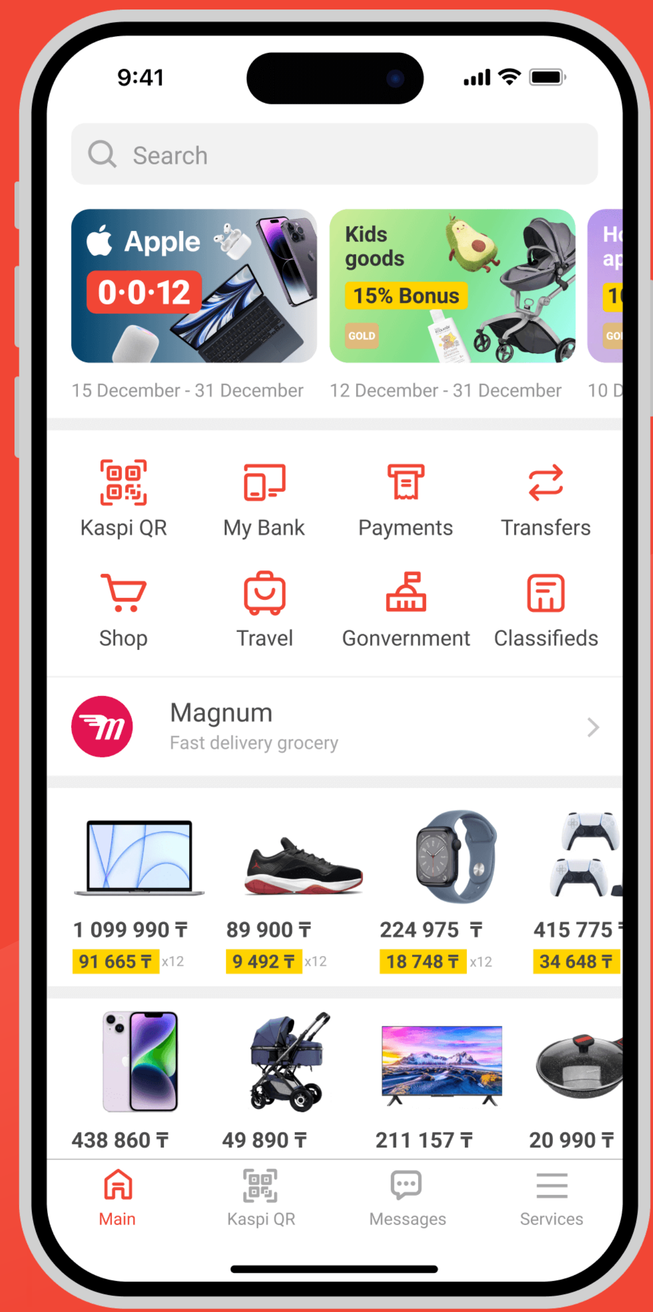
Kaspi.kz

Innovation Makes Life Better



Annual Report 2022 Kaspi.kz

2022

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Letter from the CEO & co-founder

Dear Shareholders,

We are all living through a period of heightened economic and political uncertainty. We are optimistic that 2023 will be better, but irrespective you can be sure that we will always give everything to deliver the best possible results.

Our team remains unrelenting in its efforts to develop high quality digital products, that our customers use day-in, day-out. Innovation and best-in-class execution are at the heart of everything we do. As long as this remains the case, I'm confident that Kaspi.kz can keep delivering fast growth for many more years to come.

In 2022 the Kaspi.kz team kept on delivering for our consumers, merchants, the wider community in Kazakhstan and of course you, our shareholders. I expect more of the same in 2023. With this in mind, I'm pleased to once again write and update you on some of our most important strategic developments.

1 We are always there for our customers

"The Kaspi.kz Super App strategy works and our team knows how to execute. This puts us in a great position to keep delivering strong growth."

Irrespective of whether times are good or more challenging, world class, highly relevant digital products and services, ensure the Kaspi.kz and Kaspi Pay Super Apps remain integral to day-to-day life in Kazakhstan. During the year engagement hit all-time highs as new and existing users discovered more reasons to use more of our services. The ratio of daily to monthly users is 63%, which is amongst the highest of any Super App globally. Average monthly transactions per active consumer reached 60 per month, with revenue generating payment transactions (RTPV) and Marketplace purchases up 54% and 81% year-over-year, respectively.

Strong user momentum in turn resulted in another set of excellent and increasingly diverse financial results. We always provide detailed and challenging financial KPIs to our investors. In 2022 we were able to raise these targets multiple times, with Kaspi.kz ultimately delivering adjusted net income of KZT620 billion, up 36% year-over-year. Our net income mix also continues to transform rapidly, with 59% of net income in 2022, from our Payments and Marketplace Platforms. Their fast growth creates disproportionately more value for our shareholders.

The fundamentals of our Super App business model are strong and proven. If we keep developing products that matter to consumers and merchants, high adoption is a natural consequence. In 2022, the Kaspi.kz team once again delivered a raft of market changing product initiatives. e-Grocery, Kaspi Postomat, Kaspi Classifieds and Kaspi B2B Payments are some of our recently launched services. The combination of a business model that works and our focus on the future, leaves us well positioned to keep delivering strong and sustainable growth, as well as make a positive contribution to Kazakhstan's digital future.

2 The potential for digitalisation to transform society in Kazakhstan remains huge

"In our vision payments, shopping e and finance are increasingly digital. For Kazakhstan, digitalisation is transformational and positive."

Kaspi B2B payments helps businesses become more efficient, save money & better manage their cashflow

Over the last decade, the digital payments space has been a driver of unprecedented innovation globally. In Kazakhstan there has been a huge shift to digital payments and sharp decline in the use of cash. Consumers want seamless mobile payments, no matter where they shop. For merchants, digital tools are a simple way to accept payments instore and online, anywhere, anytime.

For Kaspi.kz this has created a massive opportunity to develop a modern, efficient and inclusive payments system. We have made payments fundamental to our Super App strategy. Payments and especially Kaspi Pay is the basis of our day-to-day relationship with our users.

The data and insights we derive from payments contribute to superior innovation and better decisions across all aspects of our business. In 2023 we still see plenty of scope for our consumers to increase use of Kaspi QR and merchants to shift more of their volume to Kaspi Pay.

The huge success of Kaspi Pay doesn't diminish the potential for further innovation in payments. Quite the opposite. Kaspi B2B, born out of the data and learnings from Kaspi Pay, is an example of how we can transform the payments experience in a completely new segment. Kaspi B2B Payments accelerates the flow of money in the retail value chain by enabling invoices between retailers, distributors and suppliers to be settled seamlessly. For businesses this is more efficient, results in cost savings and improved working capital. With many aspects of wholesalers, distributors and manufacturers businesses in Kazakhstan still to experience the benefits of digitalisation, Kaspi B2B payments is just the start of a long list of innovative merchant services from us.

With e-Grocery we're just starting to digitalise food shopping in Kazakhstan

The development of digital shopping also continues at pace around the world. Consumers want everything they need, great prices and fast delivery. Merchants need tools that enhance product discovery, payments, financing and delivery. Although high e-commerce growth rates, during Covid times, have proven unsustainable in many countries, in Kazakhstan digitalisation of the shopping experience is still in its early stages and continues to progress at a rapid rate.

Uniquely at Kaspi.kz we have developed digital products for both online and offline retailers, enabling merchants to increase their sales using an omnichannel strategy and consumers to buy a broad selection of products and services, at the best possible prices from a wide range of merchants. We especially champion domestic Kazakh brands and merchants.

In 2022 we significantly scaled the breadth and depth of our product proposition. We now offer 2.8 million SKUs, up more than 1.9x year-over-year, often delivered within 24 hours and delivery is usually free for the consumer.

We started to roll out Kaspi Postomat in late-2021 and had over 3,000 lockers by the end of 2022. Postomats are a key part of our plan to improve the delivery experience in Kazakhstan, lower delivery costs and make shopping more convenient. Postomats will also help us make commerce more environmentally sustainable. By the end of 2023, we are aiming to have rolled out around 6,000 lockers.

When we launched trials of e-Grocery 18 months ago, we were attracted by the large market opportunity. The grocery market in Kazakhstan was valued at $12 billion in 2021 and informal grocery is estimated to be similar in size. With the online food retail market still nascent, we saw a segment where consumers had yet to experience the benefits of a modern, digital shopping experience. With the Kaspi.kz Super App and in conjunction with Magnum, Kazakhstan's no.1 food retailer, we are now transforming grocery shopping.

Having substantially grown our merchant base over the last two years, our focus will gradually pivot to helping existing merchants sell more. Earlier-stage initiatives like Kaspi Marketing, Kaspi Delivery and SME financing are all mission critical and will make a significant difference to businesses in Kazakhstan as they seek to modernise, grow and better serve their consumers.

Integrated Fintech products into our Super App contribute to the prosperity of consumers and merchants

Embedded finance is nothing new. However, digitalisation enables lending to be better integrated into the shopping and payments experience. As a key component of our Super App strategy, our Fintech Platform products are not add-ons but fundamental to our shopping and payments products. With lending directly linked to transactions, we give consumers greater flexibility to manage their day-to-day spending and help our merchants use lending to grow their businesses. Deep Super App integration allows us to build a more complete understanding of our customers' ability to repay. This ensures that our lending is responsible, affordable and contributes to the prosperity of consumers and merchants in Kazakhstan.

Consumer credit performance is always in focus for investors when the economic situation appears to worsen. To expand on why our credit quality remains high, it is important to remember that with our core Kaspi.kz BNPL, our consumers do not maintain a continually revolving line of credit, that was approved in a different economic climate. Each transaction is a separate borrowing event, that allows us to check using our proprietary technology and data that our consumers are not overextending themselves. In addition, because our average loan size is small and short-term, in the event of a downturn older loans are quickly paid off.

Our Merchant Finance products are becoming more important. Here too, lending is linked to transaction activity through our Super App, in this case a merchant's turnover through Kaspi.kz. With many merchants, especially SMEs and individual entrepreneurs, still to experience the benefits that can come from having convenient access to affordable funding, with which they can invest and grow, there is a lot we can do to make this product more widely available over the next few years.

GovTech is another channel for us to make a difference

Our GovTech Platform is another area in which we can contribute to the pace of digitalisation in Kazakhstan. Across GovTech, services for both consumers and merchants continue to grow in popularity. Digital documents, car ownership registration, driver's license issuance and new business registration were our most widely used government services in 2022. Earlier this year, we introduced Tax Reports, which are designed to simplify the tax return process and should be highly relevant for merchants.

We will continue to look for opportunities to work in partnership with government and jointly develop digital products that make everyday life easier for citizens and businesses.

3 We will continue investing in our consumer and merchant capabilities to seize the opportunities offered by digitalisation

"We're taking the steps today to ensure that we keep delivering fast and profitable growth over the next 3-5 years."

2022 was another strong year. Everything we are achieving now however, is the culmination of more than a decade of innovation and product launches. Going forward, innovation at scale and a best-in-class customer experience, is the only way to ensure we continue to play a leading role in the growth opportunity offered by digitalisation. To maximise the opportunity, investing in our growth, has been and will always be the no.1 priority for the cash we generate.

Our recent decision to invest into e-Grocery, as part of a joint venture with Magnum, is a great example of this. e-Grocery won't make a big difference to our results this year, but if we get the product right, it will allow us to play a major role digitalising the food retail sector in Kazakhstan over the medium-term. We have designed a highly personalised product offering, available via the Kaspi.kz Super App, which we think can be a game changer in terms of our relevance to consumers.The benefits of which will include higher Super App engagement, a better consumer proposition in every possible way and faster financial growth for many years to come.

With operating control of e- Grocery, we can now make the investment required to scale, execute fast and ensure all aspect of the consumer experience meet our very high standards. The proof that this is already working, is extremely positive consumer feedback, where 92% of users rate the shopping experience as "Excellent".

Although e-Grocery is an ambitious multi-year project, we're not stopping there. Our pipeline of still to be launched products and services for this year and beyond is as strong as ever and over the next decade, we are excited about the potential to transform many more aspects of the consumer and merchant shopping experience.

4 The outlook for Kaspi.kz in 2023 and beyond

"We have provided detailed 2023 KPIs and financial guidance, with which we expect our shareholders to hold us accountable."

With the relevance of our Super App to consumers and merchants continuing to increase, we remain in pole position to deliver fast growth in 2023. In Payments, the results of our merchant strategy will continue being seen as Kaspi Pay and Kaspi B2B Payments capture more volumes. In Marketplace, the success of Juma last year reminded us just how loved this event is and we're already working hard on plans to raise the bar again this year. In Fintech, higher funding costs are reducing near-term profitability. However, they're also helping us attract new consumers and Kaspi Deposit is the most popular savings product on the market.

When interest rates normalise, margins will recover and with a larger customer base, we will be able to drive even more transactions. In any case, even considering significantly higher funding costs and ongoing macro volatility, we currently expect to grow Kaspi.kz 2023 adj. net income by around 25% year-over- year.

All in all, we should be able to deliver a good 2023. With digitalisations powerful structural drivers as strong as ever and our focus on innovation, we're upbeat about our mid-term growth prospects.

We believe that we have never had more opportunity to drive lasting impact. We are shaping the future of the digital economy so that more people, merchants and broader society in Kazakhstan can thrive. We remain confident that Kaspi.kz is well-positioned to lead. Shaped by stakeholder feedback and to better reflect our mission and values, I'm delighted that in the coming months we will publish our first detailed ESG sustainability report.

Going forward we will now update you annually on the progress that we make across four key pillars - social innovation, employees and culture, environmental sustainability and responsible business practices. Your thoughts and feedback on this and all aspects of our corporate governance and ESG disclosures are always welcome.

Following our IPO, we introduced an LTIP program and today this includes 110 of our most important business leaders. Awards are payable in annual instalments over a five-year vesting schedule. This is another great way we can ensure that everything we do, is in the interests of sustainable, long-term value creation for all our stakeholders. In future we will progressively add more of our best and brightest up and coming employees.

Kaspi.kz's story has been over a decade in the making and I would like to take this opportunity to thank every member of our dedicated, long-standing and talented team for their incredible execution and dedication to our customers.

To our shareholders, we truly value the trust you have placed in us and will remain committed to creating value. On behalf of the entire Kaspi.kz team, I thank you for your support.

Kind regards,

Mikheil Lomtadze

CEO & Co-founder
Chief Ecosystem Officer

2022 Key Highlights

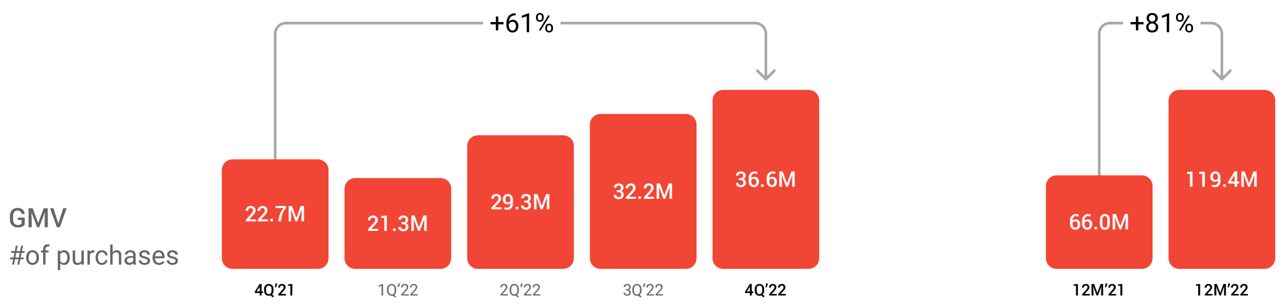
The Kaspi.kz Super App strategy works and our team knows how to deliver

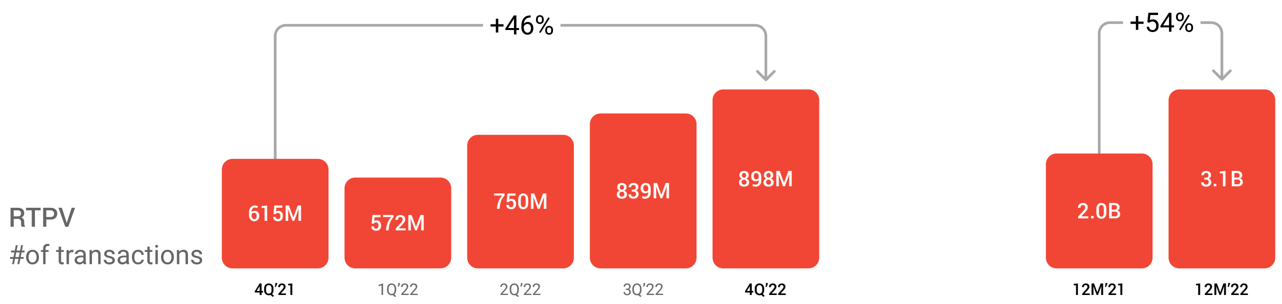
- Consumer and merchant engagement reached all-time highs
- Fast growth in monetized transactions, despite economic volatility, illustrates how relevant our products are to our customers
- 2022 financial results well ahead of expectations, despite heightened economic volatility
- At a time when many leading internet companies around the world are kitchen sinking their earnings outlook and firing employees in order to become profitable, our performance stands out for the right reasons
- We provide clear and transparent KPIs to our shareholders and yet again we delivered or exceeded every target set

		2022 Original Guidance	2022 Updated Guidance	2022A
Payments	RTPV	40%-50% YoY Growth	Above 50% YoY Growth	54% YoY Growth
	Average Balances on Current Accounts	Around 20% YoY Growth	Around 20% YoY Growth	21% YoY Growth
	Take Rate	Around 1.1%	Around 1.1%	1.2%
	Net Income Margin	Around 60%	Above 60%	62.9%
Marketplace	GMV	40%-50% YoY Growth	Around 55%	56% YoY Growth
	Take Rate	Around 8.5%	Above 8.0%	8.2%
	Net Income Margin	Mid 60%	Mid 60%	65.1%
Fintech	TFV	30%-40% YoY Growth	Around 25% YoY Growth	25% YoY Growth
	Conversion Rate	Above 2.0	Around 2.0	2.0x
	Yield	Around 25%	Around 25%	26.6%
	Credit Cost of Risk	Around 2.0%	Below 2.0%	1.9%
	Net Income Margin	Low 30%	Low 30%	34.1%
	Adjusted Net Income	20% - 30% YoY Growth	Above 30% YoY Growth	36% YoY Growth

Record Super App Usage & Engagement

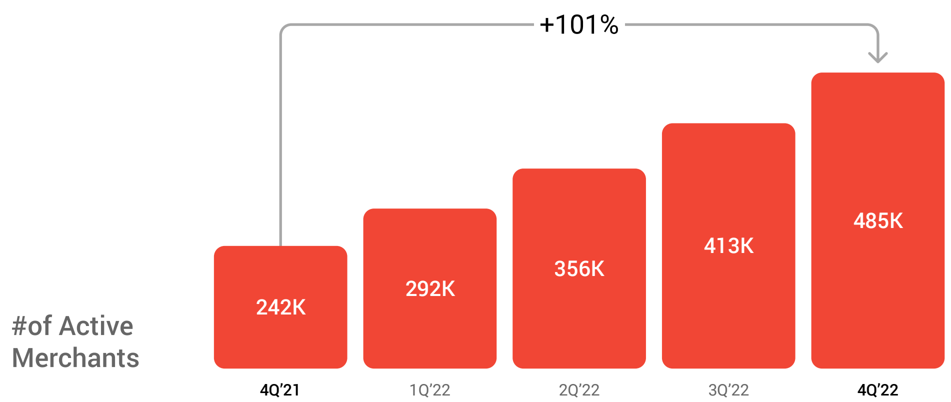
- The Kaspi.kz's Super App for consumers and Kaspi Pay for merchants remain Kazakhstan's most popular Super Apps
- We design high quality digital products to monetize transaction volumes. Revenue generating payment transactions increased 54% year-over-year and Marketplace purchases increased 81%
- Increased adoption of our existing products by merchants and consumers, along with a growing range of new products facilitates higher engagement and transactions. Average monthly transactions per consumer reached an all-time high of 60

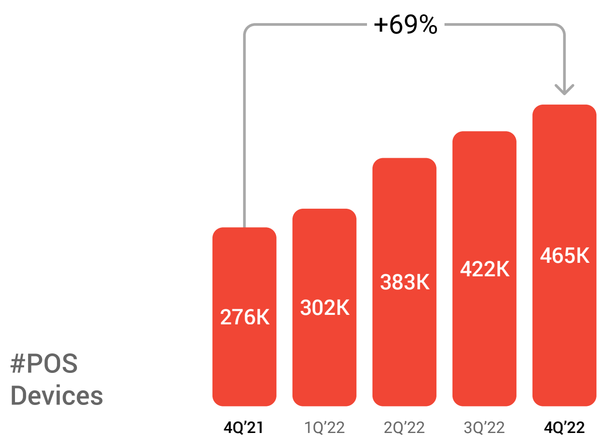




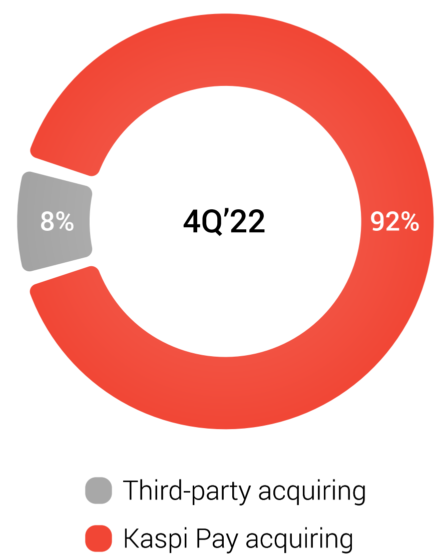
In 2022 merchant onboarding to the Kaspi Pay Super App remained a top-priority

- To drive transactions even higher, we have prioritised onboarding as many merchants, as rapidly as possible. Active merchants increased 101% year-over-year to reach 485K
- Kaspi Pay POS devices reached 465K, up 69%. The benefits of this will continue being seen in 2023 as merchants shift more of their volumes to Kaspi Pay
- 92% of all Kaspi Gold in-store PoS transactions migrated to Kaspi Pay from 3rd parties
- With a large, highly engaged and growing merchant base, we expect rapid growth in earlier stage merchant services over the next few years including Kaspi Marketing, Kaspi Delivery and financing for merchants and SMEs



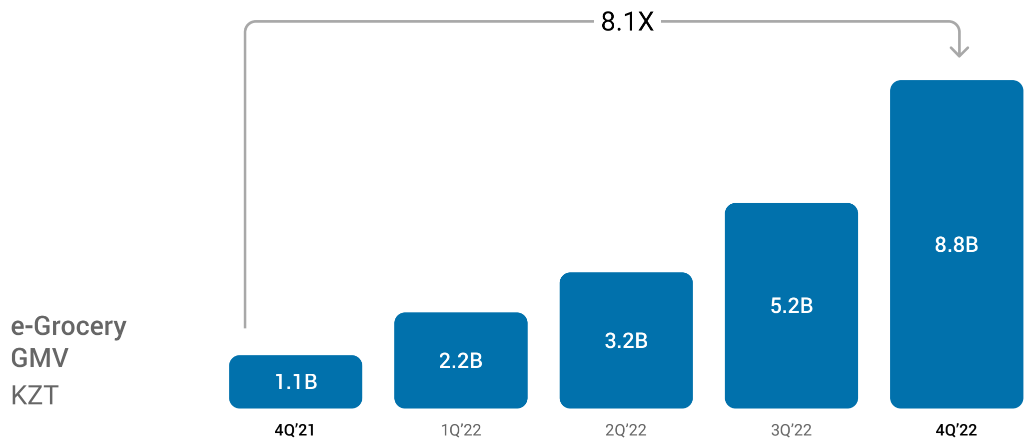


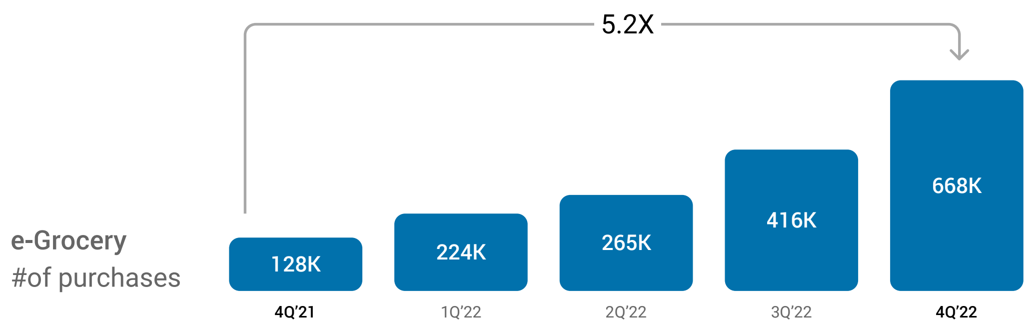
Kaspi.kz in-store transactions

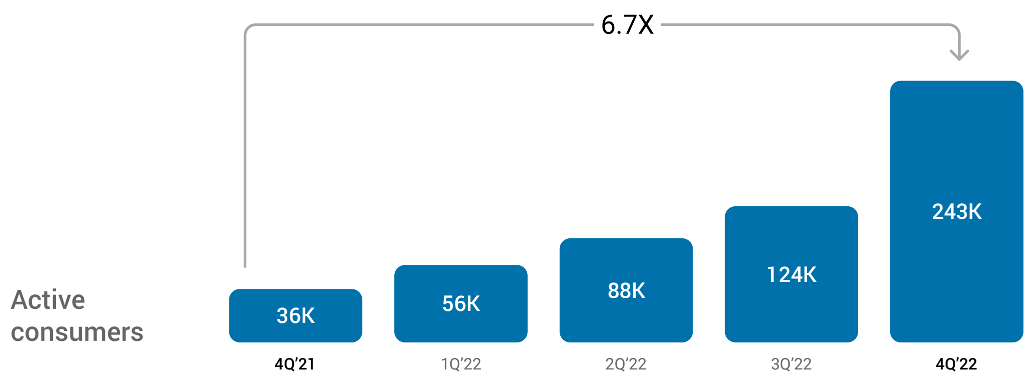


e-Grocery our breakout success in 2022

- Our Super App strategy is enabling Kaspi e-Grocery to scale fast
- First dark store in Almaty EBITDA positive within 5 quarters
- Initial consumer momentum and feedback extremely positive
- Nationwide rollout plan now in place to enter $12 billion plus grocery market

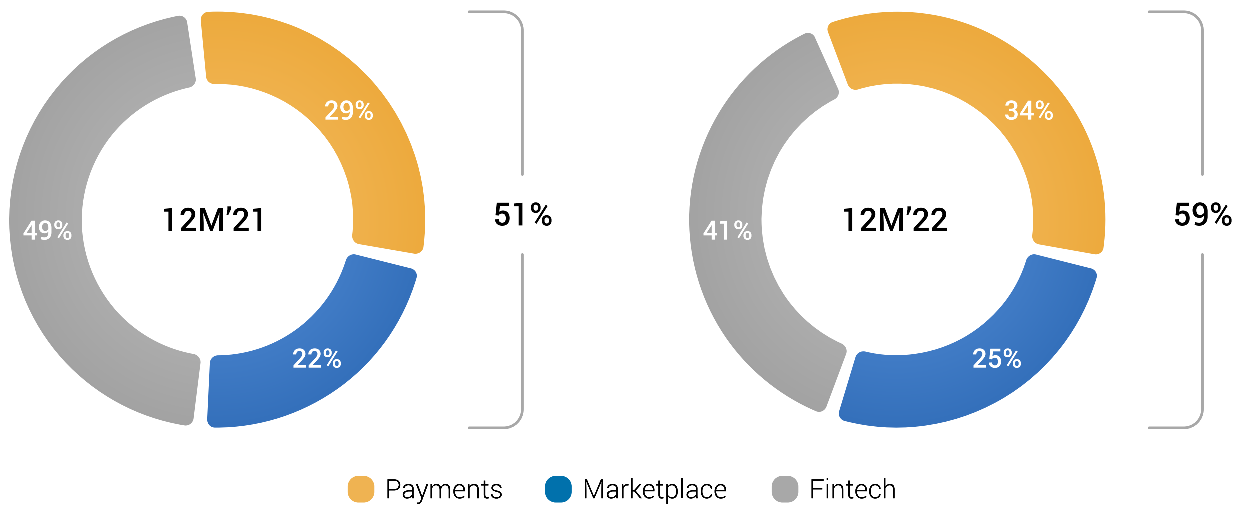






2022 financials ahead of guidance

- KZT620bn adj. net income, ahead of guidance
- 59% of 2022 adj. net income from our Payments and Marketplace Platforms. Contribution from Fintech Platform will keep falling
- Cash generation capacity remains as strong as ever
  - We completed three GDR repurchase programs worth $45 million, $51 million and $84 million, respectively
  - Based on our second, third and fourth quarter 2022 financial results our Board of Directors declared dividends worth KZT500, KZT600 and KZT600 per GDR



Kaspi.kz Super App Business Model

To deliver upon our mission "to improve people's lives" we operate a unique two-sided Super App model – Kaspi.kz Super App for consumers and Kaspi Pay Super App for merchants. The Kaspi.kz Super App is Kazakhstan's most popular mobile app, with 12.6 million MAU (Monthly Active Users) in 2022, 8 million of whom accessed our services daily.

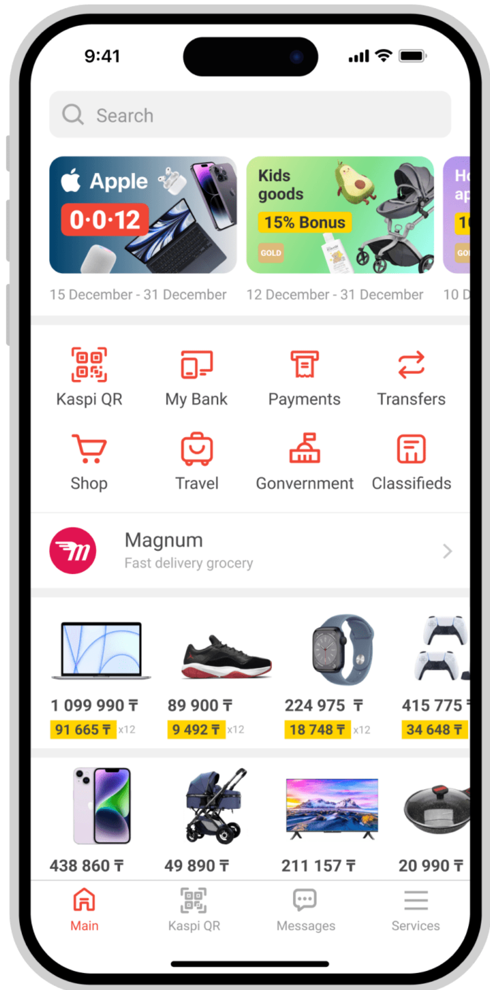
Over the last year, we prioritised growth in adoption of the Kaspi Pay Super App. By the end of 2022, 485K merchants were signed-up and we expect this number to grow further.

Through these Super Apps consumers and merchants can access our leading Payments, Marketplace, GovTech, e-Grocery and Fintech Platforms. All our services are designed to be highly relevant to users' everyday needs and taken together, consumers and merchants can connect and transact using our proprietary payments network.

Growing monthly transactions per consumer, illustrate just how relevant we have become and are one of the most important metrics we track. By the end of 2022, transactions per consumer reached 60 per month – an extremely high level of engagement by global standards.

Consumer Super App

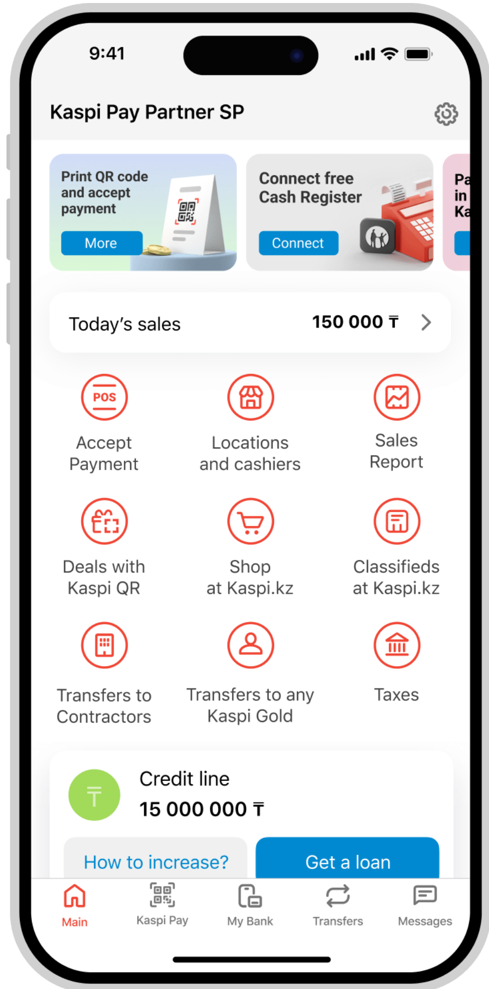
e-Commerce
Government Services
Travel
Rewards
Kaspi Gold Debit Card
Car Loan
Juma
Classifieds
Bill Payments



m-Commerce
Buy Now Pay Later
e-Grocery
Savings
General Purpose Loan
Kaspi Kids
Postomat
Kaspi QR
P2P Payments

Merchant Super App

Government Services
Business Profiles
Merchant Finance
Business Account
Kaspi B2B Payments
Tax Reports



Marketplace
Advertising
Delivery
Merchant Acquiring
Instant Invoicing
Recurring Billing
Cash Register

We use highly popular services like commission free peer-to-peer and Bill Payments to virally attract new users. Via our Super App we can then cross promote and scale other related services in a highly profitable way.

Kaspi.kz's integrated model is designed to create more value for every participant. A large number of consumers, merchants and a diverse range of convenient payments and financing options leads to more Super App transactions.

Inter-related products mean that the growth and development of one service contributes to the growth and development of other services, creating a powerful virtuous cycle. Each participating consumer and merchant derives greater value, than if they were to use a standalone service. Having built our own proprietary payments network, we have been able to disintermediate third party costs and passed on the savings to merchants. This is a great example of how we succeed by helping create a fundamentally more efficient economy.

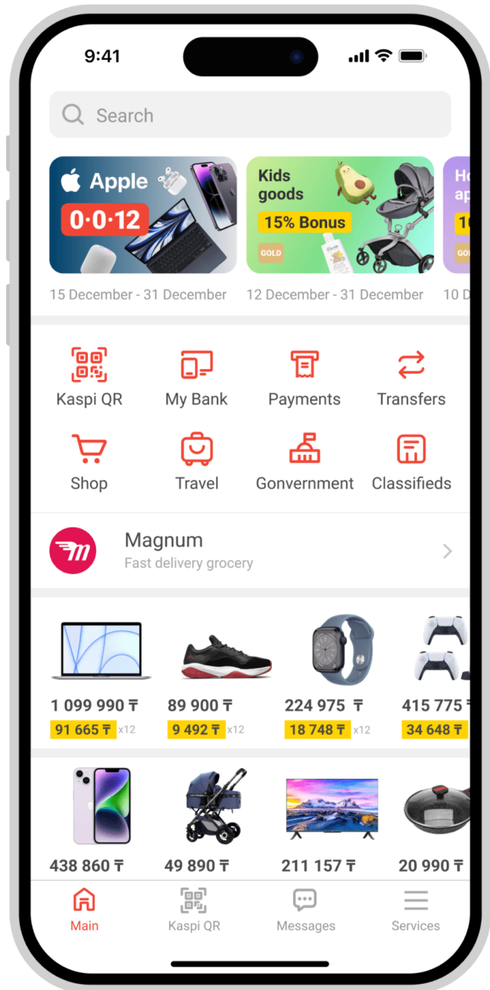
A growing number of highly integrated and complementary services used by our consumers and merchants also results in lower costs, synergies across all our platforms and creates a powerful self-reinforcing network effect, giving us strong competitive advantages. Over the last year we have scaled new services like Kaspi Travel, Postomats and e-Grocery, which help merchants grow their sales nationwide and consumers to quickly and easily find everything they need.

As we launch new innovative services in 2023 and beyond, our large and engaged user base means each new product can scale faster and make a bigger difference to our customers lives more quickly, than the previously.

Ultimately, we only succeed when our consumers and merchants prosper.

Our model is capex light, especially in e-commerce where we use our technology and scale to deliver an outstanding customer experience. The combination of scale in large addressable markets, market leading digital products, low customer acquisition costs, the disintermediation of 3rd parties and low capex, ultimately result in strong top-line growth and a highly profitable, cash generative business model.

Consumer Super App



Proprietary Payments Network
Instant payments at low cost

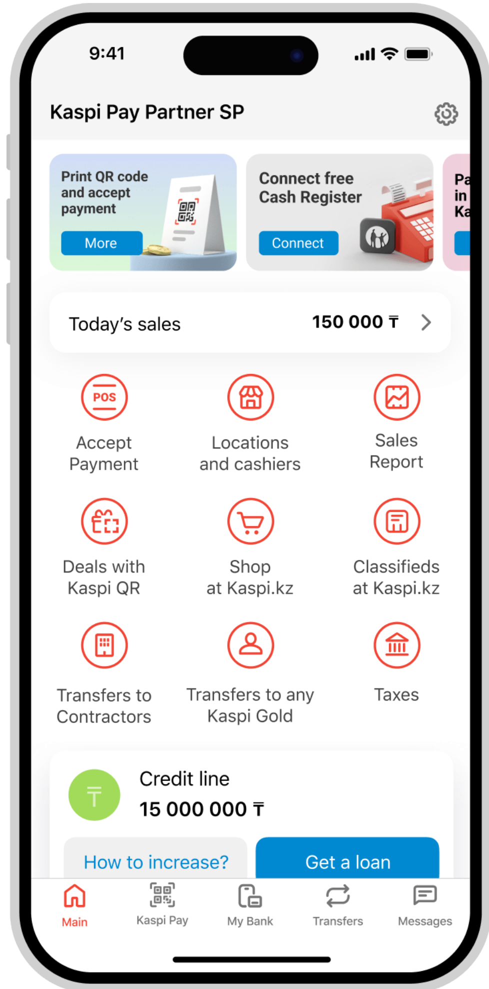
Marketplace
Connects buyers with online & offline sellers

Delivery Services
Merchants can sell nationwide, consumers can receive orders quickly

BNPL & Merchant Financing
BNPL means higher purchase frequency and ticket size. Merchant financing helps meet higher demand

Marketing Services
Highly targeted promotions & offers

Merchant Super App



Kaspi.kz Super App Strategy

№1 We're always Super App 1st

We operate a unique two-sided Super App model – Kaspi.kz Super App for consumers and Kaspi Pay Super App for merchants.

In 2022 the Kaspi.kz Super App continued to go from strength-to-strength. User numbers and engagement continued to increase.

Kaspi e-Grocery, Kaspi Classifieds and a raft of GovTech services were some of our most important product launches. The Kaspi Pay Super App continued to scale rapidly with merchants, aided by the launch of Kaspi B2B Payments and with multiple product innovations planned, its outlook is extremely exciting.

Fundamentally, being Super App only is at the core of everything we do and one of the most important factors behind our success. Namely this means one-app, one sign-in for all products and services and embedded payments, in our case Kaspi Pay.

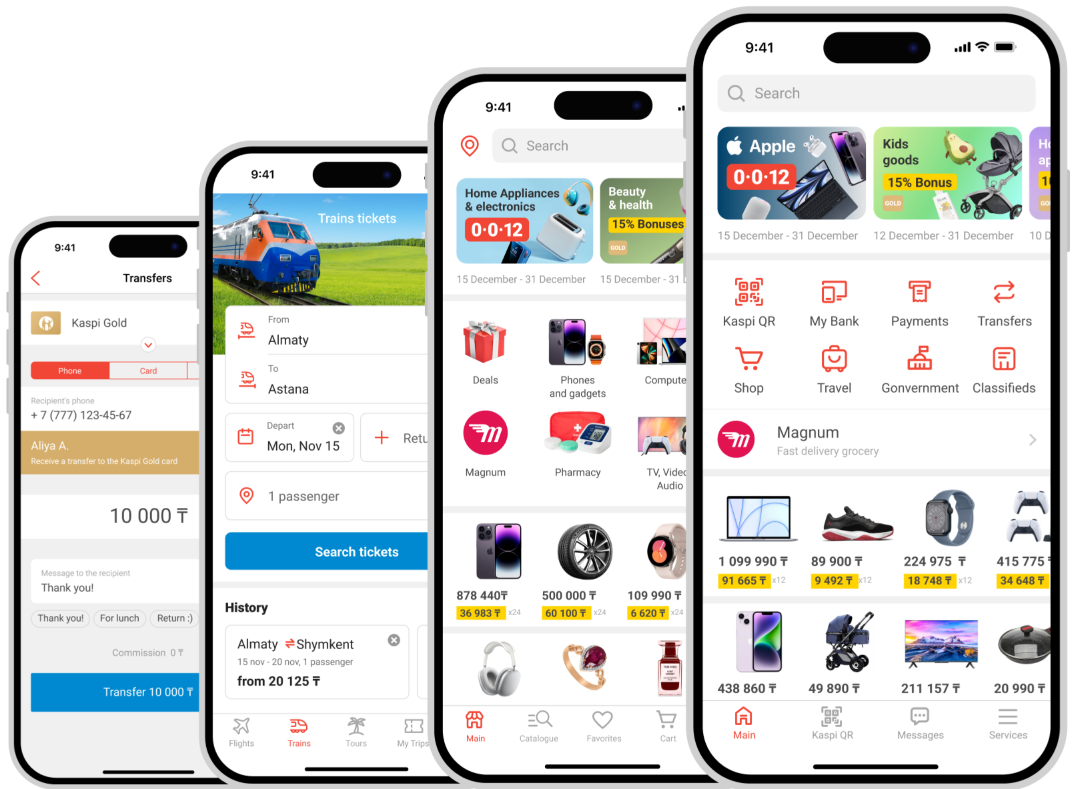
In developed markets, the likes of Amazon, Google, Facebook and PayPal all recognise how powerful and disruptive a leading Super App can be and have ambitions to develop their own propositions but with mixed success so far.

Without stating the obvious, top-notch execution is important. Tencent stands out as the ultimate success story, by taking its WeChat messaging app and morphing it into an ecosystem of services that includes payments, taxi rides, food delivery, savings & investments, games, hotel reservations and more.

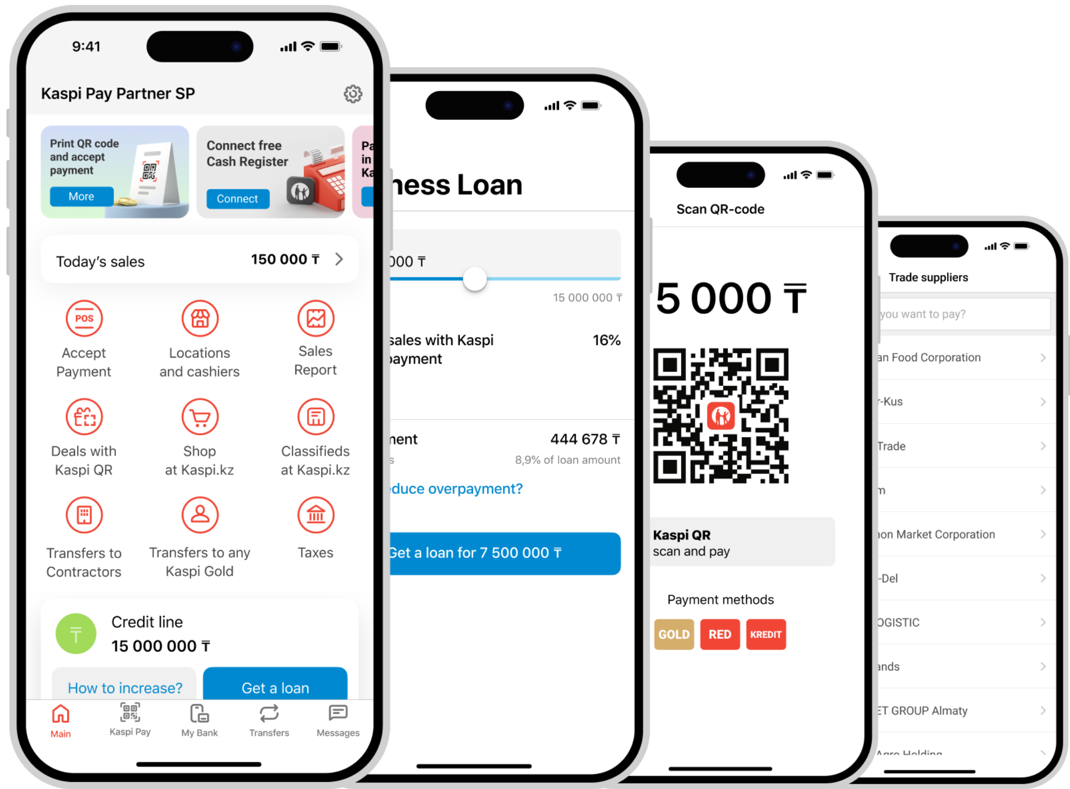
In 2022 the Kaspi.kz team was once again unrelenting in its efforts to develop high quality digital products, that are used day-in, day-out.

Kaspi.kz is at the forefront of the new digital revolution, redefined by Super Apps. The combination of our scale with consumers and merchants, reinforced by our Super App strategy, puts us in a completely unique position. Innovation and best-in-class execution are at the heart of everything we do. With the multi-year structural growth opportunity offered by digitalisation in Kazakhstan and the neighbouring region amongst the most attractive of anywhere globally, we thoroughly intend to capture it.

Consumer Super App



Merchant Super App

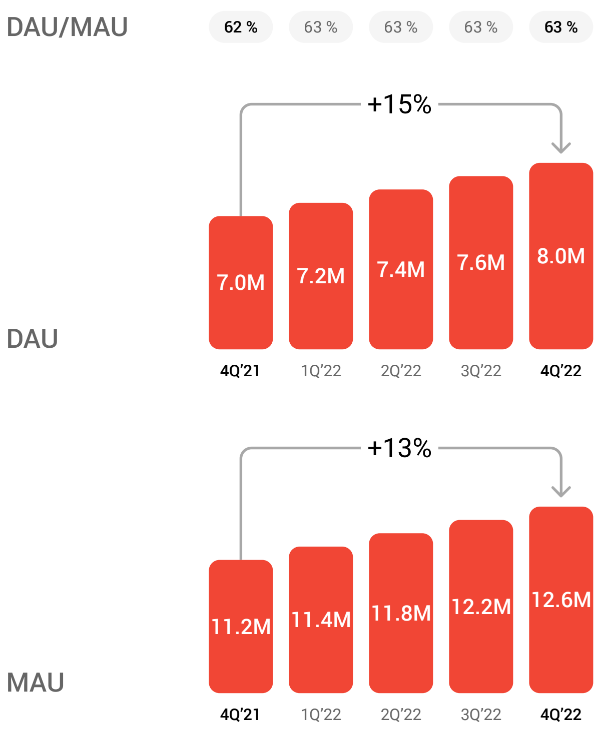


Kaspi.kz Super App user and engagement levels reached all-time highs in 2022

In 2022 Super App user levels reached all-time highs. MAU and DAU (Daily Active Users) reached 12.6 million and 8.0 million by the end of the year.

The ratio of DAU to MAU reached 63% over the same time period, which is amongst the highest levels of user engagement of any leading Super App globally and reflects our success delivering highly relevant digital services that make a difference, to consumers everyday lives.

Increased adoption of our existing products by merchants and consumers, along with a growing range of new products facilitates higher engagement and transactions across more areas of household spending and merchant's business activity. Average monthly transactions per active consumer, increased by 19% year-over-year to 60 by the end of 2022.



Innovation and best-in-class execution are at the heart of everything we do

Through the Kaspi.kz Super App, we provide a growing range of innovative, interconnected, digital products and services that are used on a day-to-day basis by our consumers to pay, shop and manage their personal finances.

From their mobile phones our consumers can buy goods online with free delivery, shop in-store using Kaspi QR, send and receive instant P2P payments, pay regular household bills commission free, pay taxes online and access other government services, open and manage wallet and deposit accounts, receive consumer financing, buy airline tickets and use messaging to make and confirm transactions. All our services are highly synergetic and interaction between services makes Kaspi.kz a one-stop-shop solution for consumers.

Our Super App strategy allows us to continually develop and add new highly relevant products and services around users' daily needs. Some services are directly monetized, while some services are designed to drive Super App engagement, with indirect monetization opportunities subsequently arising.

We believe that our Super App – and mobile technology in general – eliminates the conventional offline/online boundaries between payments, shopping and finance. All our services are designed to be used frequently by a large number of people, contributing to a large and highly engaged user base.

Scaling e-Grocery is now one of most important priorities

In 2022 we continued to release new consumer products, with a particular focus on Kaspi e-Grocery. From start-up in Almaty just 18 months ago, we are now planning to roll out e-Grocery nationwide. With an innovative, high-quality digital offering, we believe we can transform the food shopping experience in Kazakhstan and other markets over time. This is a sizeable opportunity and exciting joint project with Magnum, Kazakhstan's leading food retailer. If we get our product right, it will mean higher Super App engagement, faster financial growth and further value creation for our shareholders.

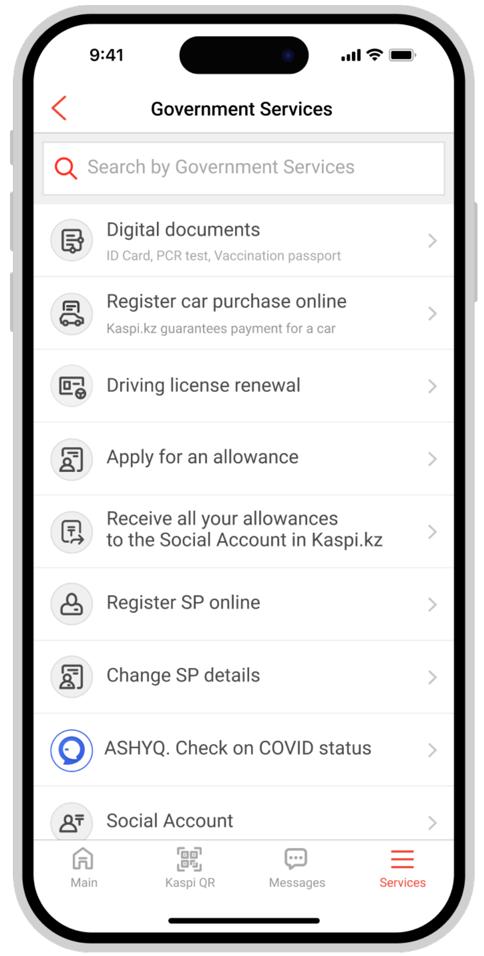
In 2023 and beyond we will also continue to launch new products and services and the success of Kaspi Travel in 2021 and now e-Grocery, proves that a large and highly engaged Super App consumer and merchant base can be quickly leveraged into new sizeable and fast-growing markets.

Over the last two years we have worked hand in hand with various government agencies prioritizing the addition of high frequency GovTech services to the Kaspi.kz Super App. Consumers can apply for and receive social security payments directly into their Kaspi Gold wallet, calculate and pay their taxes and fines, register motor vehicles, access digital documents, amongst other services.

In 2022 we launched digital documents, which allows consumers to access their ID cards, vaccine passport, driver's license, marriage certificate, birth certificate and other digital documents via the Kaspi.kz Super App.

Individual entrepreneurs and small businesses can register their businesses as formal legal entities, quickly, easily and fully digitally. At the beginning of 2023, we introduced Tax Reports, which should be highly relevant for merchants.

By the end of 2022 our GovTech Platform had 9.6 million MAU, up from 6.9 million in 2021. Going forward we will continue to look for opportunities to work with government and jointly develop digital products that make everyday life easier.



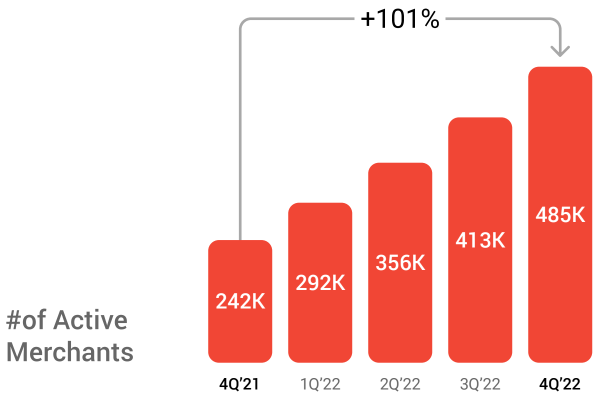
Kaspi Pay Super App for merchants is going from strength-to-strength

We launched our merchant focussed Kaspi Pay Super App in summer 2020 and have been rapidly onboarding merchants ever since. After a break-out year in 2021, Kaspi Pay went from strength-to-strength in 2022. Merchant take- up has been phenomenal and going forward Kaspi Pay is a game changer in terms of the role we can play in helping entrepreneurs and SMEs in Kazakhstan grow their businesses.

Kaspi Pay includes an integrated suite of services and products that allow merchants to seamlessly accept payments through Kaspi QR, issue invoices instantly, pay B2B suppliers and wholesalers, receive merchant financing, open and manage dedicated business accounts. Products like Kaspi QR, m-Commerce and Instant Invoicing all facilitate merchant acquisition. In turn, with a large and highly engaged merchant base, we can now grow earlier stage merchant services including financing for merchants and SMEs, e-Commerce, Kaspi Delivery and Kaspi Marketing.

These products all help our merchants invest in their businesses, increase their sales, reach new customers and the growth opportunity ahead is substantial. A large and attractive merchant base, combined with high quality and innovative digital products drives ongoing strong transaction growth across all our platforms.

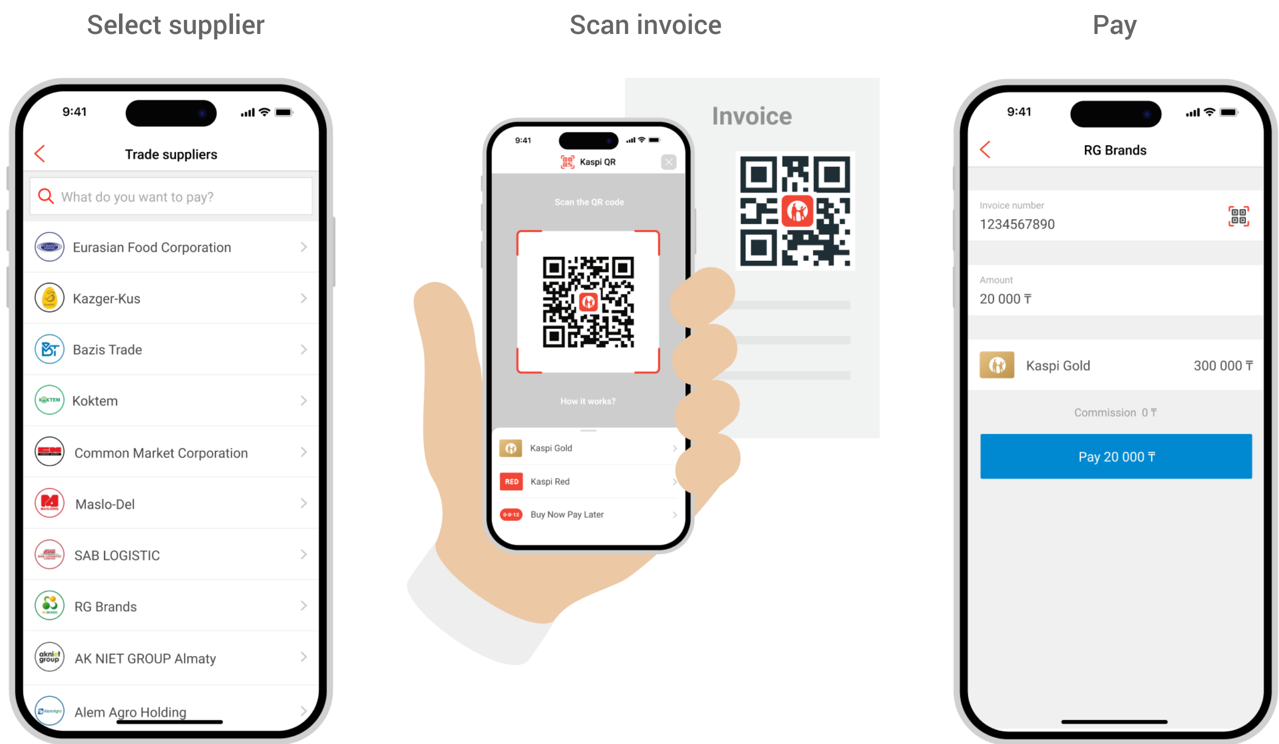
In 2022 Kaspi Pay continued to scale fast, significantly increasing the number of merchants. Active merchants increased 101% year-over-year to reach 485K. This is a dramatic increase in our merchant base, compared to end of 2020 when we had just 53K merchants.



Inspired by the success of the Kaspi.kz Super App strategy for consumers, we will aim to continually launch new products and services for merchants around their business needs. Merchant financing is experiencing strong adoption and Kaspi Pay has emerged as a new transformative payments proposition.

With merchant penetration across our full range of Kaspi Pay Super App services still low, here too the opportunity ahead remains significant.

Kaspi B2B Payments



Kaspi.kz 2022 Financial Highlights

- Full-year net income growth well above guidance
- Revenue up 40% and adj. net income up 36% YoY in 2022

For full-year 2022, total revenue increased 40% to KZT1.3 trillion.

Our Payments Platform delivered fast and consistent top-line growth throughout the year, due to the ongoing success of Kaspi Pay and Kaspi B2B Payments. In Marketplace, we prioritised expanding our merchant base and free consumer delivery. This combined with the success of Kaspi Juma, first in July and then in November led to accelerating second half GMV momentum, with the fourth quarter the strongest in the year. Kaspi Travel GMV growth remained additive to Marketplace growth. Our cautious approach to TFV origination in the first half of 2022, translated into slightly more modest Fintech revenue growth in the final quarter, but with TFV origination back to normal, revenue growth is expected to be robust in 2023.

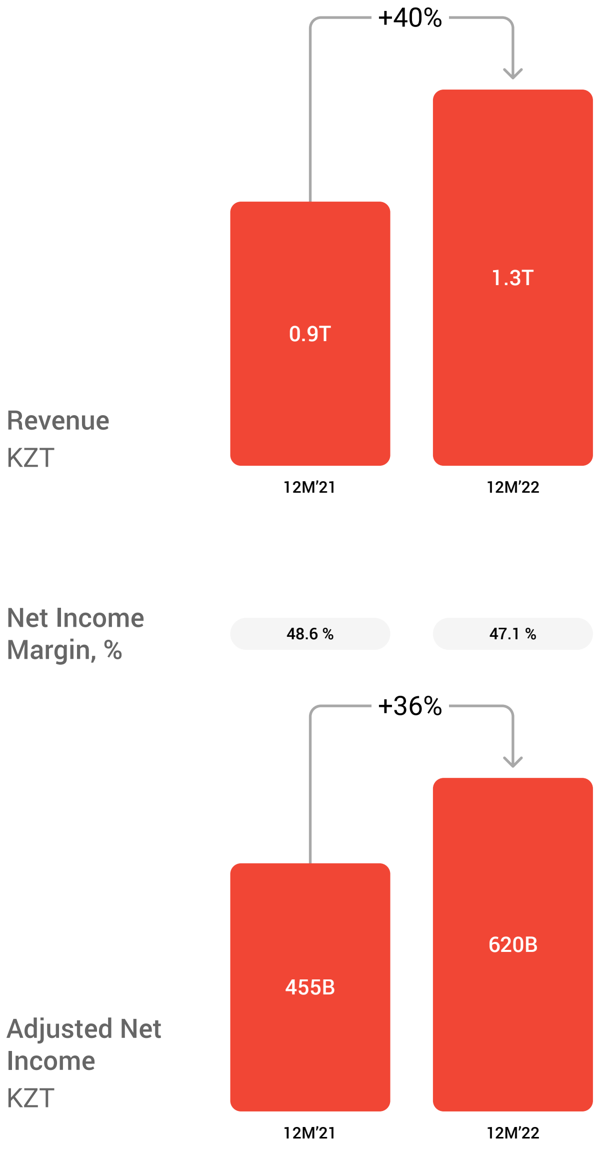
For full-year 2022, adj. net income increased 36% to KZT620 billion, with 47.1% profitability down from 48.6% year-over-year.

We continued to benefit from Payments Platform's operational gearing. Marketplace profitability was slightly lower in 2022, due to our investment in free consumer delivery, but increased year-over-year in the fourth quarter.

In Fintech, the combination of yield reduction and significantly higher funding costs lowered profitability, partially mitigated by lower provisioning and tight control of operating costs. Higher funding costs did however help us attract substantial deposit inflows towards the end of the year, with average Kaspi Deposit balances up 35% year-over-year in the fourth quarter of 2022.An enlarged deposit base will allow us to fund higher TFV in 2023 and with the decline in Fintech profitability being cyclical, not structural, as interest rates normalise, Fintech profitability will recover.

Our faster growing and higher margin Payments and Marketplace Platforms continued to deliver strong bottom-line growth, accounting for 59% of adj. net income in 2022, up from 51% in 2021. In 2023, we expect the contribution to net income from our Payments and Marketplace Platforms to increase again.

Our cash generation capacity remains as strong as ever. As a result, our Board of Directors proposed a final quarter KZT600/GDR dividend. This follows on from dividends of KZT500/GDR and KZT600/GDR, following our second and third quarter 2022 financial results, respectively. In addition, we completed three GDR buyback programs, worth $51 million, $45 million and $84 million 2022. In March 2023, we announced a further buyback program of up to $100 million.



Payments Platform

- Consistently strong growth throughout 2022 & operational gearing intact
- RTPV up 54%, revenue up 54% and adj. net income up 60% YoY in 2022

m-POS

Smart POS

QR Display

Overview

As has been the case globally, in Kazakhstan there has been a huge shift to mobile payments. Kaspi Pay is our response and has proven to be a unique and disruptive proposition, that combines consumers and merchants at scale.

For consumers, the Kaspi.kz Super App is a highly convenient way to shop, pay bills and make peer-to-peer payments. For merchants, the Kaspi Pay Super App allows them to accept payments online and in-store with Kaspi QR, issue invoices instantly and monitor their turnover and payment transactions.

We use Kaspi QR technology to power our own proprietary payments network, including end-to-end payment functionality directly from our Kaspi.kz Super App to a merchant's Kaspi Pay Super App, without the need for a card and third-party payments network. Kaspi QR has become a major disruptive force and Kaspi Pay has emerged as the digital payments platform of choice for all types of merchants in Kazakhstan.

With Kaspi B2B Payments we are now digitalising supplier payments.

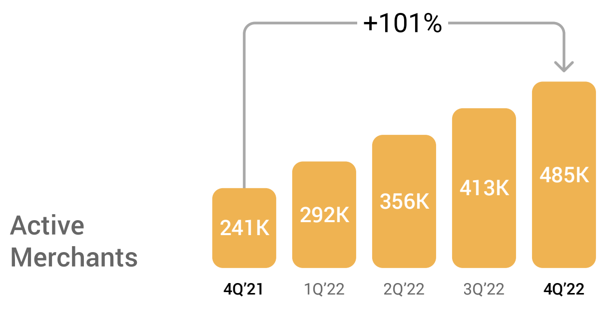
Payments Platform products are also amongst our most important tools to attract new customers and increase engagement. We continue adding new opportunities to spend and pay, which is a function of new merchants and product development.

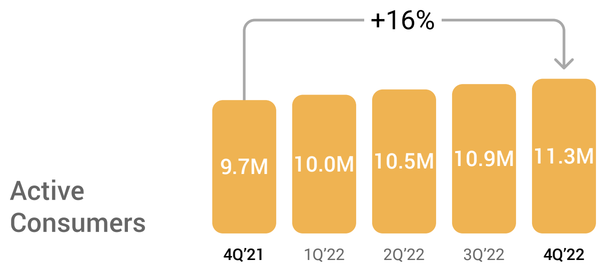
On the back of this substantial progress in 2022, we're now in a great position to add new market leading payments functionality, with the aim of helping merchants exceed their customers' expectations and grow their businesses.

Performance

In 2022 Payments Platform merchant onboarding remained strong, up 101% year-over-year to 485K merchants. Over the same period, there were 465K active Kaspi Pay POS devices, up 69% year- over-year. The benefits of this will continue being seen in 2023 as merchants shift more of their volumes to us, resulting in ongoing high growth in RTPV.

As we add new opportunities to pay, consumer growth has remained robust. Payments Platform active consumers increased 16% year-over-year, reaching 11.3 million, by the end of 2022.





For full-year 2022, Revenue Generating TPV (RTPV) increased 54% to KZT19.9 trillion. RTPV is growing significantly faster than Total Payment Value (TPV) due to our success rolling out Kaspi Pay and the ongoing popularity of Bill Payments.

Over the last year, Kaspi B2B Payments has emerged as the fastest growing component of our RTPV. Our B2B proposition connects small merchants with wholesalers, distributors and suppliers, allowing invoices to be settled instantly and conveniently. In 2022, B2B RTPV increased 4.6x year-over-year to KZT520 billion and reached 3% of RTPV. We expect B2B to continue growing significantly faster than Payments RTPV in 2023.

For full-year 2022, average interest free balances increased 21% year-over-year to KZT633 billion. More modest growth in balances, reflects the increased attractiveness of interest bearing Kaspi Deposit accounts and is a natural consequence of growth in Payments Platform consumers stabilising.

For full-year 2022, Payments Platform revenue growth increased 54% year-over-year to KZT333 billion. Take-rate was stable year-over-year at 1.2%. Take-rate slightly above our full-year 2022 around 1.1% guidance, is a function of timing and as Kaspi Pay and B2B keeping growing their share of RTPV, take-rate should be around 1.1% in 2023.

Kaspi Pay eliminates the need for third-party processors and gives merchants and consumers end-to-end payments functionality, with low pricing. In the fourth quarter of 2022, Kaspi Pay acquiring reached 92% of all Kaspi Gold POS in-store retail transactions, with third parties processing only 8% of transactions. This is positive for Payments Platform profitability and some further progress is expected in 2023.

For full-year 2022, Payments Platform adj. net income increased 60% year-over-year to reach KZT210 billion, with net income profitability increasing to 62.9% from 60.5% in 2021. Payments Platform profitability continues to benefit from the elimination of third-party costs, our proprietary payments network's operational gearing and tight cost control.

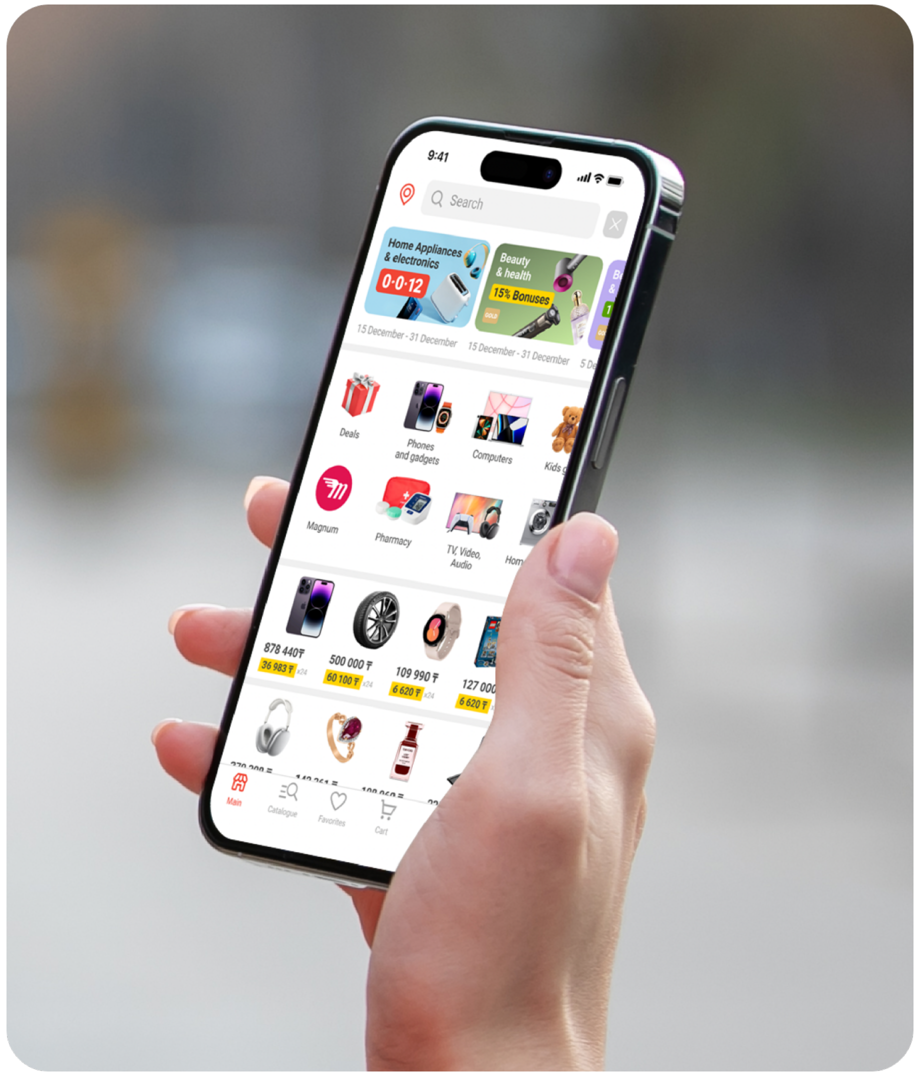
In 2023 we expect Payments Platform to deliver RTPV growth of around 35% year-over-year, with average current account balances up 15%. Take rate will be in the region of 1.1%. With Payment Platform's inherent operational gearing unchanged, adj. net income profitability is expected to be in the mid-60% range.

Looking into the medium-term, Payments Platform cohort analysis continues to show strong growth across every consumer cohort. Existing consumers keep spending more with us and as we add more merchants and opportunities to transact, fast growth can be sustained. Kaspi B2B Payments increases our addressable market further. We will stay disciplined on costs, ensuring strong top-line trends, drop through to the bottom-line. As a result, we remain extremely positive about the growth outlook for Payments Platform in 2023 and beyond.

Payments KPIs	2021	2022	Growth
Revenue (bn KZT)	217	333	54%
Adj.Net Income (bn KZT)	131	210	60%
Adj.Net Income Margin	60.5%	62.9%	
Number of Active Consumers ('000)	9 716	11 264	16%
Number of Active Merchants ('000)	241	485	101%
TPV (bn KZT)	50 480	69 622	38%
RTPV (bn KZT)	12 935	19 913	54%
Take rate	1.2%	1.2%	
Average balances (bn KZT)	523	633	21%

Marketplace Platform

- Accelerating GMV growth throughout 2022
- GMV up 56%, revenue up 56% & adj. net income up 53% YoY in 2022



Overview

Our Marketplace Platform connects both online and offline merchants with consumers, enabling merchants to increase their sales using an omnichannel strategy and consumers to buy a broad selection of products and services from a wide range of merchants.

Merchants include the largest domestic and international retailers in Kazakhstan and SMEs. We have strategically positioned Kaspi Marketplace as the champion for domestic Kazakh brands and merchants. For many international brands, Kaspi.kz is their main gateway to consumers in the region. Product categories include electronics, clothing, children's goods, furniture, car accessories and many other.

Marketplace is fully integrated into the Kaspi.kz Super App and Kaspi Pay Super Apps, which means merchants benefit from 12 million consumers and functionality including our payments, BNPL financing and Kaspi Delivery solutions.

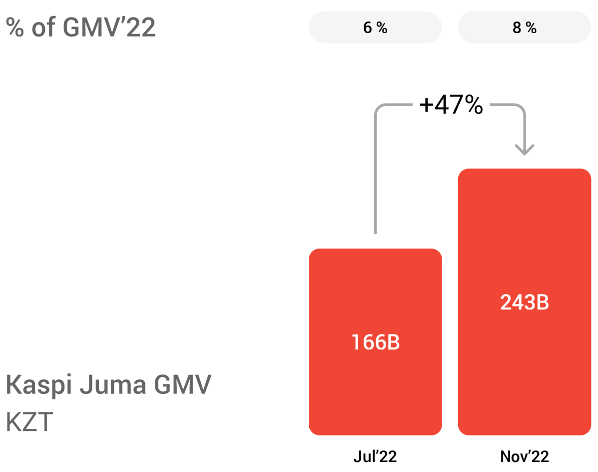
In 2022, we focused on digitally onboarding Kaspi Pay merchants to Marketplace. We also prioritised expanding the breadth and depth of our product offering, with SKUs increasing 1.9x year-over-year to 2.8 million.

Depending on the range and type of products sold, we agree the seller fee, which is applied to the GMV generated. Merchants pay the same seller fee irrespective of whether a consumer buys an item through our e-Commerce or m-Commerce solutions.

We estimate that on average, merchants generate approximately one-third of their sales through the Marketplace Platform, which we believe contributes to high a merchant retention.

Kaspi Juma

In 2022 we held Kaspi Juma, our nationwide shopping festival, in both July and November. Juma gives our consumers the opportunity to shop on highly affordable terms and helps merchants boost their sales growth. July's event was the first Juma since the start of the Covid-19 pandemic surpassed all our expectations. November's Juma broke all records, with GMV up by almost 50% and items purchased nearly 130% higher, compared to July's Juma. Given how much Juma is loved by consumers and merchants alike, we are already planning for events in 2023 to raise the bar again.



m-Commerce

m-Commerce allows us to digitalise the entire shopping experience through the Kaspi.kz Super App directly to a merchant's street location. Consumers research goods and merchants first on our Kaspi.kz Super App and then complete the purchase in-store with Kaspi QR.

For a wide range of merchants, our m-Commerce platform is a valuable tool to attract consumers and increase sales. Consumers find information about merchants using the Super App, inspect the item at the physical store and complete the transaction digitally through the Kaspi.kz Super App.

m-Commerce is offered through the Kaspi Red Shopping Club, which has a dedicated section for merchants and consumers in our Super App and is organised around popular shopping and lifestyle categories including supermarkets, restaurants, petrol stations, medical services and beauty salons.

e-Commerce

Our online Marketplace provides an integrated e-Commerce experience through the Kaspi.kz Super App, starting from product selection and purchase to delivery across Kazakhstan. Product categories make product selection convenient and are supplemented with product reviews, ratings and videos.

After selecting a listed item, the consumer selects a merchant selling the item. Merchant selection is assisted by ratings and consumer reviews. Having chosen the item, price and merchant, a consumer will be directed to select delivery or in-store pick-up. We then request the consumer to confirm a payment option: (i) BNPL from our Fintech Platform; or (ii) Kaspi Gold from our Payments Platform. For BNPL we make a decision within seconds to ensure a seamless shopping experience.

Kaspi Delivery

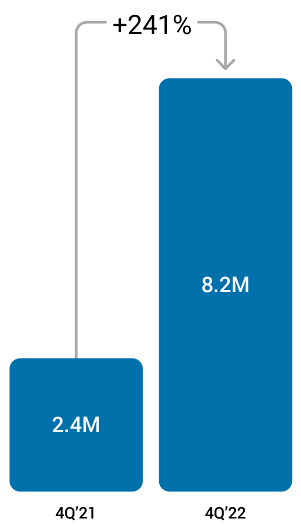
Our Marketplace provides a variety of fulfilment options, including in-store pick-up, delivery by merchant, Kaspi Delivery, Express Delivery and Kaspi Postomat. In 2022 we continued to prioritise scaling the expansion of Kaspi Smart Logistics Platform to more cities, the rollout of Kaspi Postomats and free delivery for consumers, all of which made an important contribution to strong e-Commerce trends.

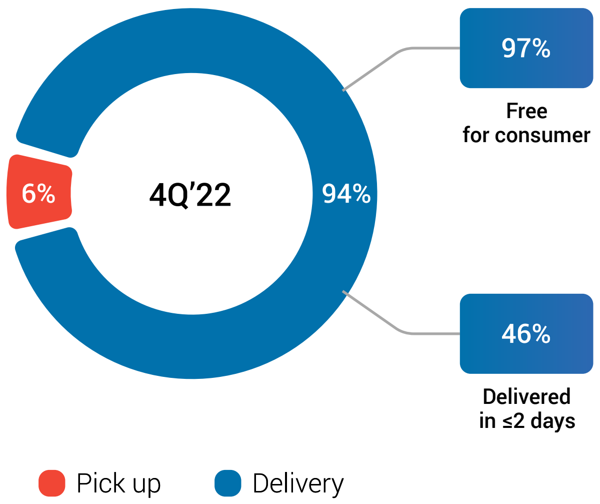
Over the year orders delivered accelerated substantially and by the final quarter of 2022 were up 241% year-over-year.

Higher delivery volumes enable us to reduce the unit cost of delivery, making it easier and more profitable for our merchants to sell throughout Kazakhstan. At the end of 2022, delivery accounted for 94% of orders, was free for the consumer for 97% of orders, with 46% of orders delivered within 48 hours.

We're very happy with our investment in free delivery, which is giving our consumers a superior shopping experience, helps local merchants to sell nationwide and is helping us build a differentiated e-Commerce offering vs other digital shopping platforms.

Number of Orders Delivered

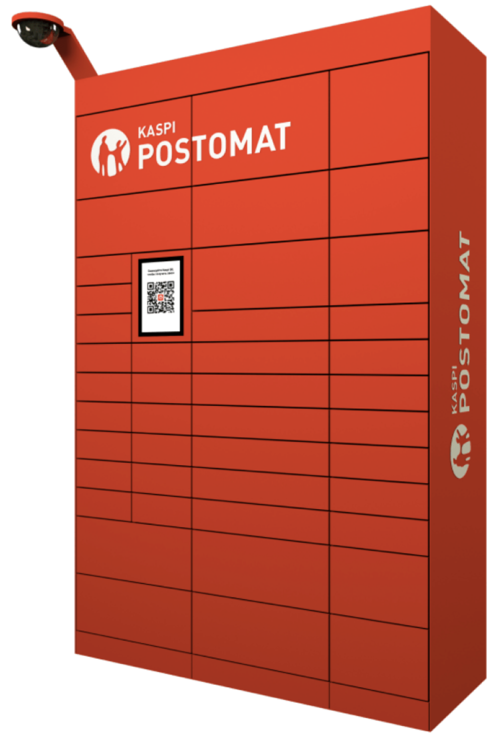




Kaspi Postomats

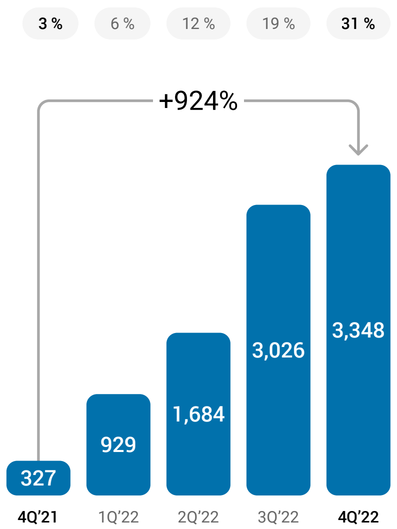
We started to roll out Kaspi Postomat in late-2021 and had 3,348 lockers by the end of December 2022. These lockers are installed in 86 cities and accounted for 31% of e-Commerce deliveries, by the fourth quarter of 2022.

Our investment in Postomat's is significantly enhancing e-Commerce's value proposition for consumers, merchants and delivery partners and gives Marketplace another long-term competitive advantage. Postomats increase the share of successful 1st time deliveries, lower the cost of last-mile-delivery and will help us protect Marketplace's long-term profitability. Postomats are also a key part of our plan to make commerce in Kazakhstan more environmentally sustainable. Given positive customer feedback we're now planning for around 6,000 Postomats by the end of this year.

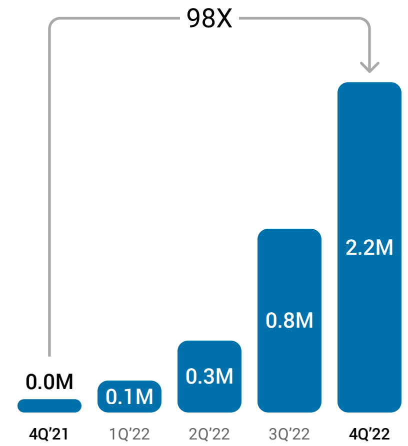


Share in deliveries

# of Postomats



# of Postomat deliveries

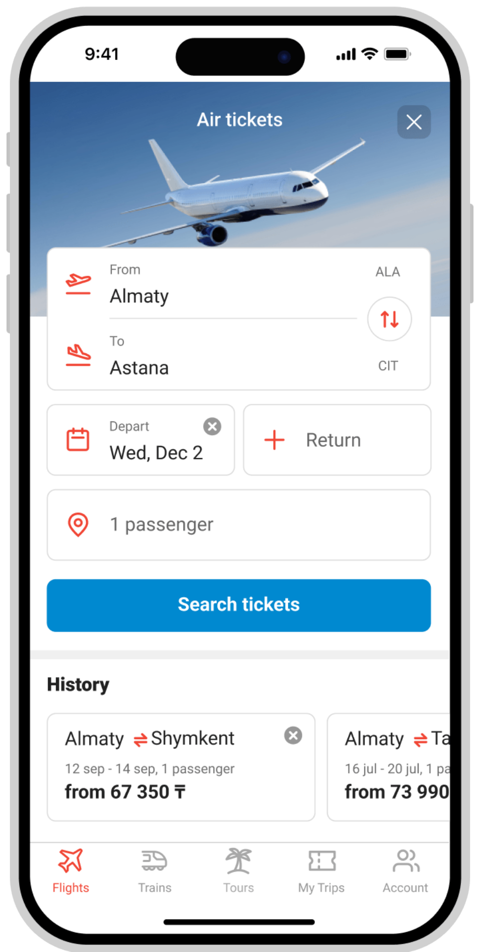


Kaspi Travel

We launched Kaspi Travel just over 2 years ago and the platform has scaled at a rapid rate ever since. We initially started with flight bookings and subsequently added domestic rail tickets. Kaspi Travel is fully integrated with Kaspi Pay and Kaspi BNPL. In 2023 we will broaden Kaspi Travel's offering, with the addition of package holidays.

Packages represent a $1bn market opportunity and we expect Kaspi to become the leading player in this market. Further product expansion is planned for Kaspi Travel over the medium-term.

Kazakhstan's Tour package Market Size	$1 bn
Estimated Number annual tourists	~ 1 mn
Average tour package size	$1.5K
Initial tour destinations	Turkey, UAE, Egypt
Take rate	~ 8-10%

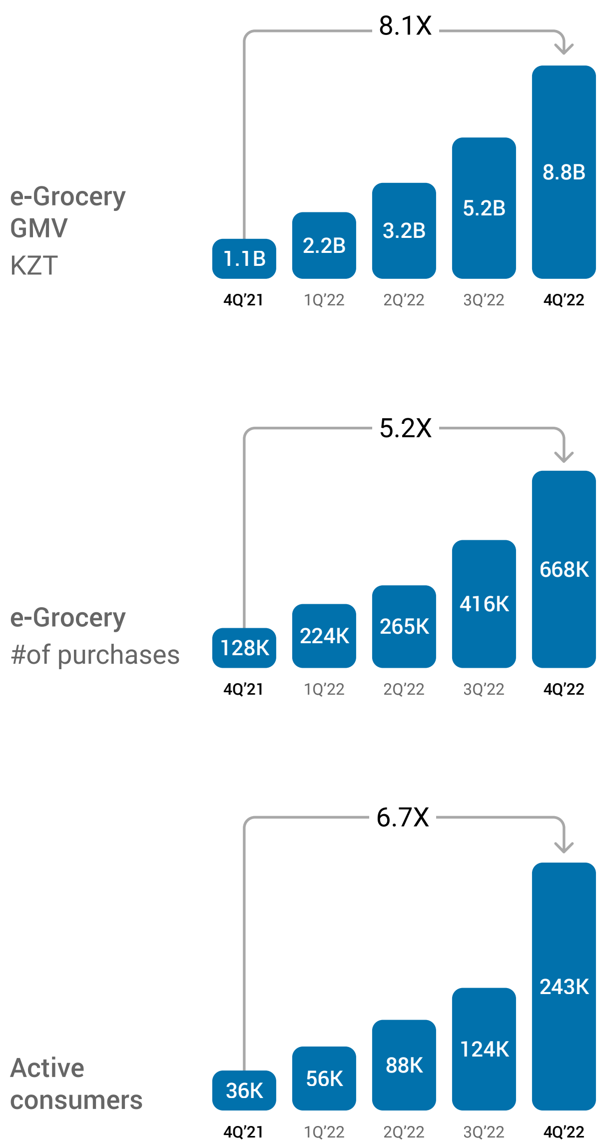


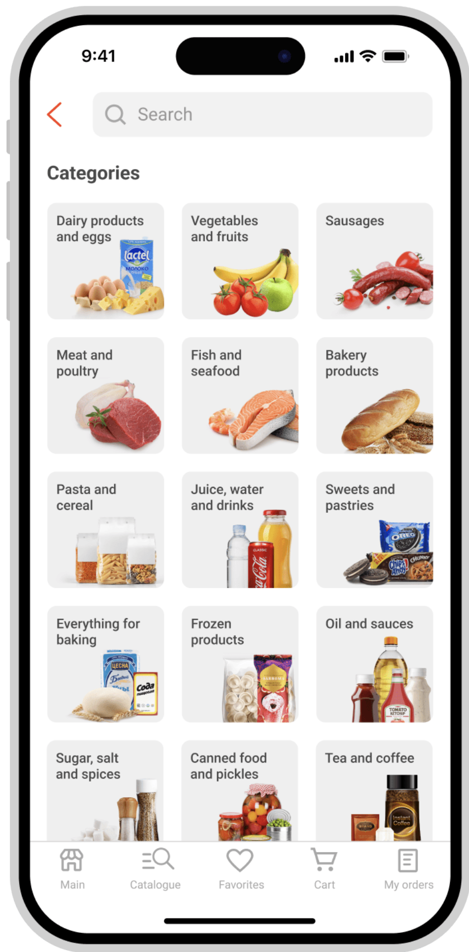
e-Grocery

Kaspi e-Grocery helps households with their day-to-day shopping needs.

From start-up in Almaty just 18 months ago, we are now planning to roll out Kaspi e-Grocery nationwide. With an innovative, high-quality digital offering, we believe we can transform the food shopping experience in Kazakhstan and other markets over time.

This is a sizeable opportunity and exciting joint project with Magnum, Kazakhstan's leading food retailer. If we get our product right, it will mean higher Super App engagement, faster financial growth and further value creation for our shareholders.

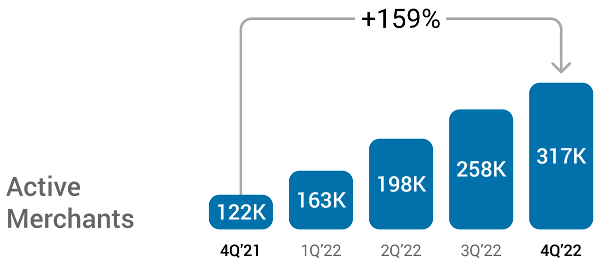


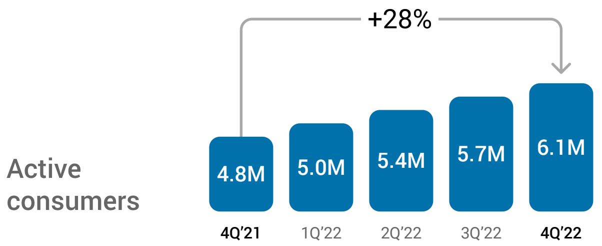


Performance

Just as with our Payments Platform, the expansion of our Marketplace merchant base was an important focus in 2022. During 2022, Marketplace merchants increased to 317K, equivalent to 159% year-over-year growth.

Marketplace consumers increased 28% year-over-year to 6.1 million.





Over 2022 Marketplace GMV momentum accelerated, with full-year 2022, GMV up 56% year-over year to KZT2.9 trillion.

m-Commerce continues to deliver excellent results with full-year 2022 GMV growth of 61% year-over-year, to reach KZT1.7 trillion.

e-Commerce demand was extremely strong with orders up 142% year-over-year in 2022. GMV increased 35% year-over-year to KZT970 billion during the same period, with growth accelerating to 57% year-over-year in the fourth quarter. GMV growth below order growth, reflects our efforts to expand the breadth and depth of everyday items like grocery, at lower price points, to enhance Marketplace's long-term competitive position. During the fourth quarter of 2022, e-Commerce SKUs increased 1.9x year-over-year to 2.8 million.

Kaspi Travel's full-year 2022 GMV increased 183% year-over-year to KZT231 billion. Travel's GMV accounted for 8% of Marketplace GMV during the year. In 2023 Travel's fast growth should once again remain additive to Marketplace GMV growth. The addition of package holidays is take-rate enhancing.

e-Grocery's momentum built throughout the year with GMV reaching KZT8.8 billion in the fourth quarter of 2022, up 8.1x year-over-year. Over the same period, 243K consumers made 668K orders, up 6.7x and 5.2x, respectively. Average ticket is currently around $25. Having delivered strong growth since launch in 2021, e-Grocery is now one of our most important priorities and expected to be additive to mid-term growth.

For full-year 2022, Marketplace take-rate was stable year-over-year at 8.2%, with full-year 2022 Marketplace revenue growing 56% to KZT240 billion.

Take-rate will vary from quarter-to-quarter due to the timing of promotional events, amongst other factors. However, on a twelve month view stable year-over-year take-rate, reflects the opposing effects of take-rate dilution from Kaspi Travel and to a lesser extent Kaspi e-Grocery, offset by take-rate accretion from Juma in the second half of the year. That said, Travel's take-rate increased to 3.8% from 3.3% in 2021, due to the growing share of higher take-rate railway bookings.

In 2023 we expect Marketplace Platform to deliver GMV growth of around 35% year-over-year. Items sold will continue growing faster than GMV. However, as new lower ticket categories grow in share, faster GMV growth is coming through and we expect e-Commerce GMV growth to be faster in 2023 than in 2022. Take-rate is expected to increase year-over-year to around 8.5%, which reflects faster growth from high take-rate e-Commerce, as well as higher monetisation of Kaspi Marketing and Kaspi Delivery, partially offset by Travel's higher share of GMV. Adj. net income profitability is expected to be around 60%, despite ongoing investments in free consumer delivery and e-Grocery.

The impact of e-Grocery on both top-line growth and bottom line profitability is small at this stage.

For full-year 2022, Marketplace adj. net income increased 53% year-over-year to KZT156 billion, with profitability of 65.1% down slightly from 66.2% in 2021, due almost entirely to investment in free delivery, which increased more than 100% year-over-year, but partially mitigated by a slight decline year-over-year in sales and marketing costs.

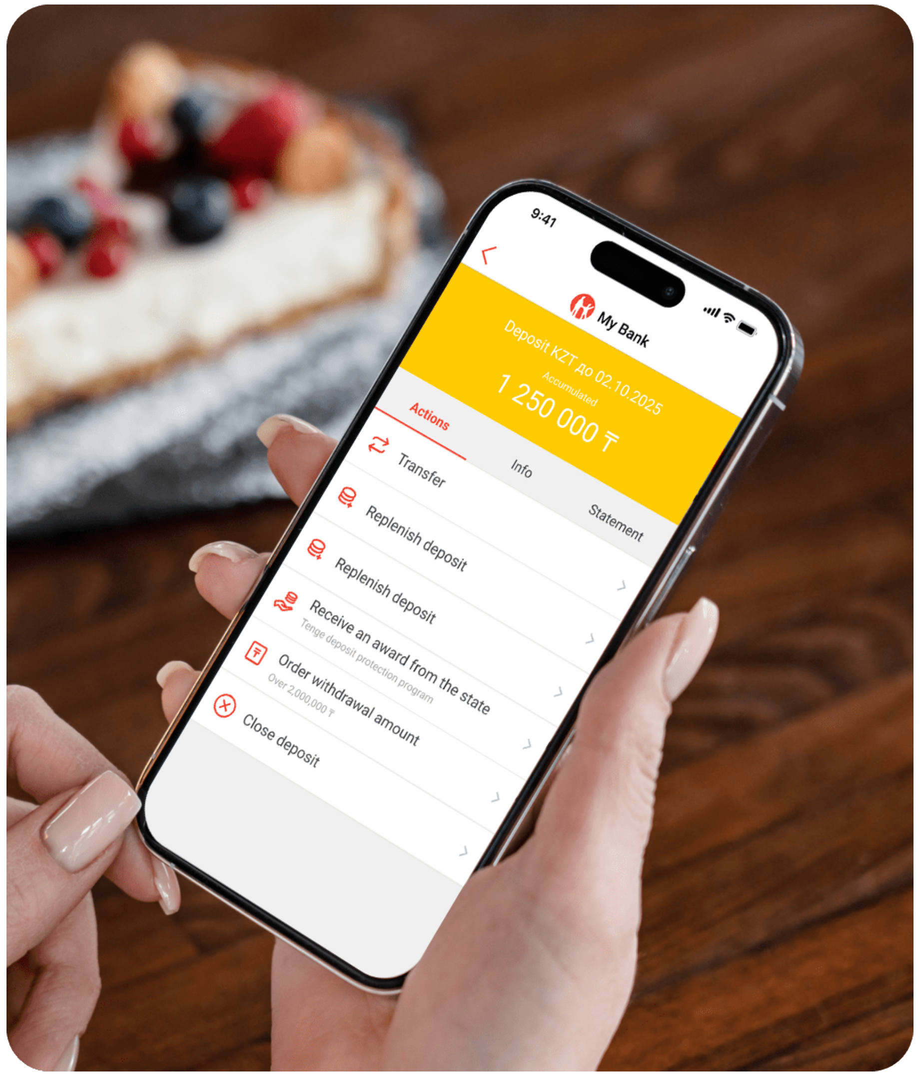
Marketplace KPIs	2021	2022	Growth
Revenue (bn KZT)	154	240	56%
Adj.Net Income (bn KZT)	102	156	53%
Adj.Net Income Margin	66.2%	65.1%	
Number of Active Consumers ('000)	4 756	6 074	28%
Number of Active Merchants ('000)	122.2	317.0	159%
GMV (bn KZT)	1 844	2 872	56%
Take Rate	8.2%	8.2%	

Fintech Platform

- TFV origination back on track, CoR better than guided & strong deposit base growth
- TFV up 25% YoY, Buy-Now-Pay-Later 47% of TFV & 1.9% CoR in FY22

Buy Now Pay Later

Business Finance



Kaspi Deposit

Overview

Our Fintech Platform is fundamentally integrated with our Payments and Marketplace Platforms.

For consumers our buy-now-pay-later (BNPL) consumer finance products are integrated with the Marketplace Platform, which means that consumers can buy now and pay in monthly instalments later. With risk management technology that can make credit decision within seconds, we offer a seamless shopping experience.

Merchants can access our working capital finance products through both Kaspi Pay and Kaspi.kz Super Apps. The amount of funds merchants can borrow is linked to their turnover and GMV through Kaspi Pay and Kaspi Marketplace.

We believe that the number of transactions is crucial to the cash flow turnover across our platforms and this thinking is key to our Fintech product development. We incentivise consumers to prepay any consumer finance product without penalty prior to contractual maturity. This drives the frequency of transactions, reduces the average term of the loan portfolio and the average size of financing, thus reducing the cost of risk.

The short-term nature of all our financing and more specifically BNPL products allows us to quickly ramp-up or scale back origination as we observe changes in the consumer environment. With this in mind, we took a more cautious approach to origination in the first half of 2022, due to increased volatility in the external environment. However, by summer approval levels were back to normal, in line with the gradual recovery in consumer activity and transactions.

Performance

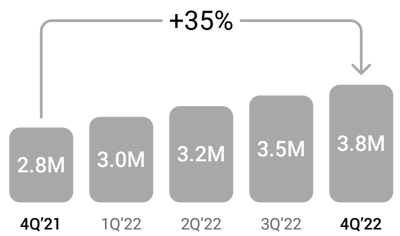
For full-year 2022, Total Finance Value (TFV) increased 25% to KZT5.4 trillion and we finished the year with 5.6 million loan consumers, up 15% year-over-year. As well as normalisation in approvals, our Merchant & Micro Business financing is scaling fast and this is expected to continue in 2023.

Our average net loan portfolio increased by 45% year-over-year, to KZT2.6 trillion during 2022.

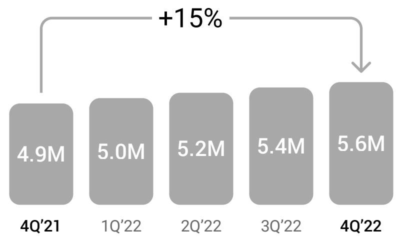
Our deposit base experienced substantial growth in the second half and in the fourth quarter of 2022, average savings increased by 35% year-over-year to KZT3.6 trillion. For full-year 2022, average savings increased by 28% year-over-year to KZT3.2 trillion.

Deposit consumers increased 35% year-over-year to 3.8 million. Following strong growth in deposit consumers and deposit inflows, our fourth quarter 2022 loan to deposit ratio fell to 79% from 88% in same period in 2021 and 83% in the third quarter of 2022.

Deposit Consumers



Loan Consumers



During 2022 we raised Kaspi Deposit rates and higher funding costs are resulting in lower near-term Fintech profitability. However, more deposit consumers and an enlarged funding base, will enable us drive faster origination and more transactions over the medium-term. Hence, we expect our loan to deposit ratio to gradually move up again.

Portfolio conversion of 2.0x in 2022, was stable throughout the year, reflecting ongoing high early repayments levels, as financially healthy consumers borrow, transact and repay quickly. With no deterioration in consumer credit quality, we expect to continue benefiting from rapid portfolio conversion in 2023.

Low risk, small ticket, short duration Buy-Now-Pay-Later (BNPL) loans accounted for 51% of TFV in the final quarter of 2022, making them our most important Fintech Platform product. Kaspi Juma led to an acceleration in the share of BNPL year-over-year, although the growing importance of BNPL is a long-run trend. Our Merchant Finance products are also becoming more important and accounted for 12% of TFV during the same period. We expect the share of lending to merchants to step up again in 2023.

Fintech yield was 26.6% during full-year 2022, reflecting the growing share of lower yielding BNPL and Merchant Finance loans and consistent with our full-year 2022 guidance.

During 2022, our underlying credit cost of risk was 1.9%, with credit quality consistently high throughout the year. Additional macro provisions taken out of an abundance of caution in the first quarter of 2022, where fully reversed. Low credit cost of risk in part reflects the low-risk nature of our products, especially BNPL and Merchant financing is also low risk, with repayments taken directly from the merchant's sales transacted through Kaspi.kz.

In 2021 we wrote off loans delinquent by more than 761 days. However, we always seek to improve the efficiency of our collection processes, including for loans previously written off. Our success in this regard, has resulted in a meaningful increase in the probability of collection for amounts overdue up to 1,080 days. Given higher cash flow expectations, during the fourth quarter of 2022, we took the decision to change our write off policy to loans delinquent more than 1,080 days. This resulted in previously written off loans delinquent up to 1,080 days, being recovered on balance sheet. The resulting increase in both gross NPL and total allowance for impairment was equivalent to KZT27 billion. Going forward days to write off, our collection statistics and provisioning policy are aligned, at just under 3 years.

For full year 2022, Fintech Platform revenue increased by 32% year-over-year, reaching KZT745 billion. Revenue growth moderated during the year due to lower Fintech origination earlier in the year and a higher share of lower yielding BNPL. Despite this overall Fintech revenue trends were robust.

For full-year 2022, Fintech Platform adj. net income increased by 14% year-over-year, reaching KZT254 billion, with adj.net income margin of 34.1% compared with 39.3% in 2021. Declining profitability mainly resulted from higher year- over-year funding costs, with interest expense up 95% year-over-year. Higher funding costs were partially offset by lower provisioning and lower sales and marketing. When interest rates normalise, we'd expect newly acquired customers to stay with us, resulting in a business and margins recovering rapidly.

We expect TFV origination to accelerate during the first half of 2023 and for the full-year to increase around 35% year-over-year. Although we will continue to prioritise our BNPL product, we also expect Kaspi Business merchant and SME financing products to keep scaling rapidly. BNPL integrated with Kaspi Travel is also expected to see strong growth, especially as package holidays gather momentum. Changing produce mix is reflected in our yield guidance of around 25%. With consumer credit quality high, portfolio conversion and cost of risk trends are expected to be broadly similar to 2022. Fintech adj.net income profitability of around 30%, primarily reflects the near-term impact of higher funding costs.

Looking beyond 2023, our Fintech Platform remains extremely well positioned, as evidenced by this year's growth in loan and deposit customers, as well as deposit inflows. Structural top-line growth will be driven by BNPL and especially merchant and SME financing, which is underpenetrated in Kazakhstan. Bottom-line growth will benefit through-the-cycle, from normalising in funding costs and we see further potential to improve our risk management capabilities, which all combined points to a robust mid-term outlook for Fintech.

Fintech KPIs	2021	2022	Growth
Adj.Revenue (bn KZT)	566	745	32%
Adj.Net Income (bn KZT)	222	254	14%
Adj.Net Income Margin	39.3%	34.1%	
Number of Active Consumers - loans ('000)	4 858	5 571	15%
Number of Active Consumers - savings ('000)	2 799	3 780	35%
TFV (bn KZT)	4 346	5 411	25%
Average Net Loans (bn KZT)	1 815	2 639	45%
Average Savings (bn KZT)	2 460	3 151	28%
Yield	29.4%	26.6%	
CoR	1.6%	1.9%	
Conversion rate	2.4	2.0	

Our Growth Strategy

Our growth is underpinned by digital transformation and Kazakhstan's economic modernisation

Mobile digital payments, e-Commerce and fintech services are experiencing multi-year structural growth globally, with Kazakhstan in the relatively early stages of this transition. The popularity of the Kaspi.kz and Kaspi Pay Super App's is helping us make a major contribution to the country's digital transformation and favourable economic growth outlook.

- Digital payments in Kazakhstan accounted for 83% of transactions in 2022, which is a dramatic transformation in a relatively short period. Although Kazakhstan is rapidly embracing all things digital, we still see scope to deepen digital payments penetration, especially across retail and SMEs, with our dedicated Kaspi B2B payments product addressing another segment ripe for transformation.
- Online retail sales, which accounted for 8.6% of the total retail market in 2022 are significantly below other markets. The launch of e-Grocery, illustrates the still huge potential to digitalise major retail verticals. Our Marketplace also extends beyond online, enabling us to digitalise the entire retail experience with Kaspi.kz Super App and Kaspi QR technology.
- Penetration of consumer financial services is low, with consumer loans accounting for only 7.6% of GDP in 2022 (based on data from the NBK and the MNE). Accordingly, total consumer indebtedness is low and stable, especially compared with other emerging markets. Our financing products for SMEs, are now helping us to bring affordable, digital financing to previously underserved small businesses and individual entrepreneurs.

In the near-term, regional macro volatility has increased and elevated inflation is a short-run challenge, albeit not unique to Kazakhstan. However, over the medium-term strong digital structural drivers should be supported by generally favourable economic trends. The Kazakhstan government led by President Tokayev, is also implementing numerous initiatives to restructure and modernise the economy. In 2023 Kazakhstan's real GDP is forecast by the MNE to grow by 4.0%, an acceleration from 3.2% in 2022. Extra oil & gas revenues should allow for a tangible expansion of fiscal stimulus and help government address social inequalities. Initiatives to reduce corruption, increase competition especially via the growth of SMEs and to attract foreign investment, should help ensure GDP growth of around 4-5% into the medium-term.

With our GovTech Platform we work jointly with Kazakhstan's government to digitalise everyday life

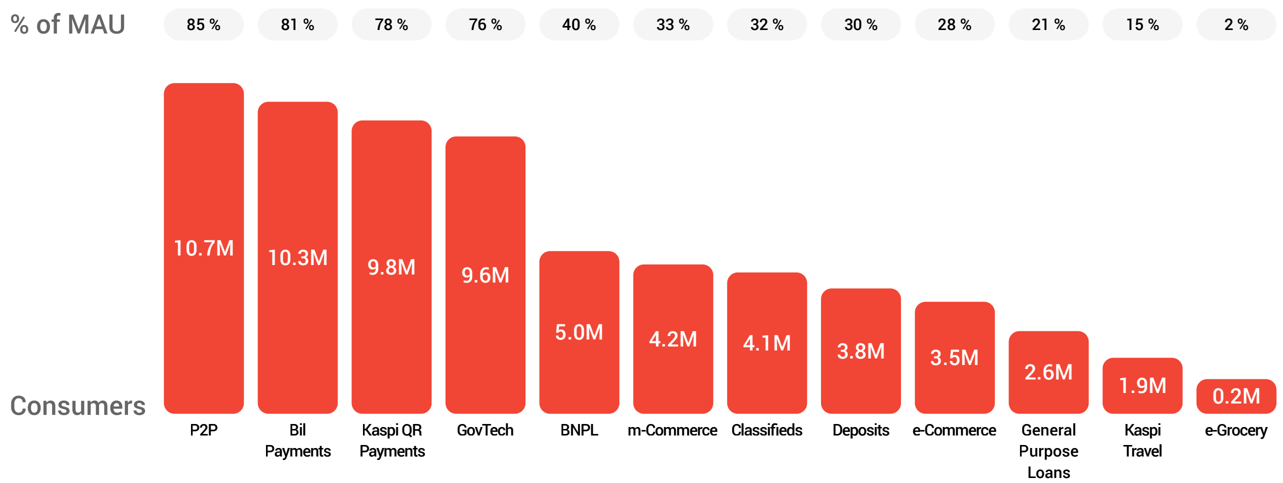
Over the last two years we have prioritised the growth of our GovTech Platform and its services for consumers and merchants continue to grow in popularity.

Digital documents, car ownership registration, driver's license issuance and new business registration were our most widely used government services in 2022. Earlier this year, we introduced Tax Reports, which should be highly relevant for merchants. Our GovTech products driver Super App usage further and in cooperation with government, are another way we can develop digital products that improve everyday life in Kazakhstan.

We will increase consumer usage of our entire range of services

With 12.6 million MAU we have a high level of scale with consumers. P2P, Bill Payments, BNPL, Kaspi QR and our GovTech Platform are fundamental to high day-to-day consumer engagement.

Going forward, we will grow less mature services including e-Commerce & Postomats, all aspects of Kaspi Travel, e-Grocery and Kaspi Classifieds. These services help our consumers discover the products they need, at the best possible prices, from local merchants, with free delivery, saving time and money. With consumer penetration across our full range of Super App services still low, the opportunity ahead remains significant.



We recently launched Kaspi Classifieds in conjunction with Kolesa.kz and although it is early days, initial growth in users and C2C listings is encouraging with MAU exceeding 4 million just 3 months after launch.

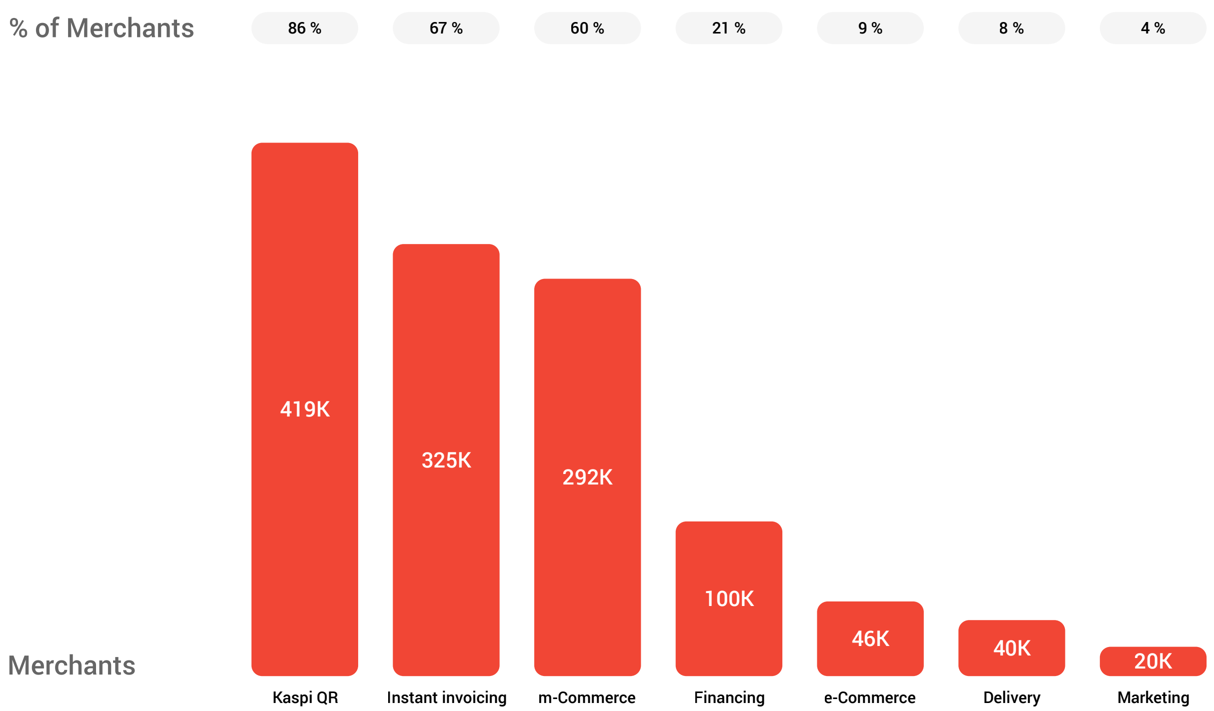
As always, we will continue to launch new services and our product pipeline in 2023 and beyond is as exciting as ever.

Kaspi.kz

We will increase merchant usage of our entire range of services

We finished 2022 with 485k active merchants. This represented a substantial increase over the previous 12 months. We expect our merchant base to continue seeing solid growth in 2023.

Kaspi Pay and m-Commerce are the basis of our day-to-day relationship with merchants. Going forward, we will also grow earlier stage merchant services including e-Commerce, Kaspi B2B payments, Kaspi Marketing, Kaspi Delivery and financing for merchants and SMEs. These products help our merchants invest in their business, reach new customers, increase their sales and ensure we remain their digital partner of choice. Here too, the growth opportunity ahead is substantial and as these initiatives scale in future years, we will of course provide more detail.

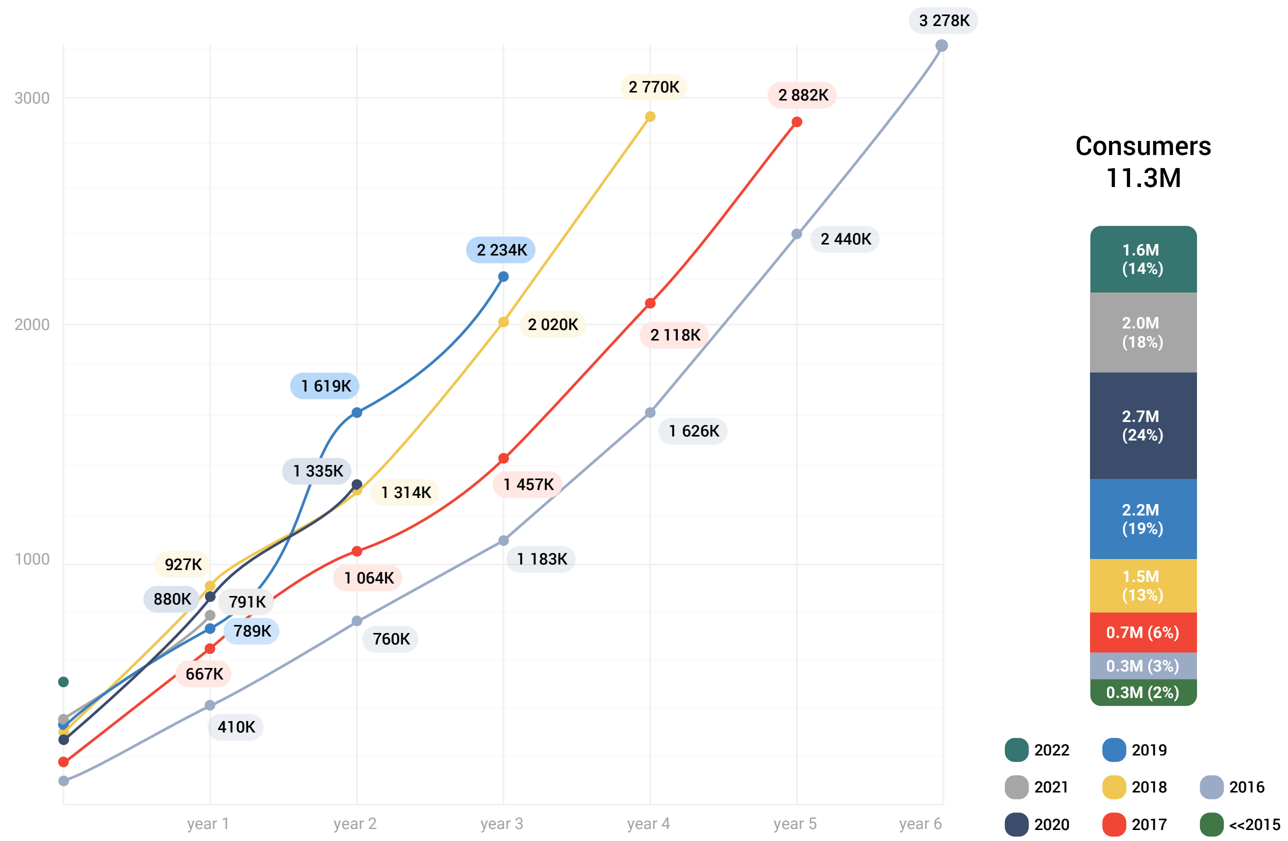


Our Payments Platform offers significant growth potential

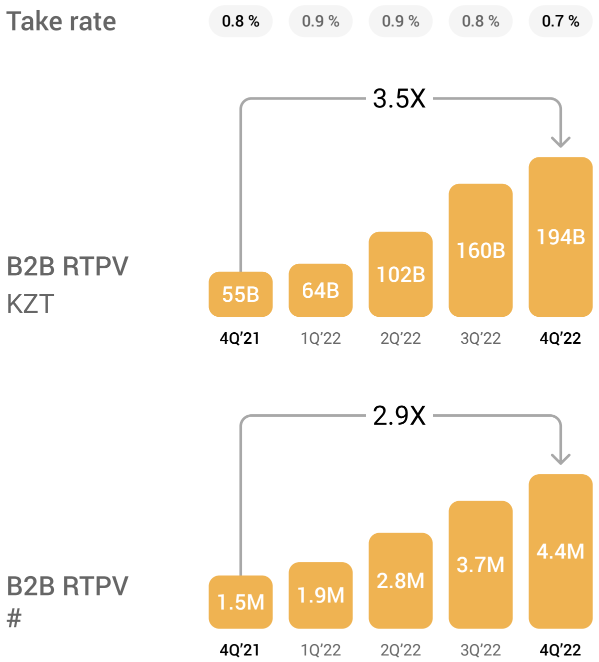
Cohort analysis for our Payments Platform shows that RTPV per consumer has increased around 20x over 5 years and that both new and older consumers continue to contribute to strong RTPV growth.

This is a result of continual efforts to add new opportunities to spend and pay, which is a function of new merchants and product development. With 75% of Payments Platform consumers coming from our 2019, 2020, 2021 and 2022 cohorts we expect strong RTPV growth to continue into the mid-term.

RTPV per consumer (KZT)



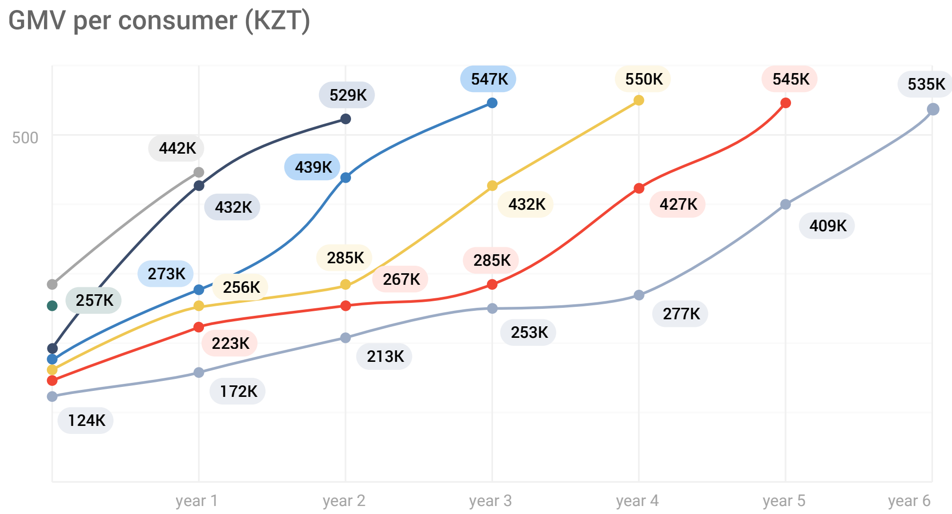
Payments Platform products are not just confined to consumers. Kaspi B2B Payments, which was born out of Bill Payments, is an example of how we can grow transactions by targeting completely new segments, in this case wholesalers, distributors and manufacturers. Number of B2B transactions increased 4.3x year-over-year, during 2022 and with this product still in its early days, we expect B2B to keep growing fast in 2023. In the medium-term, Kaspi B2B payments can be the start of a long list of innovative B2B services.

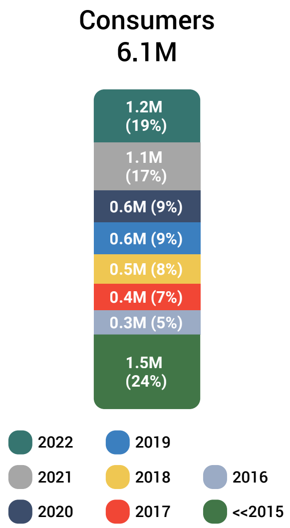


Our Marketplace Platform offers significant growth potential

Marketplace Platform cohort analysis shows that GMV per consumer has increased around 4x over 5 years and that both new and older consumers continue to contribute to strong GMV growth.

Growth in GMV is the result of adding new merchants and expanding the breadth and depth of our product offering. In 2022 Marketplace SKUs increased 1.9x to 2.8 million. With 54% of Marketplace Platform consumers coming from our 2019, 2020, 2021 and 2022 cohorts we expect strong GMV growth into the mid-term, as we add more Marketplace merchants and SKUs.





Investment in e-Grocery

Kaspi.kz's mission is to improve people's lives by developing innovative digital services. This ambition is not confined to just one or a limited number of sectors. When we launched trials of e-Grocery 18 months ago, we were attracted by the large market opportunity. The grocery market in Kazakhstan was valued at $12 billion in 2021 and informal grocery is estimated to be similar in size. With the online food retail market still nascent, we also saw a segment where consumers had yet to experience the benefits of a high-quality, digital shopping experience. With the Kaspi.kz Super App, we are now aiming to transform the food shopping experience in Kazakhstan.

We chose to form a joint venture with Magnum because they're the country's no.1 food retailer, with a nationwide presence. We have now taken steps to formalise this relationship, with Kaspi.kz committing to invest around KZT20-25 billion per annum over the next 3 years. Our equity ownership in e-Grocery is 90.01%, with the remaining 9.99% held by Magnum. Magnum will continue to bring their food retail expertise, especially market leading purchasing terms. Our main role remains the front-end user experience, while our data expertise allows us to efficiently define assortment and pricing. With the operating control that we now have, we intend to execute fast and can ensure all aspect of the consumer experience meet our high standards.

Rationale

- $12B plus market opportunity
- Leverage Kaspi.kz consumer base, technology and Magnum food retail expertise
- Business model economics now proven in Almaty

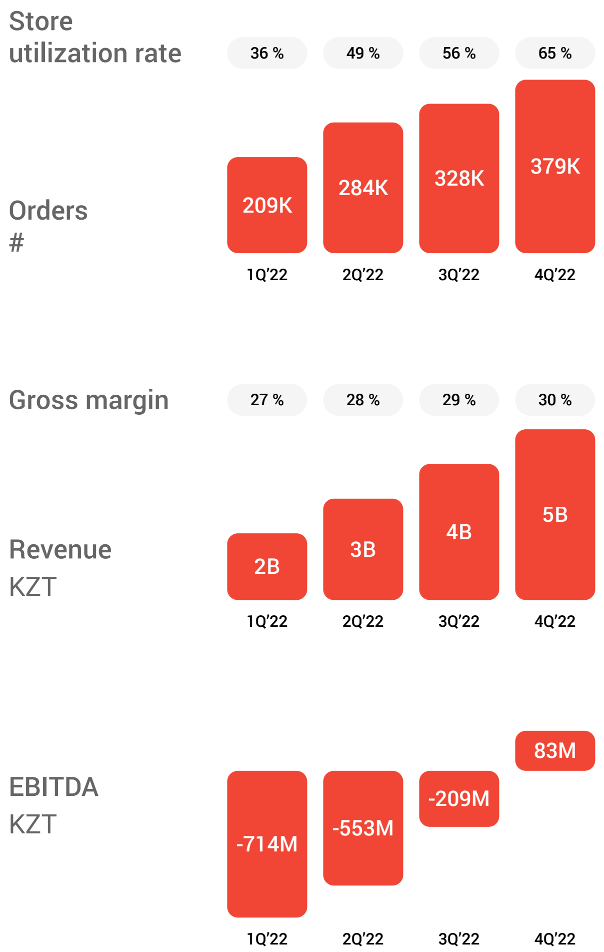
Highlights

- 70B tenge investment over the next three years (dark store tech in ~15 locations)
- 90.01% stake in Magnum e-Grocery
- Investment to fund growth and regional expansion

e-Grocery offers the right assortment, competitive prices and the convenience that comes from integration with the Kaspi.kz Super App. The investment capex that we're planning is small in the context of Kaspi.kz's financials and the 2023 financial impact is small. However, if we execute well, the medium-term opportunity is sizeable.

We launched e-Grocery jointly with Magnum in Almaty around 18 months ago and now operate three dark stores, including one location in Astana. Our first dark store, despite still being in the ramp-up stage became EBITDA positive within 5 quarters, with subsequent stores expected to follow a similar trajectory. On the back of lessons learnt we have streamlined our processes and now plan to rollout dark store coverage across Kazakhstan.

Funds invested by Kaspi.kz will be used to open dark stores in around 15 locations and e-Grocery's working capital requirements.



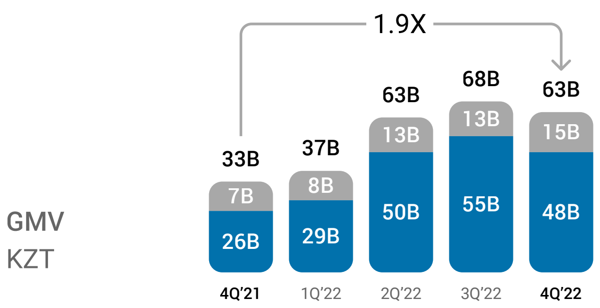
A leading e-Grocery offering will mean higher Super App engagement, a better consumer proposition in every possible way and faster Kaspi.kz financial growth for many years to come. Here too, as e-Grocery becomes a bigger share of our business, we will provide more details, as is our normal practice.

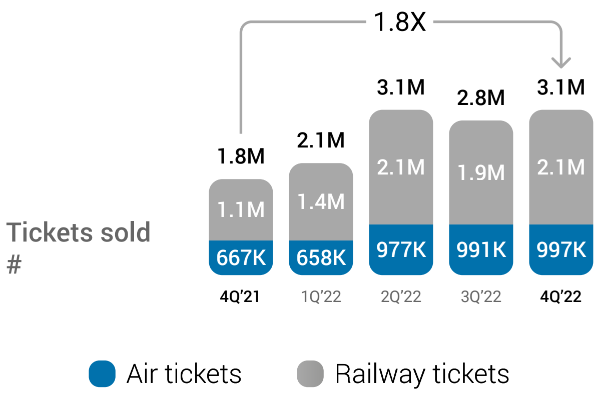
Further development of Kaspi Travel

The success of Kaspi Travel since its launch in 2020, proves that a large and highly engaged Super App consumer and merchant base can be quickly leveraged into new sizeable and fast-growing markets.

Kaspi Travel is now Kazakhstan's N1 online flight and rail booking service. Tickets sold increased 210% year-over-year in 2022, with GMV accounting for 8% of Marketplace.

In 2023 we are broadening Kaspi Travel's proposition, with the addition of international package holidays. Packages represent a $1bn market opportunity and Travel's fast growth should once again remain additive to Marketplace GMV growth in 2023. The addition of package holidays is take-rate enhancing.





Kaspi.kz can play a role in digitalisation beyond Kazakhstan

In Azerbaijan, our three leading classified platforms have continued to scale their users, revenue and profitability since being acquired by Kaspi.kz in 2019.

Following on from our initial success in Azerbaijan, we will continue to explore international opportunities across Central Asia and Eastern Europe. The region is characterised by high levels of cash usage, limited digital payments infrastructure, low e-Commerce penetration and low consumer leverage. The presence of these factors contributed to our initial success in Kazakhstan and when combined with our highly scalable, asset light, technology platform should enable us to expand efficiently across the region over the mid-term.

Our Competitive Strengths

In 2022 Kaspi.kz delivered another year of record-breaking user and financial growth. Despite us having raised the bar multiple times, every platform finished the year delivering better than expected results. With best-in-class execution, the Kaspi.kz team keeps delivering for our customers, Kazakhstan and our shareholders.

The following competitive strengths have contributed and will continue to contribute to our long-term success:

Kaspi.kz is Kazakhstan's leading Super App

We connect consumers with merchants and facilitate day-to-day transactions between the two.

To do this, we need scale with both consumers and merchants.

The Kaspi.kz Super App is the gateway to all our platforms for consumers. With 12.6 million MAU the Kaspi.kz Super App is one of the most popular mobile apps in Kazakhstan. Our Average DAU to MAU ratio reached 63% in December 2022, which is amongst the highest levels of user engagement of any leading Super App globally.

With the Kaspi.kz Super App, our consumers can pay, shop and manage their personal finances amongst other services. All of our services are designed to be used frequently by a large number of people, contributing to a highly engaged user base. Interaction between services creates a one-stop-shop solution and a virtuous demand cycle.

We believe that our Super App eliminates the conventional offline/online boundaries between payments, shopping and finance, increasing the number of use cases for our services.

Kaspi Pay Super App is the app of choice for merchants in Kazakhstan

Kaspi Pay is our dedicated Super App for merchants. In 2022, merchant adoption happened at a phenomenal rate and we finished the year with 485K merchants, up 101% year-over- year. Two years post launch, Kaspi Pay has firmly established itself as merchants digital platform of choice.

Products like Kaspi QR, m-Commerce and Instant Invoicing all facilitate merchant acquisition. In turn via the Kaspi Pay Super App, our merchants can access services including financing for SMEs and individual entrepreneurs, e-Commerce, Kaspi Delivery and Kaspi Marketing. These products all help our merchants invest in their businesses, increase their sales, reach new customers and the growth opportunity ahead is substantial.

A large and engagement merchant base, in turn puts us in a strong position to launch and rapidly scale new high quality and innovative digital products.

Scale and high levels of engagement with both consumers and merchants ultimately should translate into even stronger transaction growth across all our platforms, with scale naturally leading to higher profitability.

Best-in-class, highly integrated digital products lead to high Super App usage and gives our key services leading market positions

Our Super App strategy is a major reason for our popularity. This in turn propels our Payments, Marketplace and Fintech Platforms to leading market shares. Whilst we have a number of competitors in each of our segments, no single competitor offers the range of joined up products and services that we are able to offer through dedicated consumer and merchant Super Apps.

Our Payments Platform has always offered consumers a highly convenient way to shop, pay bills and make peer-to-peer (P2P) payments via the Kaspi.kz Super App. As has been the case globally, in Kazakhstan there has been a huge shift to digital payments, with consumers demanding a seamless and integrated digital experience no matter where they shop. Kaspi Pay is our response to help merchants exceed their customers' expectations and grow their businesses.

Our Marketplace Platform connects both online and offline merchants with consumers, enabling merchants to increase their sales using an omnichannel strategy and consumers to buy a broad selection of products and services, at the best possible prices from a wide range of merchants. In particular, Kaspi Marketplace champions domestic Kazakh brands and merchants.

m-Commerce is our mobile solution for shopping in person, while consumers can use e-Commerce to shop anywhere, any time with free delivery. Kaspi Travel allows consumers to purchase rail, domestic and international flight tickets and now overseas package holidays. Taken together we offer a unified shopping experience, irrespective of online or offline, making us relevant across practically all areas of consumer spending. Marketplace Platform's total GMV was equivalent to 18.2% of Kazakhstan's retail trade in 2022 (MNE). Through the Fintech Platform we offer our consumers and merchants instant and seamless mobile access to digital finance including our buy-now-pay-later, consumer & SME finance and deposit products.

An excellent user experience

Our popularity is also the result of world leading digital product development and a high-quality user experience. We work hard to ensure our products are agile, secure and aligned with the highest standards in the world.

As a technology company, when it comes to innovation, we focus on the needs of our users. Our main driver of value creation is to solve relevant problems that improve people's quality of life. We know that to remain the platform of choice for users, it is necessary to deliver continuous product improvement, ensure a unique experience and build trust.

We are user-centric and work to ensure that everyone involved in the creation and execution of our products does so with a user-centred design philosophy. Our teams design products based upon the experiences of the people who use them. Over the last year we have introduced new steps, to enable us to gather customer feedback. Through our Super App we send push notifications and ask our consumers to evaluate the quality of a specific service and provide us with feedback, immediately after its use. To date around 200,000 consumers have taken part. The data and results we derive, form an integral part of our product development process.

Significant volumes of proprietary data contribute to superior product development and risk management

Our Active Consumers make on average around 60 transactions per month. Transaction data covers all aspects of consumer spending habits and is combined with social, financial and behavioural digital data from Super App usage.

As Kaspi Pay scales and our merchant proprietary transactions grow quickly we are building up a complete 360-degree insight into all aspects of the transaction value chain. With the launch of Kaspi B2B payments we expect to be able to capture even more unique transaction insights.

Such high levels of transactions per consumer combined with the leading market share of our Platforms, provides us with unmatched volumes of proprietary data and unique consumer insights.

We use artificial intelligence to improve our response processes. Our data scientists leverage our technology and proprietary data to both personalise and enhance our consumer experiences, ensure best-in-class future product development and more effective credit and transaction risk management procedures.

Highly integrated services contribute to high profitability

Our full suite of complementary and integrated services results in powerful network effects, with the growth and development of one service contributing to the growth of other services. High-quality products and services around consumers' everyday needs integrated into a single Kaspi.kz Super App contribute to a higher number of products and services being used by our Active Consumers. This makes our Platforms increasingly attractive both to consumers and merchants, with few reasons for either to switch to competing products and services.

Strong network effects reduce customer acquisition costs and when combined with high consumer retention the result is significant operating leverage and structurally high profitability.

New products and services can be scaled more quickly and profitably, than would be the case for the equivalent stand-alone service. For example, e-Grocery reached break even in Almaty, the first city in which it was launched, in around 18 months.

In 2022 our adj. net income margin was high and stable at 47.1%. Our highly scalable business model is also designed to be capex light and highly cash generative. In 2022 this allowed us pay two dividends, equivalent to KZT500/GDR and KZT600/GDR, respectively. We also declared a dividend of KZT600/GDR, based on our fourth quarter 2022 financial results will be paid in 2023. In addition, we completed three buyback programs, equivalent to around $51 million, $45 million and $84 million.

Long-standing team and unique corporate culture

Our corporate culture is central to our success and is based on our mission of leveraging technology to improve the everyday lives of people.

The key members of the management team have each been with the company for more than 10 years. The team has a global and regional perspective combined with experience acquired at the world's leading academic, financial and technology institutions.

Kaspi.kz is widely represented in the country, with 113 outlets located in all regions of Kazakhstan. We believe that even large organisations need to stay innovative and we therefore foster an environment that inspires teamwork, constant improvement and a relentless focus on delivering the best possible experience to our customers.

Following our IPO, we introduced an LTIP program in 2020. In 2022, the program was expanded to include 110 senior executives and other key personnel, who will receive Kaspi.kz share options. The expansion of our equity settled LTIP program to a broader number of employees is another step aimed at differentiating our corporate culture in Kazakhstan and ensuring our best employees are incentivized into the long- term.

Asset, Liability & Risk Management

The main objectives of risk management is to ensure the safe and sustainable growth of our business with a systematic approach to identification, measuring, managing and monitoring all risks we're exposed to. The risk appetite of the company is set in a way to ensure our solvency in the event of expected losses and losses from unexpected but plausible negative events.

The risk level is subject to regular bottom-up and top down stress tests that are performed internally and as well as part of the Supervisory Review Process. Material risk arises mainly from: credit risk, liquidity risk, market risks, operational risks and IT and information security risks.

Credit Risk

In the course of our operations, we are exposed to credit risk, namely the risk that one party to a financial instrument fails to discharge its obligations, causing the other party to incur a financial loss. Our credit risk exposure arises primarily from our finance business through the Fintech Platform. To this end, we have developed a comprehensive data-driven risk management framework.

To manage credit risk during loan origination, we have centralised all processes related to decision making, verification and accounting. We have developed an automated, centralised and big data driven proprietary loan approval process that enables us to make instant credit decisions. Our centralised risk management function is responsible for maintaining scoring models and the decision-making process.

The quality of approved loans is monitored by the risk management unit on a day-to-day basis with periodic validation of risk management strategies and models. In terms of credit risk, the risk management function comprises independent modelling, anti-fraud, monitoring and provisioning divisions.

Our data-driven decision making process is based on (i) data engineering (we constantly enrich our proprietary customer data using multiple touchpoints including transactional data, behavioral data and shopping information); (ii) data preparation (we structure collected data for use in risk management and do not share with third parties unless required by law); (iii) data analysis (we employ our proprietary risk algorithms, sophisticated predictive scoring models and machine learning for the analysis of structured data, after which each customer is assigned to one of over 1,000 decision scenarios based on multiple factors); and (iv) implementation (our credit decisions are based on real time strategies which may be modified within 15 minutes with no involvement of IT specialists).

We monitor our exposure on a regular basis to ensure that the credit limits and creditworthiness guidelines established by our risk management policy are not breached.

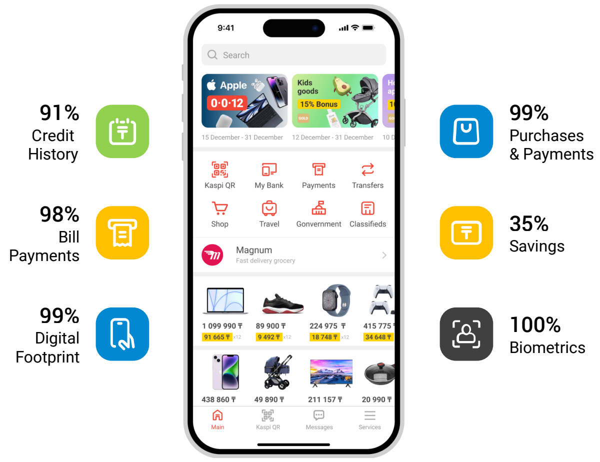
Credit Approval

We have developed a highly automated, centralised and big data-driven proprietary loan approval process that enables us to make high-quality credit decisions in real time within seconds.

During this process we extensively use our data mining, machine learning and big data analytical capabilities. In 2022, our systems allowed us to make 99.9% of consumer loan approvals within six seconds. During the credit decision process, our platforms use proprietary risk algorithms and sophisticated predictive scoring models to evaluate the risks of potential borrowers using statistical modelling based on (i) a wealth of proprietary internal data such as application, transactional, behavioral, shopping and payment history information, which is supplemented by (ii) external data such as data received from credit bureaus (First Credit Bureau LLP and State Credit Bureau JSC) and the Pension Centre.

Our scoring models and decision-making process are assessed and analyzed on a continuous basis for effectiveness and validity. The additional proprietary data constantly accumulated around our customer's activity across our Platforms enables us to continuously improve our credit decision-making process, thereby managing our risk at acceptable levels.

The chart sets out the share of Kaspi.kz's consumer finance applicants with the corresponding proprietary data records in 2022:



Share of users with the relevant type of data

Collection

We divide the loan collection process into two stages: before and after 90 days past due. Collection of loans less than 90 days past due is performed internally, whereas collection of loans more than 90 days past due is outsourced to 42 external debt collection companies, whose activities are regulated and supervised by the FMRDA and the NBK.

Less than 90 days past due

We use various forms of communication to remind consumers of how and when to pay. Automated calls, operator calls, SMS reminders and reminders through the Kaspi Message service of the Kaspi.kz Super App are sent to consumers shortly prior to the loan payment date. If a consumer cannot be reached, we reach out to alternative contact persons whose information we have received as part of the loan application process, where we require loan applicants to provide at least two such contacts.

At the early stages of the process, our primary objective is to understand and assess the reasons why a consumer missed his or her payment in order to develop an appropriate course of action during the later stages of collection. The collection process is supported by a dedicated call centre business unit and by automated tools and specific collection campaigns. We use data mining and machine learning capabilities extensively, while developing specific collection strategies to ensure the most effective collection result.

We do not accrue any interest or penalties beyond 90 days of past due.

Borrowers who are over 90 day's past due cannot obtain any further financing from us.

We typically collect 97% of loans that are less than 90 days past due.

More than 90 days past due

After 90 days of delinquency, we engage a large number of licensed debt collection companies with different capabilities.

Some debt collection companies are primarily focused on contacting consumers by phone while others visit the consumer at their home in order to find a way to recover the amounts owed.

We provide collection companies with technologies and tools to enhance collection effectiveness. We have a dedicated business unit that constantly monitors the work of collection companies and allocates delinquent portfolios across companies.

Write offs

Loans to customers are written off against the allowance for impairment losses. The decision to write off is taken by the Credit Committee for loans overdue more than 1,080 days, which is in line with the Group's collection procedures and statistics. However, the write off of a loan does not indicate that no further action will be taken to collect the loan. Subsequent recoveries of amounts previously written off are reflected as an offset to the charge for impairment of financial assets in the consolidated statement of profit or loss in the period of recovery.

Security and Fraud Prevention

We maintain a system of controls designed to keep fraud risk at or below acceptable levels. In order to prevent fraud, we leverage comprehensive real-time monitoring and analysis technology to monitor suspicious transactions. This allows us to detect suspicious transactions, as well as to decline such transactions at the authorisation stage. In order to prevent fraud, we also leverage big data, machine learning and face recognition capabilities, which we have integrated into our loan approval and risk assessment process.

When we first contact a consumer to provide one of our consumer financial services products, including deposits, Kaspi Gold or membership in Kaspi Red shopping club, we take the consumer's photograph and scan their ID documents, which are then additionally cross-verified as part of the decision-making process for granting such products and linked to one phone number and one Super App. At the later stages of using our products and services, we leverage our state-of-art face recognition technology to enable transactions, which prevents fraud and provides extra security and peace of mind to our consumers. Face recognition technology enables transactions in our Super App and at our ATMs.

Most of our transactions are also accompanied by an authentication process, whereby a transaction has to be confirmed by a unique code, which is delivered to a consumer's smartphone.

To ensure security of clients' transactions in our Super App and website, certain documents (in particular, relating to consumer finance products) should be confirmed and signed through Kaspi e-Sign, an electronic signature that is required to confirm the identity of the borrower. The consumer receives e-Sign following face recognition identification and confirmation via a unique code.

Liquidity Risk

We are exposed to liquidity risk arising out of potential mismatches between the maturities of our assets and liabilities, which could result in us being unable to meet our obligations in a timely manner without incurring substantial losses. Our liquidity risk exposure arises primarily from potentially significant and unexpected withdrawals of deposits.

A major part of our liabilities consists of retail customer accounts with an average contractual maturity of less than two years. Individuals have the right to withdraw their term deposits prior to maturity. However, the actual duration of a customer account deposit is on average more than five years, which ensures a reliable and long-term funding base. In 2022, the average balance of our retail customer accounts was around KZT 940 thousand and 95% of deposits that matured in 2022 were extended, which illustrates the diverse and stable nature of our funding base. As at 31 December 2022, approximately 80% of our deposits by individuals were under the insurance cap by KDIF (Kazakhstan Deposit Insurance Fund).

To support our liquidity position, we maintain a significant amount of high-quality liquid assets which comprise mainly cash and cash equivalents, as well as debt securities issued by the Government of Kazakhstan.

Market Risks

Market risk management covers interest rate risk, currency risk and securities portfolio risk to which the Group is exposed.

Interest Rate Risk

We have exposure to interest rate risk resulting from movements in interest rates that affect income, expense or the value of financial instruments. The contractual maturities of the company's assets and liabilities have modest gaps, which provides the option of instant reaction to changes in market interest rates.

We have significant amounts of high-quality liquid assets with short maturity, which helps us to minimise the company's sensitivity to sharp increases in interest rates in case of a liquidity shortfall on the market. As at 31 December 2022 all debt securities are accounted as financial assets at FVTOCI.

Price Risk

Our securities portfolio risk arises from fluctuations in the value of financial instruments because of changes in market prices whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments traded in the market. We have established various limits on our operations with securities, including instrument specific limits, in order to balance profit and risk in the securities portfolio.

Currency Risk

Our assets and liabilities are denominated in several currencies, with the substantial majority of assets (loans) denominated in tenge and a portion of deposits denominated in foreign currencies. Foreign currency risk arises when the actual or contingent assets in a foreign currency are either greater or less than the actual or contingent liabilities in that currency.

We manage our currency risk by maintaining a modest open currency position as well as entering into currency derivative contracts with high quality counterparties. We issue loans to customers exclusively in tenge, which protects us from hidden currency risk in the event of currency devaluation.

Operational Risks

The operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. All-around automatization and centralization of our processes minimises operational risk, and provides instant and well described data on operational risk events. Nevertheless, we have a well developed operational risk framework, that ensures sound management of risk.

We have developed big data-driven advanced anti-fraud models, that detect fraudulent behavior with high certainty, and helps us to manage operational risk with minimal impact to the customer experience. We also have in place risk identification and its instant log process, that ensures well-timed escalation, allowing balanced and prudent decision making at early stages of risk development.

To ensure proactive risk control and minimization, all processes are constantly reviewed, covering the lifecycle of the products involving product office, risk management, compliance, accounting and the management of the company. The review of processes can be internally driven or based on external cases, that arise from all available data sources. On a systematic basis we conduct self-assessment processes to get in-depth insight into plausible risks of poor processes and take timely actions to prevent loss or minimize severity.

Information technology & information security risks

During day-to-day operations the company is exposed to Information Technology and information security risks which are the probability of losses due to malfunction of information and communication technologies and probability of losses due to breach of confidentiality, intended breach of integrity and availability of information assets, respectively.

We continuously upgrade our platforms to provide increased scale, improved performance, additional built-in functionality including functionality related to security and additional capacity, investing significant time and resources. We ensure data confidentiality, data integrity and instant availability of services in normal and extreme circumstances, using state of art technologies and employing in depth concepts for information security.

Kaspi.kz

Board of Directors

Vyacheslav Kim
Chairman of the Board of Directors

Vyacheslav is a co-founder of Kaspi.kz, with the company since its inception and currently serves as the Chairman of the Board of Directors. Vyacheslav is a prominent businessman with extensive experience in retail. He currently serves as a Member of the Board of Directors of Magnum, the largest hypermarket chain in Kazakhstan. He is also on the Board of Governors of the Physics and Mathematics School, the leading and most recognised high school in Kazakhstan. Vyacheslav is a Member of the National Investor's Council chaired by the President of the Republic of Kazakhstan. He graduated from Almaty State University, majoring in Finance.

Mikheil Lomtadze
Member of the Board of Directors and CEO

Mikheil is a co-founder of Kaspi.kz and currently serves as CEO. He joined the company in 2007. From 1995 to 2000, Mikheil founded and managed GCG Audit, the leading strategy consulting and auditing firm in Georgia, which later became part of the Ernst & Young. In 2017, 2018, 2019, 2020, 2021 and 2022, he was named the best CEO in Kazakhstan according to the survey carried out by Forbes and PwC. Mikheil received a Bachelor's degree from the European School of Management (Georgia) and an MBA degree from Harvard Business School (2002). He is currently a member of Harvard Business School's Middle East & North Africa Advisory Board.

Nikolai Zinoviev
Non-Executive Director

Nikolai serves as a Non-Executive Director of the Company. Nikolai was previously CEO and founder of Europlan, the largest car leasing company in Russia. Prior to that, he was Vice-President at the US-Russia Investment Fund, established by the United States government to provide equity and debt financing to small and medium size enterprises in Russia. Currently, Nikolai is founder and CEO of the leading B2B online marketplace Superbrands.ru.

Douglas Gardner
Independent Non-Executive Director

Douglas (Doug) serves as an Independent Non-Executive Director of the Company. Doug has previously held Board and Audit Committee Chairman positions for retail companies, financial institutions, real estate development firms and family offices. He has provided advisory services to companies, focusing on their corporate governance and financial reporting processes. Prior to that, Doug held the post of Managing Partner for Ernst & Young Russia, Kazakhstan and CIS. He is a Certified Public Accountant. Doug graduated from the University of Oklahoma with a Bachelor's of Business Administration in Accounting.

Alina Prawdzik
Independent Non-Executive Director

Alina serves as an Independent Non-Executive Director of the Company. Alina was previously Business Director for Meta, with responsibility for its operations in Poland. Prior to that Alina was a Managing Partner at Innogy Innovation Hub, where she was responsible for operations in Central Eastern Europe and was a Head of its "Smart & Connected Buildings" investment focus. Earlier in her career, Alina worked at e-Bay.com as a Regional Manager responsible for European Emerging Markets and as a General Manager responsible for International Expansion Europe. Alina graduated from the University of Gdansk (Poland), majoring in International Trade.

Szymon Gutkowski
Independent Non-Executive Director

Szymon serves as an Independent Non-Executive Director of the Company. Szymon is a Managing Partner of DDB Poland, the leading marketing strategy company in Poland. From 2014 to 2018, Szymon was President of the Polish Marketing Communication Association, and since 2017, he has been a Member of the Client Advisory Board of Facebook in Poland. Szymon is decorated with the Knights Cross of Polonia Restituta Order. He received a degree from Warsaw University in Theoretical Mathematics and an executive MBA from the joint program of the University of Illinois Urbana-Champaign and the International Management Centre of Warsaw University.

Management Board

Mikheil Lomtadze
Member of the Board of Directors and CEO

Mikheil is a co-founder of Kaspi.kz and currently serves as CEO. He joined the company in 2007. From 1995 to 2000, Mikheil founded and managed GCG Audit, the leading strategy consulting and auditing firm in Georgia, which later became part of the Ernst & Young. In 2017, 2018, 2019, 2020, 2021 and 2022 he was named the best CEO in Kazakhstan according to the survey carried out by Forbes and PwC. Mikheil received a Bachelor's degree from the European School of Management (Georgia) and an MBA degree from Harvard Business School (2002). He is currently a member of Harvard Business School's Middle East & North Africa Advisory Board.

Pavel Mironov
Deputy CEO, Chief Operating Officer

Pavel is a member of the founding management team. He joined the company in 2008 and currently serves as a Deputy CEO and Chief Operating Officer, responsible for the company's daily operations. He has extensive experience in technology. Prior to joining Kaspi.kz, Pavel worked at Tieto, a leading European IT and software company, covering projects in Russia, Georgia, Kazakhstan and other CIS countries. Pavel graduated from the Moscow Institute of Electronics and Mathematics of the Higher School of Economics with a degree in Computer Science. He also graduated from the Harvard Business School GMP programme (Class of 2015).

Yuri Didenko
Deputy CEO, Head of Capital Markets

Yuri is a member of the founding management team. He joined the company in 2007 and currently serves as a Deputy CEO and Head of Capital Markets, responsible for capital markets and treasury. Yuri has extensive experience in investment and financial analysis. Prior to joining the company, he was a Director of Investments at Baring Vostok Capital Partners, the leading private equity firm in CIS. Yuri graduated from Kyiv National Economic University with a degree in Finance and is a CFA Charterholder. He also graduated from the Harvard Business School GMP programme (Class of 2015).

Tengiz Mosidze
Deputy CEO, Chief Financial Officer

Tengiz is a member of the founding management team. He joined the company in 2008 and currently serves as a Deputy CEO and CFO. Tengiz has extensive experience in the area of finance. Prior to joining the company, he worked at Ernst & Young as a Financial Manager for the Caucasus and Central Asia region. Prior to that, Tengiz was part of the World Bank team responsible for the development of microfinance organisations in Georgia. Tengiz received a Bachelor's degree and a Master's degree in Finance from the European School of Management (Georgia). He also graduated from the Harvard Business School GMP

Management Team

David Sarkisyan
Head of e-Commerce

David joined the company in 2013 and currently serves as Head of e-Commerce. Prior to joining the company, he worked as Head of Technology Projects at Kaspersky Lab and as a Project Manager, Team Lead and Software Developer at CQG, Inc. David graduated from Moscow Institute of Electronics and Mathematics in 2001.

Sergey Timokhin
Head of Payments

Sergey joined the company in 2010 and currently serves as Head of Payments. Prior to joining the company, he worked at various payment technology businesses. Sergey graduated from the Kazakh State National University Al-Farabi in 2000 with a degree in Computer Science.

Saltanat Zhumabay
Head of Products

Saltanat joined the company at inception and currently serves as Head of Products, primarily responsible for product development in fintech and government services. She graduated from the Kazakh National University Al-Farabi in 2004 with degree in Applied Mathematics

Oksana Ageyeva
Head of Kaspi Service

Oksana joined the company at inception and currently serves as Head of Kaspi Service, responsible for providing operational support to businesses across Kaspi.kz. She graduated from International Academy of Business in 2003 and the Kazakh Academy of Labor and Social Relations with a degree in Law in 2007.

David Ferguson
Head of Investor Relations

David joined the company in 2020 and currently serves as Head of Investor Relations. He has extensive experience in equity research and capital markets. Prior to Kaspi.kz, David worked at Renaissance Capital and Barclays. David graduated from University of Durham with a Bachelor degree in Politics in 1999.

Sandro Berdzenishvili
Head of Kaspi Pay

Sandro joined the company in 2014 and currently serves as Head of Kaspi Pay. Prior to that, he worked as Head of Business Development in Universal Card Corporation (Georgia). Sandro received MBA from Free University of Tbilisi Business School in 2010 (Georgia).

Anuar Yelshibayev
Head of Kaspi Travel

Anuar joined the company in 2011 and currently serves as Head of Kaspi Travel. Anuar has extensive experience in developing online services across companies. Anuar graduated from the Kazakh National University Al-Farabi with a degree in Computer Science in 2004.

Bota Turapbaeva
Head of Net Promoter Score

Bota joined the company at its inception and serves as Head of Net Promoter Score. Bota graduated from the Al-Farabi Kazakh State National University with a degree in Economics and Management in 2000.

Sergey Barkalov
Head of Design & UX

Sergey joined the company in 2014 and currently serves as Head of Design & UX. Prior to joining the company, he worked as a Project Manager at Tinkoff. Sergey graduated from the Moscow Institute of Physics and Technology with degree in Applied Mathematics in 2010 and the Russian School of Economics (Moscow) with degree in Economics in 2011.

Arseniy Kochetkov
Head of Kaspi Marketing Services

Arseniy joined the company in 2017 and currently serves as Head of Kaspi Marketing Services, our advertising platform for merchants. Prior to that, he worked at a leading financial company in Kazakhstan. He graduated from the Kazakh Economic University with a degree in Economics and Business in 2010.

Duman Uvatayev
Chief Data Officer

Duman joined the company in 2012 and currently serves as Chief Data Officer. He is responsible for big data analytics, machine learning, artificial intelligence and biometrics in various businesses across Kaspi.kz. Duman graduated from Central Asian University with a degree in Finance in 2010.

Marina Bolibok
Head of Kaspi Allo

Marina joined the company in 2006 and currently serves as Head of Kaspi Allo, responsible for customer service, telemarketing and soft-collection. Prior to that, Marina worked at a leading telecom operator in customer care. Marina graduated from the Alma-Ata Pedagogical Institute of Foreign Languages in 1990.

Mamuka Kirvalidze
Head of Azerbaijan Business

Mamuka joined the company in 2007 and currently serves as a Head of Azerbaijan. Before that, he was head of IT at Kaspi.kz. Prior to joining the company, Mamuka worked at Ernst&Young Georgia. He graduated from Tbilisi State University in 1996 with a degree in Applied Mathematics.

Jomart Kapanov
Chief Risk Officer

Jomart joined the company in 2007 and currently serves as Chief Risk Officer, responsible for risk management and the collection platform. Jomart graduated from Kyzylorda State University Korkyth Ata in 2004 and has an MBA from MBA School (Russia).

Oleg Bakhmutov
Head of People

Oleg joined the company in 2010 and currently services as Head of People. Prior to that, he was Head of Corporate University at a leading mobile operator in Kazakhstan and Head of HR at Sberbank (Kazakhstan). He graduated from the Academy of Architecture and Civil Engineering in 2002.

Olesya Vasileva
Head of Support

Olesya joined the company at its inception and currently serves as Head of Support, providing customer support across all Kaspi.kz businesses. Olesya graduated from the International Academy of Business with a degree in Finance in 2007.

Yevgeniy Popov
Head of Treasury

Yevgeniy joined the company in 2016 and currently serves as Head of Treasury. Prior to joining the company, he was Head of Financial Markets Operations at Sberbank (Kazakhstan). Yevgeniy graduated from the Al-Farabi Kazakh National University with a Master's degree in Information Systems in 2002.

Kanat Aitenov
Head of Network

Kanat joined the company in 2012 and currently serves as a Head of Network. Prior to joining the company, he worked at Societe Generale (France) and a major financial company in Kazakhstan. Kanat graduated from the Kazakh University of International Relations and World Languages in 2004.

Sabyrzhan Berkinbaev
Head of Local Legal

Sabyrzhan joined the company in 2008 and currently serves as a Head of Local Legal. Prior to joining the company, Sabyrzhan held senior positions in a leading legal firm. Sabyrzhan graduated from the Higher School of Law "Adilet" with a degree in Law in 1999.

Veronika Polishuk
Head of Kaspi Guide

Veronika joined the company in 2013 and currently serves as a Head of Kaspi Guide. She has extensive experience in journalism, social media marketing and search engine reputation management. Veronika graduated from the Kazakh American University with a degree in journalism in 2008.

Corporate Governance Bodies

The Corporate Governance of the Company is guided by the Corporate Governance Code, which has been developed in accordance with the legislation of the Republic of Kazakhstan, as well as local and international best practice in corporate governance.

The Corporate Governance Code is a set of rules and recommendations that regulate the relations between the shareholders, Company's internal bodies and other parties. The Corporate Governance of the Company is based on the principles of fairness, honesty, responsibility, transparency, professionalism and competence. An effective corporate governance structure implies respect for the rights and interests of all persons interested in the activities of the Company and contributes to the successful operation of the Company in accordance with international norms, standards and legislation of the Republic of Kazakhstan, maintaining the financial stability and profitability of the Company.

Corporate governance related as well as investor relations related materials can also be found on the website https://ir.kaspi.kz/.

Board of Directors

The Board of Directors is the primary supervisory body of the Company committed to the highest standards of corporate governance. The Board of Directors, among other functions, approves appointments to the Management Board of the Company, approves material acquisitions and disposals by the Company, and forms the audit and remuneration and strategic review committee.

The Company has implemented corporate governance measures under which it has appointed three independent non-executive directors, two non-executive directors, one executive director, and has established two committees of the Board of Directors (the audit committee and the remuneration and strategic review committee), in each case chaired by nonexecutive independent directors.

All of the committees of the Board of Directors perform their duties on behalf of the Board of Directors, and the Board of Directors is responsible for constituting, assigning, co-opting and fixing the terms of service for the committee members.

Audit Committee

The audit committee comprises three directors, two of whom are independent, and meets at least four times a year. The audit committee is chaired by an independent director.

The audit committee is responsible for, among other matters: (i) overseeing the integrity of the Group's consolidated financial statements, systems of internal control and compliance with legal and regulatory requirements; (ii) reviewing of the terms of appointment and remuneration of the independent auditors; and (iii) reviewing and approving the annual audit plan.

The audit committee is chaired by Mr. Douglas Gardner, with Mr. Nikolay Zinovyev and Mr. Szymon Gutkowski are the other committee members.

Remuneration & Strategic Review Committee

The remuneration and strategic review committee comprises three directors, one of whom is independent, and meets at least four times a year. The remuneration and strategic review committee is chaired by an independent director.

The remuneration and strategic review committee is responsible for determining and reviewing, among other matters, the Company's remuneration policies, compensation and benefits plans, including incentive compensation and equity-based plans. The remuneration and strategic review committee determines and reviews the remuneration of members of the Board of Directors and the Management Board.

The remuneration and strategic review committee is chaired by Mr. Szymon Gutkowski, with Mrs. Alina Prawdzik and Mr. Mikheil Lomtadze are the other committee members.

	Board of Directors	Audit Committee	Remuneration and Strategic Review Committee
Vyacheslav Kim	Chairman		
Mikheil Lomtadze	Executive Director & CEO		Member
Douglas Gardner	Independent Non-Executive Director	Chairman	
Alina Prawdzik	Independent Non-Executive Director		Member
Szymon Gotkowski	Independent Non-Executive Director	Member	Chairman
Nikolai Zinoviev	Non-Executive Director	Member	

Responsibility Statement by the Management Board

The Management Board of Kaspi.kz is responsible for establishing and maintaining an adequate system for risk management and internal control. This system is designed to manage risks efficiently and to provide reasonable certainty that financial and non- financial reporting is reliable and that laws and regulations are complied with.

Internal control over financial reporting is an integral part of the risk management and control systems of Kaspi.kz. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting for external purposes in accordance with IFRS.

Due to its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected.

Projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

We here with confirm that, to the best of our knowledge:

- The consolidated financial statements in this annual report are prepared in accordance with IFRS and give a true and fair view of the financial position, results, cash flow and changes in equity of Kaspi.kz and its subsidiaries;
- The annual report includes a fair review of the development and performance, of the financial position of Kaspi.kz and its subsidiaries included in the consolidated financial statements and taken as a whole and the principal risks and uncertainties that Kaspi.kz faces.

Almaty, Kazakhstan, 2023

Mikheil Lomtadze
CEO

Tengiz Mosidze
CFO

Pavel Mironov
COO

Yuri Didenko
Head of Capital Markets

Financial Statements

Kaspi.kz Joint Stock Company

Consolidated Financial Statements
For the year ended
31 December 2022

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Management of Kaspi.kz Joint Stock Company is responsible for the preparation and presentation of the consolidated financial statements that presents fairly the financial position of Kaspi.kz Joint Stock Company and its subsidiaries ("the Group") as at 31 December 2022 and the related consolidated statements of profit or loss, comprehensive income for the year then ended, changes in equity and cash flows for the year then ended, and of significant accounting policies and notes to the consolidated financial statements (the "consolidated financial statements") in compliance with International Financial Reporting Standards ("IFRS").

In preparing the consolidated financial statements, 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 IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's 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 consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- 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.

These consolidated financial statements for the year ended 31 December 2022 were approved by the Chairman of the Management Board, the Chief Financial Officer and the Chief Accountant on 24 February 2023 and will be provided to the shareholders for approval in accordance with the requirements of the legislation of the Republic of Kazakhstan.

On behalf of the Management:

Mikheil Lomtadze	Tengiz Mosidze	Nailya Ualibekova
Chairman of the Management Board	Chief Financial Officer	Chief Accountant

24 February 2023
Almaty, Kazakhstan

Deloitte.

Deloitte LLP
36 Al Farabi Avenue
Almaty, 050059
Republic of Kazakhstan

Tel.: +7 (727) 258 13 40
Fax: +7 (727) 258 13 41
deloitte.kz

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Kaspi.kz Joint Stock Company

Opinion

We have audited the consolidated financial statements of Kaspi.kz Joint Stock Company and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2022 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Why the matter was determined to be a key audit matter

Impairment of loans to customers under IFRS 9 Financial instruments ("IFRS 9")

As disclosed in Note 12
as at 31 December 2022, loans to customers amounted to KZT 3,154,810 million, net of the related allowance for impairment losses of KZT 214,702 million.

The assessment of the measurement of expected credit losses require considerable judgment in analyzing all reasonable and supportable information at the reporting date. Key area of judgement included measuring the amount of expected credit losses by assessing the probability of a loan falling into default and the amount of recoveries expected from defaulted loans.

Due to the significance of the loans' balances, magnitude of estimation uncertainties, and the complexity of judgements applied by management in measuring expected credit losses, we identified impairment of loans to customers as a key audit matter.

How the matter was addressed in the audit

The audit procedures performed in this area, included:

- Obtaining an understanding of the loan loss provisioning process, particularly over measurement and recognition of allowances for expected credit losses. It included an assessment of the design and implementation of relevant controls over the expected credit loss model, including model governance and mathematical accuracy;
- Assessment of the changes made to the provisioning methodology developed for calculation of impairment losses in accordance with the requirements outlined in IFRS 9;
- With the involvement of our internal specialists, assessment of the reasonableness of management's assumptions and input data used in the model, the probability of a loan falling into default, assessment of any recoveries expected from defaulted loans and forecasted macroeconomic variables against requirements of the accounting standards. We tested the underlying statistical data, represented by the principal balances, including the overdue principal and interest and allocation of loans by days in arrears, on a sample basis;
- Testing of operating effectiveness of certain IT controls over data transfer, information capture and processing in the generation of the statistical data, represented by the principal balances, including overdue principal and allocation of loans by days in arrears; and
- Consideration of the adequacy and completeness of the Group's disclosures in respect of credit risk, structure and quality of loan portfolio and impairment allowance in accordance with IFRS 9 on expected credit loss.

Other Information – Annual Report

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte LLP
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Republic of Kazakhstan
dated 13 September 2006

Zhangir Zhilysbayev
Engagement Partner
Qualified Auditor
of the Republic of Kazakhstan
Qualification certificate
No.MF-0000116
dated 22 November 2012
General Director
Deloitte LLP

24 February 2023
Almaty, Kazakhstan

Kaspi.kz Joint Stock Company
Consolidated Statement of Profit or Loss
For the Year Ended 31 December 2022
(in millions of KZT, except for earnings per share which are in KZT)

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
REVENUE	4,5	**1,270,592**	**884,822**
Interest revenue		574,426	422,075
Fees & commissions		226,540	191,831
Seller fees		236,884	151,742
Transaction & membership revenue		261,318	175,901
Rewards		(44,960)	(51,981)
Other gains (losses)		16,384	(4,746)
COST OF REVENUE	6	**(383,611)**	**(244,862)**
Interest expenses		(278,676)	(171,491)
Transaction expenses		(22,188)	(16,542)
Operating expenses		(82,747)	(56,829)
TOTAL NET REVENUE		**886,981**	**639,960**
Technology & product development		(60,807)	(44,388)
Sales & marketing		(25,618)	(8,702)
General & administrative expenses		(24,772)	(23,685)
Provision expenses	7	(55,210)	(34,383)
OPERATING INCOME		**720,574**	**528,802**
Income tax	8	(131,730)	(93,588)
NET INCOME		**588,844**	**435,214**
Attributable to:			
Shareholders of the Company		585,026	431,914
Non-controlling Interests		3,818	3,300
NET INCOME		**588,844**	**435,214**
Earnings per share			
Basic (KZT)	9	**3,051**	**2,247**
Diluted (KZT)	9	**3,016**	**2,222**

On behalf of the Management:

Mikheil Lomtadze	Tengiz Mosidze	Nailya Ualibekova
Chairman of the Management Board	Chief Financial Officer	Chief Accountant

The notes on pages 96-158 form an integral part of these consolidated financial statements.

Kaspi.kz Joint Stock Company
Consolidated Statement of Other Comprehensive Income
For the Year Ended 31 December 2022
(in millions of KZT, except for earnings per share which are in KZT)

	Year ended 31 December 2022	Year ended 31 December 2021
NET INCOME	**588,844**	**435,214**
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Movement in investment revaluation reserve for equity instruments at FVTOCI	(68)	86
Items that may be reclassified subsequently to profit or loss:		
Movement in investment revaluation reserve for debt instruments at FVTOCI:		
Losses arising during the period, net of tax KZT Nil	(9,623)	(2,201)
Foreign exchange differences on translation of foreign operations	(161)	(18)
(Recoveries)/expected credit losses recognised in profit or loss	(2,053)	43
Reclassification of losses included in profit or loss, net of tax KZT Nil	(18)	(511)
Other comprehensive loss for the year	(11,923)	(2,601)
TOTAL COMPREHENSIVE INCOME	**576,921**	**432,613**
Attributable to:		
Shareholders of the Company	573,228	429,340
Non-controlling Interests	3,693	3,273
TOTAL COMPREHENSIVE INCOME	**576,921**	**432,613**

On behalf of the Management:

Mikheil Lomtadze	Tengiz Mosidze	Nailya Ualibekova
Chairman of the Management Board	Chief Financial Officer	Chief Accountant

The notes on pages 96-158 form an integral part of these consolidated financial statements.

Kaspi.kz Joint Stock Company
Consolidated Statement of Financial Position
As at 31 December 2022
(in millions of KZT, except for earnings per share which are in KZT)

	Notes	31 December 2022	31 December 2021
ASSETS:			
Cash and cash equivalents	10	615,360	342,101
Mandatory cash balances with National Bank of the Republic of Kazakhstan		42,917	32,734
Due from banks		25,668	50,903
Investment securities and derivatives	11	1,076,272	607,417
Loans to customers	12,23	3,154,810	2,430,737
Property, equipment and intangible assets	13	131,840	85,101
Other assets	14	74,780	58,931
TOTAL ASSETS		**5,121,647**	**3,607,924**
LIABILITIES AND EQUITY			
LIABILITIES:			
Due to banks	15	16,432	76,492
Customer accounts	16,23	4,000,690	2,763,043
Debt securities issued	17	140,378	139,711
Subordinated debt	19	67,608	67,665
Other liabilities	18	70,850	56,318
TOTAL LIABILITIES		**4,295,958**	**3,103,229**
EQUITY			
Issued capital	20	130,144	130,144
Treasury shares	20	(94,058)	(32,614)
Additional paid-in-capital		506	506
Revaluation (deficit)/reserve of financial assets and other reserves		(9,201)	2,597
Share-based compensation reserve	21	29,274	21,242
Retained earnings		762,500	377,852
Total equity attributable to Shareholders of the Company		819,165	499,727
Non-controlling interests		6,524	4,968
TOTAL EQUITY		**825,689**	**504,695**
TOTAL LIABILITIES AND EQUITY		**5,121,647**	**3,607,924**

On behalf of the Management:

Mikheil Lomtadze	Tengiz Mosidze	Nailya Ualibekova
Chairman of the Management Board	Chief Financial Officer	Chief Accountant

The notes on pages 96-158 form an integral part of these consolidated financial statements.

Consolidated Statement Of Changes in Equity
For the Year Ended 31 December 2022
(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	-	-	-	-	-	431,914	431,914	3,300	435,214
Other comprehensive loss	-	-	-	(2,574)	-	-	(2,574)	(27)	(2,601)
Total comprehensive income	**-**	**-**	**-**	**(2,574)**	**-**	**431,914**	**429,340**	**3,273**	**432,613**
Dividends declared	-	-	-	-	-	(340,362)	(340,362)	-	(340,362)
Dividends declared by subsidiary to non-controlling interest	-	-	-	-	-	-	-	(1,847)	(1,847)
Share options accured	-	-	-	-	19,631	-	19,631	-	19,631
Share options exercised	-	1,705	-	-	(7,177)	5,472	-	-	-
Balance at 31 December 2021	**130,144**	**(32,614)**	**506**	**2,597**	**21,242**	**377,852**	**499,727**	**4,968**	**504,695**
Net Income	-	-	-	-	-	585,026	585,026	3,818	588,844
Other comprehensive loss	-	-	-	(11,798)	-	-	(11,798)	(125)	(11,923)
Total comprehensive income	**-**	**-**	**-**	**(11,798)**	**-**	**585,026**	**573,228**	**3,693**	**576,921**
Dividends declared	-	-	-	-	-	(210,102)	(210,102)	-	(210,102)
Dividends declared by subsidiary to non-controlling interest	-	-	-	-	-	-	-	(2,137)	(2,137)
Share options accured	-	-	-	-	19,984	-	19,984	-	19,984
Share options exercised	-	2,228	-	-	(11,952)	9,724	-	-	-
Share buy-back	-	(63,672)	-	-	-	-	(63,672)	-	(63,672)
Balance at 31 December 2022	**130,144**	**(94,058)**	**506**	**(9,201)**	**29,274**	**762,500**	**819,165**	**6,524**	**825,689**

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 96-158 form an integral part of these consolidated financial statements.

Kaspi.kz Joint Stock Company
Consolidated Statement of Cash Flows
For the Year Ended 31 December 2022
(in millions of KZT, except for earnings per share which are in KZT)

	Year ended 31 December 2022	Year ended 31 December 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received from loans to customers	465,989	334,300
Other interest received	46,387	30,747
Interest paid	(257,030)	(161,369)
Expenses paid on obligatory insurance of individual deposits	(7,251)	(6,688)
Fees & commissions received	219,196	191,831
Seller fees received	236,884	149,070
Transaction & membership revenue received	262,169	178,400
Fees & commissions paid	(24,954)	(21,726)
Other income received	27,018	10,585
Operating and other expenses paid	(196,481)	(153,421)
Cash flows from operating activities before changes in operating assets and liabilities	**771,927**	**551,729**
Changes in operating assets and liabilities		
(Increase)/decrease in operating assets:		
Mandatory cash balances with NBRK	(10,183)	(5,075)
Due from banks	27,319	(5,520)
Financial assets at FVTPL	12,396	(4,296)
Loans to customers	(760,660)	(1,057,590)
Other assets	(24,788)	(11,663)
Increase/(decrease) in operating liabilities:		
Due to banks	(60,057)	76,430
Customer accounts	1,186,731	597,542
Financial liabilities at FVTPL	(2,261)	(585)
Other liabilities	13,982	14,500
Cash inflow from operating activities before income tax	**1,154,406**	**155,472**
Income tax paid	(133,422)	(85,121)
Net cash inflow from operating activities	**1,020,984**	**70,351**

Kaspi.kz Joint Stock Company
Consolidated Statement of Cash Flows
For the Year Ended 31 December 2022
(in millions of KZT, except for earnings per share which are in KZT)

	Year ended 31 December 2022	Year ended 31 December 2021
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, equipment and intangible assets	(59,468)	(24,901)
Proceeds on sale of property and equipment	528	383
Proceeds on sale of financial assets at FVTOCI	1,091,918	1,362,302
Purchase of financial assets at FVTOCI	(1,520,139)	(1,047,426)
Acquisition of subsidiary, net of cash acquired	-	(5,110)
Proceeds on sale of subsidiary	-	4,500
Net cash (outflow)/inflow from investing activities	**(487,161)**	**289,748**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	(210,102)	(340,362)
Dividends paid by subsidiary to non-controlling interest	(2,137)	(1,847)
Purchase of treasury shares	(63,672)	-
Repayment of subordinated debt	-	(10,371)
Net cash outflow from financing activities	**(275,911)**	**(352,580)**
Effect of changes in foreign exchange rate on cash and cash equivalents	15,347	4,174
NET INCREASE IN CASH AND CASH EQUIVALENTS	273,259	11,693
CASH AND CASH EQUIVALENTS, beginning of period	342,101	330,409
CASH AND CASH EQUIVALENTS, end of period	615,360	342,101

On behalf of the Management:

Mikheil Lomtadze	Tengiz Mosidze	Nailya Ualibekova
Chairman of the Management Board	Chief Financial Officer	Chief Accountant

The notes on pages 96-158 form an integral part of these consolidated financial statements.

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 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.

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 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.

On 8 October 2021, the Company acquired 100% of Portmone Group. This transaction was accounted as an asset acquisition as the Group did not acquire any substantive processes or activities that would constitute a "business". Substantially all of the consideration paid has been allocated to the cost of intangible assets acquired, which is mainly represented by its customer base and software.

On 21 January 2022, Kaspi Cloud LLC, a separate legal entity fully owned by Kaspi Office LLC, was established. Kaspi Cloud LLC is providing data center services to other companies of the Group, that support the storage, maintenance and processing of information using server software and equipment.

On 12 December 2022, the Company acquired 100% of Kaspi Office 2 LLC. This transaction was accounted as an asset acquisition, as the concentration test applied in accordance with IFRS 3 *"Business Combinations"* indicated that substantially all of the gross assets' fair value acquired are concentrated in a single identifiable asset, represented by one of the Group's office buildings in Almaty. As such, the acquired assets are determined not to be a business. Substantially all of the consideration paid has been allocated to the cost of real estate acquired and liabilities assumed.

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

Kaspi.kz Joint Stock Company is the parent of the following directly and indirectly held subsidiaries:

Subsidiary	Type of operation	Country of operation	Ownership as at 31 December 2022	Ownership as at 31 December 2021
Kaspi Pay LLC	Payment processing services	Kazakhstan	Directly (100%)	Directly (100%)
Kaspi Shop LLC	E-commerce	Kazakhstan	Directly (100%)	Directly (100%)
Kaspi Travel LLC	Online travel	Kazakhstan	Directly (100%)	Directly (100%)
Kaspi Bank JSC	Banking	Kazakhstan	Indirectly (98.95%)	Indirectly (98.95%)
ARK Balance LLC	Distressed asset management	Kazakhstan	Indirectly (100%)	Indirectly (100%)
Kaspi Office LLC	Real estate	Kazakhstan	Directly (100%)	Directly (100%)
Kaspi Group JSC	Holding Company	Kazakhstan	Directly (100%)	Directly (100%)
Digital Classifieds LLC	E-commerce	Azerbaijan	Indirectly (100%)	Indirectly (100%)
Portmone Group	Payment processing services	Ukraine	Indirectly (100%)	Indirectly (100%)
Kaspi Cloud LLC	Storage and processing of information	Kazakhstan	Indirectly (100%)	-
Kaspi Office 2 LLC	Real estate	Kazakhstan	Indirectly (100%)	-

The shareholders' structure was as follows:

	31 December 2022 %	31 December 2021 %
Ultimate shareholders:		
Baring Vostok Funds	28.80	28.71
Mikheil Lomtadze	24.55	23.30
Vyacheslav Kim	23.35	24.13
Public Investors	20.18	21.01
Management	3.12	2.85
Total	**100.00**	**100.00**

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.

During January 2022 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 on movement of the population and activities of entities in certain locations. Although our Mobile App continued to operate, there were significant limitations on internet access throughout Kazakhstan, which led to disruption of online transactions. Financial organisations limited their operations for the period of the state of emergency. Due to these events, losses of the Company were around KZT 690 million, recognised in technology & product development expenses.

In response to the economic implications of January events, the Government launched several initiatives. A special charitable fund "For the People of Kazakhstan", which is funded from private and public sources, was established to support citizens of Kazakhstan in the field of healthcare, education and provide other social support. The Group contributed KZT 10 billion to the fund, recognised in 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 +/-1p.p. As at 31 December 2022, the NBRK's base rate was set at 16.75 % p.a. with a corridor of +/- 1p.p. In order to maintain the stability of the financial market and support the attractiveness of tenge deposits, the Government has announced the protection program for tenge deposits, under which tenge deposits of individuals will be provided with compensation from Government budget resources equal to 10% of savings as at 23 February 2022.

The changes in the operating environment caused by the geopolitical situation have had insignificant and limited impact on the Group's operations. The Group has limited exposure to Ukraine mostly via its subsidiary – Portmone Group, which represents around 0.1% of the Group's total assets as at 31 December 2022 and 0.06% of the Group's net income for the year ended 31 December 2022. 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.

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

The Management's analysis of the Group's liquidity and capital position as at 31 December 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.

These consolidated financial statements were approved by the Chairman of the Management Board, the Chief Financial Officer and the Chief Accountant on 24 February 2023 and will be provided to the shareholders for approval at the annual general meeting of shareholders in accordance with the requirements of the legislation of the Republic of Kazakhstan.

2. Basis of presentation

Foreign currency translation

For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in Kazakhstani tenge which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). In preparing the financial statements of each individual entity, monetary assets and liabilities denominated in currencies other than the entity's functional currency (foreign currencies) are translated at the appropriate spot rates or exchange rates prevailing at the reporting date. Transactions in foreign currencies are initially recorded at their spot rates at the date of the transaction.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Rates of exchange

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

	31 December 2022	31 December 2021
KZT/USD	462.65	431.80
KZT/EUR	492.86	489.10

Going concern

These consolidated financial statements have 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.

3. Significant accounting policies

Basis of accounting

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The Group and its subsidiaries maintain their accounting records in accordance with IFRS. The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. The Group presents its statement of financial position in order of liquidity.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense is not offset in the consolidated statement of profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets of subsidiaries not owned, directly or indirectly, by the Company. Non-controlling interests are presented separately in the consolidated statement of profit or loss and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

Leases

The Group as lessee

The Group as lessee recognises a right-of-use asset and a corresponding liability to pay future rentals on the consolidated statement of financial position. The asset will be amortised over the shorter of the length of the lease and the useful economic life, subject to review for impairment, and the liability is measured at the present value of future lease payments discounted at the applicable incremental borrowing rate.

The Group recognises lease payments for short-term leases or leases in which the base asset has a low value as an expense during the lease period. In a long-term lease, assets are recognised at the lease start date as right-of-use and a lease liability.

A right-of-use asset is recognised in accounting at initial value inclusive of value added tax – the initial measurement of lease liabilities and lease payments as at the lease start date or before that date less lease facilitating payments received and any initial direct lease costs.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash balances with NBRK, reverse repurchase agreements and unrestricted balances on correspondent accounts and deposits with other banks with original maturities within three months and are free from contractual encumbrances. Cash and cash equivalents are measured at amortised cost.

Mandatory cash balances with NBRK

Mandatory cash balances with NBRK represent funds in correspondent accounts with the NBRK and cash which are not available to finance the Group's day to day operations and, hence, are not considered as part of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

Due from banks

In the normal course of business, the Group maintains advances and deposits for various periods of time with other banks. Due from banks initially are recognised at fair value. Due from banks are subsequently measured at amortised cost using the effective interest method, and are carried net of allowance for impairment losses.

Kaspi.kz Joint Stock Company
Notes to Consolidated Financial Statements (Continued)
For the Year Ended 31 December 2022
(in millions of KZT, except for earnings per share which are in KZT)

Property, equipment and intangible assets

Property, equipment and intangible assets, except land and buildings, are carried at historical cost less accumulated depreciation and any recognised impairment loss, if any. Depreciation on assets under construction and those not placed in service commences from the date the assets are ready for their intended use.

Depreciation of property, equipment and amortisation of intangible assets is charged on the carrying value of property, equipment and intangible assets and is designed to write off assets over their useful economic lives. Depreciation has been calculated on a straight-line basis at 2% per annum for buildings and construction and 10%-33.3% for furniture and computers and intangible assets.

Leasehold improvements are amortised over the shorter of the life of the related leased asset or the lease term. Expenses related to repairs and renewals are charged when incurred and included in operating expenses in the consolidated statement of profit or loss, unless they qualify for capitalisation.

Buildings and constructions held for use in the supply of services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation defined on the basis of market data by qualified independent appraisers, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of property is recognised and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to the consolidated profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in the consolidated profit or loss to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is recognised in profit or loss. Depreciation of property revaluation reserve is transferred from property revaluation reserve to retained earnings on an annual basis. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to retained earnings.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is carried at historical cost net of accumulated depreciation and recognised impairment loss. Depreciation is calculated on a straight-line basis over the useful life of the assets.

The expenses associated with the registration of ownership, maintenance and valuation of investment property are included in the cost of sales.

The depreciation expense and payment of taxes associated with ownership of investment property are included in general and administrative expenses. Investment property is disclosed within other non-financial assets in the consolidated financial statements (Note 14).

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated statements of financial position and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.
The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.
Deferred income tax assets and deferred income tax liabilities are offset and reported net on the consolidated statement of financial position if:

- The Group has a legally enforceable right to set off current income tax assets against current income tax liabilities; and
- Deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

The Group records a provision for uncertain tax positions if it is probable that the Group will have to make a payment to tax authorities upon their examination of a tax position. This provision is measured at the Group's best estimate of the amount expected to be paid. Provisions are reversed to income in provision for (recovery of) income taxes in the period in which management determines they are no longer required or as determined by statute.

Operating taxes

The Republic of Kazakhstan also has various other taxes, which are assessed on the Group's activities. These taxes are included as a component of operating expenses in the consolidated statement of profit or loss.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The expense relating to a provision is presented in the consolidated statement of profit or loss net of any reimbursement.

Share-based compensation

Equity-settled share-based payments ("share options") are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straightline basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

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For cash-settled share-based payments ("phantom shares"), a liability is recognised for services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Contingencies

Contingent liabilities are not recognised in the consolidated statement of the financial position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognised in the consolidated statement of financial position but disclosed when an inflow of economic benefits is probable.

Financial instruments

The Group recognises financial assets and liabilities on its consolidated statement of financial position when it becomes a party to the contractual obligation of the instrument. Regular way purchases and sales of financial assets and liabilities are recognised using settlement date accounting.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Under IFRS 9, all debt financial assets that do not meet a "solely payment of principal and interest" ("SPPI") criterion, are classified at initial recognition as fair value through profit or loss ("FVTPL"). Under this criterion, debt instruments that do not correspond to a "basic lending arrangement", are measured at FVTPL. For debt financial assets that meet the SPPI criterion, classification at initial recognition is determined based on the business model under which these instruments are managed:

- Financial assets, other than equity investments, that are managed on a "hold to collect" basis are measured at amortised cost;
- Financial assets, other than equity investments, that are managed on a "hold to collect and for sale" basis are measured at fair value through other comprehensive income ("FVTOCI");
- Financial assets, including equity investments, that are managed on another basis, including trading financial assets, will be measured at FVTPL.

Equity financial assets are required to be classified at initial recognition as FVTPL unless an irrevocable designation is made to classify an instrument as FVTOCI. For equity investments classified as FVTOCI, all realised and unrealised gains and losses, except for dividend income, are recognised in other comprehensive income with no subsequent reclassification to profit or loss.

Financial assets, other than equity investments, that are measured subsequently at amortised cost or at FVTOCI are subject to impairment.

After initial measurement, amortised cost financial assets are measured using the effective interest rate method, less any impairment losses. The fair value of FVTPL and FVTOCI financial assets is determined under IFRS 13 *"Fair Value Measurement"* ("IFRS 13"). The fair value gains or losses for FVTPL are recognised in the statement of profit or loss and for FVTOCI are recognised in the other comprehensive income, until these instruments are disposed.

Equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period. These instruments are accounted for at fair value under IFRS 9. The Group has designated these investments in equity instruments at FVTOCI as the Group plans to hold them in the long term for strategic reasons.

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. All derivative financial instruments are classified as held for trading and measured at fair value through profit or loss and are not designated for hedge accounting.

Expected credit loss ("ECL") measurement – definitions

ECL is a probability-weighted measurement of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). An ECL measurement is unbiased and should be determined by evaluating a range of possible outcomes.

An ECL measurement is based on four components used by the Group:

- *Exposure at Default ("EAD")* – an estimate of exposure at a future default date, taking into account expected changes in exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.
- *Probability of Default ("PD")* – an estimate of the likelihood of default to occur over a given time period.
- *Loss Given Default ("LGD")* – an estimate of a loss arising on default. It is based on the difference between contractual cash flows due and those that the lender would expect to receive, including from any collateral. It usually expressed as a percentage of EAD.
- *Discount Rate* – a tool to discount an expected loss from the present value at the reporting date. The discount rate represents the effective interest rate ("EIR") for the financial instrument or an approximation thereof.

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Default and credit-impaired assets

The financial asset is considered to be in default, or credit impaired, when it meets one or more of the following criteria:

For individually significant loans (except interbank exposures):

- The borrower is more than 60 days past due on its contractual payments (regulatory definition of default for individually significant loans);
- Significant deterioration of the borrower's operating results;
- The bank has sold the borrower's debt with losses;
- The loan has experienced a forced restructuring due to deterioration in the borrower's creditworthiness;
- The misuse of borrowed funds;
- The borrower is deceased (retail loans);
- The borrower is insolvent (bankruptcy) for corporate customers;
- The borrower's debt was partially or fully written off due to a significant increase in credit risk.

For homogeneous loans:

- The borrower is more than 90 days past due on its contractual payments;
- The bank has sold the borrower's debt with losses;
- The loan had experienced a forced restructuring due to a deterioration in borrower creditworthiness;
- The borrower is deceased (retail loans);
- The borrower's debt was partially or fully written off due to a significant increase in credit risk.

For other financial assets, debt securities and due from banks:

- The counterparty or issuer rated at C or less;
- The counterparty or issuer is more than 30 days past due;
- The counterparty or issuer has significant deterioration of operating results.

Significant increase in credit risk ("SICR")

The SICR assessment is performed on an individual basis and on a portfolio basis. SICR for individually significant loans is assessed on an individual basis by monitoring the triggers stated below. The criteria used to identify a SICR are monitored and reviewed periodically for appropriateness by the Group's risk department.

The Group considers a financial instrument to have experienced a SICR when one or more of the following quantitative, qualitative or subsidiary criteria have been met:

For individually significant loans:

- Increase in lifetime probability of default over defined thresholds;
- The number of days past due is higher than 30 but lower than 60;
- The increase in credit risk, expressed in the relative threshold based on internal ratings is significant. SICR is determined based on the comparison date and credit risk rating as of the reporting date for each financial asset individually.

For homogeneous loans:

- Increase in lifetime probability of default over defined thresholds;
- The number of days past due is more than 30 but less than 90;
- External factors affect the solvency of individual groups of individuals (such as natural disasters, closure of the city-forming enterprise in the region, etc.).

For other financial assets, debt securities and due from banks:

- Deterioration of the counterparty's or issuer's rating by 4 notches;
- Deterioration of the counterparty's or issuer's rating up to CCC+;
- Deterioration of operating results of the counterparty or issuer.

ECL measurement – description of estimation techniques

General principle

For financial assets that are not purchased or originated credit impaired ("POCI") assets ECLs are generally measured based on the risk of default over one of two different time periods, depending on whether the borrower's credit risk has increased significantly in a three-stage model for ECL measurement:

Stage 1: a group of financial instruments for which no significant increase in the credit risk level has been recorded since initial recognition and provisions for this group are created as 12-month ECL, and interest income is calculated based on the gross carrying amount of the financial asset.

Stage 2: a group of financial instruments for which a significant increase in the credit risk level has been recorded since the initial recognition and provisions for which equal ECL for the instrument's lifetime, and interest income is calculated based on the gross carrying amount of the financial asset.

Stage 3: a group of credit-impaired financial instruments, for which provisions equal the ECL amount for the instrument's lifetime, and interest income is accrued based on the carrying amount of the asset, net of the loss allowance.

ECL for POCI financial assets is always measured on a lifetime basis (Stage 3), and at the reporting date, the Group only recognises the cumulative changes in lifetime expected credit losses since initial recognition.

The Group performs individual assessments for credit-impaired loans.

The Group performs assessments on a portfolio basis for retail loans and loans issued to small and medium entities ("SMEs"). This approach incorporates aggregating the portfolio into homogeneous segments based on borrower-specific information, such as delinquency, historical data on losses and forward-looking macroeconomic information.

Macroeconomic overlay and macroeconomic scenarios

The Group incorporates forward looking information in its impairment calculations via macroeconomic models, which leads to a direct adjustment of default probabilities. Since the Group cannot predict the future realisation of these macroeconomic parameters, it uses three scenarios - a base scenario, an optimistic scenario and a pessimistic scenario. The latter two scenarios are linked to a weight of 17% and 33% (31 December 2021: 12% and 23%). The base scenario has an attached weight of 50% (31 December 2021: 65%) in the calculation. For each scenario a set of values for the relevant macroeconomic variables is used as an input for the macroeconomic model, which subsequently is applied to adjust the relevant input parameter.

The List of Macroeconomic Indicators

- Change of nominal exchange rate USD/KZT;
- Unemployment.

Based on the results of annual ECL model validation results, conducted during 4th quarter 2022, the Group introduced a number of changes based on behaviour of our portfolios. The main changes were associated with portfolio segmentation and the replacement of a key macroeconomic indicator. Merchant and micro business finance loans were launched in late 2020 and as the statistical data has become available, we have created a new portfolio segment to reflect this. Real GDP growth was replaced by nominal USD/KZT exchange rate, due to the loss of descriptive power of the former and increase in descriptive power of the latter. The weights of forecasted scenarios were reassessed accordingly. Changes to the model in aggregate led to a change in the probability of default values. The effect on ECL was equivalent to a KZT 5,405 million decrease in loss allowance as at 31 December 2022.

ECL measurement – description of estimation techniques

Principles of individual assessment – ECL assessments on an individual basis are done by weighting the estimates of credit losses for different possible outcomes against the probabilities of each outcome. The Group defines three possible outcomes for each loan.

Principles of portfolio assessments – to assess the staging of exposure and to measure a loss allowance on a collective basis, the Group combines its exposures into segments on the basis of shared credit risk characteristics, so that exposure to risk within a group are homogeneous.

Examples of shared characteristics include product type and the amount of debt.

Two types of PDs are used to calculate ECLs: 12-month and lifetime PD:

- 12-month PDs – the estimated probability of a default occurring within the next 12 months (or over the remaining life of a financial instrument if less than 12 months). This parameter is used to calculate 12-month ECLs. An assessment of a 12-month PD is based on the latest available historical default data and adjusted for forward-looking information;
- Lifetime PDs – the estimated probability of a default occurring over the remaining life of a financial instrument. This parameter is used to calculate lifetime ECLs. An assessment of a lifetime PD is based on the latest available historic default data and adjusted for forward looking information.

To calculate Lifetime PD, the Group uses different statistical approaches depending on the segment and product type, such as the extrapolation of 12-month PDs based on migration matrixes, developing lifetime PD curves based on the historical default data, hazard rate approach or other.

LGD represents the Group's expectation of the extent of loss on a defaulted exposure and assessed on a collective basis based on the latest available recovery statistics.

For unsecured loans Group calculates LGD based on historical NPL collection statistics. For loans secured by cars, real estate, cash and liquid securities, the Group calculates LGD based on specific collateral characteristics, such as projected collateral values, historical sales discounts and other factors.

Modification of loans to customers

The Group modifies loans to customers in temporary financial difficulty in order to allow a borrower to recover solvency. Modification of loans is provided in the form of short-term revision of loan terms and may include the reduction of interest rate, reduction of monthly payment amount, extension of the loan term, or a combination of these measures that do not lead to derecognition of the financial asset. After the recovery period, ordinary contractual terms are to be applied. The recovery period is agreed in the modification terms, but in most cases is set for 6 months.

Modification of loan is provided only once and to the borrowers with overdue less than 90 days on a modification date, where sufficient grounds exist to support its recoverability.
During the recovery period, such modified loans are classified to Stage 3, with corresponding increase in loss allowance. After the recovery period, such modified loans are allocated to the relevant impairment category, based on its days past due and impairment methodology.

Restructuring of loans to customers

The Group restructures loans of the defaulted borrowers by providing interest free extended schedule. New schedule of a loan have an annuity structure with no grace period. The Group derecognises loan to a customer, when the terms of such loan 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 recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The Group classifies restructured loans to Stage 3 for at least 1 year, when the terms of such loan have been renegotiated not substantially.

Write off of loans to customers

Loans are written off against the allowance for impairment losses. The decision to write off is taken by the Credit Committee for loans overdue more than 1,080 days, which is in line with the Group's collection procedures and statistics. However write off of loans does not indicate that no other actions will be undertaken to collect the loans. As at 31 December 2021 loans that were overdue more than 761 days were written off. To reflect improved collection results and higher cash flow expectations, as at 31 December 2022 the Group has recovered on balance sheet previously written-off loans that were overdue up to 1,080 days. Recoveries of amounts previously written off are reflected as an offset to the charge for impairment of financial assets in the consolidated statement of profit or loss in the period of recovery.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss. On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer.

Financial liabilities

Financial liabilities, such as due to banks, customer accounts, debt securities issued, subordinated debt and other financial liabilities are initially recognised at fair value. Subsequently amounts due are stated at amortised cost and any difference between carrying and redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method as a component of interest expense.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled, or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated statement of profit or loss.

Recognition of interest income and expense

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income and expense are recognised on an accrual basis using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument or, (where appropriate) a shorter period to the gross carrying amount.

Interest earned on assets at fair value is classified within interest income.

Fees and commissions that are included in the effective interest rate are recognised in accordance with IFRS 9, all other fees and commissions are accounted for in accordance with IFRS 15.

Revenue recognition

The Group recognised revenue from the following major sources:

Fees & commissions revenue mainly includes banking service fees and commissions. Banking service fees and commissions are recognised over a period in which the related service is provided, typically monthly, and include the following services of Kaspi.kz, such as access to wide network of Kaspi ATMs with free cash withdrawals up to certain limits, 24-hour service line support, charge-free transfers between Kaspi clients' accounts and bill payments for services via kaspi.kz website and mobile application, SMS and mobile push notification services.

Seller fees includes fees paid by merchants from shopping transaction originated during both online and in store shopping. The Group earns seller fees when transactions are completed on the Marketplace Platform and are generally determined as a percentage based on the value of merchandise and services being sold by merchants. Seller fees are recognised when the services are rendered, which generally occurs upon delivery of the related products and services to the customer.

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The Group earns transaction and membership revenues when processing payments/transactions and engaging customers in Kaspi.kz Super App. This includes transaction fees paid by merchants when the Group enables various payment and purchase transactions. Transaction fees charged to customers for processing services such as cash withdrawals over certain limits and P2P (peer-to-peer) money transfers to other banks' cards and worldwide. Such fees are recognised when the associated service is satisfied, which normally occurs at the point in time the service is requested by client and provided by the Group.

Membership fee revenue is deferred and recognised over the terms of the applicable memberships, typically for one year, on a straight-line basis. Membership fees are paid on a monthly/quarterly basis or paid up front at the beginning of the applicable membership period by customers and merchants for accessing various Kaspi.kz services. Memberships are cancellable and non-refundable.

Rewards are designed to change customer behavior and promote daily use of our Super App and ensure growth in customer engagement across all our platforms. Retail customers of the Group accumulate bonuses for purchases/transactions made with merchants that are also customers of the Group. Retail customers can then use bonuses earned for future purchases/transactions. Future financial costs due to the bonuses granted are considered paid to customers, and according to IFRS 15 *"Revenue from contracts with customers"* these expenses are presented as an adjustment to revenue.

Share capital and share premium

Contributions to share capital are recognised at cost. Non-cash contributions are not included into the share capital until realized in cash.

Costs directly attributable to the issue of new shares, other than on a business combination, are deducted from equity net of any related income taxes.

Treasury shares repurchased from shareholders are recognised at cost of acquisition. When such repurchased treasury shares are further sold, any difference between their selling price and the cost of acquisition is charged to share capital (if positive) or to retained earnings (if negative). Where repurchased treasury shares are retired, the carrying value thereof is reduced by the amount paid by the Group at repurchase thereof, with the share capital respectively reduced by the par value of such retired shares restated, where applicable, for inflation, and the resulting difference is charged to retained earnings.

Dividends on ordinary shares are recognised in equity as a reduction in the period in which they are declared. Dividends that are declared after the reporting date are treated as a subsequent event under IAS 10 *"Events after the Reporting Period"* ("IAS 10") and disclosed accordingly.

Equity reserves

The reserves recorded in equity (other comprehensive income) on the Group's consolidated statement of financial position include revaluation reserve of financial assets and other reserves, which comprise changes in fair value of financial assets at FVTOCI and allowance for impairment losses for debt instruments measured at FVTOCI, and foreign currency translation reserve, which is used to record exchange differences arising from the translation of the net investment in foreign operation.

Retirement and other benefit obligations

In accordance with the requirements of the Republic of Kazakhstan in which the Group operates, certain percentages of pension payments are withheld from total disbursements to staff to be transferred to pension fund, such that a portion of salary expense is withheld from the employee and instead paid to a pension fund on behalf of the employee. This expense is charged to the consolidated statement of profit or loss in the period in which the related salaries are earned. Upon retirement, all retirement benefit payments are made by the pension fund. The Group does not have any pension arrangements separate from the pension system of the Republic of Kazakhstan. In addition, the Group has no post-retirement benefits or other significant compensated benefits requiring accrual.

Areas of significant management judgment and sources of estimation uncertainty

The preparation of the Group's consolidated financial statements requires management to make estimates, judgments and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The critical judgments, apart from those involving estimations (see below), that the Group management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements. Significant judgments have been made in the business model assessment, significant increase in credit risk, models and assumptions used which are discussed in Note 3 below.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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Assessment of significant increase of credit risk

As explained in Note 3, ECL are measured as an allowance equal to 12-month ECL for Stage 1 assets, or lifetime ECL assets for Stage 2 or Stage 3 assets. An asset moves to Stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

Incorporation of forward looking information

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect credit risk. Refer to Note 26 for more details, including analysis of the sensitivity of the reported ECL to changes in estimated forward looking information.

Models and assumptions used

The Group uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. See Note 26 for more details on ECL and Note 24 for more details on fair value measurement.

Fair value measurement and valuation process

In estimating the fair value of a financial asset or a liability, the Group uses market-observable data to the extent it is available. Where such Level 1 inputs are not available, the Group uses valuation models to determine the fair value of its financial instruments. Refer to Note 24 for more details on fair value measurement.

The Group considers that the accounting estimate related to valuation of financial instruments where quoted markets prices are not available is a key source of estimation uncertainty because: (i) it is highly susceptible to change from period to period because it requires management to make assumptions about interest rates, volatility, exchange rates, the credit rating of the counterparty, valuation adjustments and specific feature of the transactions and (ii) the impact that recognising a change in the valuations would have on the assets reported on its consolidated statement of financial position as well as its profit or loss could be material.

Had the management used different assumptions regarding the interest rates, volatility, exchange rates, the credit rating of the counterparty and valuation adjustments, a larger or smaller change in the valuation of financial instruments where quoted market prices are not available, would have resulted that could have had a material impact on the Group's reported net income.

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

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
Amendments to IAS 1 – Classification of liabilities as current or non-current	1 January 2023
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current — Deferral of Effective Date	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 – "Disclosure of Accounting Policies"	1 January 2023
Amendments to IAS 12 Deferred Tax Relating to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to IAS 8 – "Definition of Accounting Estimates"	1 January 2023
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.

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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.

	Year ended 31 December 2022	Year ended 31 December 2021
REVENUE	**1,270,592**	**884,822**
Interest revenue	574,426	422,075
Fees & commissions	226,540	191,831
Seller fees	236,884	151,742
Transaction & membership revenue	261,318	175,901
Rewards	(44,960)	(51,981)
Other gains (losses)	16,384	(4,746)

Revenue by segments for the years ended 31 December 2022 and 2021 is presented below:

	Year ended 31 December 2022	Year ended 31 December 2021
Marketplace	**239,609**	**153,604**
Seller fees	236,884	151,742
Other gains (losses)	2,725	1,862
Payments	**333,343**	**217,085**
Transaction & membership revenue	256,750	166,449
Interest revenue	76,593	50,636
Fintech	**745,023**	**566,114**
Interest revenue	500,256	371,439
Fees & commissions	226,540	191,831
Transaction & membership revenue	4,568	9,452
Other gains (losses)	13,659	(6,608)
Intergroup	(2,423)	-
Segment Revenue	**1,315,552**	**936,803**
Rewards	(44,960)	(51,981)
REVENUE	**1,270,592**	**884,822**

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.

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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 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 years ended 31 December 2022 and 2021, the Transaction revenue was KZT 243,630 million and KZT 156,738 million, respectively.

Membership revenue is earned over time and includes annual fees earned during the years ended 31 December 2022 and 2021 of KZT 17,688 million and KZT 19,163 million, respectively, paid by individual customers, SME and corporate customers for use of Kaspi.kz products and services.

Other gains (losses) are mainly due to net gains (losses) on foreign exchange operations and financial assets and liabilities at FVTPL. For the years ended 31 December 2022 and 2021, the net gain (loss) on foreign exchange operations were KZT 1,377 million and KZT (656) million, respectively. For the years ended 31 December 2022 and 2021, the net gain (loss) on financial assets and liabilities at FVTPL were KZT 11,471 million and KZT (7,066) million, respectively. It also includes revenue from Digital Classifieds LLC 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 segment's revenue, net revenue and net income:

	Year ended 31 December 2022	Year ended 31 December 2021
SEGMENT REVENUE	**1,315,552**	**936,803**
Marketplace	239,609	153,604
Payments	333,343	217,085
Fintech	745,023	566,114
Intergroup	(2,423)	-
SEGMENT NET REVENUE	**931,941**	**691,941**
Marketplace	213,835	142,354
Payments	303,407	195,205
Fintech	414,699	354,382
NET INCOME	**588,844**	**435,214**
Marketplace	152,248	99,716
Payments	199,489	126,653
Fintech	237,107	208,845

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

	Year ended 31 December 2022	Year ended 31 December 2021
SHARE-BASED COMPENSATION	**(19,984)**	**(20,057)**
Marketplace	(2,009)	(1,934)
Payments	(5,946)	(4,620)
Fintech	(12,029)	(13,503)

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 to the Group's everyday operating activities.

	Year ended 31 December 2022	Year ended 31 December 2021
COST OF REVENUE	**(383,611)**	**(244,862)**
Interest expenses	(278,676)	(171,491)
Transaction expenses	(22,188)	(16,542)
Operating expenses	(82,747)	(56,829)

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

	Year ended 31 December 2022			Year ended 31 December 2021		
	Employee benefits	Depreciation & amortisation	Operating lease	Employee benefits	Depreciation & amortisation	Operating lease
Cost of revenue	(20,408)	(1,085)	(1,040)	(17,361)	(831)	(1,084)
Technology & product development	(31,585)	(12,860)	(2,558)	(24,478)	(9,359)	(1,641)
Sales & marketing	(1,176)	-	(51)	(403)	-	-
General & administrative expenses	(15,340)	(2,849)	(2,112)	(16,043)	(1,876)	(2,097)
Total	**(68,509)**	**(16,794)**	**(5,761)**	**(58,285)**	**(12,066)**	**(4,822)**

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:

	Year ended 31 December 2022	Year ended 31 December 2021
SHARE-BASED COMPENSATION	**(19,984)**	**(20,057)**
Cost of revenue	(1,673)	(1,148)
Technology & product development	(9,137)	(9,020)
Sales & marketing	(653)	(27)
General & administrative expenses	(8,521)	(9,862)

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

7. Provision expense

The movements in loss allowance were as follows:

	Loans to customers			Due from banks	Financial assets at FVTOCI			Cash and cash equivalents	Other assets	Contin-gencies	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	3,544	(1,138)	(2,406)	-	-	-	-	-	-	-	-
-Transfer to Stage 2	(6,970)	7,208	(238)	-	(3)	3	-	-	-	-	-
-Transfer to Stage 3	(13,854)	(7,014)	20,868	-	-	-	-	-	-	-	-
Net changes, resulting from changes in credit risk parameters	(14,545)	4,429	33,307	(14)	3	653	-	2	1,348	21	25,204
New assets issued or acquired	65,888	-	-	-	10	-	-	-	-	-	65,898
Repaid assets (except for write off)	(30,502)	(2,282)	(11,485)	-	(58)	-	-	-	-	-	(44,327)
Modification effect	-	-	8,435	-	-	-	-	-	-	-	8,435
Write-off, net of recoveries	-	-	19,029	-	-	-	-	-	(80)	-	18,949
Reclassification of financial assets	-	-	-	-	-	-	(2,662)	-	2,662	-	-
Foreign exchange difference	-	-	12	1	-	-	-	-	18	-	31
As at 31 December 2022	**67,604**	**11,785**	**135,313**	**6**	**82**	**656**	**-**	**3**	**7,794**	**39**	**223,282**

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	Loans to customers			Due from banks	Financial assets at FVTOCI			Cash and cash equivalents	Other assets	Contin-gencies	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	5,556	(1,145)	(4,411)	-	-	-	-	-	-	-	-
-Transfer to Stage 2	(335)	832	(497)	-	-	-	-	-	-	-	-
-Transfer to Stage 3	(2,033)	(4,723)	6,756	-	-	-	-	-	-	-	-
Net changes, resulting from changes in credit risk parameters	(8,490)	9,608	16,509	(8)	(54)	-	278	(2)	2,392	(14)	20,219
New assets issued or acquired	54,379	-	-	-	8	-	-	-	-	-	54,387
Repaid assets (except for write off)	(25,096)	(1,664)	(13,265)	-	(198)	-	-	-	-	-	(40,223)
Write-off, net of recoveries	-	-	(11,458)	-	-	-	(180)	-	(605)	4	(12,239)
Foreign exchange difference	-	-	4	1	-	-	-	-	1	-	6
As at 31 December 2021	**64,043**	**10,582**	**67,791**	**19**	**130**	**-**	**2,662**	**1**	**3,846**	**18**	**149,092**

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

As at 31 December 2022 and 2021, the allowance for expected credit losses on financial assets at FVTOCI of KZT 738 million and KZT 2,792 million, respectively, is included in the 'Revaluation reserve of financial assets' within equity.

Reclassification of financial assets from financial assets carried at FVTOCI to other assets relates to the bonds, which have matured, but not repaid as at 31 December 2022.

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:

	31 December 2022	31 December 2021
Vacation reserve, accrued bonuses and share-based compensation	873	779
Property, equipment and intangible assets	(4,078)	(3,263)
Other	-	17
Net deferred tax liability	**(3,205)**	**(2,467)**

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

	Year ended 31 December 2022	Year ended 31 December 2021
Net income before income tax	**720,574**	**528,802**
Tax at the statutory tax rate of 20%	(144,115)	(105,760)
Non-taxable income	12,892	12,303
Adjustment recognised in the period for current tax of prior periods	315	1,626
Non-deductible expense	(822)	(1,757)
Income tax expense	**(131,730)**	**(93,588)**
Current income tax expense	(131,307)	(95,066)
Adjustment recognised in the period for current tax of prior periods	315	1,626
Deferred income tax expense	(738)	(148)
Income tax expense	**(131,730)**	**(93,588)**

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.

	31 December 2022	31 December 2021
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	(738)	(148)
At the end of the period	**(3,205)**	**(2,467)**

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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.

	31 December 2022	31 December 2021
Net income attributable to the shareholders of the Company	585,026	431,914
Weighted average number of ordinary shares for basic earnings per share	191,725,280	192,187,223
Weighted average number of ordinary shares for diluted earnings per share	193,991,446	194,341,305
Earnings per share – basic (KZT)	**3,051**	**2,247**
Earnings per share – diluted (KZT)	**3,016**	**2,222**

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

	31 December 2022	31 December 2021
Weighted average number of ordinary shares for basic earnings per share	191,725,280	192,187,223
Number of potential ordinary shares attributable to share-based compensation	2,266,166	2,154,082
Weighted average number of ordinary shares for diluted earnings per share	**193,991,446**	**194,341,305**

10. Cash and cash equivalents

	31 December 2022	31 December 2021
Cash on hand	179,766	151,668
Current accounts with other banks	196,194	161,524
Short-term deposits with other banks	229,389	28,909
Reverse repurchase agreements	10,011	-
Total cash and cash equivalents	**615,360**	**342,101**

Cash on hand includes cash balances with ATMs and cash in transit. As at 31 December 2022 and 2021, current accounts and short-term deposits with National Bank of the Republic of Kazakhstan are KZT 220,109 million and KZT 84,053, respectively.

As at 31 December 2022 and 2021, the fair value of collateral of reverse repurchase agreements classified as cash and cash equivalents are KZT 9,544 million and KZT Nil, respectively.

11. Investment securities and derivatives

Investment securities and derivatives comprise:

	31 December 2022	31 December 2021
Total financial assets at FVTOCI	1,076,242	606,462
Total financial assets at FVTPL	30	955
Total investment securities and derivatives	**1,076,272**	**607,417**

Financial assets at FVTOCI comprise:

	31 December 2022	31 December 2021
Debt securities	1,075,955	606,107
Equity investments	287	355
Total financial assets at FVTOCI	**1,076,242**	**606,462**

As at 31 December 2022 and 2021, sovereign debt securities of KZT 889,136 million and KZT 347,569 million, respectively, were included in debt securities.

Financial assets at FVTPL comprise:

	31 December 2022	31 December 2021
Derivative financial instruments	30	955
Total financial assets at FVTPL	**30**	**955**

As at 31 December 2022, financial assets at FVTPL included swap and spot instruments of KZT 30 million (2021: KZT 98 million) with a notional amount of KZT 102,563 million (2021: KZT 60,914 million) and forwards of KZT Nil (2021: KZT 857 million) with a notional amount of KZT Nil (2021: KZT 126,348 million).

As at 31 December 2022, financial liabilities at FVTPL included swap and spot instruments of KZT 3 million (2021: KZT 67 million) with a notional amount of KZT 102,498 million (2021: KZT 60,986 million) and forwards of KZT 144 million (2021: KZT 2,341 million) with a notional amount of KZT 8,598 million (2021: KZT 134,704 million) and are disclosed in Note 18.

12. Loans to customers

	31 December 2022	31 December 2021
Gross loans to customers	3,369,512	2,573,153
Less: allowance for impairment losses (Note 7)	(214,702)	(142,416)
Total loans to customers	**3,154,810**	**2,430,737**

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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 periods ended 31 December 2022 and 2021 are disclosed in Note 7.

As at 31 December 2022 and 2021, accrued interest of KZT 35,924 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 for all loans 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 tables sets forth the Group's outstanding NPLs as compared to the total allowance for impairment losses on total loans to customers:

	Gross NPLs	Total allowance for impairment	Total allowance for impairment to gross NPLs
As at 31 December 2022	211,581	214,702	101%
As at 31 December 2021	120,652	142,416	118%

During the year ended 31 December 2022, due to an increase in cash flow expectations, the Group has recovered previously written-off loans with overdue up to 1,080 days. Loans to customers that were recovered on balance sheet were KZT 26,810 million, which led to a respective increase in both gross NPL and the total allowance for impairment.

Provision expense on loans to customers:

	Year ended 31 December 2022	Year ended 31 December 2021
Provision expense on loans to customers:		
Loans to customers	(53,245)	(31,981)
Total provision expenses on loans to customers	**(53,245)**	**(31,981)**

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
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**

	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 31 December 2021	**2,343,644**	**19,249**	**67,844**	**-**	**2,430,737**

During the year ended 31 December 2022, the Group has restructured loans to customers, which were classified as NPL in the amount of KZT 55,190 million (KZT 25,250 million were recovered from off-balance, with subsequent recognition of carrying amount of KZT 17,233 million), by providing an interest free extended repayment schedule. During the year ended 31 December 2022, KZT 5,951 million of restructured loans were repaid. As at 31 December 2022, remaining outstanding gross debt of restructured loans were KZT 49,239 million.

As at 31 December 2022, loans to customers of KZT 30,969 million that were restructured during the year ended 31 December 2022 were classified to Stage 3 for at least 1 year from restructuring date with respective reduction of gross carrying amount to KZT 22,534 million as a result of change in present value.

As at 31 December 2022, loans to customers of KZT 18,270 million that were restructured during the year ended 31 December 2022 were derecognised and recognised as POCI loans with gross carrying amount of KZT 4,754 million.

As at 31 December 2022 and 31 December 2021, commitments on loans and unused credit lines represented by revocable loan commitments were KZT 157,478 million and KZT 131,804 million, respectively.

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13. Property, equipment and intangible assets

	Buildings and construction	Furniture and equipment	Intangible assets	Construction in progress	Total
At initial/revalued cost					
31 December 2020	**36,886**	**52,944**	**19,268**	**3,002**	**112,100**
Additions	1,158	16,270	8,578	1,528	27,534
Disposals	(282)	(3,947)	(694)	-	(4,923)
Transfers	4,504	-	-	(4,504)	-
31 December 2021	**42,266**	**65,267**	**27,152**	**26**	**134,711**
Additions	23,084	36,117	5,446	55	64,702
Disposals	(836)	(2,387)	(1,079)	-	(4,302)
Transfers	3	(3)	-	-	-
31 December 2022	**64,517**	**98,994**	**31,519**	**81**	**195,111**
Accumulated depreciation and impairment					
31 December 2020	**7,853**	**24,792**	**9,439**	**-**	**42,084**
Charge for the year	785	7,286	4,265	-	12,336
Disposals	(281)	(3,835)	(694)	-	(4,810)
31 December 2021	**8,357**	**28,243**	**13,010**	**-**	**49,610**
Charge for the year	2,258	10,752	4,191	-	17,201
Disposals	(815)	(1,740)	(985)	-	(3,540)
31 December 2022	**9,800**	**37,255**	**16,216**	**-**	**63,271**
Net book value					
31 December 2022	**54,717**	**61,739**	**15,303**	**81**	**131,840**
31 December 2021	**33,909**	**37,024**	**14,142**	**26**	**85,101**

As at 31 December 2022 and 2021, property and equipment included fully depreciated property and equipment of KZT 13,322 million and KZT 9,922 million, respectively.

The Group's revaluation policy requires the entire class of buildings and construction to be revalued every five years. In 2021, the Group had its buildings and properties revalued by independent appraisers, and the valuation amounts approximate their carrying value.

The fair value of buildings and construction was determined based on the market comparable approach that reflects recent transaction prices for similar properties and was carried out by independent appraisers not related to the Group. In measuring fair value of the Group's buildings and construction, the measurements were categorized into Level 3. During the years 2022 and 2021, there were no movements between Level 3 and other levels.

14. Other assets

	31 December 2022	31 December 2021
Other financial assets:		
Settlement with brokers	31,243	8,733
Prepayments for customers online transactions	5,166	5,014
Receivables from VISA and Master Card	3,498	9,594
Other	10,277	2,031
Total other financial assets	**50,184**	**25,372**
Less: allowance for impairment losses (Note 7)	(7,068)	(3,433)
Total net other financial assets	**43,116**	**21,939**
Other non-financial assets:		
Investment property	16,829	18,574
Other	15,561	18,831
Total other non-financial assets	**32,390**	**37,405**
Less: allowance for impairment losses (Note 7)	(726)	(413)
Total net other non-financial assets	**31,664**	**36,992**
Total other assets	**74,780**	**58,931**

Movements in allowances for impairment of other assets are disclosed in Note 7.

Investment property movement is presented as follows:

	2022	2021
Cost		
As at 1 January	19,556	24,643
Additions	-	1,440
Disposals	(1,602)	(6,527)
As at 31 December	**17,954**	**19,556**
Accumulated depreciation		
As at 1 January	(982)	(855)
Depreciation charge	(244)	(342)
Disposals	101	215
As at 31 December	**(1,125)**	**(982)**
Net book value	**16,829**	**18,574**

During the years ended 31 December 2022 and 2021, the Group foreclosed collateral it held as security for loans. As a result, the Group received investment property of KZT Nil and KZT 1,440 million, respectively.

As at 31 December 2022 and 2021, the fair value of investment property was KZT 20,869 million and KZT 22,718 million, respectively. In measuring fair value of the Group's investment property, the measurements were categorized into Level 3.

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15. Due to banks

	31 December 2022	31 December 2021
Recorded at amortised cost:		
Repurchase agreements	16,119	75,524
Time deposits of banks and other financial institutions	313	968
Total due to banks	**16,432**	**76,492**

As at 31 December 2022 and 2021, accrued interest of KZT 58 million and KZT 62 million, respectively, was included in due to banks.

Fair value of collateral of repurchase agreements, which were classified as due to banks as at 31 December 2022 and 2021, amounted to KZT 15,014 million and KZT 75,295 million, respectively.

16. Customer accounts

	31 December 2022	31 December 2021
Individuals		
Term deposits	3,057,870	2,070,822
Current accounts	700,957	534,190
Total due to individuals	**3,758,827**	**2,605,012**
Corporate customers		
Term deposits	59,638	43,131
Current accounts	182,225	114,900
Total due to corporate customers	**241,863**	**158,031**
Total customer accounts	**4,000,690**	**2,763,043**

As at 31 December 2022 and 2021, accrued interest of KZT 29,214 million and KZT 15,423 million, respectively, was included in customer accounts.

As at 31 December 2022 and 2021, customer accounts of KZT 42,733 million and KZT 26,679 million, respectively, were held as security against loans.

As at 31 December 2022 and 2021, customer accounts of KZT 108,665 million (2.72%) and KZT 41,490 million (1.50%), respectively, were due to the top twenty customers.

17. Debt securities issued

	Currency	Maturity date month/ year	Nominal interest rate %	31 December 2022	31 December 2021
Third bond program – first issue	KZT	January 2025	9.90	51,045	51,045
Third bond program – second issue	KZT	January 2024	9.80	48,418	48,414
Third bond program – third issue	KZT	January 2023	9.70	40,915	40,252
Total debt securities issued				**140,378**	**139,711**

As at 31 December 2022 and 2021, accrued interest of KZT 5,620 million and KZT 5,620 million, respectively, was included in debt securities issued. All debt securities issued are recorded at amortised cost as at 31 December 2022 and 2021. The Group did not have any defaults or other breaches with respect to its debt securities issued as at 31 December 2022 and 2021.

On 27 January 2023 the Bank fully repaid its outstanding debt under the third issue of third bond program.

18. Other liabilities

	31 December 2022	31 December 2021
Other financial liabilities:		
Payables for customers' online transactions	23,542	12,080
Accrued expenses	3,080	2,281
Accrued dividends payable to non-controlling interest	1,235	1,003
Derivative financial liabilities	147	2,408
Other	238	1,177
Total financial liabilities	**28,242**	**18,949**
Other non-financial liabilities:		
Prepayments	10,950	10,653
Other taxes payable	10,520	6,936
Current income tax payable	5,957	8,609
Accumulated employee benefits, vacation reserves	4,521	3,938
Deferred tax liabilities	3,245	2,512
Other	7,415	4,721
Total non-financial liabilities	**42,608**	**37,369**
Total other liabilities	**70,850**	**56,318**

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19. Subordinated debt

	Currency	Maturity date month/ year	Nominal interest rate, %	31 December 2022	31 December 2021
Second bond program – third issue	KZT	February 2023	2% plus inflation rate	5,249	5,317
Third bond program – fourth issue	KZT	June 2025	10.7%	62,269	62,266
Debt component of preference shares	KZT	n/a	n/a	90	82
Total subordinated debt				**67,608**	**67,665**

The debt component of preference shares relates to subsidiary Kaspi Bank JSC ("the Bank" - subsidiary of the Company), and is held by the non-controlling interest. As at 31 December 2022 and 2021, accrued interest of KZT 3,508 million and KZT 3,457 million, respectively, was included in subordinated debt.

All subordinated debt are recorded at amortised cost as at 31 December 2022 and 2021. The above liabilities are subordinated to the claims of depositors and other creditors of the issuer in the event of liquidation. The Group did not have any defaults or other breaches with respect to its subordinated debt as at 31 December 2022 and 2021.

In February 2023 the Bank fully repaid its outstanding debt under the third issue of second bond program.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes		
	1 January 2022	Financing cash flows	Foreign exchange movement	Changes in amortised cost	31 December 2022
Debt securities issued	139,711	-	-	667	140,378
Subordinated debt	67,665	-	-	(57)	67,608

			Non-cash changes		
	1 January 2021	Financing cash flows	Foreign exchange movement	Changes in amortised cost	31 December 2021
Debt securities issued	139,111	-	-	600	139,711
Subordinated debt	78,009	(10,371)	-	27	67,665

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20. 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 21)	-	-	382,223	382,223
31 December 2021	**216,742,000**	**199,500,000**	**(7,312,777)**	**192,187,223**
Share options exercised (Note 21)	-	-	499,472	499,472
Share buy-back program	-	-	(2,376,725)	(2,376,725)
31 December 2022	**216,742,000**	**199,500,000**	**(9,190,030)**	**190,309,970**

During the year ended 31 December 2022, the Board of Directors approved three separate share buy-back programs.

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 share 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.

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. As at 31 December 2022, the Group has acquired 590,143 GDRs equivalent to KZT 19,506 million within the third GDR buyback program.

The Group accounts for GDRs repurchased as treasury shares.

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 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	-	2,228	2,228
Share buy-back program	-	(63,672)	(63,672)
31 December 2022	**130,144**	**(94,058)**	**36,086**

All shares are KZT denominated. The Group has one class of ordinary shares which carry no right to fixed income. Share premium represents an excess of contributions received over the nominal value of shares issued and amounts received as a result of the resale of shares over their purchase price.

The following tables represent dividends declared:

	Dividends declared	Dividend per share
September 2022	95,787	KZT 500
December 2022	114,315	KZT 600
Total for 2022	**210,102**	

	Dividends declared	Dividend per share
March 2021	170,662	KZT 888
September 2021	79,758	KZT 415
December 2021	89,942	KZT 468
Total for 2021	**340,362**	

21. 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, in the third quarter 2021 and fourth quarter 2022, 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.

The management of the Group believes that share-based awards are vital to attract, incentivize 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.

	Year ended 31 December 2022	Year ended 31 December 2021
Share-based compensation expense	**(19,984)**	**(20,057)**
Share options	(19,984)	(19,631)
Phantom shares	-	(426)

Phantom share expenses of KZT 426 million refer to revaluation of the 1st year of the previous Phantom share program vested in the 1st quarter of 2021.

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 summarizes the details of the share options outstanding:

	Year ended 31 December 2022 (shares)	Year ended 31 December 2021 (shares)
Outstanding at the beginning of the year	**2,154,082**	**1,911,115**
Granted	611,556	625,190
Forfeited	-	-
Exercised	(499,472)	(382,223)
Expired	-	-
Outstanding at the end of the year	**2,266,166**	**2,154,082**

In 2022 and 2021, share options in the quantity of 499,472 shares and 382,223 shares, 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 2021	**8,788**
Share options accrued	19,631
Share options exercised	(7,177)
31 December 2021	**21,242**
Share options accrued	19,984
Share options exercised	(11,952)
31 December 2022	**29,274**

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22. Commitments and contingencies

In the normal course of business the Group is a party to financial instruments with off-balance sheet risk in order to meet the needs of its customers. Guarantees issued included below represent financial guarantees, where payment is not probable as at the respective reporting date, and therefore have not been recorded in the consolidated statement of financial position.

The Group's maximum exposure to credit loss under contingent liabilities and commitments to extend credit, in the event of non-performance by the other party where all counterclaims, collateral or security prove valueless, is represented by the contractual amounts of those instruments.

The Group uses the same credit policy in undertaking contingent commitments as it does for on-balance operations.

As at 31 December 2022 and 2021, provision for losses on contingent liabilities were KZT 39 million and KZT 18 million, respectively.

The Group's contingent liabilities and credit commitments comprised the following:

	31 December 2022 Nominal amount	31 December 2021 Nominal amount
Commitments on loans and unused credit lines: Revocable loans	157,478	131,804
Guarantees issued and similar commitments	564	1,904
Total contingent liabilities and credit commitments	**158,042**	**133,708**

Commitments on loans and unused credit lines represent the Group's revocable and irrevocable commitments to extend loans within unused credit line limits. Those commitments where the borrower has to apply each time it wants to draw the credit facility from unused credit lines and the Group may approve or deny the extension of the credit facility based on the borrower's financial performance, debt service and other credit risk characteristics are considered revocable. Those commitments where the Group is contractually obliged with no conditions to extend the loan are considered to be irrevocable.

Legal proceedings

From time to time and in the normal course of business, claims against the Group are received from customers and counterparties. Management is of the opinion that no material losses will be incurred and respectively no provision has been made in these consolidated financial statements.

Pensions and retirement plans

Employees of the Group receive pension benefits from pension funds in accordance with the laws and regulations of the Republic of Kazakhstan. As at 31 December 2022 and 2021, the Group was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

Taxes

Due to the presence in Kazakhstani commercial legislation and tax legislation in particular, of provisions allowing more than one interpretation, and also due to the practice developed in a generally unstable environment by the tax authorities of making arbitrary judgment of business activities, if a particular treatment based on Management's judgment of the Group's business activities was to be challenged by the tax authorities, the Group may be assessed additional taxes, penalties and interest. Such uncertainty may relate to valuation of financial instruments, loss and impairment provisions and market level for deals' pricing. The Group believes that it has already made all tax payments, and therefore no allowance has been made in the consolidated financial statements. Tax years remain open to review by the tax authorities for five years.

23. 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 with related parties:

	Year ended 31 December 2022		Year ended 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
Consolidated statement of financial position				
Loans to customers	3,057	3,369,512	3,568	2,573,153
- other related parties	3,057		3,568	
Allowance for impairment losses on loans to customers	(7)	(214,702)	(13)	(142,416)
- other related parties	(7)		(13)	
Other assets	20	74,780	6	58,931
- entities controlled by the key management personnel of the Group	3		2	
- other related parties	17		4	
Customer accounts	16,442	4,000,690	17,077	2,763,043
- entities controlled by the key management personnel of the Group	5,462		6,414	
- key management personnel of the Group	478		2,421	
- other related parties	10,502		8,242	
Other liabilities	1,339	70,850	1,487	56,318
- entities controlled by the key management personnel of the Group	198		930	
- other related parties	1,141		557	

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

	Year ended 31 December 2022		Year ended 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
Compensation to key management personnel:				
Employee benefits	(800)	(68,509)	(782)	(58,285)
Share-based compensation	(7,298)	(19,984)	(11,381)	(20,057)

During the years ended 31 December 2022 and 2021, interest income from other related parties were KZT 314 million and KZT 362 million, respectively.

During the years ended 31 December 2022 and 2021, interest expense from transactions with entities controlled by the key management personnel of the Group were KZT 176 million and KZT 6 million, respectively, interest expense from transactions with key management personnel were KZT 19 million and KZT 22 million, respectively and other related parties were KZT 208 million and KZT 138 million, respectively.

During the years ended 31 December 2022 and 2021, transaction costs attributable to loans to customers and paid to other related parties, were KZT 4,862 million and KZT 10,981 million, respectively.

24. 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 31 December 2022	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)	838,260	230,847	Level 1	Quoted prices in an active market.
Non-derivative financial assets at FVTOCI (Note 11)	237,948	375,581	Level 2	Quoted prices in markets that are not active.
Unlisted Equity investments classified as financial assets at FVTOCI	34	34	Level 3	Adjusted net assets based on most recent published financial statements of unlisted companies with discount for marketability and liquidity. Discount ratios varies from 10% to 30%.
Derivative financial assets (Note 11)	30	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 18)	147	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 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. 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.

There were no transfers between Level 1 and Level 2 during the years ended 31 December 2022 and 2021.

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

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

	31 December 2022		
	Carrying amount	Fair value	Fair value hierarchy
Due from banks	25,668	25,234	Level 2
Loans to customers	3,154,810	3,192,581	Level 3
Due to banks	16,432	15,324	Level 2
Customer accounts	4,000,690	3,899,302	Level 2
Debt securities issued	140,378	133,825	Level 2
Subordinated debt	67,608	63,500	Level 2

	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	67,655	67,272	Level 2

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.

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 the market rates available at the reporting date for loans with 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.

25. Regulatory matters

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

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

	31 December 2022	31 December 2021
Capital adequacy ratios:		
Tier 1 capital	17.0%	15.9%
Total capital	18.0%	18.0%

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

	31 December 2022	31 December 2021
Capital adequacy ratios:		
Tier 1 capital (k1.2)	12.2%	11.5%
Total capital (k.2)	13.1%	12.9%

26. Risk management policy

The Group permanently advances it's risk management environment, to fit up-to-date challenges and risks the Group is exposed to. The Group is exposed to the following types of risks: credit risk, liquidity risk and market risk.

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Credit risk

The Group is exposed to credit risk, which is the risk that a customer will be unable to pay amounts in full when due. The Group's credit risk exposure arises primarily from our consumer finance business through the Fintech Platform. To manage credit risk during loan origination the Group centralized all processes related to decision making, verification and accounting through it's headquarters. The Group has developed an automated, centralised and big data-driven proprietary loan approval process that enables it to make instant credit decisions. The risk management block is responsible for maintaining scoring models and decision-making process. The quality of approved loans are monitored by risk management block on day-to-day basis with periodical validation of the models.

During the credit decision process, the Group uses proprietary risk algorithms and predictive scoring models for the evaluation of the risks of potential borrowers using statistical modelling based on (i) a wealth of proprietary internal data such as application, transactional, behavioural, shopping and payment history information, which is supplemented by (ii) external data such as data received from credit bureaus (First Credit Bureau LLP and State Credit Bureau JSC) and pension centre (the State Pension Payment Centre) with regard to each customer.

The additional proprietary data constantly accumulated around the Group's customers' activity that enables it to continuously deepen its credit decision process.

The risk management block, in terms of credit risk, consists of independent modelling, anti-fraud, monitoring and provisioning division.

Maximum Exposure

The Group's maximum exposure to credit risk varies significantly and is dependent on both individual risks and general market economy risks. For financial assets recorded on statement of financial position, the maximum exposure equals to a carrying value of those assets prior to any offset or collateral. For financial guarantees and other contingent liabilities the maximum exposure to credit risk is the maximum amount the Group would have to pay if the guarantee was called on or in the case of commitments, if the loan amount was called on.

As at 31 December 2022 and 2021, the maximum exposure to credit risk after offset and collateral was equal to its carrying value of all financial assets except for loans to customers.

As at 31 December 2022 and 2021, the maximum exposure to credit risk after offset and collateral of loans to customers were KZT 2,750,424 million and KZT 1,875,603 million, respectively.

Collateral held as security and other credit enhancements

The Group holds collateral or other credit enhancements to mitigate credit risk associated with financial assets. The main types of collateral obtained are as follows:

- For reverse repurchase transactions – securities;
- For commercial lending – charges over real estate properties and vehicles..

Although, the Group uses collateral as credit enhancement to mitigate its exposure to credit risk, major part of its loan portfolio is represented by unsecured loans. Thus, as at 31 December 2022 and 2021, unsecured gross carrying amount of loans to customers were KZT 2,942,812 million and KZT 1,989,342 million, respectively.

As at 31 December 2022 and 2021, credit impaired loans with a net carrying value of KZT 29,174 million and KZT 16,084 million, respectively were either fully or partially collateralized, reflecting the extent to which collateral and other credit enhancements mitigate credit risk.

Credit quality of financial assets

The tables below present information about the significant changes in the gross carrying amount of loans during the period that contributed to changes in the loss allowance during the year ended 31 December 2022 and 2021:

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Loans at amortised cost					
Gross carrying amount as at 1 January 2022	**2,407,687**	**29,831**	**135,635**	**-**	**2,573,153**
Changes in the gross carrying amount					
- Transfer to Stage 1	8,927	(3,094)	(5,833)	-	-
- Transfer to Stage 2	(46,924)	47,497	(573)	-	-
- Transfer to Stage 3	(157,484)	(19,421)	176,905	-	-
New financial assets originated or purchased	2,422,809	-	-	4,754	2,427,563
Financial assets that have been repaid or derecognised	(1,576,118)	(13,879)	(29,049)	-	(1,619,046)
Write-offs	-	-	(64,231)	-	(64,231)
Recovery from off-balance	-	-	52,060	-	52,060
Other changes	-	-	13	-	13
Gross carrying amount as at 31 December 2022	**3,058,897**	**40,934**	**264,927**	**4,754**	**3,369,512**

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	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Loans at amortised cost					
Gross carrying amount as at 1 January 2021	**1,351,855**	**20,500**	**154,088**	**-**	**1,526,443**
Changes in the gross carrying amount					
- Transfer to Stage 1	13,221	(3,124)	(10,097)	-	-
- Transfer to Stage 2	(30,543)	31,690	(1,147)	-	-
- Transfer to Stage 3	(58,892)	(12,232)	71,124	-	-
New financial assets originated or purchased	2,113,372	-	-	-	2,113,372
Financial assets that have been repaid	(981,326)	(7,003)	(32,014)	-	(1,020,343)
Write-offs	-	-	(46,324)	-	(46,324)
Other changes	-	-	5	-	5
Gross carrying amount as at 31 December 2021	**2,407,687**	**29,831**	**135,635**	**-**	**2,573,153**

The Group uses an internal rating model to classify individually significant loans to customers in different risk categories:

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Loans to customers that individually assessed for impairment					
Grades: Low to fair risk	8,119	-	-	-	8,119
Grade: Impaired	-	-	6,636	-	6,636
Loans to customers that collectively assessed for impairment	3,050,778	40,934	258,291	4,754	3,354,757
Total 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**

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Loans to customers that individually assessed for impairment					
Grades: Low to fair risk	22,526	-	-	-	22,526
Grade: Impaired	-	-	6,391	-	6,391
Loans to customers that collectively assessed for impairment	2,385,161	29,831	129,244	-	2,544,236
Total 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 31 December 2021	**2,343,644**	**19,249**	**67,844**	**-**	**2,430,737**

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Due from banks				
High grade (A- and higher)	17,052	-	-	17,052
Investment grade (BBB+ - BBB-)	7,799	-	-	7,799
Not rated	823	-	-	823
Total gross carrying amount	**25,674**	**-**	**-**	**25,674**
Loss allowance	(6)	-	-	(6)
Carrying amount as at 31 December 2022	**25,668**	**-**	**-**	**25,668**

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Due from banks				
High grade (A- and higher)	20,504	-	-	20,504
Investment grade (BBB+ - BBB-)	29,710	-	-	29,710
Non-Investment grade (BB+ - B-)	708	-	-	708
Total gross carrying amount	**50,922**	**-**	**-**	**50,922**
Loss allowance	(19)	-	-	(19)
Carrying amount as at 31 December 2021	**50,903**	**-**	**-**	**50,903**

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Investment debt securities				
High grade (A- and higher)	558	-	-	558
Investment grade (BBB+ - BBB-)	1,070,752	-	-	1,070,752
Non-Investment grade (BB+ - B-)	2,393	-	-	2,393
Not rated	-	2,252	-	2,252
Carrying amount as at 31 December 2022	**1,073,703**	**2,252**	**-**	**1,075,955**

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Investment debt securities				
High grade (A- and higher)	840	-	-	840
Investment grade (BBB+ - BBB-)	595,969	-	-	595,969
Non-Investment grade (BB+ - B-)	7,460	-	-	7,460
Low grade (CCC+ and lower)	-	-	1,838	1,838
Carrying amount as at 31 December 2021	**604,269**	**-**	**1,838**	**606,107**

Financial assets, other than loans to customers and other financial assets, are graded according to their external credit ratings issued by an international rating agencies, such as Standard and Poor's, Fitch and Moody's Investors Services. The highest possible rating is AAA.

	A- and higher	BBB+ to BBB-	BB+ to B-	CCC+ and lower	Not rated	Total
Gross carrying value:						
31 December 2022						
Cash and cash equivalents, net of cash on hand	197,445	234,998	-	-	3,151	435,594
Mandatory cash balances with NBRK	-	42,917	-	-	-	42,917
Due from banks	17,052	7,799	-	-	823	25,674
Investment securities and derivatives	558	1,071,110	2,401	-	2,942	1,077,011
31 December 2021						
Cash and cash equivalents, net of cash on hand	102,514	86,884	41	-	994	190,433
Mandatory cash balances with NBRK	-	32,734	-	-	-	32,734
Due from banks	20,504	29,710	708	-	-	50,922
Investment securities and derivatives	1,217	596,643	7,848	4,501	-	610,209

As at 31 December 2022 and 31 December 2021, all loan commitments and financial guarantee contracts of the Group are classified in Stage 1 (12-month ECL) and have "low to fair" risk grade.

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Modified financial assets

As a result of the Group's forbearance activities financial assets might be modified. Modification doesn't lead to a material change in the net present value ("NPV"), therefore the Group doesn't recognise a modification gain/loss. The following tables refer to modified financial assets where modification does not result in derecognition. Financial assets (with loss allowance based on lifetime ECL) modified during the years ended 31 December 2022 and 2021:

	2022	2021
Gross carrying amount of financial assets that are impaired after modification but not in NPL as at 1 January	**12,021**	**17,923**
Gross carrying amount of modified loans within period	54,035	20,222
Loans transferred to Non impaired category (Cured loans)	(21,043)	(16,425)
Loans transferred to NPL	(12,789)	(6,875)
Repaid loans	(4,325)	(2,824)
Gross carrying amount of financial assets that are impaired after modification but not in NPL as at 31 December	**27,899**	**12,021**

The net carrying amount of loans at time of modification, that are modified during the years ended 31 December 2022 and 2021 were KZT 37,221 million and KZT 13,079 million, respectively. The gross carrying amount of modified loans for which the loss allowance changed from lifetime to 12-month ECL in the years ended 31 December 2022 and 2021 were KZT 12,656 million and KZT 9,020 million, respectively.

Macro sensitivity

The Group has performed ECL sensitivity analysis on its main portfolios, in the event that key assumptions used to calculate ECL change by 1 percentage point. For the purpose of ECL estimation, the Group uses a change of the nominal USD/KZT exchange rate of:

- 3.90% and 1.40% for 2023 and 2024, respectively, as a baseline scenario,
- 1.35% and 0.50% for 2023 and 2024, respectively, as an upside scenario and
- 6.45% and 3.95% for 2023 and 2024, respectively, as a downside scenario.

A change in the baseline nominal USD/KZT exchange rate by +/- 1 percentage point, with respective correction of the upside and downside scenarios, leads to a change in the loss allowance by KZT -2,220/ +1,920 million as at 31 December 2022, respectively.

Liquidity risk

The liquidity management framework of the Group mainly consists of following instruments:

- Assessment of sufficient level of high quality liquid assets;
- Cash flow forecasting;
- Diversification of funding;
- Social media marketing;
- Up-to-date contingent funding plan;

The liquidity risk is managed considering specific aspects of Kazakhstan economy, in particular limited funding instruments and possible dollarization due to currency devaluation expectations.

The Group devotes great significance to social media marketing, to support the brand of the Group and mitigate various risks such as liquidity and reputational risks. The division of social media marketing covers mass media, social networks, blogs and other sources of information, available to current or potential customers.

A major part of the Group's obligations consists of customer accounts of individuals, with nominal maturity under 2 years. However 95% of deposits in 2021 were rolled over, which ensures the Group maintains a reliable and long-term funding base. The average amount of individuals' customer accounts balance is KZT 940 thousand as at 31 December 2022, which is another indicator of diversification and stability of the funding base.

The Group retains a significant amount of high quality liquid assets, which consists mainly of cash, deposits within NBRK, short-term and mid-term notes of NBRK and bonds of the Ministry of Finance of the Republic of Kazakhstan.

Market risk

Price Risk

The Group's market risk arises from fluctuations in the value of financial instruments because of changes in market prices whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments traded in the market. The Group has established various limits on operations with securities, including instrument specific limits, in order to balance profit and risk in the securities portfolio. The Group's portfolio is predominantly comprised of Kazakhstan government debt securities.

Interest rate risk

The contractual maturities of assets and liabilities of the Group has modest gaps, which provides possibilities of instant reactions on changes of market interest rates. The Group has significant amounts of high quality liquid assets with a short maturity which helps to minimize the sensitivity to a sharp increase of interest rates in case of a liquidity shortfall on the market.

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An analysis of the liquidity and interest rate risks is presented in the following table.

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 December 2022 Total
Total interest bearing financial assets	1,119,187	563,500	1,480,302	1,279,244	146,239	4,588,472
Total interest bearing financial liabilities	310,852	506,345	2,038,776	486,289	6,147	3,348,409
Interest sensitivity gap	808,335	57,155	(558,474)	792,955	140,092	
Cumulative interest sensitivity gap	808,335	865,490	307,016	1,099,971	1,240,063	

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 December 2022 Total
Total financial assets	2,027,780	529,133	1,327,852	955,362	132,651	4,972,778
Total financial liabilities	1,222,851	506,632	2,038,776	486,289	6,147	4,260,695
Guarantees issued and similar commitments	170	349	45	4,627	-	5,191
Total financial liabilities and commitments	1,223,021	506,981	2,038,821	490,916	6,147	4,265,886
Liquidity gap	804,759	22,152	(710,969)	464,446	126,504	
Cumulative liquidity gap	804,759	826,911	115,942	580,388	706,892	

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 December 2021 Total
Total interest bearing financial assets	429,046	466,439	1,342,621	818,762	106,545	3,163,413
Total interest bearing financial liabilities	255,838	454,882	1,387,054	299,036	5,526	2,402,336
Interest sensitivity gap	173,208	11,557	(44,433)	519,726	101,019	
Cumulative interest sensitivity gap	173,208	184,765	140,332	660,058	761,077	

	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	31 December 2021 Total
Total financial assets	1,308,515	428,337	1,155,879	498,702	94,398	3,485,831
Total financial liabilities	920,656	455,573	1,387,477	299,036	5,526	3,068,268
Guarantees issued and similar commitments	317	110	-	4,500	-	4,927
Total financial liabilities and commitments	920,973	455,683	1,387,477	303,536	5,526	3,073,195
Liquidity gap	387,542	(27,346)	(231,598)	195,166	88,872	
Cumulative liquidity gap	387,542	360,196	128,598	323,764	412,636	

For more relevant representation of the liquidity risk, in 2021 the Group has introduced in these consolidated financial statements an additional table, where investment securities are presented in the category up to one month, as they can be traded in open market if needed.

As at 31 December 2022 and 2021, guarantee deposits in favour of international payments systems included in due from banks were KZT 24,823 million and KZT 50,214 million, respectively.

Based on prior experience, the Group considers it highly unlikely that all customer accounts seek repayment on maturity. Historically the majority of such deposits are rolled over.

Interest rate sensitivity analysis

The Group manages fair value interest rate risk through periodic estimation of potential losses that could arise from adverse changes in market conditions. The Risk Management Department conducts monitoring of the Group's current financial performance, estimates the Group's sensitivity to changes in fair value interest rates and its influence on the Group's profitability.

The sensitivity analysis includes interest rate risk, which has been determined based on "reasonably possible changes in the risk variable". The level of these changes is determined by management and is contained within the risk reports provided to key management personnel.

As at 31 December 2022, the impact on profit before income tax due to a +/-3 p.p. change in interest rate amounted -/+ KZT 150 million (2021: -/+ KZT 150 million).

As at 31 December 2022, the impact on equity due to a +/-3 p.p. change in interest rate amounted KZT -20,705 million /KZT+22,982 million (2021: KZT -24,236 million/ KZT +25,684 million).

Currency risk

The Group manages its currency risk by keeping modest open currency position. The Group only issues loans to customers in tenge, which protects the Group from hidden currency risk in case of a currency devaluation.

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The Group's exposure to foreign currency exchange rate risk is presented in the table below:

	Tenge	USD 1 USD = KZT 462.65	EUR EUR 1 = KZT 492.86	Other currency	31 December 2022 Total
Non-derivative financial assets					
Total non-derivative financial assets	4,411,208	514,781	25,753	6,371	**4,958,113**
Non-derivative financial liabilities					
Total non-derivative financial liabilities	3,743,473	499,768	7,403	2,706	**4,253,350**
NET POSITION ON NON-DERIVATIVE FINANCIAL INSTRUMENTS	**667,735**	**15,013**	**18,350**	**3,665**	
Derivative financial instruments					
Accounts payable on spot and derivative contracts	(33,894)	(55,518)	(17,250)	(4,581)	(111,243)
Accounts receivable on spot and derivative contracts	50,898	55,419	-	4,604	110,921
NET POSITION ON DERIVATIVE FINANCIAL INSTRUMENTS	**17,004**	**(99)**	**(17,250)**	**23**	**(322)**
NET POSITION	**684,739**	**14,914**	**1,100**	**3,688**	

	Tenge	USD 1 USD = KZT 431.80	EUR EUR 1 = KZT 489.10	Other currency	31 December 2021 Total
Non-derivative financial assets					
Total non-derivative financial assets	3,140,201	334,006	6,748	3,922	**3,484,877**
Non-derivative financial liabilities					
Total non-derivative financial liabilities	2,550,500	506,102	5,574	1,272	**3,063,448**
NET POSITION ON NON-DERIVATIVE FINANCIAL INSTRUMENTS	**589,701**	**(172,096)**	**1,174**	**2,650**	
Derivative financial instruments					
Accounts payable on spot and derivative contracts	(184,863)	(5,035)	(3,913)	(4,287)	(198,098)
Accounts receivable on spot and derivative contracts	857	182,328	2,446	2,587	188,218
NET POSITION ON DERIVATIVE FINANCIAL INSTRUMENTS	**(184,006)**	**177,293**	**(1,467)**	**(1,700)**	**(9,880)**
NET POSITION	**405,695**	**5,197**	**(293)**	**950**	

Currency risk sensitivity analysis

The Group analysed sensitivity to an increase and decrease in the USD and EUR against the KZT. 25% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation as at 31 December 2022 and 2021 for a 25% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

As at 31 December 2022, the impact on profit or loss and on equity due to +/-25% change in USD rate were KZT +/-3,729 million (2021: KZT +/-1,299 million).

As at 31 December 2022, the impact on profit or loss and on equity due to +/-25% change in EUR rate were KZT +/-275 million (2021: KZT +/-73 million).

27. Subsequent events

On 24 February 2023, the Board of Directors of the Company proposed a dividend of KZT 600 per share, subject to Shareholder approval.

The third share 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 USD 84 million.

In February 2023, the Group acquired a 51% share in “Magnum E-commerce Kazakhstan” LLC 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% with an additional commitment to invest KZT 65 billion during the next 3 years. The remaining 10% is owned by “Magnum Cash&Carry” LLC, the largest retail food chain in Kazakhstan. At the time the financial statements were authorised for issue, the Group had not yet completed the accounting for the acquisition of “Magnum E-commerce Kazakhstan” LLC.

Glossary

	Year ended 31.Dec.22 IFRS	Year ended 31.Dec.22 Adjusted[1][2]	Year ended 31.Dec.21 IFRS	Year ended 31.Dec.21 Adjusted[1][2]
Revenue	**1 270 592**	**1 315 552**	**884 822**	**936 803**
Rewards	-44 960		-51 981	0
Segment Revenue	**1 315 552**	**1 315 552**	**936 803**	**936 803**
Marketplace	239 609	239 609	153 604	153 604
Payments	333 343	333 343	217 085	217 085
Fintech	745 023	745 023	566 114	566 114
Intergroup	-2 423	-2 423	0	0
Net Income	**588 844**	**619 518**	**435 214**	**455 185**
Marketplace	152 248	155 968	99 716	101 641
Payments	199 489	209 693	126 653	131 246
Fintech	237 107	253 857	208 845	222 298
NIM	**46.3%**	**47.1%**	**49.2%**	**48.6%**
Marketplace	63.5%	65.1%	64.9%	66.2%
Payments	59.8%	62.9%	58.3%	60.5%
Fintech	31.8%	34.1%	36.9%	39.3%

(1) Revenue Adjusted for presentation of Rewards in Sales & Marketing expenses

(2) Net Income Adjusted for Share-based Compensation expenses

TERMINOLOGY	DEFINITION
Active Consumers	For Kaspi.kz – the total number of consumers which have used any of the Group's products or services at least once during the previous 12 months, expressed in thousands or millions of consumers as of the end of any such period. The metric is also calculated for each specific Platform (i.e. for Marketplace, Payments, Fintech) and is defined as the total number of consumers which have used the Platform's specific products or services at least once during the previous 12 months
Active Merchants	The total number of merchants that have successfully completed the sale of goods or services, or transaction to/with a consumer at least once during the previous 12 months
Adjusted for Share-based Compensation	Regular adjustment to Net Income starting with Q4'20 based on numbers presented in Kaspi.kz Financial Statements, notes 3, 5, 7. Adjustment to Phantom shares portion of Share-based compensation is net of income tax for the purposes of this presentation
Average Balances on Current Accounts	The average total balance of the Payments Platform's accounts (including Kaspi Business and Kaspi Gold accounts) for each respective period based on the monthly average balances
Average Monthly Transactions per Active Consumer	The ratio of the total number of transactions for the previous 12 months to the total number of Active Consumers as of the end of any such period, divided by 12
Average Net Loan Portfolio	The average balance of the Fintech Platform net loan portfolio for each respective period based on the respective monthly average balances
Cost of Risk (CoR)	is a non-IFRS measure calculated for any period as the total provision expense for loans divided by the average balance of gross loans to customers, expressed as a percentage. The cost of risk for 2019 (3.5%) is adjusted and excludes the impact of the government debt forgiveness programme (KZT 4bn). Taking the government debt forgiveness programme into account, cost of risk for 2019 amounted to 3.1%
DAU (Daily Active Users)	The daily number of users with at least one discrete session (visit) in excess of 10 seconds on the Mobile App; average DAU is a simple average of DAU for any given period
Delinquency Rate	The share of loans that were not delinquent in the previous month but missed their current due date payment

TERMINOLOGY	DEFINITION
FPD (First Payment Default)	The share of loans with the missed first payment
Fintech Yield	The ratio of sum of interest income and banking fee divided by the Fintech Average Net Loan Portfolio
GMV (Gross Merchandise Value)	The total value of goods and services sold across our Marketplace Platform during the respective period
Loss Rate Vintages	Expected loss rate of portfolio originated in specific quarter/month as a combination of actual NPL as of reporting date and expected recovery of NPL based on statistics
MAU (Monthly Active Users)	The monthly number of users with at least one discrete session (visit) in excess of 10 seconds on the Mobile App in the last calendar month of each respective period; average MAU is a simple average of MAU for any given quarter
Net Income Margin	The ratio of Net Income to Revenue
RTPV (Revenue-generating TPV)	TPV minus non revenue generating P2P Payments within the Kaspi Ecosystem
SPD (Second Payment Default)	The share of loans with the missed first and second payments
Take Rate	For Payments Platform: ratio of transaction and membership revenue (excluding Kaspi Business) to RTPV For Marketplace Platform: ratio of seller fees to GMV
TFV (Total Finance Value)	The total value of loans to consumers issued within the Fintech Platform
TFV to Loan Portfolio Conversion Rate	The ratio of TFV to Average Net Loan Portfolio, calculated for Fintech Platform
TPV (Total Payment Value)	The total value of payment transactions made by Active Consumers within the Payments Platform

Shareholder Information

Legal entity & registered office

Joint Stock Company Kaspi.kz

Legal entity identifier 2549003YU6FARG8OAZ13

The Company's registered address is:
154a Nauryzbai Batyr Street, Almaty, 050013, Republic of Kazakhstan, telephone +44 7427 751 275

Legal entity & registered office

For investor information, including our audited financial statements, company presentation, news and upcoming events please visit our investor relations website **https://ir.kaspi.kz/** or contact David Ferguson, Head of Investor Relations
ir@kaspi.kz

Independent auditors

Deloitte LLP, 36 Al Farabi Avenue, Almaty, 050059, Republic of Kazakhstan

Depositary

Bank of New York Mellon, 240 Greenwich Street, New York, NY 10286

Attention: American Depositary Receipt Administration (Fax: 001 (212) 571 3050)

Forward Looking Statements

Certain statements made in this Report are forward-looking statements. Such statements are based on current expectations and assumptions and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results expressed or implied in these forward-looking statements. They appear in a number of places throughout this Report and include statements regarding the intentions, beliefs or current expectations of the Directors concerning, amongst other things, Kaspi.kz's results of operations, financial condition, liquidity, prospects, growth, strategies and the business.

-Persons receiving this Report should not place undue reliance on forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, Kaspi.kz does not undertake to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.