

KASPI.KZ
JOINT STOCK COMPANY

Interim Condensed Consolidated
Financial Information
For the three months ended
31 March 2022 (Unaudited)

Kaspi.kz Joint Stock Company

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Kaspi.kz Joint Stock Company

Statement of Management's Responsibilities For the Preparation and Approval of the Interim Condensed Consolidated Financial Information For the Three months ended 31 March 2022 (Unaudited)

Management of Kaspi.kz JSC is responsible for the preparation of the interim condensed consolidated financial information that presents fairly the interim condensed consolidated financial position of Kaspi.kz Joint Stock Company and its subsidiaries ("the Group") as at 31 March 2022, and the related interim condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the three months then ended, in compliance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*.

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

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

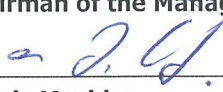
Management is also responsible for:

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


The interim condensed consolidated financial information of the Group for the three months ended 31 March 2022 was authorised for issue on 29 April 2022 by the Chairman of the Management Board, the Chief Financial Officer and the Chief Accountant.

On behalf of the Management:


Mikheil Lomtadze
Chairman of the Management Board


Tengiz Mosidze
Chief Financial Officer




Nailya Ualibekova
Chief Accountant

29 April 2022
Almaty, Kazakhstan

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the Shareholders of Kaspi.kz Joint Stock Company

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kaspi.kz Joint Stock Company and its subsidiaries (“the Group”) as at 31 March 2022 and the related interim condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the three months then ended, and selected explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

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

Deloitte LLP

29 April 2022
Almaty, Kazakhstan

Kaspi.kz Joint Stock Company

Interim Condensed Consolidated Statement of Profit or Loss For the Three months ended 31 March 2022 (Unaudited)

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

	Notes	Three months ended 31 March 2022 (unaudited)	Three months ended 31 March 2021 (unaudited)
REVENUE	4,5	253,712	168,864
Interest revenue		123,254	88,592
Fees & commissions		53,282	40,236
Transaction & membership revenue		48,978	32,006
Seller fees		32,080	22,860
Rewards		(10,609)	(13,929)
Other gains (losses)		6,777	(901)
COST OF REVENUE	6	(72,354)	(56,094)
Interest expenses		(50,374)	(40,882)
Transaction expenses		(5,422)	(2,987)
Operating expenses		(16,558)	(12,225)
TOTAL NET REVENUE		181,358	112,770
Technology & product development		(13,030)	(9,540)
Sales & marketing		(12,190)	(1,415)
General & administrative expenses		(5,436)	(5,529)
Provision expenses	7	(24,147)	(7,409)
OPERATING INCOME		126,555	88,877
Income tax	8	(23,826)	(14,194)
NET INCOME		102,729	74,683
Attributable to:			
Shareholders of the Company		101,942	74,091
Non-controlling interest		787	592
NET INCOME		102,729	74,683
Earnings per share			
Basic (KZT)	9	529	386
Diluted (KZT)	9	525	382

On behalf of the Management:


Mikheil Lomtadze
Chairman of the Management Board




Tengiz Mosidze
Chief Financial Officer


Nailya Ualibekova
Chief Accountant

The notes on pages 9-32 form an integral part of this interim condensed consolidated financial information.

Kaspi.kz Joint Stock Company

Interim Condensed Consolidated Statement of Other Comprehensive Income For the Three months ended 31 March 2022 (Unaudited)

(in millions of KZT)

	Three months ended 31 March 2022 (unaudited)	Three months ended 31 March 2021 (unaudited)
NET INCOME	102,729	74,683
OTHER COMPREHENSIVE INCOME		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Movement in investment revaluation reserve for equity instruments at FVTOCI	(46)	9
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Movement in investment revaluation reserve for debt instruments at FVTOCI:		
(Losses)/ gains arising during the period, net of tax KZT Nil	(20,242)	3,153
Expected credit losses recognised in profit or loss	2,841	26
Reclassification of losses included in profit or loss, net of tax KZT Nil	505	(185)
Foreign exchange differences on translation of foreign operations	(3)	-
Other comprehensive (loss)/gain for the period	(16,945)	3,003
TOTAL COMPREHENSIVE INCOME	85,784	77,686
Attributable to:		
Shareholders of the Company	85,175	77,062
Non-controlling interest	609	624
TOTAL COMPREHENSIVE INCOME	85,784	77,686

On behalf of the Management:


Mikheil Lomtadze
Chairman of the Management Board


Tengiz Mosidze
Chief Financial Officer




Nailya Ualibekova
Chief Accountant

The notes on pages 9-32 form an integral part of this interim condensed consolidated financial information.

Kaspi.kz Joint Stock Company

Interim Condensed Consolidated Statement of Financial Position

As at 31 March 2022 (Unaudited)

(in millions of KZT)

	Notes	31 March 2022 (unaudited)	31 December 2021
ASSETS:			
Cash and cash equivalents	10	445,347	342,101
Mandatory cash balances with National Bank of the Republic of Kazakhstan		36,965	32,734
Due from banks		44,801	50,903
Investment securities and derivatives	11	541,121	607,417
Loans to customers	12,17	2,361,366	2,430,737
Property, equipment and intangible assets		88,492	85,101
Other assets		88,996	58,931
TOTAL ASSETS		3,607,088	3,607,924
LIABILITIES AND EQUITY			
LIABILITIES:			
Due to banks		75,958	76,492
Customer accounts	13,17	2,686,129	2,763,043
Debt securities issued		136,547	139,711
Other liabilities	17	48,863	56,318
Subordinated debt		65,941	67,665
TOTAL LIABILITIES		3,013,438	3,103,229
EQUITY:			
Share capital	14	99,739	97,530
Additional paid-in-capital		506	506
Revaluation reserve of financial assets and other reserves		(14,170)	2,597
Share-based compensation reserve	15	13,037	21,242
Retained earnings		489,483	377,852
Total equity attributable to Shareholders of the Company		588,595	499,727
Non-controlling interest		5,055	4,968
TOTAL EQUITY		593,650	504,695
TOTAL LIABILITIES AND EQUITY		3,607,088	3,607,924

On behalf of the Management:


Mikheil Lomtadze
Chairman of the Management Board




Tengiz Mosidze
Chief Financial Officer


Nailya Ualibekova
Chief Accountant

The notes on pages 9-32 form an integral part of this interim condensed consolidated financial information.

Kaspi.kz Joint Stock Company

Interim Condensed Consolidated Statement of Changes in Equity For the Three months ended 31 March 2022 (Unaudited)

(in millions of KZT)

	Issued capital	Treasury shares	Additional paid-in capital	Revaluation reserve of financial assets and other reserves	Share-based compensation reserve	Retained earnings	Total equity attributable to holders of the parent	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	-	-	-	-	-	74,091	74,091	592	74,683
Other comprehensive income	-	-	-	2,971	-	-	2,971	32	3,003
Total comprehensive income	-	-	-	2,971	-	74,091	77,062	624	77,686
Dividends declared	-	-	-	-	-	170,562	(170,662)	-	(170,662)
Dividends declared by subsidiary to non-controlling interest	-	-	-	-	-	-	-	(423)	(423)
Share options accrued	-	-	-	-	2,961	-	2,961	-	2,961
Share options exercised	-	1,705	-	-	(7,177)	5,472	-	-	-
Balance at 31 March 2021 (unaudited)	130,144	(32,614)	506	8,142	4,572	185,729	300,479	3,743	304,222
Balance at 31 December 2021	130,144	(32,614)	506	2,597	21,242	377,852	499,727	4,968	504,695
Net Income	-	-	-	-	-	101,942	101,942	787	102,729
Other comprehensive loss	-	-	-	(16,767)	-	-	(16,767)	(178)	(16,945)
Total comprehensive (loss)/income	-	-	-	(16,767)	-	101,942	85,175	609	85,784
Dividends declared by subsidiary to non-controlling interest	-	-	-	-	-	-	-	(522)	(522)
Share options accrued	-	-	-	-	3,693	-	3,693	-	3,693
Share options exercised	-	2,209	-	-	(11,898)	9,559	-	-	-
Balance at 31 March 2022 (unaudited)	130,144	(30,405)	506	(14,170)	13,037	489,483	588,595	5,055	593,650

On behalf of the Management:

Mikheil Lomtadze

Chairman of the Management Board

Tengiz Mosidze

Chief Financial Officer



Nailya Ualibekova

Chief Accountant

The notes on pages 9-32 form an integral part of this interim condensed consolidated financial information.

Kaspi.kz Joint Stock Company

Interim Condensed Consolidated Statement of Cash Flows For the Three months ended 31 March 2022 (Unaudited)

(in millions of KZT)

	Three months ended 31 March 2022 (unaudited)	Three months ended 31 March 2021 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received from loans to customers	110,762	67,976
Other interest received	6,992	7,039
Interest paid	(49,964)	(43,370)
Expenses paid on obligatory insurance of individual deposits	(1,472)	(1,693)
Fees & commissions received	53,557	40,236
Seller fees received	32,080	22,652
Transaction & membership revenue received	48,770	30,728
Fees & commissions paid	(6,853)	(3,243)
Other income received	11,069	3,569
Operating expenses paid	(47,694)	(42,123)
Cash flows from operating activities before changes in operating assets and liabilities	158,247	81,771
Changes in operating assets and liabilities		
(Increase)/decrease in operating assets:		
Mandatory cash balances with NBRK	(4,231)	(1,865)
Financial assets at FVTPL	(23,375)	1,952
Due from banks	2,869	(2,003)
Loans to customers	46,768	(111,421)
Other assets	(31,387)	(3,638)
Increase/(decrease) in operating liabilities:		
Due to banks	(679)	-
Customer accounts	(80,595)	113,878
Financial liabilities at FVTPL	(1,370)	(742)
Other liabilities	(9,730)	(7,301)
Cash inflow from operating activities before income tax	56,517	70,631
Income tax paid	(23,138)	(13,755)
Net cash inflow from operating activities	33,379	56,876

Kaspi.kz Joint Stock Company

Interim Condensed Consolidated Statement of Cash Flows (Continued) For the Three months ended 31 March 2022 (Unaudited)

(in millions of KZT)

	Three months ended 31 March 2022 (unaudited)	Three months ended 31 March 2021 (unaudited)
Purchase of property, equipment and intangible assets	(6,178)	(3,633)
Proceeds on sale of property and equipment	316	14
Proceeds on disposal of investment securities at FVTOCI	78,058	418,239
Purchase of financial assets at FVTOCI	(19,211)	(382,879)
Proceeds on sale of subsidiary	-	4,500
Net cash inflow from investing activities	52,985	36,241
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	-	(100,000)
Dividends paid by subsidiary to non-controlling interest	(522)	(184)
Net cash outflow from financing activities	(522)	(100,184)
Effect of changes in foreign exchange rate on cash and cash equivalents	17,404	1,503
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	103,246	(5,564)
CASH AND CASH EQUIVALENTS, beginning of period	342,101	330,409
CASH AND CASH EQUIVALENTS, end of period	445,347	324,845

On behalf of the Management:


Mikheil Lomtadze
Chairman of the Management Board


Tengiz Mosidze
Chief Financial Officer




Nailya Ualibekova
Chief Accountant

The notes on pages 9-32 form an integral part of this interim condensed consolidated financial information.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the Three months ended 31 March 2022 (Unaudited)

(in millions of KZT)

1. Corporate information

Overview

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

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

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

Our mission is to improve people's lives by developing innovative products and services. Going forward we will maintain a singular focus on development of innovative digital products around regular needs of our consumers and merchants. Our technologically advanced products transform the way consumers pay, shop and manage their personal finances, help merchants accelerate their growth and allow us to make a significant contribution to digital transformation in our daily lives.

Kaspi.kz Segments

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

- *Payments Platform* connects our customers, which consist of both consumers and merchants, to facilitate cashless, digital transactions. We offer our customers a proprietary technology platform to both pay and receive payments for goods and services, as well as to transfer and withdraw money. Consumers can transact with merchants and amongst themselves using services including the Kaspi.kz Super App, Kaspi QR Scan to Pay, Kaspi Gold debit and virtual card, or any bank card. Merchants can accept payments from consumers using the Kaspi Pay Super App, POS Solutions, Kaspi QR Checkout and Kaspi Bill Payments and Kaspi B2B, amongst a wide suite of other products.

Following our recent acquisition of Portmone Group, we have entered the Ukrainian market and plan to launch payments services for merchants and consumers.

- *Marketplace Platform* connects merchants and consumers enabling merchants to increase their sales and consumers to buy a broad selection of products and services offered by a variety of merchants. We help merchants increase their sales by linking them to our technology, Payments Platform, Buy Now Pay Later consumer finance products, marketing and Kaspi Smart Logistics. Fulfilment options include in-store pick up, delivery by merchants, Kaspi Postomate and delivery powered by Kaspi.kz.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the Three months ended 31 March 2022 (Unaudited)

(in millions of KZT)

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

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

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

- *Fintech Platform* enables customers to manage their personal finances online and access consumer finance and deposit products primarily through the Kaspi.kz Super App. Our Buy Now Pay Later consumer finance products are also strategically integrated around the product and merchant selection on our Marketplace Platform. This allows customers to shop and access financing seamlessly and then pay over time in affordable monthly installments. More recently we broadened our Fintech proposition to include working capital and micro finance products for merchants and these new products are scaled rapidly.

Information about the group of companies

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

The Group structure did not change since 31 December 2021, except for incorporation of Kaspi Cloud LLC in January 2022, a separate legal entity fully owned by Kaspi Office LLC, which is providing data center services for the Group, such as storage support, maintenance and processing of information using server software and equipment.

The shareholders' structure was as follows:

	31 March 2022 % (unaudited)	31 December 2021 %
Ultimate shareholders:		
Baring Vostok Funds	28.64	28.71
Vyacheslav Kim	24.07	24.13
Mikheil Lomtadze	23.24	23.30
Public Investors	20.96	21.01
Management	3.09	2.85
Total	100.00	100.00

Operating environment

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

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

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

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

On 24 February 2022, due to external geopolitical situation, the NBRK has set the base rate at 13.5% p.a. with a corridor of +/- 1.0 p.p. In order to maintain the stability of the financial market and support the attractiveness of tenge deposits, the Government has announced the realization of the protection program for tenge deposits, under which tenge deposits of individuals will be provided with compensation out of Government budget resources equal to around 10% of savings as at 23 February 2022.

The Management's analysis of the Group's liquidity and capital position as at 31 March 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. Due to January events and external geopolitical situation the macroeconomic outlooks for Kazakhstan were revised downward that lead to increase in provision expense on loans to customers to KZT 21,020 million for the three months ended 31 March 2022 as compared to KZT 7,262 million for the three months ended 31 March 2021, reflecting forward looking ECL.

This interim condensed consolidated financial information was approved on 29 April 2022.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Three months ended 31 March 2022 (Unaudited) (in millions of KZT)

2. Basis of presentation

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

This Interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements. The Group omitted disclosures, which would substantially duplicate the information contained in its audited annual consolidated financial statements for 2021 prepared in accordance with International Financial Reporting Standards ("IFRS"), such as accounting policies and details of accounts, which have not changed significantly in amount or composition.

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

	31 March 2022	31 December 2021
KZT/USD	466.31	431.80
KZT/EUR	517.98	489.10

3. Significant accounting policies

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

The same accounting policies, presentation and methods of computation have been followed in this interim condensed consolidated financial information as were applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2021 except for the following changes:

Adoption of new and revised Standards

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

The following amendments and Interpretations are effective for the Group effective 1 January 2022:

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

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Three months ended 31 March 2022 (Unaudited) (in millions of KZT)

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

New and revised IFRS Standards in issue but not yet effective

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

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

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

4. Revenue

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

	Three months ended 31 March 2022 (unaudited)	Three months ended 31 March 2021 (unaudited)
REVENUE	253,712	168,864
Interest revenue	123,254	88,592
Fees & commissions	53,282	40,236
Transaction & membership revenue	48,978	32,006
Seller fees	32,080	22,860
Rewards	(10,609)	(13,929)
Other gains (losses)	6,727	(901)

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Three months ended 31 March 2022 (Unaudited) (in millions of KZT)

Revenue by segments is presented below:

	Three months ended 31 March 2022 (unaudited)	Three months ended 31 March 2021 (unaudited)
Marketplace	32,674	23,289
Seller fees	32,080	22,860
Other gains (losses)	594	429
Payments	63,587	40,100
Transaction & membership revenue	47,365	29,790
Interest revenue	16,222	10,310
Fintech	170,483	119,404
Interest revenue	109,455	78,282
Fees & commissions	53,282	40,236
Transaction & membership revenue	1,613	2,216
Other gains (losses)	6,133	(1,330)
Intergroup	(2,423)	-
Segment Revenue	264,321	182,793
Rewards	(10,609)	(13,929)
REVENUE	253,712	168,864

Interest revenue includes interest originated from financing to 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 part funded from Payments' interest free balances.

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

Seller fees includes fees paid by merchants from shopping transactions originated on the Marketplace Platform. The Group earns seller fees when transactions are completed and are generally determined as a percentage based on the value of merchandise and services being sold by merchants. Seller fees also include Kaspi Travel revenue, revenue from delivery and marketing services paid by Marketplace merchants.

The Group earns Transaction revenue at point in time when processing payments for regular household needs, payments for purchases both online and in-store, other debit card transactions, online money wire transfers both inside the country domestically and globally, and transactions by SME and corporate customers. Since the 4th quarter of 2021 Payment Platform also includes transaction revenue from our payments business in Ukraine. For the three months ended 31 March 2022 and 2021, the Transaction revenue was KZT 44,343 million and KZT 27,905 million, respectively.

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Membership revenue is earned over time and includes annual fees earned during the three months ended 31 March 2022 and 2021 of KZT 4,635 million and KZT 4,101 million, respectively, paid by individual customers, SME and corporate customers for engagement in Kaspi.kz.

Other gains (losses) are mainly due to net gains (losses) on foreign exchange operations and financial assets and liabilities at fair value through profit or loss. For the three months ended 31 March 2022 and 2021, the net loss on foreign exchange operations were KZT (12,056) million and KZT (799) million, respectively. For the three months ended 31 March 2022 and 2021, the net gain (loss) on financial assets and liabilities at fair value through profit or loss were KZT 17,992 million and KZT (1,028) million, respectively. It also includes revenue from LLC "Digital Classifieds" in the Republic of Azerbaijan.

5. Segment Reporting

The Group reports its business in three operating segments.

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

	Three months ended 31 March 2022 (unaudited)	Three months ended 31 March 2021 (unaudited)
SEGMENT REVENUE	264,321	182,793
Marketplace	32,674	23,289
Payments	63,587	40,100
Fintech	170,483	119,404
Intergroup	(2,423)	-
SEGMENT NET REVENUE	191,967	126,699
Marketplace	29,078	21,447
Payments	57,050	35,959
Fintech	105,839	69,293
NET INCOME	102,729	74,683
Marketplace	17,985	14,113
Payments	34,221	21,956
Fintech	50,523	38,614

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

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

	Three months ended 31 March 2022 (unaudited)	Three months ended 31 March 2021 (unaudited)
SHARE-BASED COMPENSATION	(3,693)	(4,180)
Marketplace	(385)	(373)
Payments	(958)	(955)
Flntech	(2,350)	(2,852)

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

6. Cost of revenue

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

	Three months ended 31 March 2022 (unaudited)	Three months ended 31 March 2021 (unaudited)
COST OF REVENUE	(72,354)	(56,094)
Interest expenses	(50,374)	(40,882)
Transaction expenses	(5,422)	(2,987)
Operating expenses	(16,558)	(12,225)

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, loan origination and risk assessment, customer deposit acquisition and other expenses which can be attributed to the Group's operating activities related to the provision of the products and services.

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For the Three months ended 31 March 2022 (Unaudited)

(in millions of KZT)

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

	Three months ended 31 March 2022 (unaudited)			Three months ended 31 March 2021 (unaudited)		
	Employee benefits	Deprecia- tion & amorti- sation	Operating lease	Employee benefits	Deprecia- tion & amortisa- tion	Operating lease
Cost of revenue	(4,973)	(223)	(233)	(4,313)	(191)	(298)
Technology & product development	(6,701)	(2,541)	(515)	(3,939)	(2,186)	(420)
Sales & marketing	(249)	-	-	(88)	-	-
General & administrative expenses	(3,232)	(601)	(554)	(4,779)	(490)	(513)
Total	(15,155)	(3,365)	(1,302)	(13,119)	(2,867)	(1,231)

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:

	Three months ended 31 March 2022 (unaudited)	Three months ended 31 March 2021 (unaudited)
SHARE-BASED COMPENSATION	(3,693)	(4,180)
Cost of revenue	(305)	(177)
Technology & product development	(1,695)	(1,818)
Sales & marketing	(123)	-
General & administrative expenses	(1,570)	(2,185)

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Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Three months ended 31 March 2022 (Unaudited)

(in millions of KZT)

7. Provision expense

The movements in loss allowance for the three months ended 31 March 2022 were as follows:

	Loans to customers			Due from banks			Financial assets at fair value through other comprehensive income			Cash and cash equivalents			Other assets			Contin-gencies	Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3		
Loss allowance for ECL as at 31 December 2021	64,043	10,582	67,791	19	-	2,662	130	-	2,662	1	-	-	18	-	-	-	149,092
Changes in provisions																	
-Transfer to Stage 1	2,498	(1,131)	(1,367)	-	26	-	(26)	-	-	-	-	-	-	-	-	-	-
-Transfer to Stage 2	(2,464)	2,884	(420)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-Transfer to Stage 3	(3,230)	(8,180)	11,410	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net changes, resulting from changes in credit risk parameters	(1,584)	14,575	4,764	(6)	2,632	186	22	2,632	186	-	-	276	16	-	-	-	20,882
New assets issued or acquired	15,315	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,315
Repaid assets (except for write-off)	(8,225)	(775)	(3,050)	-	-	-	-	-	-	-	-	-	-	-	-	-	(12,050)
Write-off, net of recoveries	-	-	(3,301)	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,301)
Foreign exchange difference	-	-	(14)	-	-	-	-	-	-	-	-	-	-	-	-	-	(14)
As at 31 March 2022 (unaudited)	66,353	17,955	75,813	13	2,658	2,848	126	2,658	2,848	2	-	4,122	34	-	-	-	169,924

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Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the Three months ended 31 March 2022 (Unaudited)

(in millions of KZT)

The movements in loss allowance for the three months ended 31 March 2021 were as follows:

	Loans to customers			Due from banks			Financial assets at fair value through other comprehensive income			Cash and cash equivalents			Other assets			Contin-gencies	Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3		
Loss allowance for ECL as at 31 December 2020	40,062	7,674	74,153	26	374	2,564	3	-	2,564	3	-	2,058	28	-	-	126,942	
Changes in provisions																	
- Transfer to Stage 1	2,138	(946)	(1,192)	-	-	-	-	-	-	-	-	-	-	-	-	-	
- Transfer to Stage 2	(677)	1,105	(428)	-	-	-	-	-	-	-	-	-	-	-	-	-	
- Transfer to Stage 3	(1,438)	(5,597)	7,035	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net changes, resulting from changes in credit risk parameters	(6,755)	4,594	7,658	(7)	8	-	(1)	-	-	-	-	-	-	-	-	5,497	
New assets issued or acquired	16,111	-	-	-	15	9	-	-	94	-	-	-	35	-	-	16,264	
Repaid assets (except for write-off)	(6,513)	(661)	(7,172)	-	(6)	-	-	-	-	-	-	-	-	-	-	(14,352)	
Write-off, net of recoveries	-	-	(7,080)	-	-	-	-	-	-	-	-	-	-	-	-	(7,080)	
As at 31 March 2021 (unaudited)	42,928	6,169	72,974	19	391	2,573	2	-	2,152	63	-	-	63	-	-	127,271	

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

As at 31 March 2022, the allowance for expected credit losses on financial assets at fair value through other comprehensive income of KZT 5,632 million (31 December 2021: KZT 2,792 million) is included in the 'Revaluation reserve of financial assets' within equity.

For the three months ended 31 March 2022, the increase of KZT 2,658 million in the allowance for expected credit losses on financial assets at fair value through other comprehensive income mainly related to issuers of Russian Federation and led to transfer to Stage 2.

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8. Income tax

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

The Group is subject to certain permanent tax differences due to non-tax deductibility of certain expenses and a tax-free regime for certain income.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences relate mostly to different methods of income and expense recognition as well as to recorded values of certain assets.

Deferred income tax liabilities comprise:

	31 March 2022 (unaudited)	31 December 2021
Vacation reserve, accrued bonuses	680	779
Property, equipment and intangible assets	(3,207)	(3,263)
Other	21	17
Net deferred tax liability	(2,506)	(2,467)

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

	Three months ended 31 March 2022 (unaudited)	Three months ended 31 March 2021 (unaudited)
Net income before income tax	126,555	88,877
Tax at the statutory tax rate of 20%	(25,311)	(17,775)
Non-taxable income	2,020	3,931
Non-deductible expense	(535)	(350)
Income tax expense	(23,826)	(14,194)
Current income tax expense	(23,787)	(13,704)
Deferred income tax expense	(39)	(490)
Income tax expense	(23,826)	(14,194)

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

	31 March 2022 (unaudited)	31 March 2021 (unaudited)
Net deferred tax liability:		
At the beginning of the period	(2,467)	(2,319)
Change in deferred Income tax balances recognised in profit or loss	(39)	(490)
At the end of the period	(2,506)	(2,809)

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 March 2022 (unaudited)	31 March 2021 (unaudited)
Net income attributable to the shareholders of the Company	101,942	74,091
Weighted average number of ordinary shares for basic earnings per share	192,682,632	192,187,223
Weighted average number of ordinary shares for diluted earnings per share	194,341,305	193,716,115
Earnings per share – basic (KZT)	529	386
Earnings per share – diluted (KZT)	525	382

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

	31 March 2022 (unaudited)	31 March 2021 (unaudited)
Weighted average number of ordinary shares for basic earnings per share	192,682,632	192,187,223
Number of potential ordinary shares attributable to share-based compensation	1,658,673	1,528,892
Weighted average number of ordinary shares for diluted earnings per share	194,341,305	193,716,115

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Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Three months ended 31 March 2022 (Unaudited) (in millions of KZT)

10. Cash and cash equivalents

	31 March 2022 (unaudited)	31 December 2021
Cash on hand	198,718	151,668
Current accounts with other banks	171,982	161,524
Short-term deposits with other banks	53,637	28,909
Reverse repurchase agreements	21,010	-
Total cash and cash equivalents	445,347	342,101

Cash on hand includes cash balances with ATMs and cash in transit. As at 31 March 2022 and 31 December 2021 the fair value of collateral of reverse repurchase agreements classified as cash and cash equivalents, are KZT 24,844 million and KZT Nil, respectively.

11. Investment securities and derivatives

Investment securities and derivatives comprise:

	31 March 2022 (unaudited)	31 December 2021
Total financial assets at fair value through OCI	530,919	606,462
Total financial assets at fair value through profit or loss	10,202	955
Total investment securities and derivatives	541,121	607,417

Financial assets at fair value through OCI comprise:

	31 March 2022 (unaudited)	31 December 2021
Debt securities	530,610	606,107
Equity investments	309	355
Total financial assets at FVTOCI	530,919	606,462

As at 31 March 2022 and 31 December 2021, sovereign debt securities of KZT 279,426 million and KZT 347,166 million, respectively, were included in debt securities.

	A- and higher	BBB+ to BBB-	BB+ to B-	CCC+ and lower	Total
Debt securities as at 31 March 2022 (unaudited)	879	488,274	36,427	5,030	530,610
Debt securities as at 31 December 2021	840	595,969	7,460	1,838	606,107

As at 31 March 2022, financial assets at fair value through OCI of the Group of KZT 496,642 million, KZT 31,858 million and KZT 2,110 million are classified in Stage 1, Stage 2 and Stage 3 (2021: KZT 604,269 million and KZT 1,838 million are classified in Stage 1 and Stage 3), respectively according to IFRS 9.

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Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Three months ended 31 March 2022 (Unaudited) (in millions of KZT)

Financial assets at fair value through profit or loss comprise:

	31 March 2022 (unaudited)	31 December 2021
Derivative financial instruments	10,202	955
Total financial assets at fair value through profit or loss	10,202	955

Financial assets and liabilities initially designated at FVTPL comprise:

	31 March 2022				31 December 2021			
	Notional amount	Net fair value	Notional amount	Net fair value	Notional amount	Net fair value	Notional amount	Net fair value
Foreign currency contracts								
Forwards	123,474	10,063	124,377	-	126,348	857	134,704	2,341
Swaps	3,226	139	3,304	1,038	40,622	98	40,694	67
Spot	1,865	-	1,872	-	20,292	-	20,292	-
Total financial instruments at FVTPL		10,202		1,038		955		2,408

As at 31 March 2022 and 31 December 2021, restricted deposits included in due from banks with investment credit ratings (higher than 'BBB-') in favor of international payments systems were KZT 30,179 million and KZT 34,205 million, respectively and in favor of non-deliverable forwards of KZT 13,893 million and KZT 15,992 million, respectively.

12. Loans to customers

	31 March 2022 (unaudited)	31 December 2021
Gross loans to customers	2,521,487	2,573,153
Less: allowance for impairment losses (Note 7)	(160,121)	(142,416)
Total loans to customers	2,361,366	2,430,737

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

Movements in allowances for impairment losses on loans to customers for the three months ended 31 March 2022 and 2021 are disclosed in Note 7.

As at 31 March 2022 and 31 December 2021, accrued interest of KZT 30,055 million and KZT 27,648 million, respectively, was included in loans to customers.

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Loans with principal or accrued interest in arrears for more than 90 days are classified as "Non-performing loans" ("NPL"). Allowance for impairment to gross NPLs reflects the Group's ability to absorb potential losses from non-performing loans. Considering the ratio represents impairment loan loss allowances as a percentage of NPLs, the ratio can be more than 100%. With the adoption of IFRS 9, these loans were classified in stage 3.

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

	Gross NPLs	Total allowance for impairment	Total allowance for impairment to gross NPL %
As at 31 March 2022 (unaudited)	136,599	160,121	117%
As at 31 December 2021	120,652	142,416	118%

Provision expense on loans to customers:

	Three months ended 31 March 2022 (unaudited)	Three months ended 31 March 2021 (unaudited)
Provision expense on loans to customers:		
Loans to customers	(21,020)	(7,262)
Total provision expenses on loans to customers	(21,020)	(7,262)

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	Total
Loans to customers:				
Gross carrying amount	2,314,535	49,805	157,147	2,521,487
Loss allowance	(66,353)	(17,955)	(75,813)	(160,121)
Carrying amount as at 31 March 2022 (unaudited)	2,248,182	31,850	81,334	2,361,366
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	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

As at 31 March 2022 and 31 December 2021, commitments on loans and unused credit lines represented by revocable loan commitments were KZT 131,994 million and KZT 131,804 million, respectively.

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Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Three months ended 31 March 2022 (Unaudited) (in millions of KZT)

13. Customer accounts

	31 March 2022 (unaudited)	31 December 2021
Individuals		
Term deposits	2,066,841	2,070,822
Current accounts	438,489	534,190
Total due to individuals	2,505,330	2,605,012
Corporate customers		
Term deposits	41,007	43,131
Current accounts	139,792	114,900
Total due to corporate customers	180,799	158,031
Total customer accounts	2,686,129	2,763,043

As at 31 March 2022 and 31 December 2021, accrued interest of KZT 19,104 million and KZT 15,423 million, respectively, was included in customer accounts.

As at 31 March 2022 and 31 December 2021, customer accounts of KZT 19,606 million and KZT 26,679 million, respectively, were held as security against loans.

As at 31 March 2022 and 31 December 2021, customer accounts of KZT 71,616 million (2.67%) and KZT 41,490 million (1.50%), respectively, were due to the top twenty customers.

14. 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
Movement (Note 15)	-	-	382,223	382,223
31 December 2021	216,742,000	199,500,000	(7,312,777)	192,187,223
Movement (Note 15)	-	-	495,409	495,409
31 March 2022 (unaudited)	216,742,000	199,500,000	(6,817,368)	192,682,632

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Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Three months ended 31 March 2022 (Unaudited) (in millions of KZT)

The table below provides a reconciliation of the change in shares outstanding:

	Ordinary shares	Total
Balance at 1 January 2021	95,825	95,825
Movement	1,705	1,705
31 December 2021	97,530	97,530
Movement	2,209	2,209
31 March 2022 (unaudited)	99,739	99,739

During the three months ended 31 March 2022 and 2021, the Group declared dividends of KZT Nil and KZT 888 per ordinary share for the total amount of KZT Nil and KZT 170,662 million, respectively.

15. Share-based compensation reserve

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

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

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.

	Three months ended 31 March 2022 (unaudited)	Three months ended 31 March 2021 (unaudited)
Share-based compensation expense	(3,693)	(4,180)
Share options	(3,693)	(2,961)
Phantom shares	-	(1,219)

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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:

	31 March 2022 (shares) (unaudited)	31 December 2021 (shares)
Outstanding at the beginning of the period	2,154,082	1,911,115
Granted	-	625,190
Forfeited	-	-
Exercised	(495,409)	(382,223)
Expired	-	-
Outstanding at the end of the period	1,658,673	2,154,082

In March 2022 and 2021, share options in the quantity of 495,409 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	3,693
Share options exercised	(11,898)
31 March 2022 (unaudited)	13,037

16. 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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Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Three months ended 31 March 2022 (Unaudited)

(in millions of KZT)

Financial assets/financial liabilities	Fair value as at 31 March 2022 (unaudited)	Fair value as at 31 December 2021	Fair value hierarchy	Valuation technique(s) and key input(s)
Non-derivative financial assets at FVTOCI (Note 11)	232,889	230,847	Level 1	Quoted prices in an active market.
Non-derivative financial assets at FVTOCI (Note 11)	297,996	375,581	Level 2	Quoted prices in markets that are not active.
Unlisted Equity investments classified as financial assets at FVTOCI (Note 11)	34	34	Level 3	Adjusted net assets based on most recent published financial statements of unlisted companies with discount for marketability and liquidity. Discount ratios varies from 10% to 30%.
Derivative financial assets (Note 11)	10,202	955	Level 2	DCF method. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Derivative financial liabilities (Note 11)	1,038	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 March 2022, the fair value of the investment securities in Level 2 includes short-term and long-term sovereign debt securities of KZT 68,247 million and KZT 117,497 million, respectively. As at 31 December 2021, the fair value of the investment securities in Level 2 includes short-term and long-term sovereign debt securities of KZT 81,672 million and KZT 160,527 million, respectively. Those investment securities are by nature and for regulatory purposes treated as high quality liquid assets, but are classified as Level 2 due to insufficient trading on regulated market.

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Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Three months ended 31 March 2022 (Unaudited) (in millions of KZT)

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

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

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

	31 March 2022 (unaudited)		
	Carrying amount	Fair value	Fair value hierarchy
Due from banks	44,801	44,753	Level 2
Loans to customers	2,361,366	2,372,439	Level 3
Due to banks	75,958	71,400	Level 2
Customer accounts	2,686,129	2,650,587	Level 2
Debt securities issued	136,547	127,960	Level 2
Subordinated debt	65,941	60,996	Level 2

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

Due from banks

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

Loans to customers

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

Due to banks

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

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Customer accounts

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

Debt securities issued, subordinated debt

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

Assets and liabilities for which fair value approximates carrying value

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

17. Transactions with related parties

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

	As at 31 March 2022 (unaudited)		As at 31 December 2021	
	Transactions with related parties	Total category as per financial statements captions	Transactions with related parties	Total category as per financial statements captions
Interim condensed consolidated statement of financial position				
Loans to customers	3,439	2,521,487	3,568	2,573,153
- other related parties	3,439		3,568	
Allowance for losses on loans to customers	(12)	(160,121)	(13)	(142,416)
- other related parties	(12)		(13)	
Customer accounts	21,993	2,686,129	17,077	2,763,043
- entities controlled by the key management personnel of the Group	8,549		6,414	
- key management personnel of the Group	6,814		2,421	
- other related parties	6,630		8,242	
Other liabilities	730	48,863	1,487	56,318
- entities controlled by the key management personnel of the Group	309		930	
- other related parties	421		557	

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

	Three months ended 31 March 2022 (unaudited)		Three months ended 31 March 2021 (unaudited)	
	Transactions with related parties	Total category as per financial statements captions	Transactions with related parties	Total category as per financial statements captions
Compensation to key management personnel:				
Employee benefits	(195)	(15,155)	(162)	(13,119)
Share-based compensation	(1,439)	(3,693)	(2,845)	(4,180)

During the three months ended 31 March 2022 and 2021, interest income from transactions with other related parties were KZT 83 million and KZT 95 million, respectively.

During the three months ended 31 March 2022 and 2021, interest expense from transactions with entities controlled by the key management personnel of the Group were KZT Nil and KZT 1 million, respectively, interest expense from transactions with key management personnel were KZT 3 million and KZT 11 million, respectively and other related parties were KZT 43 million and KZT 26 million, respectively.

During the three months ended 31 March 2022 and 2021, transaction costs attributable to origination of loans to customers and paid to other related parties on an arm's length basis, were KZT 1,787 million and KZT 4,706 million, respectively.

18. Regulatory matters

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

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

	31 March 2022 (unaudited)	31 December 2021
Capital adequacy ratios:		
Tier 1 capital	16.1%	15.9%
Total capital	17.8%	18.0%

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Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Three months ended 31 March 2022 (Unaudited)

(in millions of KZT)

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

	31 March 2022 (unaudited)	31 December 2021
Capital adequacy ratios:		
Tier 1 capital (k1.2)	11.6%	11.5%
Total capital (k.2)	13.0%	12.9%

19. Subsequent events

On 22 April 2022, Board of Directors has approved a share buyback program for USD 100 million, which will be in force until 22 July 2022.