

KASPI.KZ
JOINT STOCK COMPANY

Interim Condensed Consolidated
Financial Information
For the six months ended
30 June 2022 (Unaudited)

Kaspi.kz Joint Stock Company

Table of Contents

	Page
STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2022 (UNAUDITED)	1
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION	2
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2022 (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)	9-33

Kaspi.kz Joint Stock Company

Statement of Management’s Responsibilities For the Preparation and Approval of the Interim Condensed Consolidated Financial Information For the Six months ended 30 June 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 30 June 2022, and the related interim condensed consolidated statements of profit or loss, other comprehensive income for the three and six months then ended, changes in equity and cash flows for the six months then ended, in compliance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*.

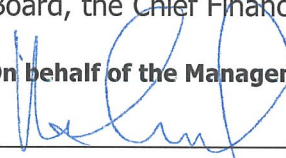
In preparing the interim condensed consolidated financial information, management is responsible for:

- 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.

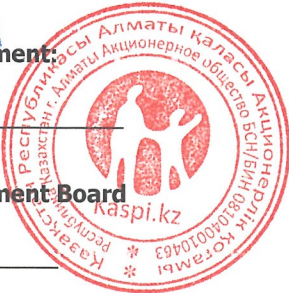
Management is also responsible for:

- 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 six months ended 30 June 2022 was authorised for issue on 29 July 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 July 2022
Almaty, Kazakhstan

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the Shareholders of Kaspi.kz Joint Stock Company

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kaspi.kz Joint Stock Company and its subsidiaries ("the Group") as at 30 June 2022 and the related interim condensed consolidated statements of profit or loss, other comprehensive income for the three and six months then ended, changes in equity and cash flows for the six months then ended, and selected explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

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

Deloitte LLP

29 July 2022
Almaty, Kazakhstan

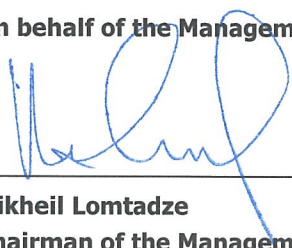
Kaspi.kz Joint Stock Company

Interim Condensed Consolidated Statement of Profit or Loss For the Three and Six months ended 30 June 2022 (Unaudited)

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

	Notes	Six Months Ended		Three Months Ended	
		30 June 2022 (unaudited)	30 June 2021 (unaudited)	30 June 2022 (unaudited)	30 June 2021 (unaudited)
REVENUE	4,5	540,163	371,273	286,451	202,409
Interest revenue		255,519	185,602	132,265	97,010
Fees & commissions		106,429	84,886	53,147	44,650
Transaction & membership revenue		109,196	72,556	60,218	40,550
Seller fees		79,793	56,874	47,713	34,014
Rewards		(20,745)	(25,777)	(10,136)	(11,848)
Other gains (losses)		9,971	(2,868)	3,244	(1,967)
COST OF REVENUE	6	(161,732)	(114,674)	(89,378)	(58,580)
Interest expenses		(115,343)	(82,775)	(64,969)	(41,893)
Transaction expenses		(10,632)	(6,802)	(5,210)	(3,815)
Operating expenses		(35,757)	(25,097)	(19,199)	(12,872)
TOTAL NET REVENUE		378,431	256,599	197,073	143,829
Technology & product development		(26,608)	(19,965)	(13,578)	(10,425)
Sales & marketing		(15,356)	(3,207)	(3,166)	(1,792)
General & administrative expenses		(11,084)	(11,026)	(5,648)	(5,497)
Provision expenses	7	(37,135)	(14,703)	(12,988)	(7,294)
OPERATING INCOME		288,248	207,698	161,693	118,821
Income tax	8	(53,939)	(34,634)	(30,113)	(20,440)
NET INCOME		234,309	173,064	131,580	98,381
Attributable to:					
Shareholders of the Company		232,639	171,722	130,697	97,631
Non-controlling interest		1,670	1,342	883	750
NET INCOME		234,309	173,064	131,580	98,381
Earnings per share					
Basic (KZT)	9	1,212	894	683	508
Diluted (KZT)	9	1,202	886	677	504

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 9-33 form an integral part of this interim condensed consolidated financial information.

Kaspi.kz Joint Stock Company

Interim Condensed Consolidated Statement of Other Comprehensive Income For the Three and Six months ended 30 June 2022 (Unaudited)

(in millions of KZT)

	Six Months Ended		Three Months Ended	
	30 June 2022 (unaudited)	30 June 2021 (unaudited)	30 June 2022 (unaudited)	30 June 2021 (unaudited)
NET INCOME	234,309	173,064	131,580	98,381
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	(80)	37	(34)	28
<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	(22,232)	1,916	(1,990)	(1,237)
Expected credit losses/(recoveries) recognised in profit or loss	1,667	56	(1,174)	30
Reclassification of losses included in profit or loss, net of tax KZT Nil	495	(245)	(10)	(61)
Foreign exchange differences on translation of foreign operations	26	-	29	-
Other comprehensive (loss)/gain for the period	(20,124)	1,764	(3,179)	(1,240)
TOTAL COMPREHENSIVE INCOME	214,185	174,828	128,401	97,141
Attributable to:				
Shareholders of the Company	212,727	173,468	127,552	96,558
Non-controlling Interest	1,458	1,360	849	583
TOTAL COMPREHENSIVE INCOME	214,185	174,828	128,401	97,141

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 9-33 form an integral part of this interim condensed consolidated financial information.

Kaspi.kz Joint Stock Company

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2022 (Unaudited)

(in millions of KZT)

	Notes	30 June 2022 (unaudited)	31 December 2021
ASSETS:			
Cash and cash equivalents	10	508,521	342,101
Mandatory cash balances with National Bank of the Republic of Kazakhstan		38,491	32,734
Due from banks		31,330	50,903
Investment securities and derivatives	11	853,693	607,417
Loans to customers	12,17	2,488,817	2,430,737
Property, equipment and intangible assets		102,100	85,101
Other assets		81,668	58,931
TOTAL ASSETS		4,104,620	3,607,924
LIABILITIES AND EQUITY			
LIABILITIES:			
Due to banks		20,964	76,492
Customer accounts	13,17	3,117,893	2,763,043
Debt securities issued		140,035	139,711
Subordinated debt		67,655	67,665
Other liabilities	17	49,863	56,318
TOTAL LIABILITIES		3,396,410	3,103,229
EQUITY:			
Issued capital	14	130,144	130,144
Treasury shares	14	(47,369)	(32,614)
Additional paid-in-capital		506	506
Revaluation (deficit)/reserve of financial assets and other reserves		(17,315)	2,597
Share-based compensation reserve	15	16,731	21,242
Retained earnings		620,180	377,852
Total equity attributable to Shareholders of the Company		702,877	499,727
Non-controlling interest		5,333	4,968
TOTAL EQUITY		708,210	504,695
TOTAL LIABILITIES AND EQUITY		4,104,620	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 9-33 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 Six months ended 30 June 2022 (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 2020	130,144	(34,319)	506	5,171	8,788	280,828	381,118	3,542	394,660
Net income	-	-	-	-	-	171,722	171,722	1,342	173,064
Other comprehensive income	-	-	-	1,746	-	-	1,746	18	1,764
Total comprehensive income	-	-	-	1,746	-	171,722	173,468	1,360	174,828
Dividends declared	-	-	-	-	-	(170,662)	(170,662)	-	(170,662)
Dividends declared by subsidiary to non-controlling interest	-	-	-	-	-	-	-	(917)	(917)
Share options accrued	-	-	-	-	5,922	-	5,922	-	5,922
Share options exercised	-	1,705	-	-	(7,177)	5,472	-	-	-
Balance at 30 June 2021 (unaudited)	130,144	(32,614)	506	6,917	7,533	287,360	399,846	3,985	403,831
Balance at 31 December 2021	130,144	(32,614)	506	2,597	21,242	377,852	499,727	4,968	504,695
Net Income	-	-	-	-	-	232,639	232,639	1,670	234,309
Other comprehensive loss	-	-	-	(19,912)	-	-	(19,912)	(212)	(20,124)
Total comprehensive (loss)/income	-	-	-	(19,912)	-	232,639	212,727	1,458	214,185
Dividends declared by subsidiary to non-controlling interest	-	-	-	-	-	-	-	(1,093)	(1,093)
Share options accrued	-	-	-	-	7,387	-	7,387	-	7,387
Share options exercised	-	2,209	-	-	(11,898)	9,689	-	-	-
Share buy-back program	-	(16,964)	-	-	-	-	(16,964)	-	(16,964)
Balance at 30 June 2022 (unaudited)	130,144	(47,369)	506	(17,315)	16,731	620,180	702,877	5,333	708,210

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 9-33 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 Six months ended 30 June 2022 (Unaudited)

(in millions of KZT)

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received from loans to customers	221,569	142,266
Other interest received	18,682	14,385
Interest paid	(106,940)	(77,045)
Expenses paid on obligatory insurance of individual deposits	(3,205)	(3,610)
Fees & commissions received	102,990	84,886
Seller fees received	79,793	56,207
Transaction & membership revenue received	109,632	70,178
Fees & commissions paid	(13,345)	(7,475)
Other income received	22,209	7,160
Operating and other expenses paid	(88,899)	(79,097)
Cash flows from operating activities before changes in operating assets and liabilities	342,486	207,855
Changes in operating assets and liabilities		
(Increase)/decrease in operating assets:		
Mandatory cash balances with NBRK	(5,757)	(3,628)
Due from banks	22,234	(4,010)
Financial assets at FVTPL	5,126	591
Loans to customers	(90,490)	(354,334)
Other assets	(25,514)	(6,576)
(Decrease)/increase in operating liabilities:		
Due to banks	(55,503)	4,000
Customer accounts	309,915	376,005
Financial liabilities at FVTPL	(2,282)	219
Other liabilities	(6,447)	2,537
Cash inflow from operating activities before income tax	493,768	222,659
Income tax paid	(55,552)	(29,290)
Net cash inflow from operating activities	438,216	193,369
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, equipment and intangible assets	(20,869)	(8,900)
Proceeds on sale of property and equipment	348	231
Proceeds on disposal of investment securities at FVTOCI	166,306	537,243
Purchase of financial assets at FVTOCI	(418,665)	(684,609)
Proceeds on sale of subsidiary	-	4,500
Net cash outflow from investing activities	(272,880)	(151,535)

Kaspi.kz Joint Stock Company

Interim Condensed Consolidated Statement of Cash Flows (Continued) For the Six months ended 30 June 2022 (Unaudited)

(in millions of KZT)

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchase of treasury shares	(16,964)	-
Dividends paid	-	(170,662)
Dividends paid by subsidiary to non-controlling interest	(1,093)	(915)
Net cash outflow from financing activities	(18,057)	(171,577)
Effect of changes in foreign exchange rate on cash and cash equivalents	19,141	1,957
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	166,420	(127,786)
CASH AND CASH EQUIVALENTS, beginning of period	342,101	330,409
CASH AND CASH EQUIVALENTS, end of period	508,521	202,623

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 9-33 form an integral part of this interim condensed consolidated financial information.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information

For the Six months ended 30 June 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 I Intech 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 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 Six months ended 30 June 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. In the second half of 2020 we broadened our Fintech proposition to include working capital and micro finance products for merchants and these new products are scaled rapidly.

Information about the group of companies

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

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

The shareholders' structure was as follows:

	30 June 2022 % (unaudited)	31 December 2021 %
Ultimate shareholders:		
Baring Vostok Funds	28.60	28.71
Vyacheslav Kim	24.16	24.13
Mikheil Lomtadze	23.33	23.30
Public Investors	20.81	21.01
Management	3.10	2.85
Total	100.00	100.00

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the Six months ended 30 June 2022 (Unaudited)

(in millions of KZT)

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 half of 2022.

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

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

On 24 February 2022, due to external geopolitical situation, the NBRK has set the base rate at 13.5% p.a. with a corridor of +/-1%. As at 30 June 2022, the NBRK's base rate was set at 14.0% p.a. with a corridor of +/- 1%. In order to maintain the stability of the financial market and support the attractiveness of tenge deposits, the Government has announced the realization of the protection program for tenge deposits, under which tenge deposits of individuals will be provided with compensation out of Government budget resources equal to around 10% of savings as at 23 February 2022.

The Management's analysis of the Group's liquidity and capital position as at 30 June 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 34,889 million for the six months ended 30 June 2022 as compared to KZT 13,860 million for the six months ended 30 June 2021, reflecting forward looking ECL.

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

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the Six months ended 30 June 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:

	30 June 2022	31 December 2021
KZT/USD	470.34	431.80
KZT/EUR	490.47	489.10

3. Significant accounting policies

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

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

Adoption of new and revised Standards

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

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

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

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the Six months ended 30 June 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 this interim condensed consolidated financial information, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

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

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

4. Revenue

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

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)	Three months ended 30 June 2022 (unaudited)	Three months ended 30 June 2021 (unaudited)
REVENUE	540,163	371,273	286,451	202,409
Interest revenue	255,519	185,602	132,265	97,010
Fees & commissions	106,429	84,886	53,147	44,650
Transaction & membership revenue	109,196	72,556	60,218	40,550
Seller fees	79,793	56,874	47,713	34,014
Rewards	(20,745)	(25,777)	(10,136)	(11,848)
Other gains (losses)	9,971	(2,868)	3,244	(1,967)

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Six months ended 30 June 2022 (Unaudited) (in millions of KZT)

Revenue by segments is presented below:

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)	Three months ended 30 June 2022 (unaudited)	Three months ended 30 June 2021 (unaudited)
Marketplace	81,054	57,743	48,380	34,454
Seller fees	79,793	56,874	47,713	34,014
Other gains (losses)	1,261	869	667	440
Payments	139,744	89,686	76,157	49,586
Transaction & membership revenue	106,410	67,872	59,045	38,082
Interest revenue	33,334	21,814	17,112	11,504
Fintech	342,533	249,621	172,050	130,217
Interest revenue	224,608	163,788	115,153	85,506
Fees & commissions	106,429	84,886	53,147	44,650
Transaction & membership revenue	2,786	4,684	1,173	2,468
Other gains (losses)	8,710	(3,737)	2,577	(2,407)
Intergroup	(2,423)	-	-	-
Segment Revenue	560,908	397,050	296,587	214,257
Rewards	(20,745)	(25,777)	(10,136)	(11,848)
REVENUE	540,163	371,273	286,451	202,409

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 six months ended 30 June 2022 and 2021, the Transaction revenue was KZT 100,187 million and KZT 63,725 million, respectively.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the Six months ended 30 June 2022 (Unaudited)

(in millions of KZT)

Membership revenue is earned over time and includes annual fees earned during the six months ended 30 June 2022 and 2021 of KZT 9,009 million and KZT 8,832 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 six months ended 30 June 2022 and 2021, the net loss on foreign exchange operations were KZT (594) million and KZT (1,291) million, respectively. For the six months ended 30 June 2022 and 2021, the net gain (loss) on financial assets and liabilities at fair value through profit or loss were KZT 8,804 million and KZT (2,956) 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:

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)	Three months ended 30 June 2022 (unaudited)	Three months ended 30 June 2021 (unaudited)
SEGMENT REVENUE	560,908	397,050	296,587	214,257
Marketplace	81,054	57,743	48,380	34,454
Payments	139,744	89,686	76,157	49,586
Fintech	342,533	249,621	172,050	130,217
Intergroup	(2,423)		-	-
SEGMENT NET REVENUE	399,176	282,376	207,209	155,677
Marketplace	71,915	53,731	42,837	32,284
Payments	126,433	80,518	69,383	44,559
Fintech	200,828	148,127	94,989	78,834
NET INCOME	234,309	173,064	131,580	98,381
Marketplace	48,179	36,831	30,194	22,718
Payments	80,962	50,925	46,741	28,969
Fintech	105,168	85,308	54,645	46,694

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.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the Six months ended 30 June 2022 (Unaudited)

(in millions of KZT)

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

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)	Three months ended 30 June 2022 (unaudited)	Three months ended 30 June 2021 (unaudited)
SHARE-BASED COMPENSATION	(7,387)	(8,451)	(3,694)	(4,271)
Marketplace	(787)	(758)	(402)	(385)
Payments	(1,973)	(1,939)	(1,015)	(984)
Fintech	(4,627)	(5,754)	(2,277)	(2,902)

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.

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)	Three months ended 30 June 2022 (unaudited)	Three months ended 30 June 2021 (unaudited)
COST OF REVENUE	(161,732)	(114,674)	(89,378)	(58,580)
Interest expenses	(115,343)	(82,775)	(64,969)	(41,893)
Transaction expenses	(10,632)	(6,802)	(5,210)	(3,815)
Operating expenses	(35,757)	(25,097)	(19,199)	(12,872)

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.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the Six months ended 30 June 2022 (Unaudited)

(in millions of KZT)

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

	Six months ended 30 June 2022 (unaudited)			Six months ended 30 June 2021 (unaudited)		
	Employee benefits	Depreciation & amortisation	Operating lease	Employee benefits	Depreciation & amortisation	Operating lease
Cost of revenue	(9,852)	(449)	(470)	(8,527)	(387)	(586)
Technology & product development	(13,751)	(5,492)	(1,138)	(10,702)	(4,480)	(825)
Sales & marketing	(513)	-	(12)	(182)	-	-
General & administrative expenses	(6,427)	(1,331)	(1,122)	(7,423)	(927)	(1,029)
Total	(30,543)	(7,272)	(2,742)	(26,834)	(5,794)	(2,440)

	Three months ended 30 June 2022 (unaudited)			Three months ended 30 June 2021 (unaudited)		
	Employee benefits	Depreciation & amortisation	Operating lease	Employee benefits	Depreciation & amortisation	Operating lease
Cost of revenue	(4,879)	(226)	(237)	(4,214)	(196)	(288)
Technology & product development	(7,050)	(2,951)	(623)	(5,720)	(2,294)	(405)
Sales & marketing	(264)	-	(12)	(94)	-	-
General & administrative expenses	(3,195)	(730)	(568)	(3,687)	(437)	(516)
Total	(15,388)	(3,907)	(1,440)	(13,715)	(2,927)	(1,209)

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:

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)	Three months ended 30 June 2022 (unaudited)	Three months ended 30 June 2021 (unaudited)
SHARE-BASED COMPENSATION	(7,387)	(8,451)	(3,694)	(4,271)
Cost of revenue	(609)	(368)	(304)	(191)
Technology & product development	(3,393)	(3,693)	(1,698)	(1,875)
Sales & marketing	(246)	-	(123)	-
General & administrative expenses	(3,139)	(4,390)	(1,569)	(2,205)

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Six months ended 30 June 2022 (Unaudited) (in millions of KZT)

7. Provision expense

The movements in loss allowance for the six months ended 30 June 2022 were as follows:

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

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Six months ended 30 June 2022 (Unaudited)

(in millions of KZT)

The movements in loss allowance for the six months ended 30 June 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	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	2,058	28	126,942										
Changes in provisions																				
-Transfer to Stage 1	5,225	(909)	(4,316)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-Transfer to Stage 2	(401)	1,363	(962)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-Transfer to Stage 3	(2,017)	(5,543)	7,560	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net: changes, resulting from changes in credit risk parameters	(10,377)	4,885	12,374	(-2)	(19)	70	(1)	809	(10)	7,719										
New assets issued or acquired	29,918	-	-	-	13	-	-	-	-	29,931										
Repaid assets (except for write-off)	(12,901)	(1,018)	(9,021)	-	(7)	-	-	-	-	(22,947)										
Write-off, net of recoveries	-	-	(17,055)	-	-	-	-	(6)	-	(17,061)										
Foreign exchange difference	-	-	3	-	-	-	-	1	-	4										
As at 30 June 2021 (unaudited)	49,509	6,452	62,736	14	361	2,634	2	2,862	18	124,588										

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

As at 30 June 2022, the allowance for expected credit losses on financial assets at fair value through other comprehensive income of KZT 4,459 million (31 December 2021: KZT 2,792 million) is included in the 'Revaluation reserve of financial assets' within equity.

For the six months ended 30 June 2022, the increase of KZT 1,460 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.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Six months ended 30 June 2022 (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:

	30 June 2022 (unaudited)	31 December 2021
Vacation reserve, accrued bonuses	792	779
Property, equipment and intangible assets	(3,409)	(3,263)
Other	2	17
Net deferred tax liability	(2,615)	(2,467)

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

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)	Three months ended 30 June 2022 (unaudited)	Three months ended 30 June 2021 (unaudited)
Net income before income tax	288,248	207,698	161,693	118,821
Tax at the statutory tax rate of 20%	(57,650)	(41,540)	(32,339)	(23,764)
Non-taxable income	4,746	7,633	2,726	3,701
Non-deductible expense	(1,035)	(727)	(500)	(377)
Income tax expense	(53,939)	(34,634)	(30,113)	(20,440)
Current income tax expense	(53,791)	(34,771)	(30,004)	(21,067)
Deferred income tax (expense)/benefit	(148)	137	(109)	627
Income tax expense	(53,939)	(34,634)	(30,113)	(20,440)

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Six months ended 30 June 2022 (Unaudited) (in millions of KZT)

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

	30 June 2022 (unaudited)	30 June 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	(148)	137
At the end of the period	(2,615)	(2,182)

9. Earnings per share

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

	30 June 2022 (unaudited)	30 June 2021 (unaudited)
Net income attributable to the shareholders of the Company	232,639	171,722
Weighted average number of ordinary shares for basic earnings per share	191,958,533	192,187,223
Weighted average number of ordinary shares for diluted earnings per share	193,617,206	193,716,115
Earnings per share – basic (KZT)	1,212	894
Earnings per share – diluted (KZT)	1,202	886

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

	30 June 2022 (unaudited)	30 June 2021 (unaudited)
Weighted average number of ordinary shares for basic earnings per share	191,958,533	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	193,617,206	193,716,115

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Six months ended 30 June 2022 (Unaudited)

(in millions of KZT)

10. Cash and cash equivalents

	30 June 2022 (unaudited)	31 December 2021
Cash on hand	202,034	151,668
Current accounts with other banks	174,408	161,524
Short-term deposits with other banks	132,079	28,909
Total cash and cash equivalents	508,521	342,101

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

11. Investment securities and derivatives

Investment securities and derivatives comprise:

	30 June 2022 (unaudited)	31 December 2021
Total financial assets at fair value through OCI	849,060	606,462
Total financial assets at fair value through profit or loss	4,633	955
Total investment securities and derivatives	853,693	607,417

Financial assets at fair value through OCI comprise:

	30 June 2022 (unaudited)	31 December 2021
Debt securities	848,785	606,107
Equity investments	275	355
Total financial assets at FVTOCI	849,060	606,462

As at 30 June 2022 and 31 December 2021, sovereign debt securities of KZT 597,293 million and KZT 347,166 million, respectively, were included in debt securities.

	A- and higher	BBB+ to BBB-	BB+ to B-	CCC+ and lower	Not rated	Total
Debt securities as at 30 June 2022 (unaudited)	389	837,312	2,360	2,116	6,608	848,785
Debt securities as at 31 December 2021	840	595,969	7,460	1,838	-	606,107

As at 30 June 2022, financial assets at fair value through OCI of the Group of KZT 816,607 million, KZT 30,062 million and KZT 2,116 million are classified in Stage 1, Stage 2 and Stage 3 (31 December 2021: KZT 604,269 million and KZT 1,838 million are classified in Stage 1 and Stage 3), respectively according to IFRS 9.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Six months ended 30 June 2022 (Unaudited) (in millions of KZT)

Financial assets at fair value through profit or loss comprise:

	30 June 2022 (unaudited)	31 December 2021
Derivative financial instruments	4,633	955
Total financial assets at fair value through profit or loss	4,633	955

Financial assets and liabilities initially recognised at FVTPL comprise:

	30 June 2022 (unaudited)				31 December 2021			
	Fair value		Fair value		Fair value		Fair value	
	Notional amount	Asset	Notional amount	Liability	Notional amount	Asset	Notional amount	Liability
Foreign currency contracts								
Forwards	112,310	3,717	111,093	39	126,348	857	134,704	2,341
Swaps	42,939	916	42,981	87	40,622	98	40,694	67
Spot	11,288	-	11,284	-	20,292	-	20,292	-
Total financial instruments at FVTPL		4,633		126		955		2,408

As at 30 June 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 23,493 million and KZT 34,205 million, respectively and in favor of non-deliverable forwards of KZT 7,837 million and KZT 15,992 million, respectively.

As at 30 June 2022 and 31 December 2021 investment securities were not pledged or somehow restricted, except for bonds of the Ministry of Finance of the Republic of Kazakhstan, notes of NBRK and corporate bonds pledged under repurchase agreements with other banks totaling KZT 20,964 million and KZT 75,524 million, respectively.

12. Loans to customers

	30 June 2022 (unaudited)	31 December 2021
Gross loans to customers	2,651,730	2,573,153
Less: allowance for impairment losses (Note 7)	(162,913)	(142,416)
Total loans to customers	2,488,817	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 six months ended 30 June 2022 and 2021 are disclosed in Note 7.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Six months ended 30 June 2022 (Unaudited) (in millions of KZT)

As at 30 June 2022 and 31 December 2021, accrued interest of KZT 30,103 million and KZT 27,648 million, respectively, was included in loans to customers.

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

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

	Gross NPLs	Total allowance for impairment	Total allowance for impairment to gross NPLs
As at 30 June 2022 (unaudited)	156,720	162,913	104%
As at 31 December 2021	120,652	142,416	118%

Provision expense on loans to customers:

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Provision expense on loans to customers:		
Loans to customers	(34,889)	(13,860)
Total provision expenses on loans to customers	(34,889)	(13,860)

	Three months ended 30 June 2022 (unaudited)	Three months ended 30 June 2021 (unaudited)
Provision expense on loans to customers:		
Loans to customers	(13,869)	(6,598)
Total provision expenses on loans to customers	(13,869)	(6,598)

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

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

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Six months ended 30 June 2022 (Unaudited) (in millions of KZT)

The gross carrying amount and related loss allowance on loans to customers by stage were as follows:

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Loans to customers:					
Gross carrying amount	2,413,646	47,410	189,065	1,609	2,651,730
Loss allowance	(64,389)	(15,150)	(83,374)	-	(162,913)
Carrying amount as at 30 June 2022 (unaudited)	2,349,257	32,260	105,691	1,609	2,488,817

	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

During the six months ended 30 June 2022, the Group has restructured loans to customers, which were classified as NPL of KZT 14,499 million (KZT 11,652 million were recovered from off balance prior restructuring), by providing an interest free extended repayment schedule.

Loans to customers of KZT 7,158 million, that were restructured during the six months ended 30 June 2022 were classified to Stage 3 for at least 1 year with respective reduction of gross carrying amount to KZT 5,269 million as a result of change in present value.

Loans to customers of KZT 7,341 million, that were restructured during the six months ended 30 June 2022 were derecognised and recognised as POCI loans with gross carrying amount of KZT 1,609 million.

As at 30 June 2022 and 31 December 2021, commitments on loans and unused credit lines represented by revocable loan commitments were KZT 147,935 million and KZT 131,804 million, respectively.

13. Customer accounts

	30 June 2022 (unaudited)	31 December 2021
Individuals		
Term deposits	2,336,803	2,070,822
Current accounts	571,027	534,190
Total due to individuals	2,907,830	2,605,012
Corporate customers		
Term deposits	42,577	43,131
Current accounts	167,486	114,900
Total due to corporate customers	210,063	158,031
Total customer accounts	3,117,893	2,763,043

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Six months ended 30 June 2022 (Unaudited) (in millions of KZT)

As at 30 June 2022 and 31 December 2021, accrued interest of KZT 20,332 million and KZT 15,423 million, respectively, was included in customer accounts.

As at 30 June 2022 and 31 December 2021, customer accounts of KZT 20,876 million and KZT 26,679 million, respectively, were held as security against loans.

As at 30 June 2022 and 31 December 2021, customer accounts of KZT 154,721 million (4.96%) 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
Share options exercised (Note 15)	-	-	382,223	382,223
31 December 2021	216,742,000	199,500,000	(7,312,777)	192,187,223
Share options exercised (Note 15)	-	-	495,409	495,409
Share buy-back program	-	-	(724,099)	(724,099)
30 June 2022 (unaudited)	216,742,000	199,500,000	(7,541,467)	191,958,533

On 22 April 2022, Board of Directors approved a share buy-back program, which was in force until 22 July 2022. As at 30 June 2022, the Group has acquired a total of 724,099 GDRs on the market for an aggregate consideration of KZT 16,964 million. The Group accounts for GDRs repurchased as treasury shares.

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

	Issued and fully paid shares	Treasury shares	Total
Balance at 1 January 2021	130,144	(34,319)	95,825
Share options exercised	-	1,705	1,705
31 December 2021	130,144	(32,614)	97,530
Share options exercised	-	2,209	2,209
Share buy-back program	-	(16,964)	(16,964)
30 June 2022 (unaudited)	130,144	(47,369)	82,775

During the six months ended 30 June 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.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Six months ended 30 June 2022 (Unaudited) (in millions of KZT)

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, incentivise and retain employees over the long-term.

Share-based compensation expense

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

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021 (unaudited)
Share-based compensation expense	(7,387)	(8,451)
Share options	(7,387)	(5,922)
Phantom shares	-	(2,529)

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.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Six months ended 30 June 2022 (Unaudited) (in millions of KZT)

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

	30 June 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	7,387
Share options exercised	(11,898)
30 June 2022 (unaudited)	16,731

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).

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued)

For the Six months ended 30 June 2022 (Unaudited)

(in millions of KZT)

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 June 2022 (unaudited)	31 December 2021		
Non-derivative financial assets at FVTOCI (Note 11)	536,323	230,847	Level 1	Quoted prices in an active market.
Non-derivative financial assets at FVTOCI (Note 11)	312,703	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)	4,633	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)	126	2,408	Level 2	DCF method. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

As at 30 June 2022, the fair value of the investment securities in Level 2 includes short-term and long-term sovereign debt securities of KZT 203,725 million and KZT 12,594 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.

Kaspi.kz Joint Stock Company

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

	30 June 2022 (unaudited)		
	Carrying amount	Fair value	Fair value hierarchy
Due from banks	31,330	31,208	Level 2
Loans to customers	2,488,817	2,540,358	Level 3
Due to banks	20,964	20,914	Level 2
Customer accounts	3,117,893	3,058,960	Level 2
Debt securities issued	140,035	131,903	Level 2
Subordinated debt	67,655	62,596	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.

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Six months ended 30 June 2022 (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.

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 30 June 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	3,319	2,651,730	3,568	2,573,153
- other related parties	3,319		3,568	
Allowance for losses on loans to customers	(10)	(162,913)	(13)	(142,416)
- other related parties	(10)		(13)	
Customer accounts	18,244	3,117,893	17,077	2,763,043
- entities controlled by the key management personnel of the Group	10,088		6,414	
- key management personnel of the Group	1,110		2,421	
- other related parties	7,046		8,242	
Other liabilities	494	49,863	1,487	56,318
- entities controlled by the key management personnel of the Group	174		930	
- other related parties	320		557	

Kaspi.kz Joint Stock Company

Notes to the Interim Condensed Consolidated Financial Information (Continued) For the Six months ended 30 June 2022 (Unaudited) (in millions of KZT)

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

	Six months ended 30 June 2022 (unaudited)		Six months ended 30 June 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	(391)	(30,543)	(430)	(26,834)
Share-based compensation	(2,878)	(7,387)	(5,691)	(8,451)

During the six months ended 30 June 2022 and 2021, interest income from transactions with other related parties were KZT 163 million and KZT 187 million, respectively.

During the six months ended 30 June 2022 and 2021, interest expense from transactions with entities controlled by the key management personnel of the Group were KZT 45 million and KZT 1 million, respectively, interest expense from transactions with key management personnel were KZT 12 million and KZT 17 million, respectively and other related parties were KZT 96 million and KZT 65 million, respectively.

During the six months ended 30 June 2022 and 2021, transaction costs attributable to origination of loans to customers and paid to entities controlled by the key management personnel of the Group, were KZT 2,397 million and KZT 6,180 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 standardised approach of Basel Committee of Banking Supervision "Basel III: A global regulatory framework for more resilient banks and banking systems" (December 2010, updated in June 2011).

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

	30 June 2022 (unaudited)	31 December 2021
Capital adequacy ratios:		
Tier 1 capital	16.6%	15.9%
Total capital	17.7%	18.0%

Kaspi.kz Joint Stock Company

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

	30 June 2022 (unaudited)	31 December 2021
Capital adequacy ratios:		
Tier 1 capital (k1.2)	11.7%	11.5%
Total capital (k.2)	12.8%	12.9%

19. Subsequent events

In July 2022, the Board of Directors of the Company proposed dividends of KZT 500 per share, subject to Shareholder approval.

Share buyback program, which was approved on 22 April 2022, was in force until 22 July 2022. As at the end of the program, the Group has acquired a total of 998,429 GDRs on the market for an aggregate consideration of USD 51 million.

On 20 July 2022, the Board of Directors approved another 3-month share buyback program for USD 100 million, which will be in force until 21 October 2022.