

KASPI.KZ
JOINT STOCK COMPANY

Interim Condensed Consolidated
Financial Information
For the three months ended
31 March 2023 (Unaudited)

Kaspi.kz Joint Stock Company

Table of Contents

	Page
STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2023 (UNAUDITED)	1
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION	2
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2023 (UNAUDITED):	
Interim condensed consolidated statement of profit or loss (unaudited)	3
Interim condensed consolidated statement of other comprehensive income (unaudited)	4
Interim condensed consolidated statement of financial position (unaudited)	5
Interim condensed consolidated statement of changes in equity (unaudited)	6
Interim condensed consolidated statement of cash flows (unaudited)	7-8
Selected explanatory notes to the interim condensed consolidated financial information (unaudited)	9-34

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 2023 (Unaudited)

Management of Kaspi.kz Joint Stock Company is responsible for the preparation and presentation of the interim condensed consolidated financial position of Kaspi.kz Joint Stock Company and its subsidiaries ("the Group") as at 31 March 2023, 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 in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*.

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

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

Management is also responsible for:

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

The interim condensed consolidated financial information of the Group for the three months ended 31 March 2023 was authorized for issue on 28 April 2023 by the Chairman of the Management Board, the Chief Financial Officer and the Chief Accountant.

On behalf of the Management:


Mikheil Lomtadze
Chairman of the Management Board


Tengiz Mosidze
Chief Financial Officer




Nailya Ualibekova
Chief Accountant

28 April 2023
Almaty, Kazakhstan

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the Shareholders of Kaspi.kz Joint Stock Company

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kaspi.kz Joint Stock Company and its subsidiaries ("the Group") as at 31 March 2023 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

28 April 2023
Almaty, Kazakhstan

Kaspi.kz Joint Stock Company

Interim Condensed Consolidated Statement of Profit or Loss For the Three months ended 31 March 2023 (Unaudited) *(in millions of KZT, except for earnings per share which are in KZT)*

	Notes	Three Months Ended 31 March 2023 (unaudited)	Three Months Ended 31 March 2022 (unaudited)
REVENUE	4,5	395,004	253,712
Interest revenue		185,320	123,254
Fees & commissions		64,838	53,282
Transaction & membership revenue		77,528	48,978
Seller fees		63,436	32,080
Retail revenue		8,014	-
Rewards		(9,254)	(10,609)
Other gains/(losses)		5,122	6,727
COST OF REVENUE	6	(144,271)	(72,354)
Interest expenses		(106,964)	(50,374)
Transaction expenses		(5,959)	(5,422)
Cost of goods sold		(5,806)	-
Operating expenses		(25,542)	(16,558)
TOTAL NET REVENUE		250,733	181,358
Technology & product development		(18,004)	(13,030)
Sales & marketing		(4,154)	(12,190)
General & administrative expenses		(5,778)	(5,436)
Provision expenses	7	(15,191)	(24,147)
OPERATING INCOME		207,606	126,555
Income tax	8	(33,397)	(23,826)
NET INCOME		174,209	102,729
Attributable to:			
Shareholders of the Company		173,103	101,942
Non-controlling interest		1,106	787
NET INCOME		174,209	102,729
Earnings per share			
Basic (KZT)	9	911	529
Diluted (KZT)	9	903	525

On behalf of the Management:


Mikheil Lomtadze
Chairman of the Management Board


Tengiz Mosidze
Chief Financial Officer




Nailya Ualibekova
Chief Accountant

The notes on pages 9-34 form an integral part of this interim condensed consolidated financial information.

Kaspi.kz Joint Stock Company

Interim Condensed Consolidated Statement of Financial Position

As at 31 March 2023 (Unaudited)

(in millions of KZT)

	Notes	31 March 2023 (unaudited)	31 December 2022
ASSETS:			
Cash and cash equivalents	10	520,838	615,360
Mandatory cash balances with National Bank of the Republic of Kazakhstan		44,953	42,917
Due from banks		25,297	25,668
Investment securities and derivatives	11	1,350,719	1,076,272
Loans to customers	12,18	3,247,058	3,154,810
Property, equipment and intangible assets		140,113	131,840
Other assets		112,044	74,780
TOTAL ASSETS		5,441,022	5,121,647
LIABILITIES AND EQUITY			
LIABILITIES:			
Due to banks	13	133,541	16,432
Customer accounts	14,18	4,088,985	4,000,690
Debt securities issued		97,102	140,378
Subordinated debt		60,850	67,608
Other liabilities	18	64,307	70,850
TOTAL LIABILITIES		4,444,785	4,295,958
EQUITY:			
Issued capital	15	130,144	130,144
Treasury shares	15	(111,429)	(94,058)
Additional paid-in-capital		506	506
Revaluation reserve/(deficit) of financial assets and other reserves		4,328	(9,201)
Share-based compensation reserve	16	17,701	29,274
Retained earnings		946,086	762,500
Total equity attributable to Shareholders of the Company		987,336	819,165
Non-controlling interest		8,901	6,524
TOTAL EQUITY		996,237	825,689
TOTAL LIABILITIES AND EQUITY		5,441,022	5,121,647

On behalf of the Management:


Mikheil Lomtadze
Chairman of the Management Board


Tengiz Mosidze
Chief Financial Officer




Nailya Ualibekova
Chief Accountant

The notes on pages 9-34 form an integral part of this interim condensed consolidated financial information.

Kaspi.kz Joint Stock Company

Interim Condensed Consolidated Statement of Changes in Equity For the Three months ended 31 March 2023 (Unaudited)

(in millions of KZT)

	Issued capital	Treasury shares	Additional paid-in-capital	Revaluation reserve/(deficit) of financial assets and other reserves	Share-based compensation reserve	Retained earnings	Total equity attributable to Shareholders of the Company	Non-controlling interest	Total equity
Balance at 31 December 2021	130,144	(32,614)	506	2,597	21,242	377,852	499,727	4,968	504,695
Net income	-	-	-	-	-	101,942	101,942	787	102,729
Other comprehensive loss	-	-	-	(16,767)	-	-	(16,767)	(178)	(16,945)
Total comprehensive income	-	-	-	(16,767)	-	101,942	85,175	609	85,784
Dividends declared by subsidiary to non-controlling interest	-	-	-	-	-	-	-	(522)	(522)
Share options accrued	-	-	-	-	3,693	-	3,693	-	3,693
Share options exercised	-	2,209	-	-	(11,898)	9,689	-	-	-
Balance at 31 March 2022 (unaudited)	130,144	(30,405)	506	(14,170)	13,037	489,483	588,595	5,055	593,650
Balance at 31 December 2022	130,144	(94,058)	506	(9,201)	29,274	762,500	819,165	6,524	825,689
Net Income	-	-	-	-	-	173,103	173,103	1,106	174,209
Other comprehensive income	-	-	-	13,529	-	-	13,529	144	13,673
Total comprehensive income	-	-	-	13,529	-	173,103	186,632	1,250	187,882
Acquisition of subsidiary with non-controlling interest	-	-	-	-	-	(2,080)	(2,080)	2,080	-
Dividends declared by subsidiary to non-controlling interest	-	-	-	-	-	-	-	(953)	(953)
Share options accrued	-	-	-	-	3,750	-	3,750	-	3,750
Share options exercised	-	2,760	-	-	(15,323)	12,563	-	-	-
Share buyback program	-	(20,131)	-	-	-	-	(20,131)	-	(20,131)
Balance at 31 March 2023 (unaudited)	130,144	(111,429)	506	4,328	17,701	946,086	987,336	8,901	996,237

On behalf of the Management:

Mikheil Lomtadze

Chairman of the Management Board

Tengiz Mosidze

Chief Financial Officer

Nailya Ualibekova

Chief Accountant

The notes on pages 9-34 form an integral part of this interim condensed consolidated financial information.

Kaspi.kz Joint Stock Company

Interim Condensed Consolidated Statement of Cash Flows For the Three months ended 31 March 2023 (Unaudited)

(in millions of KZT)

	Three months ended 31 March 2023 (unaudited)	Three months ended 31 March 2022 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received from loans to customers	133,122	110,762
Other interest received	21,524	6,992
Interest paid	(106,625)	(49,964)
Expenses paid on obligatory insurance of individual deposits	(2,353)	(1,472)
Fees & commissions received	64,477	53,557
Seller fees received	63,436	32,080
Transaction & membership revenue received	77,020	48,770
Fees & commissions paid	(7,576)	(6,853)
Retail revenue received	7,025	-
Cost of goods purchased	(9,823)	-
Other income received	6,091	12,069
Operating and other expenses paid	(51,543)	(47,694)
Cash flows from operating activities before changes in operating assets and liabilities	194,775	158,247
Changes in operating assets and liabilities (Increase)/decrease in operating assets:		
Mandatory cash balances with NBRK	(2,036)	(4,231)
Due from banks	(221)	2,869
Financial assets at FVTPL	1,328	(23,375)
Loans to customers	(101,978)	46,768
Other assets	(34,093)	(31,387)
(Decrease)/increase in operating liabilities:		
Due to banks	116,646	(679)
Customer accounts	89,325	(80,595)
Financial liabilities at FVTPL	905	(1,370)
Other liabilities	(4,528)	(9,730)
Cash inflow from operating activities before income tax	260,123	56,517
Income tax paid	(32,185)	(23,138)
Net cash inflow from operating activities	227,938	33,379
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, equipment and intangible assets	(7,193)	(6,178)
Proceeds on sale of property and equipment	36	316
Proceeds on disposal of investment securities at FVTOCI	225,467	78,058
Purchase of financial assets at FVTOCI	(458,498)	(19,211)
Acquisition of subsidiary, net of cash acquired	(5,000)	-
Net cash (outflow)/inflow from investing activities	(245,188)	52,985

Kaspi.kz Joint Stock Company

Interim Condensed Consolidated Statement of Cash Flows (Continued) For the Three months ended 31 March 2023 (Unaudited) (in millions of KZT)

	Three months ended 31 March 2023 (unaudited)	Three months ended 31 March 2022 (unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchase of treasury shares	(20,131)	-
Dividends paid by subsidiary to non-controlling interest	(953)	(522)
Repayment of debt securities issued	(41,261)	-
Repayment of subordinated debt	(5,300)	-
Net cash outflow from financing activities	(67,645)	(522)
Effect of changes in foreign exchange rate on cash and cash equivalents	(9,627)	17,404
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(94,522)	103,246
CASH AND CASH EQUIVALENTS, beginning of period	615,360	342,101
CASH AND CASH EQUIVALENTS, end of period	520,838	445,347

On behalf of the Management:


Mikheil Lomtadze
Chairman of the Management Board


Tengiz Mosidze
Chief Financial Officer




Nailya Ualibekova
Chief Accountant

The notes on pages 9-34 form an integral part of this interim condensed consolidated financial information.

Kaspi.kz Joint Stock Company

Notes to Consolidated Financial Statements
For the Three months ended 31 March 2023 (Unaudited)
(in millions of KZT)

1. Corporate information

Overview

Kaspi.kz operates the Kaspi.kz Super App for consumers, the leading mobile app in Kazakhstan and the Kaspi Pay Super App for merchants. Our Super 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, Fintech and E-Grocery 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 four market leading platforms centered around our customers' everyday needs:

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

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

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

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the Three months ended 31 March 2023 (Unaudited)

(in millions of KZT)

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

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

Information about the group of companies

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

The Group structure did not change since 31 December 2022, except for acquisition of a 51% share in "Magnum E-commerce Kazakhstan" LLC in February 2023 with an investment of KZT 5 billion in its share capital, followed by an increase of the share of the Group in "Magnum E-commerce Kazakhstan" LLC to 90.01% with an additional commitment to invest KZT 65 billion during the next 3 years. The remaining 9.99% is owned by "Magnum Cash&Carry" LLC, the largest retail food chain in Kazakhstan. At the time the financial statements were authorized for issue, the Group had not yet completed the accounting for the acquisition of "Magnum E-commerce Kazakhstan" LLC.

The shareholders' structure was as follows:

	31 March 2023 % (unaudited)	31 December 2022 %
Ultimate shareholders:		
Baring Funds	28.15	28.80
Mikheil Lomtadze	24.55	24.55
Vyacheslav Kim	23.35	23.35
Public Investors	20.55	20.18
Management	3.40	3.12
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 organizations limited their operations for the period of the state of emergency. Due to these events, losses of the Company were around KZT 690 million, recognized 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, recognized in sales & marketing expenses during the three months ended 31 March 2022.

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 KZT 1,018 million (0.1%) of the Group's total assets as at 31 March 2023 and KZT 105 million (0.06%) of the Group's net income for the three months ended 31 March 2023. Portmone Group continues to operate in the normal course of its business.

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

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the Three months ended 31 March 2023 (Unaudited)

(in millions of KZT)

The Management's analysis of the Group's liquidity and capital position as at 31 March 2023 demonstrates that the Group has sufficient liquidity buffer and will continue to comply with regulatory requirements, including liquidity risk and capital adequacy ratios, for the foreseeable future. The Group has reflected the most recent macroeconomic outlooks, as well as actual customers' loan repayment statistics in its ECL estimates.

This interim condensed consolidated financial information was approved on 28 April 2023.

2. Basis of presentation

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. This interim condensed consolidated financial information has been prepared on the assumption that the Group is a going concern, as the Group has the resources to continue in operation for 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 2022 prepared in accordance with International Financial Reporting Standards ("IFRS"), such as accounting policies and details of accounts, which have not changed significantly in amount or composition.

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 2023	31 December 2022
KZT/USD	451.71	462.65
KZT/EUR	491.64	492.86

3. Significant accounting policies

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

The same accounting policies, presentation and methods of computation have been followed in this interim condensed consolidated financial information as were applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2022.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued)
For the Three months ended 31 March 2023 (Unaudited)
(in millions of KZT)

Adoption of new and revised Standards

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

The following amendments and interpretations are effective for the Group effective 1 January 2023:

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

The above standards and interpretations were reviewed by the Group's management, and determined to not have a significant effect on the consolidated financial statements of the Group.

New and revised IFRS Standards in issue but not yet effective

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

<u>New or revised standard or interpretation</u>	<u>Applicable to annual reporting periods beginning on or after</u>
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 interim condensed consolidated financial information of the Group in future periods.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Three months ended 31 March 2023 (Unaudited) (in millions of KZT)

4. Revenue

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

	Three months ended 31 March 2023 (unaudited)	Three months ended 31 March 2022 (unaudited)
REVENUE	395,004	253,712
Interest revenue	185,320	123,254
Fees & commissions	64,838	53,282
Transaction & membership revenue	77,528	48,978
Seller fees	63,436	32,080
Retail revenue	8,014	-
Rewards	(9,254)	(10,609)
Other gains	5,122	6,727

Revenue by segments is presented below:

	Three months ended 31 March 2023 (unaudited)	Three months ended 31 March 2022 (unaudited)
Marketplace	64,245	32,674
Seller fees	63,436	32,080
Other gains	809	594
Payments	101,205	63,587
Transaction & membership revenue	76,796	47,365
Interest revenue	24,409	16,222
Fintech	230,722	170,483
Interest revenue	160,911	109,455
Fees & commissions	64,838	53,282
Transaction & membership revenue	732	1,613
Other gains	4,241	6,133
e-Grocery	8,086	-
Retail revenue	8,014	-
Other gains	72	-
Intergroup	-	(2,423)
Segment Revenue	404,258	264,321
Rewards	(9,254)	(10,609)
REVENUE	395,004	253,712

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the Three months ended 31 March 2023 (Unaudited)

(in millions of KZT)

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

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

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

The Group earns Transaction revenue at point in time when processing payments for regular household needs, payments for purchases both online and in-store, other debit card transactions, online money wire transfers both inside the country domestically and globally, and transactions by SME and corporate customers. 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 2023 and 2022, the Transaction revenue was KZT 73,126 million and KZT 44,343 million, respectively.

Membership revenue is earned over time and includes annual fees earned during the three months ended 31 March 2023 and 2022 of KZT 4,402 million and KZT 4,635 million, respectively, paid by individual customers, SME and corporate customers for engagement in Kaspi.kz.

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

Other gains/(losses) are mainly due to net gains/(losses) on foreign exchange operations and financial assets and liabilities at FVTPL. For the three months ended 31 March 2023 and 2022, the net gain/(loss) on foreign exchange operations were KZT 1,909 million and KZT (12,056) million, respectively. For the three months ended 31 March 2023 and 2022, the net gain on financial assets and liabilities at FVTPL were KZT 2,134 million and KZT 17,992 million, respectively. It also includes revenue from "Digital Classifieds" LLC in the Republic of Azerbaijan.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Three months ended 31 March 2023 (Unaudited) (in millions of KZT)

5. Segment Reporting

The Group reports its business in four operating segments.

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

	Three months ended 31 March 2023 (unaudited)	Three months ended 31 March 2022 (unaudited)
SEGMENT REVENUE	404,258	264,321
Marketplace	64,245	32,674
Payments	101,205	63,587
Fintech	230,722	170,483
e-Grocery	8,086	-
Intergroup	-	(2,423)
SEGMENT NET REVENUE	259,987	191,967
Marketplace	55,587	29,078
Payments	91,970	57,050
Fintech	111,890	105,839
e-Grocery	540	-
NET INCOME	174,209	102,729
Marketplace	40,570	17,985
Payments	64,690	34,221
Fintech	69,067	50,523
e-Grocery	(118)	-

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

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

	Three months ended 31 March 2023 (unaudited)	Three months ended 31 March 2022 (unaudited)
SHARE-BASED COMPENSATION	(3,750)	(3,693)
Marketplace	(391)	(385)
Payments	(1,234)	(958)
Fintech	(2,125)	(2,350)

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

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Three months ended 31 March 2023 (Unaudited) (in millions of KZT)

6. Cost of revenue

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

	Three months ended 31 March 2023 (unaudited)	Three months ended 31 March 2022 (unaudited)
COST OF REVENUE	(144,271)	(72,354)
Interest expenses	(106,964)	(50,374)
Transaction expenses	(5,959)	(5,422)
Cost of goods sold	(5,806)	-
Operating expenses	(25,542)	(16,558)

Interest expenses include interest expenses on customer accounts, mandatory insurance of retail deposits and interest expenses on debt securities, including subordinated debt.

Transaction expenses are mainly composed of the costs associated with accepting, processing and otherwise enabling payment transactions. Those costs include fees paid to payment processors, payment networks and various service providers.

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

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

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

	Three months ended 31 March 2023 (unaudited)			Three months ended 31 March 2022 (unaudited)		
	Employee benefits	Depreciation & amortization	Operating lease	Employee benefits	Depreciation & amortization	Operating lease
Cost of revenue	(5,329)	(237)	(324)	(4,973)	(223)	(233)
Technology & product development	(8,915)	(4,513)	(795)	(6,701)	(2,541)	(515)
Sales & marketing	(394)	-	(12)	(249)	-	-
General & administrative expenses	(3,674)	(868)	(98)	(3,232)	(601)	(554)
Total	(18,312)	(5,618)	(1,229)	(15,155)	(3,365)	(1,302)

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Three months ended 31 March 2023 (Unaudited)

(in millions of KZT)

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

	Three months ended 31 March 2023 (unaudited)	Three months ended 31 March 2022 (unaudited)
SHARE-BASED COMPENSATION	(3,750)	(3,693)
Cost of revenue	(329)	(305)
Technology & product development	(1,741)	(1,695)
Sales & marketing	(126)	(123)
General & administrative expenses	(1,554)	(1,570)

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the Three months ended 31 March 2023 (Unaudited)

(in millions of KZT)

7. Provision expense

The movements in loss allowance for the three months ended 31 March 2023 were as follows:

	Loans to customers			Due from banks	Financial assets at fair value through other comprehensive income			Cash and cash equivalents	Other assets	Contingencies	Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 1	Stage 2	Stage 3	Stage 1	Stage 3	Stage 1	
Loss allowance for ECL as at 31 December 2022	67,604	11,785	135,313	6	82	656	-	3	7,794	39	223,282
Changes in provisions											
-Transfer to Stage 1	5,214	(1,152)	(4,062)	-	-	-	-	-	-	-	-
-Transfer to Stage 2	(2,651)	3,784	(1,133)	-	-	-	-	-	-	-	-
-Transfer to Stage 3	(2,701)	(7,513)	10,214	-	-	-	-	-	-	-	-
Net changes, resulting from changes in credit risk parameters	(13,665)	13,728	3,979	(2)	3	170	-	10	356	30	4,609
New assets issued or acquired	19,525	-	-	-	10	-	-	-	-	-	19,535
Repaid assets (except for write-off)	(8,926)	(889)	(3,343)	-	(18)	-	-	-	-	-	(13,176)
Modification effect	-	-	4,223	-	-	-	-	-	-	-	4,223
Write-off, net of recoveries	-	-	(3,752)	-	-	-	-	-	-	-	(3,752)
Foreign exchange difference	-	-	4	-	-	-	-	-	-	-	4
As at 31 March 2023 (unaudited)	64,400	19,743	141,443	4	77	826	-	13	8,150	69	234,725

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Three months ended 31 March 2023 (Unaudited)

(in millions of KZT)

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	Contingencies	Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 1	Stage 2	Stage 3	Stage 1	Stage 3	Stage 1	
Loss allowance for ECL as at 31 December 2021	64,043	10,582	67,791	19	130	-	2,662	1	3,846	18	149,092
Changes in provisions											
-Transfer to Stage 1	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)	22	2,632	186	1	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	126	2,658	2,848	2	4,122	34	169,924

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

As at 31 March 2023, the allowance for expected credit losses on financial assets at FVTOCI of KZT 903 million (31 December 2022: KZT 738 million) is included in the 'Revaluation reserve/(deficit) of financial assets and other reserves' within equity.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Three months ended 31 March 2023 (Unaudited) (in millions of KZT)

8. Income tax

The Group provides for taxes for the current period based on the tax accounts maintained and prepared in accordance with the 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 2023 (unaudited)	31 December 2022
Vacation reserve, accrued bonuses	656	873
Property, equipment and intangible assets	(2,369)	(4,078)
Net deferred tax liability	(1,713)	(3,205)

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

	Three months ended 31 March 2023 (unaudited)	Three months ended 31 March 2022 (unaudited)
Net income before income tax	207,606	126,555
Tax at the statutory tax rate of 20%	(41,521)	(25,311)
Non-taxable income	8,791	2,020
Non-deductible expense	(667)	(535)
Income tax expense	(33,397)	(23,826)
Current income tax expense	(34,889)	(23,787)
Deferred income tax expense	1,492	(39)
Income tax expense	(33,397)	(23,826)

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Three months ended 31 March 2023 (Unaudited)

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

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

	31 March 2023 (unaudited)	31 March 2022 (unaudited)
Net deferred tax liability:		
At the beginning of the period	(3,205)	(2,467)
Change in deferred income tax balances recognized in profit or loss	1,492	(39)
At the end of the period	(1,713)	(2,506)

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 Global Depositary Receipts ("GDRs") granted under share-based compensation plan.

	31 March 2023 (unaudited)	31 March 2022 (unaudited)
Net income attributable to the shareholders of the Company	173,103	101,942
Weighted average number of ordinary shares for basic earnings per share	190,006,020	192,682,632
Weighted average number of ordinary shares for diluted earnings per share	191,653,398	194,341,305
Earnings per share – basic (KZT)	911	529
Earnings per share – diluted (KZT)	903	525

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

	31 March 2023 (unaudited)	31 March 2022 (unaudited)
Weighted average number of ordinary shares for basic earnings per share	190,006,020	192,682,632
Number of potential ordinary shares attributable to share-based compensation	1,647,378	1,658,673
Weighted average number of ordinary shares for diluted earnings per share	191,653,398	194,341,305

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued)
For the Three months ended 31 March 2023 (Unaudited)
(in millions of KZT)

10. Cash and cash equivalents

	31 March 2023 (unaudited)	31 December 2022
Cash on hand	185,472	179,766
Current accounts with other banks	119,610	196,194
Short-term deposits with other banks	215,487	229,389
Reverse repurchase agreements	269	10,011
Total cash and cash equivalents	520,838	615,360

Cash on hand includes cash balances with ATMs and cash in transit. As at 31 March 2023 and 31 December 2022, current accounts and short-term deposits with NBRK are KZT 233,951 million and KZT 220,109 million, respectively.

As at 31 March 2023 and 31 December 2022 the fair value of collateral of reverse repurchase agreements classified as cash and cash equivalents, are KZT 259 million and KZT 9,544 million, respectively.

11. Investment securities and derivatives

Investment securities and derivatives comprise:

	31 March 2023 (unaudited)	31 December 2022
Total financial assets at FVTOCI	1,349,883	1,076,242
Total financial assets at FVTPL	836	30
Total investment securities and derivatives	1,350,719	1,076,272

Financial assets at FVTOCI comprise:

	31 March 2023 (unaudited)	31 December 2022
Debt securities	1,349,583	1,075,955
Equity investments	300	287
Total financial assets at FVTOCI	1,349,883	1,076,242

As at 31 March 2023 and 31 December 2022, sovereign debt securities of KZT 1,186,526 million and KZT 889,136 million, respectively, were included in debt securities.

	A- and higher	BBB+ to BBB-	BB+ to B-	Not rated	Total
Debt securities as at 31 March 2023 (unaudited)	8,005	1,334,466	3,981	3,131	1,349,583
Debt securities as at 31 December 2022	558	1,070,752	2,393	2,252	1,075,955

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Three months ended 31 March 2023 (Unaudited) (in millions of KZT)

As at 31 March 2023, financial assets at FVTOCI of the Group of KZT 1,346,452 million and KZT 3,131 million are classified in Stage 1 and Stage 2, respectively (31 December 2022: KZT 1,073,703 million and KZT 2,252 million are classified in Stage 1 and Stage 2, respectively).

Financial assets at FVTPL comprise:

	31 March 2022 (unaudited)	31 December 2022
Derivative financial instruments	836	30
Total financial assets at FVTPL	836	30

As at 31 March 2023, financial assets at FVTPL included swap and spot instruments of KZT 470 million (31 December 2022: KZT 30 million) with a notional amount of KZT 271,517 million (31 December 2022: KZT 102,563 million) and forwards of KZT 366 million (31 December 2022: KZT Nil) with a notional amount of KZT 12,874 million (31 December 2022: KZT Nil).

As at 31 March 2023, financial liabilities at FVTPL included swap and spot instruments of KZT 1,046 million (31 December 2022: KZT 3 million) with a notional amount of KZT 271,841 million (31 December 2022: KZT 102,498 million) and forwards of KZT 5 million (31 December 2022: KZT 144 million) with a notional amount of KZT 14,738 million (31 December 2022: KZT 8,598 million).

As at 31 March 2023 and 31 December 2022, restricted deposits included in due from banks with investment credit ratings (higher than 'BBB-') in favor of international payments systems were KZT 21,291 million and KZT 22,720 million, respectively and in favor of non-deliverable forwards of KZT 3,202 million and KZT 2,125 million, respectively.

As at 31 March 2023 and 31 December 2022 investment securities were not pledged or somehow restricted, except for bonds of the Ministry of Finance of the Republic of Kazakhstan, notes of NBRK and corporate bonds pledged under repurchase agreements with other banks totaling KZT 133,541 million and KZT 16,119 million, respectively.

12. Loans to customers

	31 March 2023 (unaudited)	31 December 2022
Gross loans to customers	3,472,644	3,369,512
Less: allowance for impairment losses (Note 7)	(225,586)	(214,702)
Total loans to customers	3,247,058	3,154,810

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 three months ended 31 March 2023 and 2022 are disclosed in Note 7.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Three months ended 31 March 2023 (Unaudited) (in millions of KZT)

As at 31 March 2023 and 31 December 2022, accrued interest of KZT 38,887 million and KZT 35,924 million, respectively, was included in loans to customers.

Loans with principal or accrued interest in arrears for more than 90 days are classified as "Non-performing loans" ("NPL"). Allowance for impairment to gross NPLs reflects the Group's ability to absorb potential losses from 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 table sets forth the Group's outstanding NPLs as compared to the total allowance for impairment losses on total loans to customers:

	Gross NPLs	Total allowance for impairment	Total allowance for impairment to gross NPLs
As at 31 March 2023 (unaudited)	226,603	225,586	100%
As at 31 December 2022	211,581	214,702	101%

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 expenses on loans to customers:

	Three months ended 31 March 2023 (unaudited)	Three months ended 31 March 2022 (unaudited)
Provision expenses on loans to customers:		
Loans to customers	(14,632)	(21,020)
Total provision expenses on loans to customers	(14,632)	(21,020)

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	3,115,490	59,003	292,203	5,948	3,472,644
Loss allowance	(64,400)	(19,743)	(141,443)	-	(225,586)
Carrying amount as at 31 March 2023 (unaudited)	3,051,090	39,260	150,760	5,948	3,247,058

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Three months ended 31 March 2023 (Unaudited) (in millions of KZT)

	<u>Stage 1</u> 12-month ECL	<u>Stage 2</u> Lifetime ECL	<u>Stage 3</u> 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

During the three months ended 31 March 2023, the Group has restructured loans to customers, which were classified as NPL in the amount of KZT 21,122 million (KZT 5,045 million were recovered from off-balance, with subsequent recognition of carrying amount of KZT 2,527 million), by providing an interest free extended repayment schedule. During the three months ended 31 March 2023, KZT 6,331 million restructured loans were repaid. As at 31 March 2023, remaining outstanding gross debt of restructured loans were KZT 64,030 million.

As at 31 March 2023, loans to customers of KZT 13,928 million that were restructured during the three months ended 31 March 2023 were classified to Stage 3 for at least 1 year from restructuring date with respective reduction of gross carrying amount to KZT 9,909 million as a result of change in present value.

As at 31 March 2023, loans to customers of KZT 6,593 million that were restructured during the three months ended 31 March 2023 were derecognized and recognized as POCI loans with gross carrying amount of KZT 2,154 million.

As at 31 March 2023 and 31 December 2022, commitments on loans and unused credit lines represented by revocable loan commitments were KZT 157,206 million and KZT 157,478 million, respectively.

13. Due to banks

	31 March 2023 (unaudited)	31 December 2022
Recorded at amortized cost:		
Repurchase agreements	133,541	16,119
Time deposits of banks and other financial institutions	-	313
Total due to banks	133,541	16,432

As at 31 March 2023 and 31 December 2022 accrued interest of KZT 522 million and KZT 58 million, respectively, was included in due to banks.

Fair value of collateral of repurchase agreements, which were classified as due to banks as at 31 March 2023 and 31 December 2022, amounted to KZT 130,731 million and KZT 15,014 million, respectively.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Three months ended 31 March 2023 (Unaudited) (in millions of KZT)

14. Customer accounts

	31 March 2023 (unaudited)	31 December 2022
Individuals		
Term deposits	3,266,055	3,057,870
Current accounts	596,651	700,957
Total due to individuals	3,862,706	3,758,827
Corporate customers		
Term deposits	43,855	59,638
Current accounts	182,424	182,225
Total due to corporate customers	226,279	241,863
Total customer accounts	4,088,985	4,000,690

As at 31 March 2023 and 31 December 2022, accrued interest of KZT 32,444 million and KZT 29,214 million, respectively, was included in customer accounts.

As at 31 March 2023 and 31 December 2022, customer accounts of KZT 35,024 million and KZT 42,733 million, respectively, were held as security against loans.

As at 31 March 2023 and 31 December 2022, customer accounts of KZT 98,017 million (2.40%) and KZT 108,665 million (2.72%), respectively, were due to the top twenty customers.

15. Share capital

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

	Authorised shares	Issued and fully paid shares	Treasury shares	Shares outstanding
Ordinary shares				
1 January 2022	216,742,000	199,500,000	(7,312,777)	192,187,223
GDR options exercised (Note 16)	-	-	499,472	499,472
GDR buyback program	-	-	(2,376,725)	(2,376,725)
31 December 2022	216,742,000	199,500,000	(9,190,030)	190,309,970
GDR options exercised (Note 16)	-	-	618,788	618,788
GDR buyback program	-	-	(575,028)	(575,028)
31 March 2023 (unaudited)	216,742,000	199,500,000	(9,146,270)	190,353,730

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

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Three months ended 31 March 2023 (Unaudited) (in millions of KZT)

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

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

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

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

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

	Issued and fully paid shares	Treasury shares	Total
Balance at 1 January 2022	130,144	(32,614)	97,530
GDR options exercised	-	2,228	2,228
GDR buyback program	-	(63,672)	(63,672)
31 December 2022	130,144	(94,058)	36,086
GDR options exercised	-	2,760	2,760
GDR buyback program	-	(20,131)	(20,131)
31 March 2023 (unaudited)	130,144	(111,429)	18,715

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

16. Share-based compensation reserve

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

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

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Three months ended 31 March 2023 (Unaudited) (in millions of KZT)

GDR Options

GDR options are measured at fair value of the GDRs at the date of grant using the Black-Scholes model. The fair value determined at the grant date is expensed over the five year vesting period, based on the group's estimate of the number of GDRs that will eventually vest. Recipients of GDR Options are entitled to the dividends once GDRs vested and exercised.

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

	31 March 2023 (shares) (unaudited)	31 December 2022 (shares)
Outstanding at the beginning of the period	2,266,166	2,154,082
Granted	-	611,556
Forfeited	-	-
Exercised	(618,788)	(499,472)
Expired	-	-
Outstanding at the end of the period	1,647,378	2,266,166

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

The following table represents Share-based compensation reserve outstanding:

	Share-Based Compensation reserve
1 January 2022	21,242
GDR options accrued	19,984
GDR options exercised	(11,952)
31 December 2022	29,274
GDR options accrued	3,750
GDR options exercised	(15,323)
31 March 2023 (unaudited)	17,701

17. Fair value of financial instruments

a. Fair value of financial instruments

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

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

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

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Three months ended 31 March 2023 (Unaudited)

(in millions of KZT)

Financial assets/financial liabilities	Fair value as at 31 March 2023 (unaudited)	Fair value as at 31 December 2022	Fair value hierarchy	Valuation technique(s) and key input(s)
Non-derivative financial assets at FVTOCI (Note 11)	1,072,777	838,260	Level 1	Quoted prices in an active market.
Non-derivative financial assets at FVTOCI (Note 11)	277,072	237,948	Level 2	Quoted prices in markets that are not active.
Unlisted Equity investments classified as financial assets at FVTOCI (Note 11)	34	34	Level 3	Adjusted net assets based on most recent published financial statements of unlisted companies with discount for marketability and liquidity. Discount ratios varies from 10% to 30%.
Derivative financial assets (Note 11)	836	30	Level 2	DCF method. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Derivative financial liabilities (Note 11)	1,051	147	Level 2	DCF method. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

As at 31 March 2023, the fair value of the investment securities in Level 2 includes short-term and long-term sovereign debt securities of KZT 81,997 million and KZT 120,573 million, respectively. As at 31 December 2022, the fair value of the investment securities in Level 2 includes short-term and long-term sovereign debt securities of KZT 99,350 million and KZT 47,304 million, respectively. Those investment securities are by nature and for regulatory purposes treated as high quality liquid assets, but are classified as Level 2 due to insufficient trading on regulated market.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Three months ended 31 March 2023 (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 recognized in the interim condensed consolidated financial information approximate their fair values.

	31 March 2023 (unaudited)		
	Carrying amount	Fair value	Fair value hierarchy
Due from banks	25,297	24,814	Level 2
Loans to customers	3,247,058	3,147,394	Level 3
Due to banks	133,541	130,731	Level 2
Customer accounts	4,088,985	4,043,155	Level 2
Debt securities issued	97,102	90,563	Level 2
Subordinated debt	60,850	56,475	Level 2

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

Due from banks

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

Loans to customers

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

Due to banks

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

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the Three months ended 31 March 2023 (Unaudited)

(in millions of KZT)

Customer accounts

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

Debt securities issued, subordinated debt

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

Assets and liabilities for which fair value approximates carrying value

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

18. Transactions with related parties

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

	As at 31 March 2023 (unaudited)		As at 31 December 2022	
	Transactions with related parties	Total category as per financial statements captions	Transactions with related parties	Total category as per financial statements captions
Interim condensed consolidated statement of financial position				
Loans to customers	2,909	3,472,644	3,057	3,369,512
- other related parties	2,909		3,057	
Allowance for losses on loans to customers	(6)	(225,586)	(7)	(214,702)
- other related parties	(6)		(7)	
Other assets	2,402	112,044	20	74,780
- entities controlled by the key management personnel of the Group	10		3	
- other related parties	2,392		17	
Customer accounts	14,439	4,088,985	16,442	4,000,690
- entities controlled by the key management personnel of the Group	8,710		5,462	
- key management personnel of the Group	606		478	
- other related parties	5,123		10,502	
Other liabilities	3,802	64,307	1,339	70,850
- entities controlled by the key management personnel of the Group	704		198	
- other related parties	3,098		1,141	

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Three months ended 31 March 2023 (Unaudited) (in millions of KZT)

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

	Three months ended 31 March 2023 (unaudited)		Three months ended 31 March 2022 (unaudited)	
	Transactions with related parties	Total category as per financial statements captions	Transactions with related parties	Total category as per financial statements captions
Compensation to key management personnel:				
Employee benefits	(280)	(18,312)	(195)	(15,155)
Share-based compensation	(1,192)	(3,750)	(1,439)	(3,693)

During the three months ended 31 March 2023 and 2022, interest income from transactions with other related parties were KZT 71 million and KZT 83 million, respectively.

During the three months ended 31 March 2023 and 2022, retail revenue from other related parties were KZT 26 million and KZT Nil, respectively.

During the three months ended 31 March 2023 and 2022, interest expense from transactions with entities controlled by the key management personnel of the Group were KZT 62 million and KZT Nil, respectively, interest expense from transactions with key management personnel were KZT 4 million and KZT 3 million, respectively and other related parties were KZT 61 million and KZT 43 million, respectively.

During the three months ended 31 March 2023 and 2022, transaction costs attributable to origination of loans to customers and paid to entities controlled by the key management personnel of the Group, were KZT 1,575 million and KZT 1,787 million, respectively.

19. Regulatory matters

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

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

	31 March 2023 (unaudited)	31 December 2022
Capital adequacy ratios:		
Tier 1 capital	16.5%	17.0%
Total capital	17.7%	18.0%

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Three months ended 31 March 2023 (Unaudited)

(in millions of KZT)

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

	31 March 2023 (unaudited)	31 December 2022
Capital adequacy ratios:		
Tier 1 capital (k1.2)	12.3%	12.2%
Total capital (k.2)	13.1%	13.1%

20. Subsequent events

On 21 April 2023, the Board of Directors of the Company proposed a dividend of KZT 750 per share, subject to Shareholder approval.