13,211
Share options exercised	-	1,705	-	-	(7,177)	5,472	-	-	-
Balance at 30 September 2021 (unaudited)	130,144	(32,614)	506	5,581	14,822	331,431	449,870	4,400	454,270
Balance at 31 December 2021	130,144	(32,614)	506	2,597	21,242	377,852	499,727	4,968	504,695
Net Income	-	-	-	-	-	397,882	397,882	2,713	400,595
Other comprehensive loss	-	-	-	(16,592)	-	-	(16,592)	(176)	(16,768)
Total comprehensive (loss)/income	-	-	-	(16,592)	-	397,882	381,290	2,537	383,827
Dividends declared	-	-	-	-	-	(95,787)	(95,787)	-	(95,787)
Dividends declared by subsidiary to non-controlling interest	-	-	-	-	-	-	-	(1,703)	(1,703)
Share options accrued	-	-	-	-	11,082	-	11,082	-	11,082
Share options exercised	-	2,223	-	-	(11,937)	9,714	-	-	-
Share buy-back program	-	(36,344)	-	-	-	-	(36,344)	-	(36,344)
Balance at 30 September 2022 (unaudited)	130,144	(66,735)	506	(13,995)	20,387	689,661	759,968	5,802	765,770

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 9-34 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 2022 (Unaudited)

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

	Nine months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2021 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received from loans to customers	339,162	230,091
Other interest received	31,870	24,162
Interest paid	(180,816)	(122,401)
Expenses paid on obligatory insurance of individual deposits	(5,090)	(5,125)
Fees & commissions received	158,067	136,188
Seller fees received	146,946	96,548
Transaction & membership revenue received	179,516	115,491
Fees & commissions paid	(20,070)	(12,118)
Other income received	28,968	7,510
Operating and other expenses paid	(137,632)	(106,702)
Cash flows from operating activities before changes in operating assets and liabilities	540,921	363,644
Changes in operating assets and liabilities		
(Increase)/decrease in operating assets:		
Mandatory cash balances with NBRK	(8,578)	(5,210)
Due from banks	18,493	(9,784)
Financial assets at FVTPL	9,779	(3,936)
Loans to customers	(430,148)	(703,292)
Other assets	(23,705)	(13,751)
(Decrease)/increase in operating liabilities:		
Due to banks	30,540	26,318
Customer accounts	559,841	491,451
Financial liabilities at FVTPL	(2,140)	3,166
Other liabilities	(2,400)	1,008
Cash inflow from operating activities before income tax	692,603	149,614
Income tax paid	(86,896)	(47,169)
Net cash inflow from operating activities	605,707	102,445
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, equipment and intangible assets	(34,655)	(13,848)
Proceeds on sale of property and equipment	3,807	282
Proceeds on disposal of investment securities at FVTOCI	609,552	1,070,491
Purchase of financial assets at FVTOCI	(897,048)	(997,928)
Proceeds on sale of subsidiary	-	4,500
Net cash (outflow)/inflow from investing activities	(318,344)	63,497

Kaspi.kz Joint Stock Company

Interim Condensed Consolidated Statement of Cash Flows (Continued) For the Nine months ended 30 September 2022 (Unaudited) *(in millions of KZT, except for earnings per share which are in KZT)*

	Nine months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2021 (unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchase of treasury shares	(36,344)	-
Dividends paid	(95,787)	(250,420)
Dividends paid by subsidiary to non-controlling interest	(1,703)	(1,468)
Repayment of subordinated debt	-	(9,958)
Net cash outflow from financing activities	(133,834)	(261,846)
Effect of changes in foreign exchange rate on cash and cash equivalents	22,033	1,215
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	175,562	(94,689)
CASH AND CASH EQUIVALENTS, beginning of period	342,101	330,409
CASH AND CASH EQUIVALENTS, end of period	517,663	235,720

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 9-34 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 2022 (Unaudited)

(in millions of KZT), except for earnings per share which are in 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 App's are the gateway to all Kaspi.kz's digital products and services.

Through our Super App's 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 we will maintain a singular focus on 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 accelerate their growth and allow us to make a significant contribution to digital transformation in our daily lives.

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 and 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 Postomate and delivery powered by Kaspi.kz.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the Nine months ended 30 September 2022 (Unaudited)

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

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

In 2021 we launched Kaspi e-Grocery, in conjunction with Magnum, Kazakhstan's largest food retail chain.

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 new products are scaled 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 2021, except for incorporation of Kaspi Cloud LLC in January 2022, a separate legal entity fully owned by Kaspi Office LLC, which will be providing data center services for the Group, such as storage support, maintenance and processing of information using server software and equipment.

The shareholders' structure was as follows:

	30 September 2022 % (unaudited)	31 December 2021 %
Ultimate shareholders:		
Baring Vostok Funds	28.67	28.71
Vyacheslav Kim	24.26	24.13
Mikheil Lomtadze	23.42	23.30
Public Investors	20.54	21.01
Management	3.11	2.85
Total	100.00	100.00

Operating environment

Emerging markets such as Kazakhstan are subject to different risks than developed markets, including economic, political and social, and 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.

To address spikes in COVID-19 cases in Kazakhstan, the Government continues to vary restrictions on offline activity. As the business of the Group is concentrated on online services, there has been no material impact from the COVID-19 pandemic on operating activities of the Group and its financial statements in 2021 or the nine months of 2022.

During January 2022 events in Kazakhstan a number of facilities were looted and damaged, including facilities of the Group. To respond to these events, the Government imposed a two-week state of emergency throughout the territory of Kazakhstan and introduced certain restrictions of movement of the population and activities of entities depending on their location. There were significant limitations on internet access throughout Kazakhstan, which led to disruption of online transactions. Financial organizations limited their operations for the period of the state of emergency. Losses of the Company were around KZT 690 million, which were included in technology & product development expenses.

In response to the economic implications of January events, the Government has prepared initiatives designed to address the current crisis. A special charitable fund "For the People of Kazakhstan", which is funded from private and public sources, is established to support citizens of Kazakhstan in the field of healthcare, education and provide other social support. The Group has contributed KZT 10 billion to the fund, which are part of sales & marketing expenses.

On 24 February 2022, due to external geopolitical situation, the NBRK has set the base rate at 13.5% p.a. with a corridor of +/-1%. As at 30 September 2022, the NBRK's base rate was set at 14.5% p.a. with a corridor of +/- 1%. In order to maintain the stability of the financial market and support the attractiveness of tenge deposits, the Government has announced the realization of the protection program for tenge deposits, under which tenge deposits of individuals will be provided with compensation out of Government budget resources equal to around 10% of savings as at 23 February 2022.

The Management's analysis of the Group's liquidity and capital position as at 30 September 2022, 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 October 2022.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the Nine months ended 30 September 2022 (Unaudited)

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

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 the foreseeable future. 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 2021 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 2022	31 December 2021
KZT/USD	476.71	431.80
KZT/EUR	467.03	489.10

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 2021.

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 2022:

Amendments to IAS 16	<i>Property, Plant and Equipment — Proceeds before Intended Use</i>
Annual Improvements to IFRS Standards 2018–2020 (May 2020)	<i>Annual Improvements to IFRS Standards 2018–2020 (May 2020)</i>
Amendments to IFRS 3 (May 2020)	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 37 (May 2020)	<i>Onerous Contracts - Cost of Fulfilling a Contract</i>

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the Nine months ended 30 September 2022 (Unaudited)

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

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

New and revised IFRS Standards in issue but not yet effective

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

New or revised standard or interpretation	Applicable to annual reporting periods beginning on or after
Amendments to IAS 1- Classification of liabilities as current or non-current	1 Jan 2023
Amendments to IAS 1- Classification of Liabilities as Current or Non-current — Deferral of Effective Date	1 Jan 2023
Amendments to IAS 1 and IFRS Practice Statement 2- Disclosure of accounting policies	1 Jan 2023
Amendments to IAS 12- Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 Jan 2023
Amendments to IAS 8- Definition of accounting estimates	1 Jan 2023

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 and other gains (losses). Rewards earned by retail customers of the Group are deducted from revenue.

	Nine months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2021 (unaudited)	Three months ended 30 September 2022 (unaudited)	Three months ended 30 September 2021 (unaudited)
REVENUE	877,692	611,746	337,529	240,473
Interest revenue	407,973	298,196	152,454	112,594
Fees & commissions	163,869	136,188	57,440	51,302
Transaction & membership revenue	178,420	119,705	69,224	47,149
Seller fees	146,946	98,059	67,153	41,185
Rewards	(31,959)	(35,900)	(11,214)	(10,123)
Other gains (losses)	12,443	(4,502)	2,472	(1,634)

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Revenue by segments is presented below:

	Nine months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2021 (unaudited)	Three months ended 30 September 2022 (unaudited)	Three months ended 30 September 2021 (unaudited)
Marketplace	148,922	99,400	67,868	41,657
Seller fees	146,946	98,059	67,153	41,185
Other gains (losses)	1,976	1,341	715	472
Payments	228,223	148,176	88,479	58,490
Transaction & membership revenue	174,664	112,543	68,254	44,671
Interest revenue	53,559	35,633	20,225	13,819
Fintech	534,929	400,070	192,396	150,449
Interest revenue	356,837	262,563	132,229	98,775
Fees & commissions	163,869	136,188	57,440	51,302
Transaction & membership revenue	3,756	7,162	970	2,478
Other gains (losses)	10,467	(5,843)	1,757	(2,106)
Intergroup	(2,423)	-	-	-
Segment Revenue	909,651	647,646	348,743	250,596
Rewards	(31,959)	(35,900)	(11,214)	(10,123)
REVENUE	877,692	611,746	337,529	240,473

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. Since the 4th quarter of 2021 Payment Platform also includes transaction revenue from our payments business in Ukraine. For the nine months ended 30 September 2022 and 2021, the Transaction revenue was KZT 165,054 million and KZT 105,743 million, respectively.

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Membership revenue is earned over time and includes annual fees earned during the nine months ended 30 September 2022 and 2021 of KZT 13,366 million and KZT 13,961 million, respectively, paid by individual customers, SME and corporate customers for engagement in Kaspi.kz.

Other gains (losses) are mainly due to net gains (losses) on foreign exchange operations and financial assets and liabilities at FVTPL. For the nine months ended 30 September 2022 and 2021, the net gain (loss) on foreign exchange operations were KZT (1,030) million and KZT 701 million, respectively. For the nine months ended 30 September 2022 and 2021, the net gain (loss) on financial assets and liabilities at FVTPL were KZT 10,956 million and KZT (7,462) million, respectively. It also includes revenue from LLC "Digital Classifieds" in the Republic of Azerbaijan.

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:

	Nine months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2021 (unaudited)	Three months ended 30 September 2022 (unaudited)	Three months ended 30 September 2021 (unaudited)
SEGMENT REVENUE	909,651	647,646	348,743	250,596
Marketplace	148,922	99,400	67,868	41,657
Payments	228,223	148,176	88,479	58,490
Fintech	534,929	400,070	192,396	150,449
Intergroup	(2,423)	-	-	-
SEGMENT NET REVENUE	645,835	470,472	246,659	188,096
Marketplace	133,056	92,372	61,141	38,641
Payments	207,339	133,375	80,906	52,857
Fintech	305,440	244,725	104,612	96,598
NET INCOME	400,595	297,873	166,286	124,809
Marketplace	93,114	64,723	44,935	27,892
Payments	136,715	87,112	55,753	36,187
Fintech	170,766	146,038	65,598	60,730

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.

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

	Nine months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2021 (unaudited)	Three months ended 30 September 2022 (unaudited)	Three months ended 30 September 2021 (unaudited)
SHARE-BASED COMPENSATION	(11,082)	(13,746)	(3,695)	(5,295)
Marketplace	(1,192)	(1,282)	(405)	(524)
Payments	(3,013)	(3,153)	(1,040)	(1,214)
Fintech	(6,877)	(9,311)	(2,250)	(3,557)

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").

6. Cost of revenue

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

	Nine months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2021 (unaudited)	Three months ended 30 September 2022 (unaudited)	Three months ended 30 September 2021 (unaudited)
COST OF REVENUE	(263,816)	(177,174)	(102,084)	(62,500)
Interest expenses	(190,519)	(126,269)	(75,176)	(43,494)
Transaction expenses	(16,200)	(11,015)	(5,568)	(4,213)
Operating expenses	(57,097)	(39,890)	(21,340)	(14,793)

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.

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.

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For the Nine months ended 30 September 2022 (Unaudited)

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

	Nine months ended 30 September 2022 (unaudited)			Nine months ended 30 September 2021 (unaudited)		
	Employee benefits	Depreciation & amortisation	Operating lease	Employee benefits	Depreciation & amortisation	Operating lease
Cost of revenue	(14,608)	(725)	(743)	(12,677)	(609)	(850)
Technology & product development	(21,281)	(9,030)	(1,817)	(16,530)	(6,948)	(1,221)
Sales & marketing	(769)	-	(21)	(283)	-	-
General & administrative expenses	(9,696)	(2,061)	(1,697)	(11,260)	(1,325)	(1,551)
Total	(46,354)	(11,816)	(4,278)	(40,750)	(8,882)	(3,622)

	Three months ended 30 September 2022 (unaudited)			Three months ended 30 September 2021 (unaudited)		
	Employee benefits	Depreciation & amortisation	Operating lease	Employee benefits	Depreciation & amortisation	Operating lease
Cost of revenue	(4,756)	(276)	(273)	(4,150)	(222)	(264)
Technology & product development	(7,530)	(3,538)	(679)	(5,828)	(2,468)	(396)
Sales & marketing	(256)	-	(9)	(101)	-	-
General & administrative expenses	(3,269)	(730)	(575)	(3,837)	(398)	(522)
Total	(15,811)	(4,544)	(1,536)	(13,916)	(3,088)	(1,182)

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

	Nine months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2021 (unaudited)	Three months ended 30 September 2022 (unaudited)	Three months ended 30 September 2021 (unaudited)
SHARE-BASED COMPENSATION	(11,082)	(13,746)	(3,695)	(5,295)
Cost of revenue	(915)	(709)	(306)	(341)
Technology & product development	(5,089)	(6,127)	(1,696)	(2,434)
Sales & marketing	(369)	(16)	(123)	(16)
General & administrative expenses	(4,709)	(6,894)	(1,570)	(2,504)

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7. Provision expense

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

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

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For the Nine months ended 30 September 2022 (Unaudited)

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The movements in loss allowance for the nine months ended 30 September 2021 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 1	Stage 2	Stage 3	Stage 1	Stage 3	Stage 1	
Loss allowance for ECL as at 31 December 2020	40,062	7,674	74,153	26	374	-	2,564	3	2,058	28	126,942
Changes in provisions											
-Transfer to Stage 1	5,804	(1,241)	(4,563)	-	-	-	-	-	-	-	-
-Transfer to Stage 2	(419)	941	(522)	-	-	-	-	-	-	-	-
-Transfer to Stage 3	(1,954)	(4,891)	6,845	-	-	-	-	-	-	-	-
Net changes, resulting from changes in credit risk parameters	(11,088)	7,420	12,122	-	(18)	-	60	(3)	1,530	(7)	10,016
New assets issued or acquired	43,727	-	-	-	8	-	-	-	-	-	43,735
Repaid assets (except for write-off)	(18,454)	(1,344)	(11,035)	-	(19)	-	-	-	-	-	(30,852)
Write-off, net of recoveries	-	-	(13,998)	-	-	-	-	-	16	-	(13,982)
Foreign exchange difference	-	-	1	1	-	-	-	-	-	2	4
As at 30 September 2021 (unaudited)	57,678	8,559	63,003	27	345	-	2,624	-	3,604	23	135,863

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

As at 30 September 2022, the allowance for expected credit losses on financial assets at FVTOCI of KZT 4,265 million (31 December 2021: KZT 2,792 million) is included in the 'Revaluation reserve of financial assets' within equity.

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8. Income tax

The Group provides for taxes for the current period based on the tax accounts maintained and prepared in accordance with the tax regulations of the Republic of Kazakhstan, the Republic of 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 September 2022 (unaudited)	31 December 2021
Vacation reserve, accrued bonuses	896	779
Property, equipment and intangible assets	(3,627)	(3,263)
Other	-	17
Net deferred tax liability	(2,731)	(2,467)

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

	Nine months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2021 (unaudited)	Three months ended 30 September 2022 (unaudited)	Three months ended 30 September 2021 (unaudited)
Net income before income tax	489,805	358,743	201,557	151,045
Tax at the statutory tax rate of 20%	(97,961)	(71,749)	(40,311)	(30,209)
Non-taxable income	9,002	10,828	5,201	3,195
Adjustment recognized in the period for current tax of prior periods	315	1,626	12	1,626
Non-deductible expense	(566)	(1,575)	(173)	(848)
Income tax expense	(89,210)	(60,870)	(35,271)	(26,236)
Current income tax expense	(88,946)	(60,816)	(35,155)	(26,045)
Deferred income tax expense	(264)	(54)	(116)	(191)
Income tax expense	(89,210)	(60,870)	(35,271)	(26,236)

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

	30 September 2022 (unaudited)	30 September 2021 (unaudited)
Net deferred tax liability:		
At the beginning of the period	(2,467)	(2,319)
Change in deferred income tax balances recognised in profit or loss	(264)	(54)
At the end of the period	(2,731)	(2,373)

9. Earnings per share

Earnings per share are determined by dividing the profit or loss attributable to owners of the Company by the weighted average number of participating shares outstanding during the reporting year, excluding treasury shares. For the purpose of diluted earnings per share calculation the Group considers dilutive effects of shares granted under share-based compensation plan.

	30 September 2022 (unaudited)	30 September 2021 (unaudited)
Net income attributable to the shareholders of the Company	397,882	295,551
Weighted average number of ordinary shares for basic earnings per share	192,060,553	192,187,223
Weighted average number of ordinary shares for diluted earnings per share	193,716,263	194,341,305
Earnings per share – basic (KZT)	2,072	1,538
Earnings per share – diluted (KZT)	2,054	1,521

Reconciliation of the number of shares used for basic and diluted EPS:

	30 September 2022 (unaudited)	30 September 2021 (unaudited)
Weighted average number of ordinary shares for basic earnings per share	192,060,553	192,187,223
Number of potential ordinary shares attributable to share-based compensation	1,655,710	2,154,082
Weighted average number of ordinary shares for diluted earnings per share	193,716,263	194,341,305

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10. Cash and cash equivalents

	30 September 2022 (unaudited)	31 December 2021
Cash on hand	182,370	151,668
Current accounts with other banks	134,175	161,524
Short-term deposits with other banks	201,118	28,909
Total cash and cash equivalents	517,663	342,101

Cash on hand includes cash balances with ATMs and cash in transit.

11. Investment securities and derivatives

Investment securities and derivatives comprise:

	30 September 2022 (unaudited)	31 December 2021
Total financial assets at FVTOCI	907,284	606,462
Total financial assets at FVTPL	2,132	955
Total investment securities and derivatives	909,416	607,417

Financial assets at FVTOCI comprise:

	30 September 2022 (unaudited)	31 December 2021
Debt securities	906,986	606,107
Equity investments	298	355
Total financial assets at FVTOCI	907,284	606,462

As at 30 September 2022 and 31 December 2021, sovereign debt securities of KZT 687,577 million and KZT 347,166 million, respectively, were included in debt securities.

	A- and higher	BBB+ to BBB-	BB+ to B-	CCC+ and lower	Not rated	Total
Debt securities as at 30 September 2022 (unaudited)	377	893,668	3,910	2,435	6,596	906,986
Debt securities as at 31 December 2021	840	595,969	7,460	1,838	-	606,107

As at 30 September 2022, financial assets at FVTOCI of the Group of KZT 900,310 million, KZT 4,505 million and KZT 2,171 million are classified in Stage 1, Stage 2 and Stage 3 respectively (31 December 2021: KZT 604,269 million and KZT 1,838 million are classified in Stage 1 and Stage 3 respectively), according to IFRS 9.

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Financial assets at FVTPL comprise:

	30 September 2022 (unaudited)	31 December 2021
Derivative financial instruments	2,132	955
Total financial assets at FVTPL	2,132	955

Financial assets and liabilities initially recognised at FVTPL comprise:

	30 September 2022 (unaudited)				31 December 2021			
	Fair value		Fair value		Fair value		Fair value	
	Notional amount	Asset	Notional amount	Liability	Notional amount	Asset	Notional amount	Liability
Foreign currency contracts								
Forwards	124,858	1,833	122,831	43	126,348	857	134,704	2,341
Swaps	18,383	299	18,325	225	40,622	98	40,694	67
Spot	15,904	-	15,890	-	20,292	-	20,292	-
Total financial instruments at FVTPL		2,132		268		955		2,408

As at 30 September 2022 and 31 December 2021, restricted deposits included in due from banks with investment credit ratings (higher than 'BBB-') in favor of international payments systems were KZT 24,275 million and KZT 34,205 million, respectively and in favor of non-deliverable forwards of KZT 11,322 million and KZT 15,992 million, respectively.

As at 30 September 2022 and 31 December 2021 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 107,165 million and KZT 75,524 million, respectively.

12. Loans to customers

	30 September 2022 (unaudited)	31 December 2021
Gross loans to customers	3,001,516	2,573,153
Less: allowance for impairment losses (Note 7)	(175,746)	(142,416)
Total loans to customers	2,825,770	2,430,737

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 2022 and 2021 are disclosed in Note 7.

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As at 30 September 2022 and 31 December 2021, accrued interest of KZT 32,853 million and KZT 27,648 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 non-performing loans. Considering the ratio represents impairment loan loss allowances as a percentage of NPLs, the ratio can be more than 100%. With the adoption of IFRS 9, 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 September 2022 (unaudited)	176,606	175,746	100%
As at 31 December 2021	120,652	142,416	118%

Provision expense on loans to customers:

	Nine months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2021 (unaudited)
Provision expense on loans to customers:		
Loans to customers	(44,513)	(21,348)
Total provision expenses on loans to customers	(44,513)	(21,348)

	Three months ended 30 September 2022 (unaudited)	Three months ended 30 September 2021 (unaudited)
Provision expense on loans to customers:		
Loans to customers	(9,624)	(7,488)
Total provision expenses on loans to customers	(9,624)	(7,488)

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

The Group may restructure loans of defaulted borrowers by providing an interest free extended repayment schedule. The Group derecognises loans to customers, when the terms of such loans have been substantially renegotiated (difference between the adjusted discounted present value and the original carrying amount of the loan is greater than 25 percent). Such newly recognised restructured loans are deemed to be POCI (purchased or originated credit impaired). The difference being recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

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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
Loans to customers:					
Gross carrying amount	2,742,213	39,827	216,496	2,980	3,001,516
Loss allowance	(67,286)	(12,173)	(96,287)	-	(175,746)
Carrying amount as at 30					
September 2022 (unaudited)	2,674,927	27,654	120,209	2,980	2,825,770

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Loans to customers:					
Gross carrying amount	2,407,687	29,831	135,635	-	2,573,153
Loss allowance	(64,043)	(10,582)	(67,791)	-	(142,416)
Carrying amount as at 30					
September 2021 (unaudited)	2,343,644	19,249	67,844	-	2,430,737

During the nine months ended 30 September 2022, the Group has restructured loans to customers, which were classified as NPL of KZT 32,859 million (KZT 23,548 million were recovered from off balance prior restructuring), by providing an interest free extended repayment schedule. During the nine months ended 30 September 2022, KZT 1,924 million restructured loans were repaid. As at 30 September 2022, remaining outstanding gross debt of restructured loans were KZT 30,935 million.

As at 30 September 2022, loans to customers of KZT 18,293 million that were restructured during the nine months ended 30 September 2022 were classified to Stage 3 for at least 1 year from restructuring date with respective reduction of gross carrying amount to KZT 13,158 million as a result of change in present value.

As at 30 September 2022, loans to customers of KZT 12,642 million that were restructured during the nine months ended 30 September 2022 were derecognised and recognised as POCI loans with gross carrying amount of KZT 2,980 million.

As at 30 September 2022 and 31 December 2021, commitments on loans and unused credit lines represented by revocable loan commitments were KZT 158,930 million and KZT 131,804 million, respectively.

13. Due to banks

	30 September 2022 (unaudited)	31 December 2021
Recorded at amortised cost:		
Repurchase agreements	107,165	75,524
Time deposits of banks and other financial institutions	-	968
Total due to banks	107,165	76,492

Accrued interest of KZT 195 million and KZT 62 million, respectively, was included in due to banks.

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Fair value of collateral of repurchase agreements, which were classified as due to banks as at 30 September 2022 and 31 December 2021, amounted to KZT 105,245 million and KZT 75,295 million, respectively.

14. Customer accounts

	30 September 2022 (unaudited)	31 December 2021
Individuals		
Term deposits	2,588,482	2,070,822
Current accounts	577,740	534,190
Total due to individuals	3,166,222	2,605,012
Corporate customers		
Term deposits	62,971	43,131
Current accounts	156,005	114,900
Total due to corporate customers	218,976	158,031
Total customer accounts	3,385,198	2,763,043

As at 30 September 2022 and 31 December 2021, accrued interest of KZT 24,602 million and KZT 15,423 million, respectively, was included in customer accounts.

As at 30 September 2022 and 31 December 2021, customer accounts of KZT 24,164 million and KZT 26,679 million, respectively, were held as security against loans.

As at 30 September 2022 and 31 December 2021, customer accounts of KZT 104,821 million (3.10%) and KZT 41,490 million (1.50%), respectively, were due to the top twenty customers.

15. Share capital

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

	Authorised shares	Issued and fully paid shares	Treasury shares	Shares outstanding
Ordinary shares				
1 January 2021	216,742,000	199,500,000	(7,695,000)	191,805,000
Share options exercised (Note 16)	-	-	382,223	382,223
31 December 2021	216,742,000	199,500,000	(7,312,777)	192,187,223
Share options exercised (Note 16)	-	-	498,372	498,372
Share buy-back program	-	-	(1,508,666)	(1,508,666)
30 September 2022 (unaudited)	216,742,000	199,500,000	(8,323,071)	191,176,929

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During the nine months ended 30 September 2022, the Board of Directors approved two separate quarterly share buy-back programs. As at 22 July 2022, the first GDR buyback program was completed, totalling 998,429 GDRs equivalent to KZT 22,841 million. As at 30 September 2022, the Group has acquired 510,237 GDRs equivalent to KZT 13,503 million within the second GDR buyback program. The Group accounts for GDRs repurchased as treasury shares.

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

	Issued and fully paid shares	Treasury shares	Total
Balance at 1 January 2021	130,144	(34,319)	95,825
Share options exercised	-	1,705	1,705
31 December 2021	130,144	(32,614)	97,530
Share options exercised	-	2,223	2,223
Share buy-back program	-	(36,344)	(36,344)
30 September 2022 (unaudited)	130,144	(66,735)	63,409

The following tables represent dividends declared:

	Dividends declared	Dividend per share
September 2022	95,787	KZT 500
Total as at 30 September 2022 (unaudited)	95,787	

	Dividends declared	Dividend per share
March 2021	170,662	KZT 888
September 2021	79,758	KZT 415
Total as at 30 September 2021 (unaudited)	250,420	

16. Share-based compensation reserve

In the third quarter of 2021, the Group replaced its phantom shares program with share options to better align the interest of the participants with the long-term interests of the Company and its Shareholders. As a result of such modification, a liability for phantom shares as at the date of replacement was derecognised and share options measured at their fair value at the date of the replacement were recognised. Awards are payable in annual installments over a five-year vesting schedule. The previous phantom share program had a two-year vesting schedule. Now all Share-based programs of the group are equity settled with no phantom shares involved.

In addition, the program was expanded to include more senior executives and other core Group personnel, who will all receive share options of the Group. Share options were measured at fair value of the shares at the date of grant. Awards are payable in annual installments over a five-year vesting schedule.

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

Share-based compensation expense

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

	Nine months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2021 (unaudited)
Share-based compensation expense	(11,082)	(13,746)
Share options	(11,082)	(13,211)
Phantom shares	-	(535)

Share Options

Share options are measured at fair value of the shares 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 shares that will eventually vest. Recipients of Share Options are entitled to the dividends once shares vested and exercised.

The following table summarises the details of the share options outstanding:

	30 September 2022 (shares) (unaudited)	31 December 2021 (shares)
Outstanding at the beginning of the period	2,154,082	1,911,115
Granted	-	625,190
Forfeited	-	-
Exercised	(498,372)	(382,223)
Expired	-	-
Outstanding at the end of the period	1,655,710	2,154,082

In 2022 and 2021, share options in the quantity of 498,372 shares and 382,223 shares, respectively, were exercised from treasury shares under the share-based compensation plan.

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The following table represents Share-based compensation reserve outstanding:

	Share-Based Compensation reserve
1 January 2021	8,788
Share options accrued	19,631
Share options exercised	(7,177)
31 December 2021	21,242
Share options accrued	11,082
Share options exercised	(11,937)
30 September 2022 (unaudited)	20,387

17. Fair value of financial instruments

a. Fair value of financial instruments

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

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

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

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Financial assets/financial liabilities	Fair value as at 30 September 2022 (unaudited)	Fair value as at 31 December 2021	Fair value hierarchy	Valuation technique(s) and key input(s)
Non-derivative financial assets at FVTOCI (Note 11)	646,268	230,847	Level 1	Quoted prices in an active market.
Non-derivative financial assets at FVTOCI (Note 11)	260,982	375,581	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)	2,132	955	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)	268	2,408	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 September 2022, the fair value of the investment securities in Level 2 includes short-term and long-term sovereign debt securities of KZT 108,476 million and KZT 29,741 million, respectively. As at 31 December 2021, the fair value of the investment securities in Level 2 includes short-term and long-term sovereign debt securities of KZT 81,672 million and KZT 160,527 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.

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

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 2022 (unaudited)		
	Carrying amount	Fair value	Fair value hierarchy
Due from banks	36,022	35,679	Level 2
Loans to customers	2,825,770	2,885,587	Level 3
Due to banks	107,165	105,245	Level 2
Customer accounts	3,385,198	3,311,560	Level 2
Debt securities issued	136,881	126,406	Level 2
Subordinated debt	65,794	58,465	Level 2

	31 December 2021		
	Carrying amount	Fair value	Fair value hierarchy
Due from banks	50,903	50,783	Level 2
Loans to customers	2,430,737	2,465,700	Level 3
Due to banks	76,492	75,870	Level 2
Customer accounts	2,763,043	2,751,213	Level 2
Debt securities issued	139,711	137,649	Level 2
Subordinated debt	67,665	67,272	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.

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Customer accounts

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

Debt securities issued, subordinated debt

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

Assets and liabilities for which fair value approximates carrying value

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

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 September 2022 (unaudited)		As at 31 December 2021	
	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	3,186	3,001,516	3,568	2,573,153
- other related parties	3,186		3,568	
Allowance for losses on loans to customers	(9)	(175,746)	(13)	(142,416)
- other related parties	(9)		(13)	
Customer accounts	19,815	3,385,198	17,077	2,763,043
- entities controlled by the key management personnel of the Group	6,414		6,414	
- key management personnel of the Group	7,226		2,421	
- other related parties	6,175		8,242	
Other liabilities	511	57,588	1,487	56,318
- entities controlled by the key management personnel of the Group	192		930	
- other related parties	319		557	

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

	Nine months ended 30 September 2022 (unaudited)		Nine months ended 30 September 2021 (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	(586)	(46,354)	(589)	(40,750)
Share-based compensation	(4,317)	(11,082)	(8,536)	(13,746)

During the nine months ended 30 September 2022 and 2021, interest income from transactions with other related parties were KZT 240 million and KZT 276 million, respectively.

During the nine months ended 30 September 2022 and 2021, interest expense from transactions with entities controlled by the key management personnel of the Group were KZT 116 million and KZT 5 million, respectively, interest expense from transactions with key management personnel were KZT 16 million and KZT 19 million, respectively and other related parties were KZT 151 million and KZT 99 million, respectively.

During the nine months ended 30 September 2022 and 2021, transaction costs attributable to origination of loans to customers and paid to entities controlled by the key management personnel of the Group, were KZT 2,917 million and KZT 8,227 million, respectively.

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 September 2022 (unaudited)	31 December 2021
Capital adequacy ratios:		
Tier 1 capital	16.4%	15.9%
Total capital	17.4%	18.0%

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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 September 2022 (unaudited)	31 December 2021
Capital adequacy ratios:		
Tier 1 capital (k1.2)	11.7%	11.5%
Total capital (k.2)	12.6%	12.9%

20. Subsequent events

On 22 October 2022, the Board of Directors of the Company proposed dividends of KZT 600 per share, subject to Shareholder approval.

Second share buyback program, which was approved on 22 July 2022, 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 USD 45 million.

On 22 October 2022, the Board of Directors approved another 4-month share buyback program for up to USD 100 million, which will be in force until 24 February 2023.

On 26 October 2022 NBRK has set the base rate to 16% p.a. with a corridor of +/- 1%.