

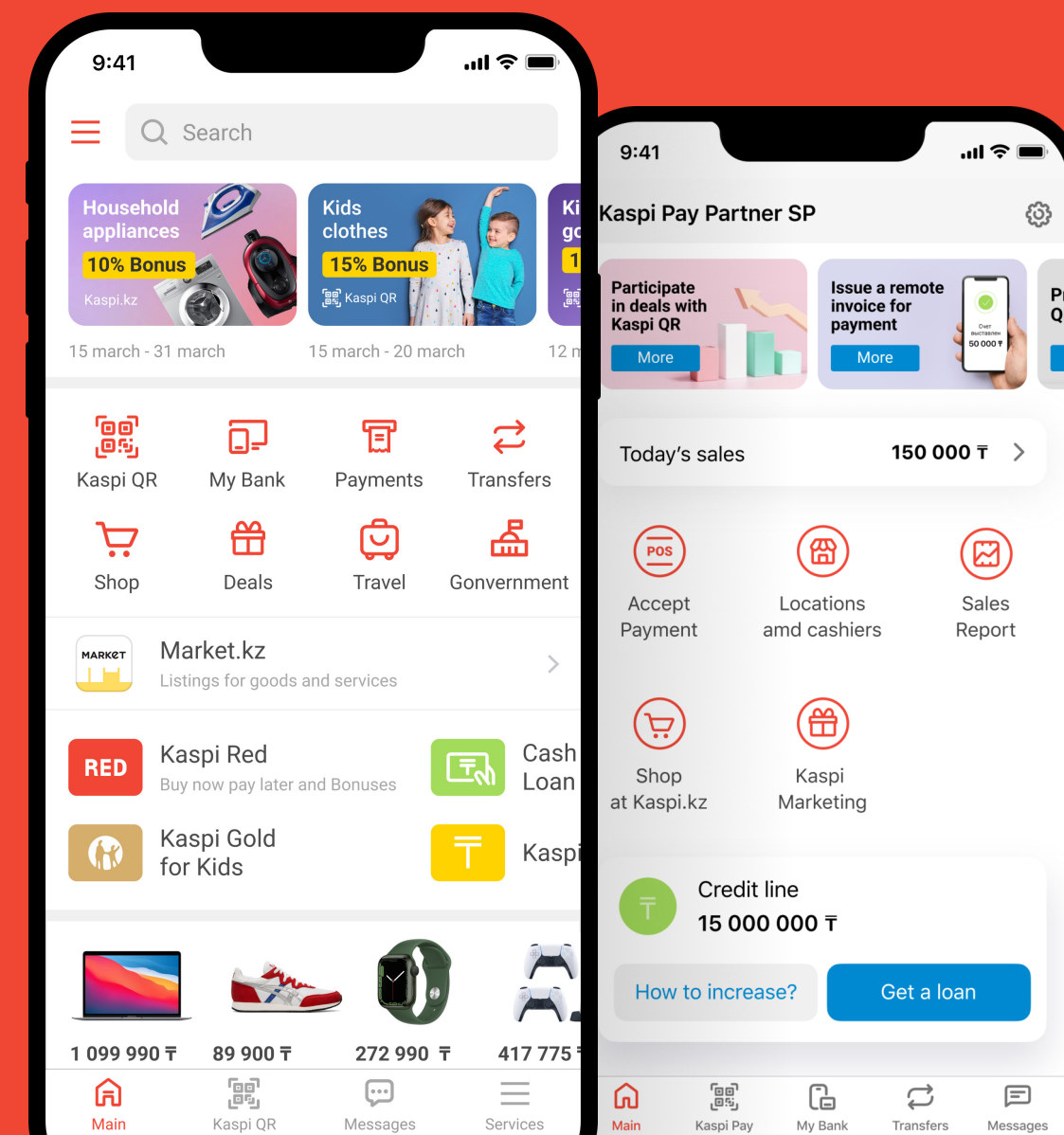


2021



# Innovation Makes Life Better

Annual Report  
2021 Kaspi.kz





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# Letter from the CEO and co-founder



## Dear Shareholders,

In 2021 the Kaspi.kz team kept on delivering for our consumers, merchants, the wider community in Kazakhstan and of course you, our shareholders. In fact, in what is still only a short time since our IPO on the LSE, the combination of powerful structural drivers and continued innovation have led to further growth at Kaspi.kz. Against this backdrop, I'm very pleased to write and update you on the fantastic progress we have made over the last 12 months. I would like to take this opportunity to discuss the following five areas:

### 1 In 2021 ongoing strong execution led to another year of excellent user and financial results

"Best-in-class execution by the Kaspi.kz team, enabled us to keep delighting our users and exceed our 2021 KPIs."

The Kaspi.kz Super App remains integral to people's everyday lives in Kazakhstan. During the year Super App MAU increased to 11.2 million, up significantly from 9.1 million in 2020. Engagement levels continued to hit all-time highs as new and existing users discovered more reasons to use more of our services. DAU increased to 7.0 million and the ratio of DAU to MAU reached 62%, giving us amongst the highest levels of user engagement of any leading Super App globally.

Our popularity with users is the result of an unrelenting focus on developing world class digital services that help consumers and merchants.

If we continue to do this, strong user adoption is a natural consequence and should be sustainable into future. In 2021, the Kaspi.kz team once again delivered a raft of market changing product launches. e-Grocery, Kaspi Postomat, major additions to Kaspi Travel's product suite and Kaspi B2B were some, but by no means all our newly launched services. Best-in-class innovation will allow us to keep delighting our users and help us contribute positively to Kazakhstan's unfolding digital future.

Strong user momentum in turn resulted in another set of excellent and increasingly diverse financial results. We always provide detailed and challenging financial KPIs to our investors. In 2021 we were able to raise these targets multiple times during the year, with Kaspi.kz ultimately delivering adjusted net income of KZT455 billion. Our net income mix also continues to transform rapidly and for the very first time our faster growing Payments and Marketplace Platforms accounted for the majority of our net income. This trend will continue in 2022 and beyond.

### 2 The structural drivers of digital transformation remain as strong as ever

"For consumers, highly relevant digital services available via a single Super App make their everyday lives better. For merchants, a Super App with integrated payments, marketplace and fintech products is a great tool to help grow their business."

### Mobile Payments are fundamental to the Kaspi.kz Super App

As has been the case globally, in Kazakhstan recent years have seen a huge shift to digital payments and sharp decline in the use of cash. Consumers want seamless mobile payments no matter where they shop. For all types of merchants, digital tools can be a simple way to receive payments instore and online, anywhere, anytime.

For Kaspi.kz this has created a massive opportunity to develop a modern, efficient and inclusive payments system. We have made mobile payments fundamental to our Super App strategy. Kaspi QR Scan & Pay for consumers and Kaspi Pay PoS Solutions for merchants help us directly address and shape these trends.

Payments Platform merchant onboarding accelerated throughout 2021. The benefits of this will be seen in 2022 as existing merchants shift more of their volumes to Kaspi Pay and we expect strong growth in new merchants to remain a theme for several years to come.

### **Kaspi Marketplace is setting the standard for mobile shopping**

The development of digital shopping also continues at pace around the world. Consumers want everything they need, great prices and a convenient experience. Merchants need tools that enhance product discovery, payments, financing and delivery.

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

In 2021 we significantly scaled the breadth and depth of our merchant proposition. This means even more choice at the best prices, which in turn helps us attract more consumers. We now offer 1.5 million SKUs, up more than 3x year-over-year, often delivered within 24 hours and delivery is usually free for the consumer. The proof this works is an extremely high consumer NPS of around 82% and almost no merchant churn.

We expect merchant onboarding to remain at high levels throughout 2022, with more merchants and an enhanced assortment leading to ongoing fast growth in consumers. An enlarged merchant base will help us rapidly develop earlier-stage products like Kaspi Delivery and Kaspi Marketing and offer an even better product to our users.

### **Digital finance is integral to the consumer shopping journey and is a more responsible approach to lending**

Digital banking is usually designed to be a more convenient way for consumers to manage their finances.

For Kaspi.kz our Fintech Platform has always been more than just stand-alone online banking. Digital finance must be deeply embedded within the shopping and payments experience. Our buy-now-pay-later consumer finance products, are strategically integrated with our Marketplace Platform, allowing consumers to make a purchase seamlessly with financing, all through our Super App.

With a Super App strategy, we can build a much more complete understanding of our consumers shopping and payments habits. This ensures we can not only be there for our customers, but that our lending is fair, responsible and affordable. The short-term, small-ticket nature of our Fintech lending products, also helps us keep the risks we take low and this serves us well when macro uncertainty suddenly increases, as happened in the beginning of 2022.

3

### **We will continue investing in our consumer and merchant capabilities to seize the opportunities in front of us**

**“Going forward nothing changes at Kaspi.kz, innovation at scale and a high-quality user experience, is the only way for us to ensure our future growth and create value across society.”**

2021 was the strongest year in Kaspi.kz’s history and perfectly illustrates the power of our Super App business model. Everything we achieved last year however, was the culmination of more than a decade of innovation and product launches. Going forward, innovation at scale and a best-in-class customer experience, are the only ways we can continue to play a leading role in the growth opportunity offered by digitalisation.

In our vision payments, shopping and finance are increasingly digital and digitalisation is a powerful driver of growth and modernisation in Kazakhstan. Our scale with both consumers and merchants, joined by our own proprietary network puts Kaspi.kz in a completely unique position to drive change. To play our role in Kazakhstan’s digitalisation journey to the fullest, we must continue working hard to develop world-class services for consumers and merchants.

### **We must develop innovative digital products that help merchants generate more sales**

In 2021 our no.1 strategic goal was to substantially scale our merchant base. Primarily via the roll out of the Kaspi Pay Super App, we delivered phenomenal growth, with active merchants up 353% year-over-year.

In 2022, growth in merchants is still a top priority. However, now the benefits of our enlarged merchant base will be magnified as we drive higher adoption of our earlier-stage merchant products, including SME & merchant financing, e-Commerce, Kaspi Delivery and Kaspi Marketing. All these products are highly relevant to merchants everyday needs and ultimately will stand or fall on whether they help generate more sales, reduce costs or both.

As always, we will also continue to develop new products and services, the adoption of which should become more meaningful over the next couple of years. Kaspi Pay for B2B is one such recently launched proposition. Kaspi B2B is primarily targeted at small merchants and allows them to settle their invoices from wholesalers instantly and conveniently.

Although small at this stage, we believe Kaspi Pay B2B can emerge as a transformative product, put us in pole position to design other innovative merchant products and is another way we can help Kazakhstan’s SMEs go from strength to strength.

### **We must develop innovative digital products that make consumers everyday lives better**

An expanded merchant base results in our consumers using the Kaspi.kz Super App more than ever. Average transactions per consumer nearly doubled year-over-year in 2021. We have world leading engagement, but I want us to do even better. In 2022, our focus on broadening our consumer product proposition and increasing adoption will only be intensified. Our consumers must be able to find what they want, when they need it, at the best possible prices, seamlessly through the Kaspi.kz Super App.



With this in mind, we are now prioritising scaling several products and services launched last year. e-Grocery, which at \$12 billion is a massive market opportunity, is an important priority. With a highly personalised product offering, available via our Kaspi.kz Super App, this has the potential to be a game changer in terms of our relevance to consumers.

Kaspi Delivery, Kaspi Postomat and Kaspi Travel are other recently launched products, currently enjoying great customer feedback that will become more important and the pipeline of still to be launched products and services is as strong as ever.

We also regularly participate in charitable initiatives to support the community and address inequalities. In January 2022, for example, we were the first to step-up and voluntarily donated KZT 10 billion to charitable fund 'For the People of Kazakhstan' established by the instruction of President Tokayev. This initiative is designed to boost investment into health care, education and social services and we are proud to have made a sizeable contribution.

Significant contributions like this would not be possible if Kaspi.kz's underlying operations were not performing well.

Going forward we will continue to respond to societal needs and develop along with the country. Working responsibly will remain integral to our strategy, competitive advantage and sustainable business performance.

#### 4 Improving the everyday lives of customers and delivering long-term, sustainable growth for our shareholders go hand-in-hand

"We have never been more essential in the lives of our customers, and we have never had a greater opportunity to make a real difference. We will always act responsibly and in the best interests of all our stakeholders."

Innovation is the root of all value creation in society and the benefits of digitalisation are bigger than Kaspi.kz. We see ourselves as an enabler that must help all our stakeholders benefit from digitalisation. For our consumers, the Kaspi.kz Super App must offer a seamless user experience. For merchants, especially local businesses and SMEs, Kaspi.kz Pay must help them accelerate their growth and contribute to a modern and vibrant Kazakh economy.

We also want our long-term growth to be sustainable and responsible to the wider society. We have never been more essential to the lives of our customers and we have never had a greater opportunity to make a real difference.

We will continue to partner with consumers, merchants, government, regulators and shareholders to ensure that all consumers and businesses can participate and thrive in the digital economy. I'm confident that our mission to improve everyday lives goes hand in hand with our ambitious financial targets. By continuing to deliver both profit and purpose, we will build long-term value for our shareholders.

Kaspi Pay entrepreneurs are all registered legal entities, making a large and increasing contribution to Kazakhstan's evolving digital economy. Through our GovTech Platform, merchants can quickly and easily register their business. With more transparency, we're helping upgrade Kazakhstan's economy to one that is fundamentally more inclusive and efficient and we only succeed, when our consumers and merchants prosper.

Our most important product initiative of 2021, the Kaspi Pay Super App for merchants, perfectly illustrates how our business model and mission are aligned. Retail merchants are a top priority for Kaspi Pay and we believe retail is the best path to empower individuals and entrepreneurs. Digitalisation for micro merchants and SMEs, helps them reach new customers, results in cost reductions and provides access to financing.

#### 5 The outlook for Kaspi.kz in 2022

"We remain confident that Kaspi.kz can once again deliver healthy year-on-year growth in 2022."

Having established our role as an essential company in the lives of our consumers and merchants the coming years hold even greater promise.

We have started 2022 with more reasons for consumers and merchants to use the Kaspi.kz Super App. Although geopolitical uncertainty has increased, our proven business model is robust and user and financial trends at Kaspi.kz remain strong. For shareholders the result should be another year of healthy top-line growth and high profitability, with the businesses cash generation capacity as strong as ever.

We have once again set out detailed KPI's against which our shareholders can use to track our performance and hold us accountable. We currently expect adj. net income growth of 20-30% year-over-year in 2022.

Kaspi.kz's story has been over a decade in the making and I would like to take this opportunity to thank each and every member of our dedicated, long-standing and incredibly talented team for the role they have played in our success.

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

Kind regards,



**Mikheil Lomtadze**

CEO & Co-founder  
Chief Ecosystem Officer

# Kaspi.kz Super App Model

Kaspi.kz aims to improve people's everyday lives by developing innovative, world class, highly relevant mobile services. Consumers must be able to conveniently pay, shop and access financing anytime, anywhere. For businesses, including entrepreneurs and SMEs, Kaspi.kz must help them accelerate their growth and participate fully in Kazakhstan's modernisation and digital transformation.

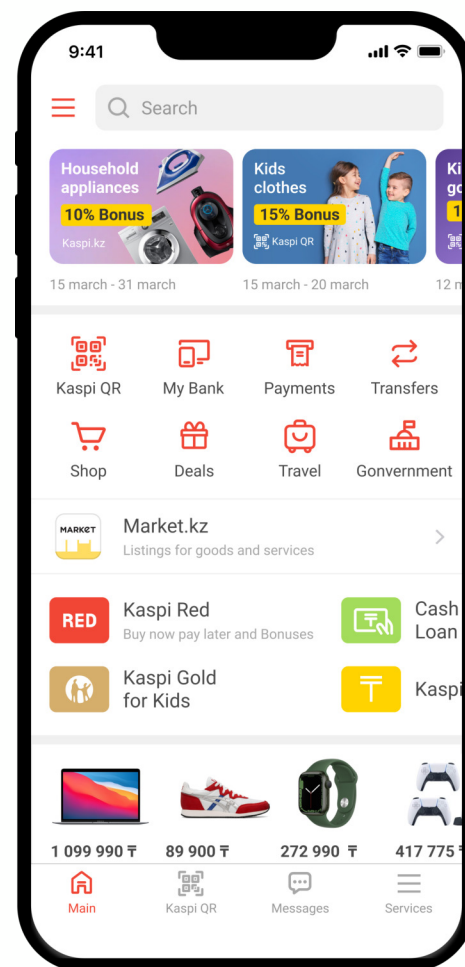
To deliver upon our ambitions we operate a unique two-sided Super App model – Kaspi.kz Super App for consumers and Kaspi Pay Super App for merchants. The Kaspi.kz Super App is Kazakhstan's most popular mobile app, with 11.2 million MAU in 2021, 7 million of whom accessed our services daily. Over the last year, we prioritised growth in adoption of the Kaspi Pay Super App. By the end of 2021, 242K merchants were signed-up and we expect this number to keep growing fast.

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

Growing monthly transactions per consumer, illustrate just how relevant we have become and are one of the most important metrics we track. By the end of 2021, transactions per consumer reached 51 per month – an extremely high level of engagement by global standards.

## Consumer Super App

- Government Services
- Rewards
- Travel
- Car loan
- Savings
- Buy Now Pay Later
- General Purpose Loan

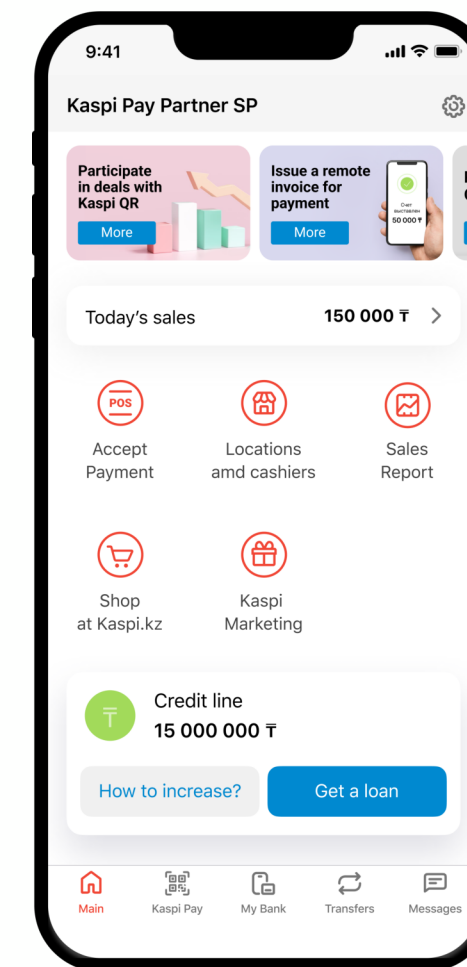


- e-Commerce
- m-Commerce
- e-Grocery
- P2P Payments
- Kaspi Gold Debit Cards
- Bill Payments
- Kaspi QR



## Merchant Super App

- Government Services
- Business Profiles
- Merchant Finance
- Business Account
- B2B Payments



- Advertising
- Marketplace
- Merchant Acquiring
- Delivery
- Recurring Billing
- Instant Invoicing

Kaspi.kz's integrated model is designed to create more value for every participant. A large number of consumers, merchants and a diverse range of convenient payments and financing options leads to more Super App transactions. Inter-related products mean that the growth and development of one service contributes to the growth and development of other services, creating a powerful virtuous cycle. Each participating consumer and merchant derives greater value, than if they were to use a standalone service. Having built our own proprietary payments network, we have been able to disintermediate third party cost and passed on the savings to merchants.

This is a great example of how we succeed by helping create a fundamentally more efficient economy.

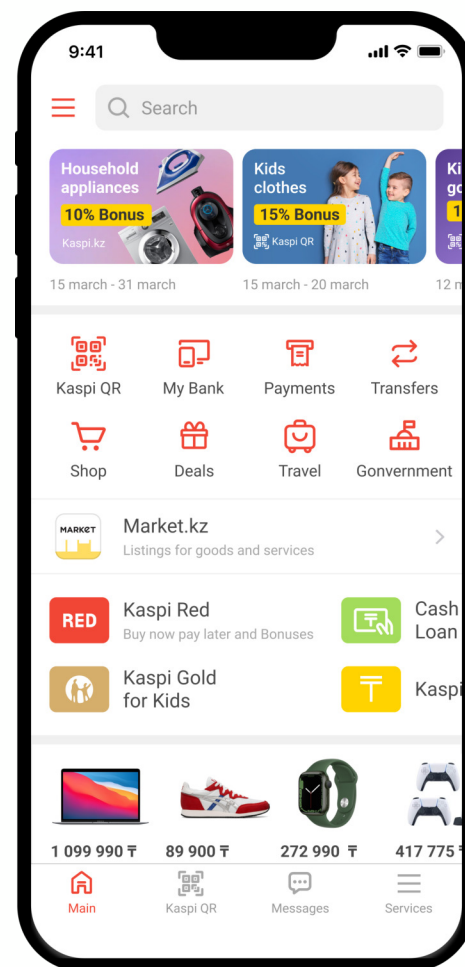
A growing number of highly integrated and complementary services used by our consumers and merchants also results in lower costs, synergies across all our platforms and creates a powerful self-reinforcing network effect, giving us strong competitive advantages. Over the last year we have scaled new services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

As we launch new innovative services in 2022 and beyond, our large and engaged user base means each new product can scale faster and make a bigger difference to our customers lives more quickly, than the previous. Ultimately, we only succeed when our consumers and merchants prosper.

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

Our model is capex light, especially in e-commerce where we have built a pure B2C marketplace, that relies on technology and scale to deliver an outstanding customer experience. The combination of scale in large addressable markets, market leading digital products, low customer acquisition costs, the disintermediation of 3rd parties and low capex, ultimately result in strong top-line growth and a highly profitable, cash generative business model.

### Consumer Super App



**Proprietary Payments Network**  
Instant payments at cheapest rates

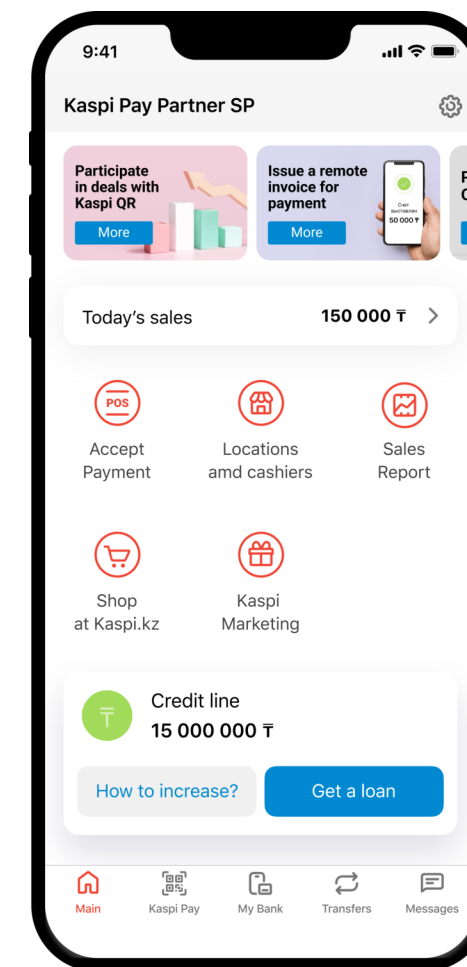
**Marketplace**  
Connects buyers and sellers

**Delivery Services**  
Merchants can sell nationwide, consumers can find everything they need

**Buy Now Pay Later**  
Higher purchase frequency and ticket size. Flexibility for consumers

**Marketing Services**  
Highly targeted promotions & offers

### Merchant Super App



# 2021 Key Highlights

## Another excellent year

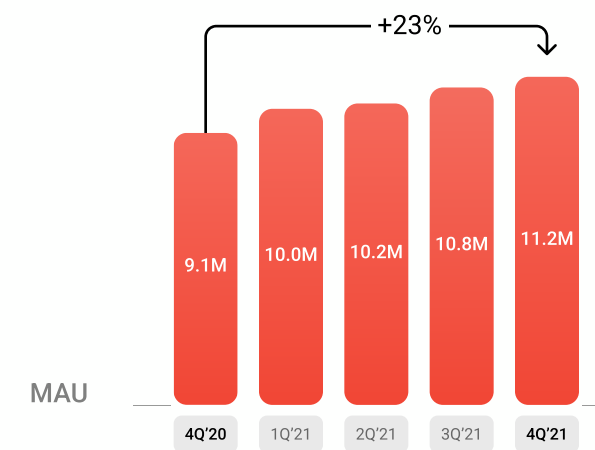
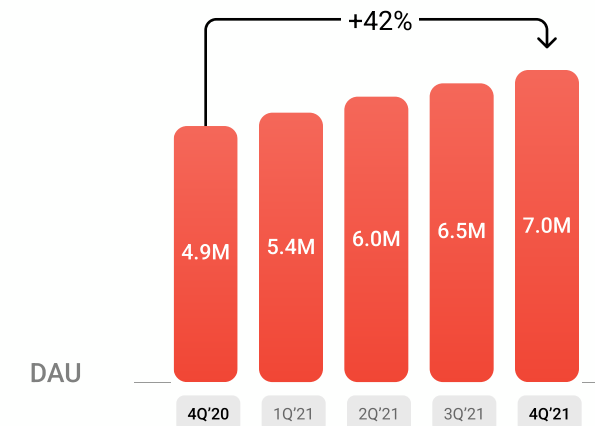
- ✓ 2021 user and financial results ahead of expectations
- ✓ Fast top-line and even faster profit growth across all platforms
- ✓ User engagement reached all-time highs
- ✓ We provide clear and transparent KPIs to our shareholders and yet again we delivered or exceeded every target set

|             |                                      | 2021 Original Guidance           | 2021 Updated Guidance     | 2021A              |
|-------------|--------------------------------------|----------------------------------|---------------------------|--------------------|
| PAYMENTS    | RTPV                                 | 85-90%<br>YoY Growth             | Around 105%<br>YoY Growth | 107%<br>YoY Growth |
|             | Average Balances on Current Accounts | 40-45%<br>YoY Growth             | Around 60%<br>YoY Growth  | 57%<br>YoY Growth  |
|             | Take Rate                            | Around 1.2%                      | Around 1.2%               | 1.2%               |
|             | Net Income Margin                    | High 50%                         | Around 60%                | 60.5%              |
| MARKETPLACE | GMV                                  | Around 100% growth<br>YoY Growth | Around 110%<br>YoY Growth | 115%<br>YoY Growth |
|             | Take Rate                            | Around 8.0%                      | Around 8.5%               | 8.5%               |
|             | Net Income Margin                    | High 60%                         | High 60%                  | 66.2%              |
| FINTECH     | TFV                                  | Around 100% growth<br>YoY Growth | Above 125%<br>YoY Growth  | 137%<br>YoY Growth |
|             | Conversion Rate                      | Above 2.0                        | Above 2.0                 | 2.4x               |
|             | Yield                                | Slight decrease<br>YoY           | Around 30%                | 29.4%              |
|             | Cost of Risk                         | Below 3.0%                       | Below 2.0%                | 1.6%               |
|             | Net Income Margin                    | Mid 30%                          | High 30%                  | 39.3%              |
|             | Adjusted Net Income                  | Around KZT 410B                  | Around KZT 445B           | KZT 455B           |

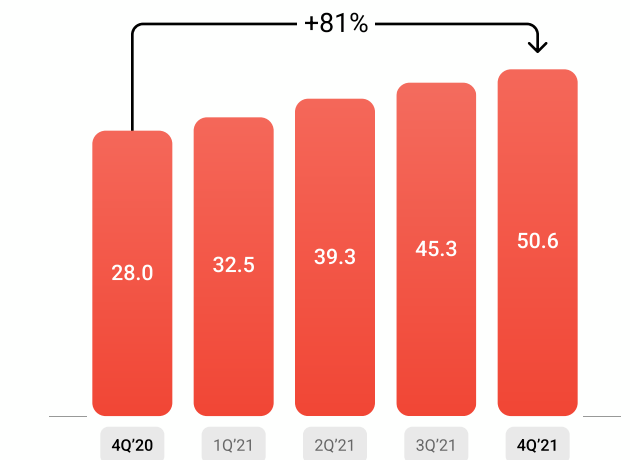
## Record Kaspi.kz Super App Usage & Engagement

- ✓ Super App MAU up 23% to 11.2 million
- ✓ Super App DAU up 42% to 7 million
- ✓ Average monthly transactions per consumer up 81% to 50.6

DAU/MAU 54 % 54 % 59 % 60 % 62 %



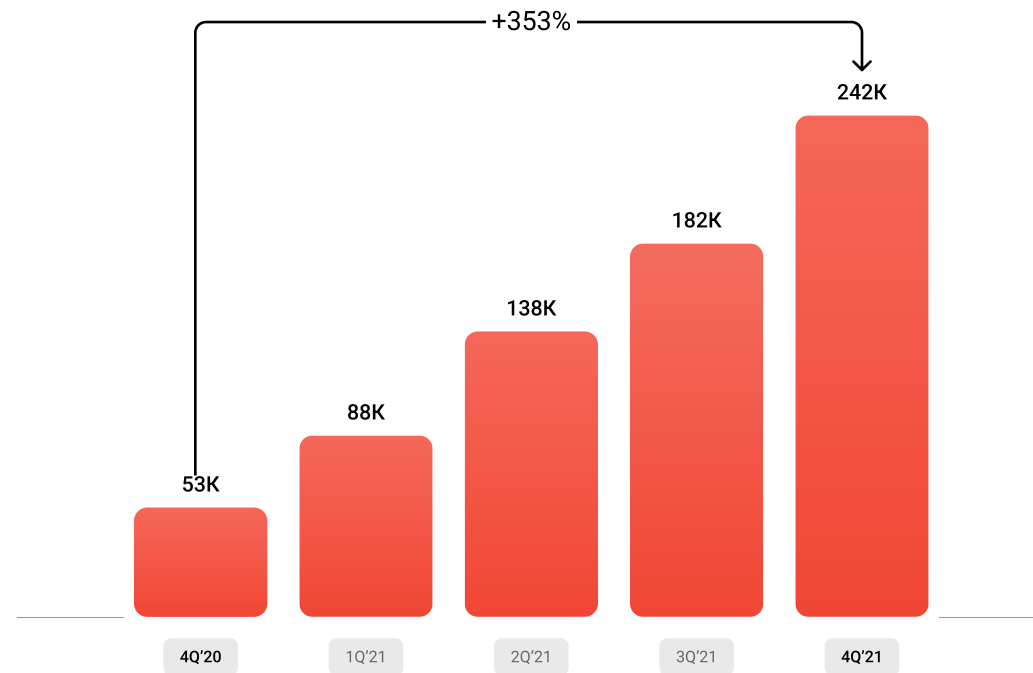
Monthly transactions per consumers



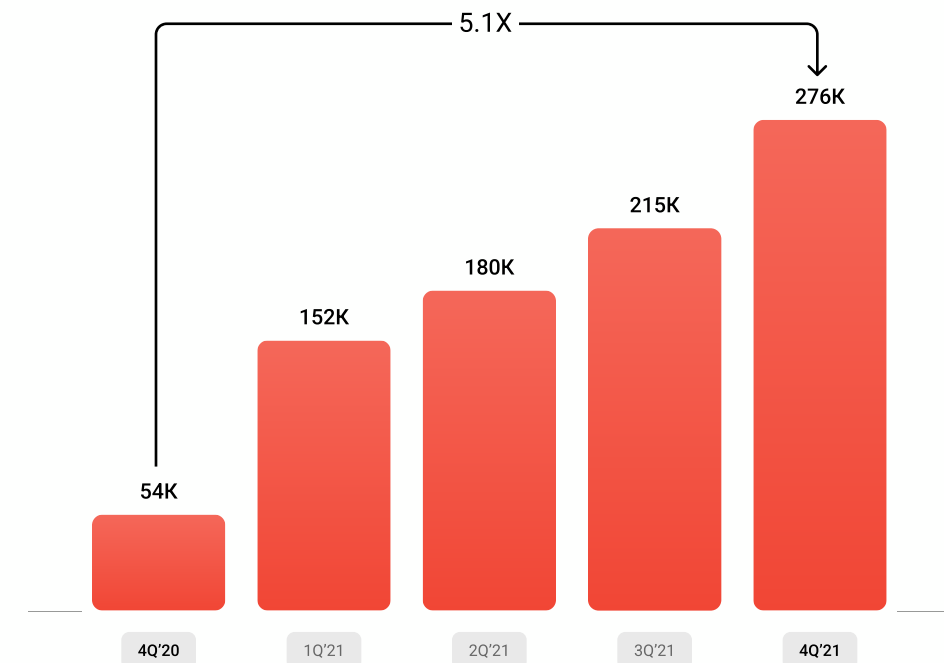
## In 2021 merchant onboarding to Kaspi Pay Super App was a top priority

- ✓ Active merchants reached 242K, up 353%
- ✓ Kaspi Pay POS devices reached 276K, up 5.1x
- ✓ 82% of all Kaspi Gold in-store PoS transactions migrated to Kaspi Pay from 3<sup>rd</sup> parties
- ✓ High popularity of QR payments led Kaspi QR Scan & Pay to reach 86% of all acquiring transactions on Kaspi Pay
- ✓ Rapid merchant onboarding expected to remain a theme in 2022

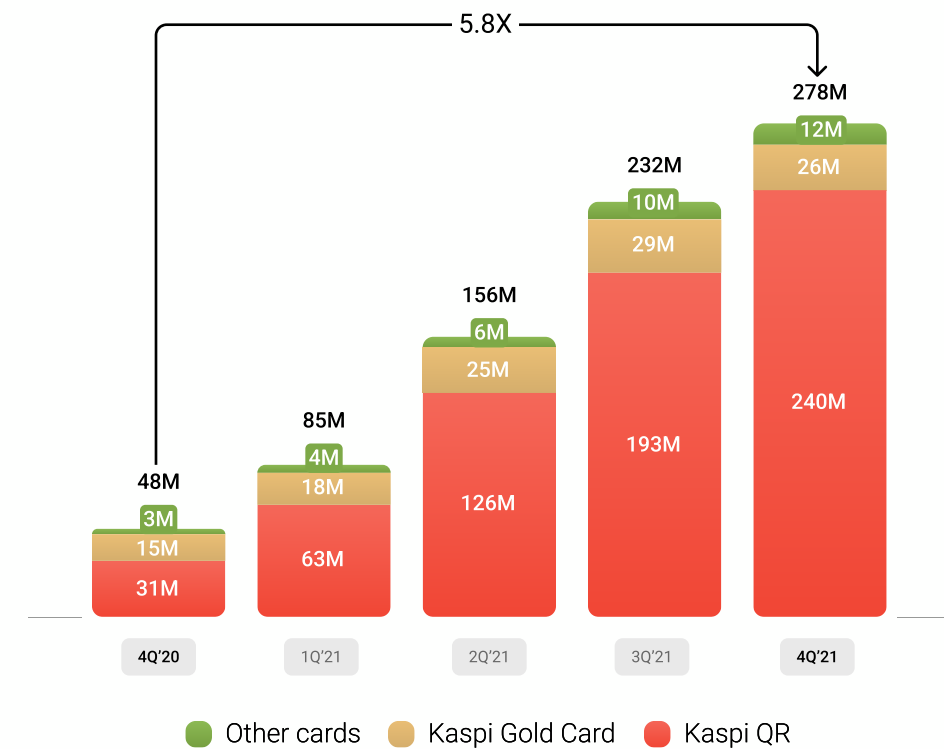
Active Merchants



#POS Devices



Kaspi POS transactions

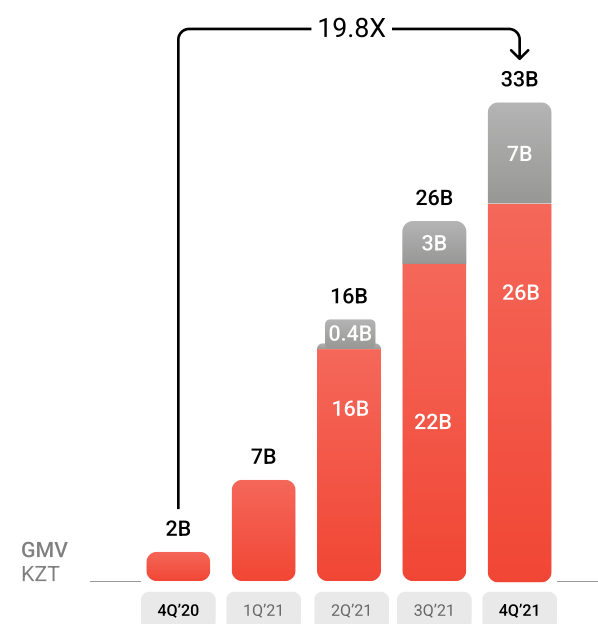




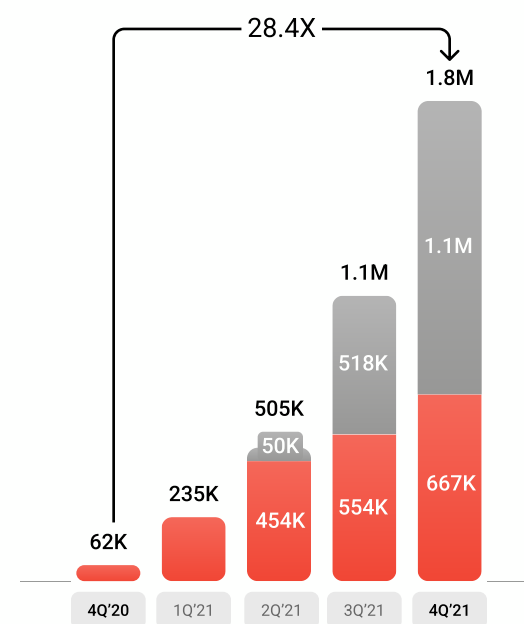
## Kaspi Travel a breakout success

- ✓ Our Super App strategy enabled Kaspi Travel to scale fast
- ✓ GMV of KZT82 billion and over 3.6 million tickets sold, including nearly 2 million tickets in the fourth quarter
- ✓ Further product expansion planned for 2022

Take Rate 3.0% 2.9% 2.9% 3.3% 3.5%



Tickets sold

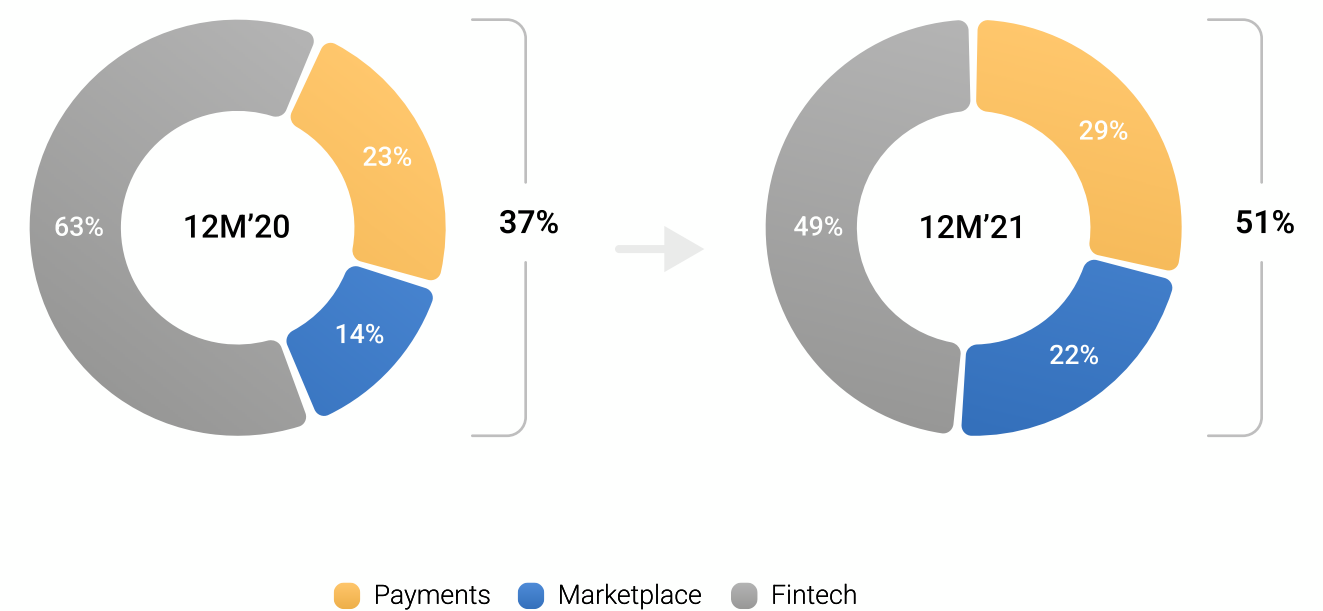


● Air tickets ● Railway tickets

## 2021 financials ahead of guidance

- ✓ KZT455bn adj. net income, ahead of guidance
- ✓ Our net income mix continues to transform quickly and in 2021 for the very first time our faster growing Payments and Marketplace Platforms accounted for 51% of net income, up from 37% in 2020. This trend will continue in 2022 and into the medium-term.
- ✓ Cash generation capacity remains as strong as ever. We returned KZT171bn in March, KZT80bn in September and KZT90bn in December. In addition, in the first half of 2022, we allocated up to \$100mn of excess cash to be returned to shareholders via a GDR buyback program.

Payments and Marketplace at net income





# Kaspi.kz Super App Strategy

**Nº1**

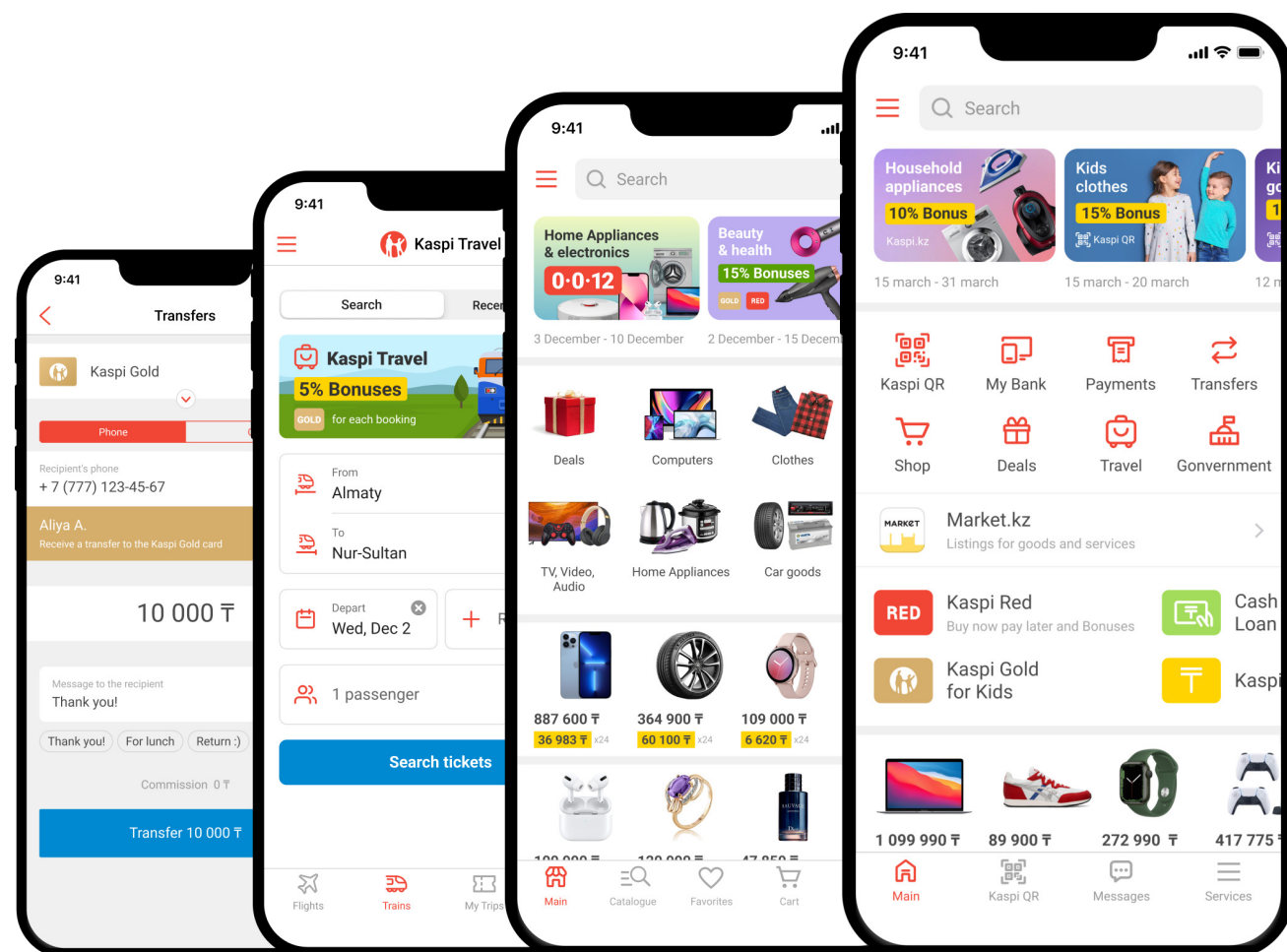
**We're always  
Super App 1st**

We operate a unique two-sided Super App model – Kaspi.kz Super App for consumers and Kaspi Pay Super App for merchants. In 2021 the Kaspi.kz Super App continued to go from strength-to-strength. Kaspi Pay for merchants had a breakout year and with multiple product innovations planned, its outlook is extremely exciting.

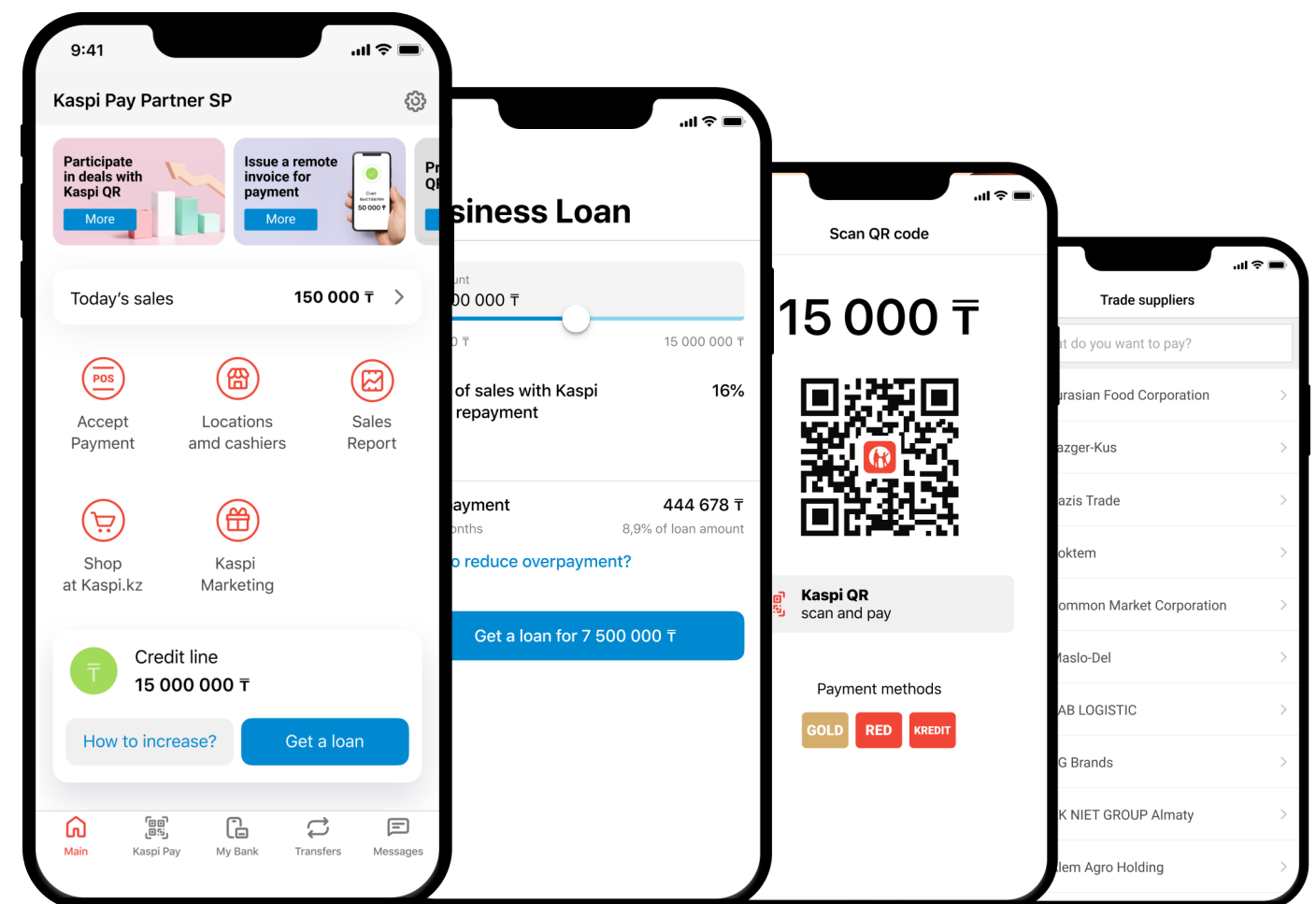
Fundamentally, being Super App first is at the core of everything we do and one of the most important factors behind our success. Namely this means one-app, one sign-in for all products and services and embedded payments, in our case Kaspi Pay. In developed markets, the likes of Amazon, Google, Facebook and PayPal all recognise how powerful and disruptive a leading Super App can be and all have ambitions to develop their own propositions.

However, without stating the obvious, top-notch execution is also important. Tencent stands out as the ultimate success story, by taking its WeChat messaging app and morphing it into an ecosystem of services that includes payments, taxi rides, food delivery, savings & investments, games, hotel reservations and more. In 2021 our product innovation and execution remained as strong as ever and again this translated into strong user growth and engagement.

## Consumer Super App



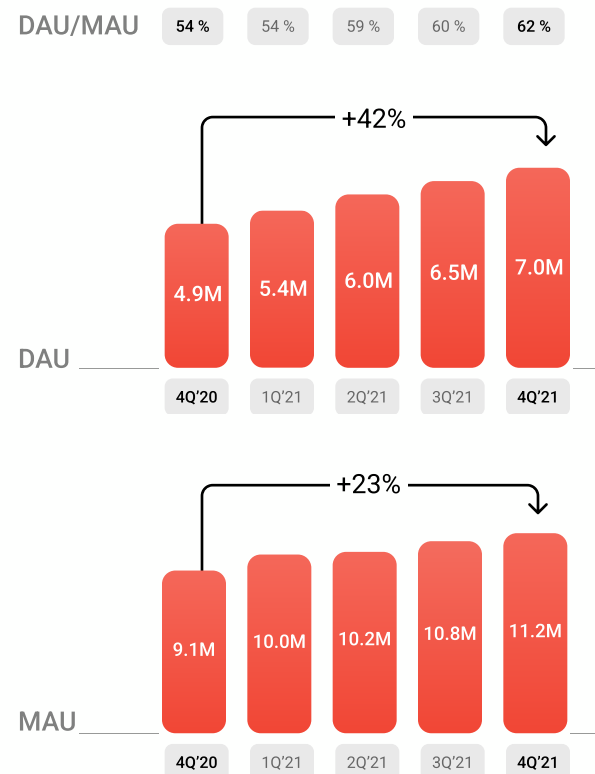
## Merchant Super App



## Kaspi.kz Super App user and engagement levels reached all-time highs in 2021

In 2021 Super App user and engagement levels reached all-time highs. MAU (Monthly Active Users) increased by 23% year-over-year to reach 11.2 million by the end of the year. DAU (Daily Active Users) increased 42% year-over-year, a substantially faster rate than MAU. The ratio of DAU to MAU reached 62% up from 54% at the end of 2020, which is amongst the highest levels of user engagement of any leading Super App globally and reflects our success delivering highly relevant digital services that make a difference, to consumers everyday lives.

Engagement is closely tied to one of our most important strategic objectives, namely, to facilitate digital transactions across all areas of a typical household's spending. Average monthly transactions per active consumer increased by 81% year-over-year to 50.6.



## We will maintain a singular focus on continuing to make new innovative digital products evermore discoverable through the Kaspi.kz Super App

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

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

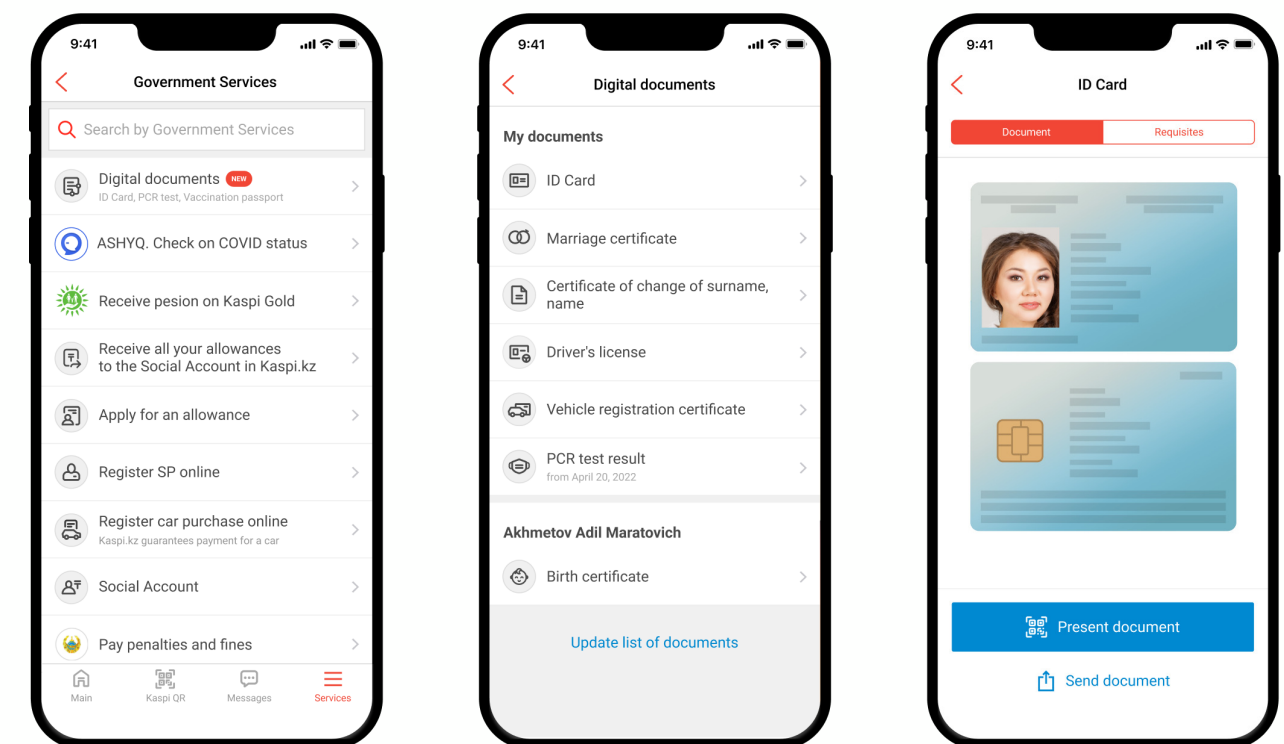
Our Super App strategy allows us to continually develop and add new highly relevant products and services around users' needs. Some services are directly monetized, while some services are designed to drive Super App engagement, with indirect monetization opportunities subsequently arising.

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

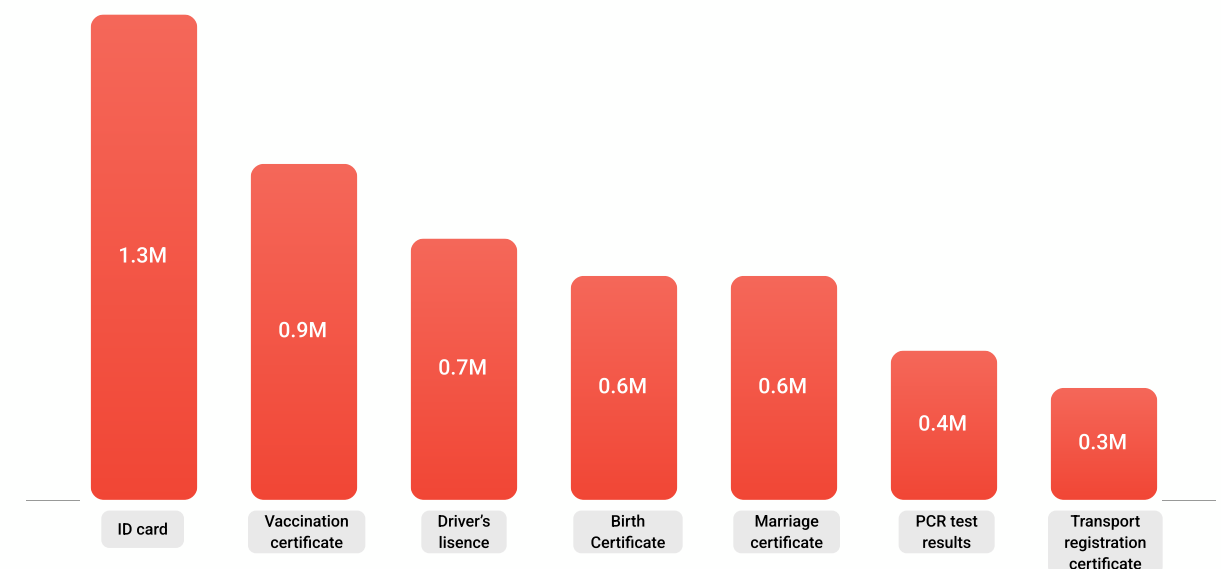
In 2021, we worked hand in hand with various government agencies prioritizing the addition of high frequency GovTech services to the Kaspi.kz Super App. Consumers can apply for and receive social security payments directly into their Kaspi Gold, calculate and pay their taxes and fines, register motor vehicles amongst other services.

Individual entrepreneurs and small businesses can register their businesses as formal legal entities, quickly, easily and fully digitally. We also developed Covid-19 check-in functionality, which is a good example of how we work closely with government to solve broader social challenges. By the end of 2021 our GovTech Platform had 6.9 million MAU.

More recently we have launched e-Docs, which allows consumers to access their ID cards, vaccine passport, driver's license, marriage certificate, birth certificate and other digital documents via the Kaspi.kz Super App.



## Number of views of e-Docs



In 2021 we continued to release new consumer products including Kaspi e-Grocery, in partnership with Magnum, Kazakhstan's largest food retail chain. Within months volumes have scaled extremely quickly and we would expect a strong e-Grocery proposition to be materially additive to Kaspi.kz Super App future volume and engagement levels. In 2022, scaling e-Grocery is one of our most important strategic priorities.

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

### Kaspi Pay Super App for merchants is scaling above expectations

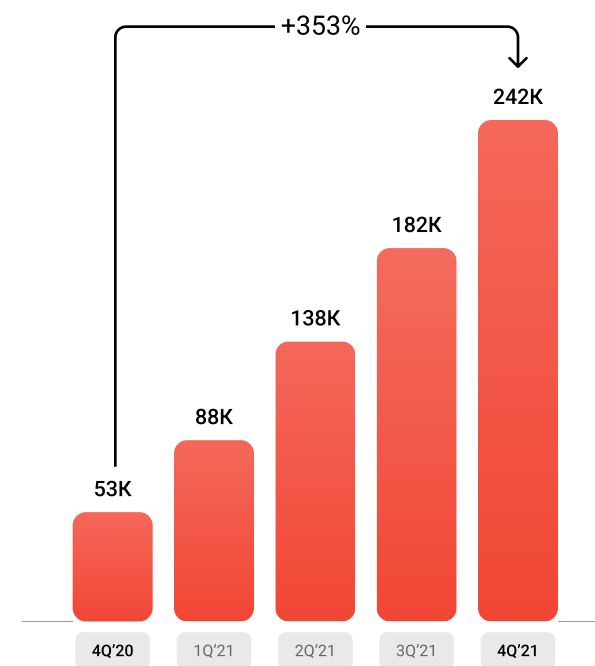
We launched our merchant focussed Kaspi Pay Super App in summer 2020 and have been rapidly onboarding merchants ever since. To date, take-up has been phenomenal and going forward Kaspi Pay is a game changer in terms of the role we can play in helping entrepreneurs and SMEs in Kazakhstan grow their businesses.

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

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

In 2021 Kaspi Pay scaled at an incredible rate, significantly increasing the number of merchants. Active merchants increased 353% year-over-year to reach 242K. This is a dramatic increase in our merchant base, compared to end of 2020 when we had just 53K merchants. By December 2021, there were 276K active Kaspi Pay POS devices, up 5.1x year-over-year.

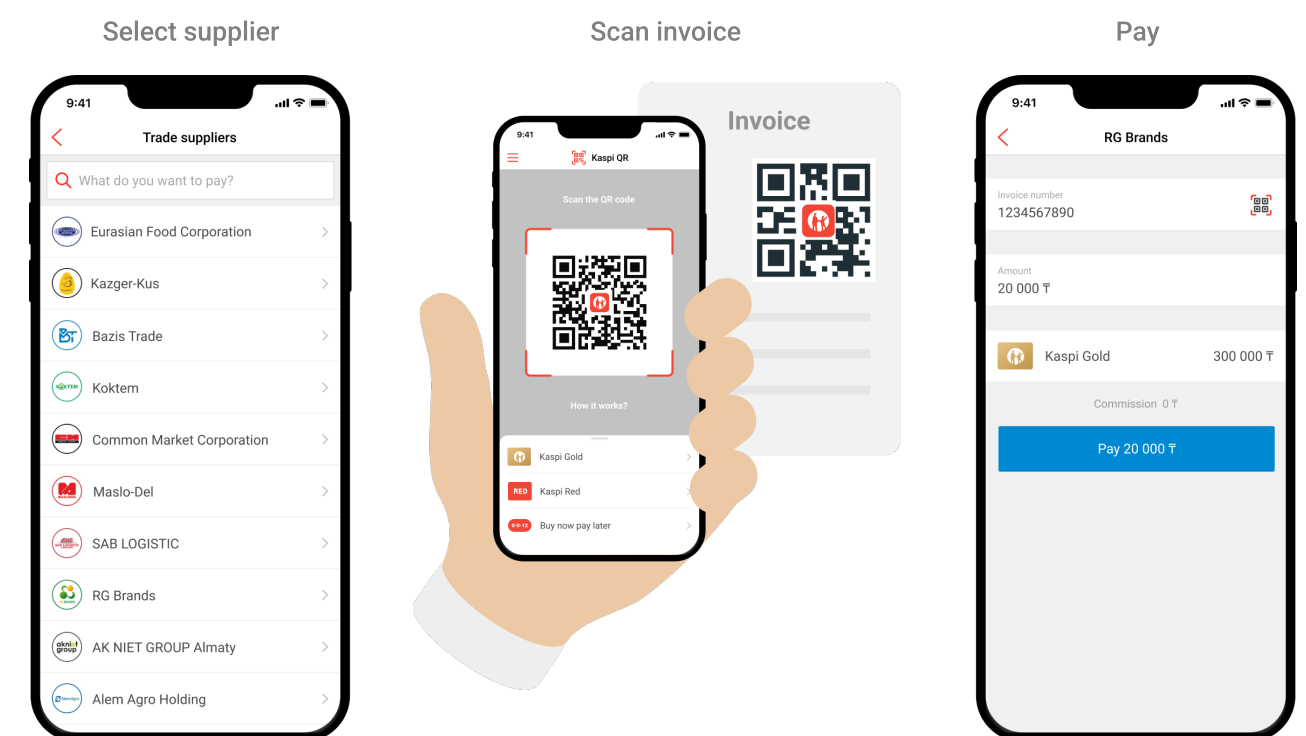
### Active Merchants



Inspired by the success of the Kaspi.kz Super App strategy for consumers, we will aim to continually launch new products and services for merchants around their business needs and have already launched merchant financing, which experienced strong merchant adoption in 2021.

Kaspi Pay B2B launched last year is emerging as a new transformative payments proposition, with B2B RTPV volumes up 51x year-over-year. With merchant penetration across our full range of Kaspi Pay Super App services still low, here too the opportunity ahead remains significant.

### B2B Payments





# Payments Platform



m-POS



QR-display



Smart POS



## Overview

As has been the case globally, in Kazakhstan there has been a huge shift to digital payments, with consumers demanding a seamless and integrated digital experience no matter where they shop. Kaspi.kz's Payments Platform connects consumers and merchants, to facilitate digital transactions and is one of the main driving forces behind Kazakhstan's transformation from cash to cashless and digital transactions.

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

We created Kaspi QR technology with the purpose of shifting our consumers' in-store payments experience to contactless payments via the Kaspi.kz Super App. This strategic move was inspired by the widescale adoption of QR mobile payments in China. Kaspi Pay is a unique and disruptive proposition, that combines consumers and merchants at scale. Kaspi QR technology powers our own proprietary payments network, including end-to-end payment functionality directly from our Kaspi.kz Super App to a merchant's Kaspi Pay Super App, without the need for a card and third-party payments network.

As we continue to scale at a rapid rate, Kaspi QR technology has become a major disruptive force and Kaspi Pay has emerged as the digital payments platform of choice for all types of merchants in Kazakhstan. On the back of this substantial progress in 2021, we're now in a great position to add new market leading payments functionality, with the aim of helping merchants exceed their customers' expectations and grow their businesses.

## Performance

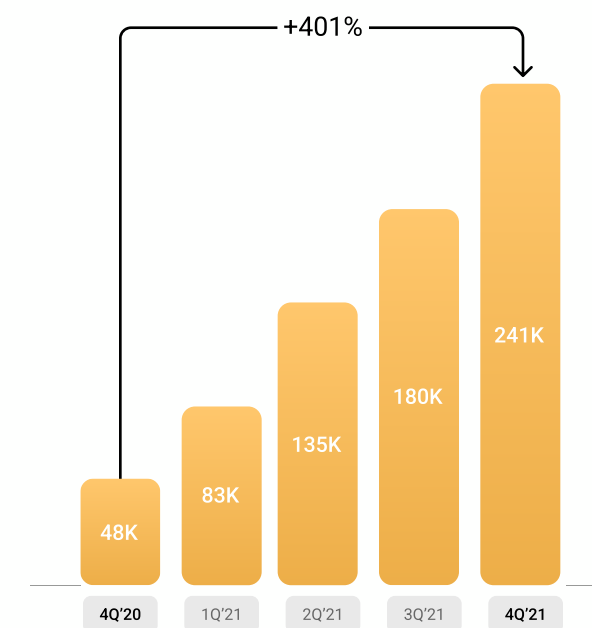
Payments Platform products are also amongst our most important tools to attract new customers and increase engagement, making their popularity fundamental to Kaspi.kz's growth outlook. With this in mind, we continue adding new opportunities to spend and pay, which is a function of new merchants and product development.

Payments Platform merchant onboarding accelerated throughout 2021, up 401% year-over-year to 241K merchants. The benefits of this will be seen throughout 2022 as new merchants shift more of their volumes to Kaspi Pay, leading to ongoing strong growth in RTPV. We also expect strong growth in new merchants to remain a theme in 2022. In the final quarter of 2021, there were 276K active Kaspi Pay POS devices, up 5.1x year-over-year.

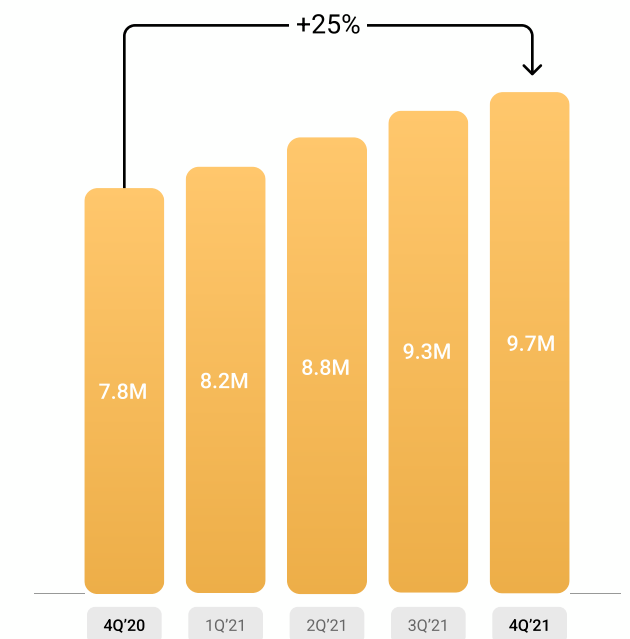
As we add new opportunities to pay, consumer growth remained robust. Payments Platform active consumers increased 25% year-over-year, to reach 9.7 million in the final quarter of 2021. Consumers continue to swiftly embrace Kaspi Pay's contactless Kaspi QR technology. Number of transactions using Kaspi Pay POS Solutions increased 5.8x year-over-year, with QR accounting for 86% of transactions in the final quarter of 2021.

In 2022 and beyond, we expect further strong growth in the number of active Kaspi Pay POS devices and even higher growth in engagement, as evidenced by the number of transactions.

Active Merchants



Active Consumers



By creating our own closed-loop proprietary payments network, we have eliminated the need for third-party processors and Kaspi Pay offers merchants and consumers at scale, a best-in-class end-to-end experience. This resulted in Kaspi Pay acquiring accounting for 82% of all Kaspi Gold POS in-store retail transactions during the final quarter of 2021, with third-party acquirers now only processing 18% of our transactions.

Throughout 2021 payments volume growth remained rapid and resilient to changes in the economic backdrop. Total Payment Value (TPV) increased by 111% year-over-year to reach KZT50.5 trillion. Revenue Generating TPV (RTPV) increased 107% to reach KZT12.9 trillion. In the second half of 2021, RTPV grew faster than TPV for the first time, a trend that is a direct result of our success rolling out Kaspi POS devices.

For full-year 2021, average Kaspi Gold and Kaspi Pay balances increased 57% year-over-year to KZT523 billion.

For full-year 2021, Payments Platform revenue increased 80% year-over-year to reach KZT217,085 million. Take-rate for full-year 2021 was 1.2%. For full-year 2021, Payments Platform adj. net income increased 108% year-over-year to KZT131,246 million, with net income profitability of 60.5% up from 52.1% in 2020. Payments Platform profitability continues to benefit from cost savings as we transition payment volumes away from third-party networks to our own proprietary payments network, combined with the platforms operational gearing.

In 2021, Kaspi Pay B2B emerged as an extremely fast-growing component of our RTPV. Our B2B proposition is primarily targeted at small merchants and allows them to settle their invoices from wholesalers instantly and conveniently. Although still in early stages, we believe Kaspi Pay B2B can emerge as a transformative product, put us in pole position to design other innovative merchant products and is another way we can help entrepreneurs and SMEs in Kazakhstan go from strength to strength.

In 2022, we will continue working hard to ensure Kaspi Pay keeps playing its part as Kazakhstan becomes a cashless digital economy. We will continue to aggressively ramp-up our merchant base and expect this to 1) contribute to ongoing strong growth in RTPV and 2) a more diverse mix of Payments Platform revenue streams including B2B payments. Kaspi Pay is only just over 12 months into its journey and our Payments Platform cohort analysis continues to show extremely strong growth across all cohorts. With all consumer and merchant metrics showing rapid momentum, we remain extremely positive about the outlook for our Payments Platform in 2022 and beyond.

| Payments KPIs                     | 2020   | 2021   | Growth |
|-----------------------------------|--------|--------|--------|
| Revenue (bn KZT)                  | 121    | 217    | 80%    |
| Adj.Net Income (bn KZT)           | 63     | 131    | 108%   |
| Adj.Net Income Margin             | 52.1%  | 60.5%  |        |
| Number of Active Consumers ('000) | 7 751  | 9 716  | 25%    |
| Number of Active Merchants ('000) | 48.1   | 241.0  | 401%   |
| TPV (bn KZT)                      | 23 882 | 50 480 | 111%   |
| RTPV (bn KZT)                     | 6 239  | 12 935 | 107%   |
| Take rate                         | 1.3%   | 1.2%   |        |
| Average balances (bn KZT)         | 333    | 523    | 57%    |



# Marketplace Platform





# Overview

Our Marketplace Platform connects both online and offline merchants with consumers, enabling merchants to increase their sales using an omnichannel strategy and consumers to buy a broad selection of products and services, at the best possible prices from a wide range of merchants. Marketplace is fully integrated into the Kaspi.kz Super App and Kaspi Pay Super Apps, which means merchants benefit from 11.2 MAU and functionality including our payments and BNPL financing solutions.

Merchants include both online and offline, the largest retailers and brands in Kazakhstan, individual sellers and SMEs. We have strategically positioned Kaspi Marketplace as the champion for domestic Kazakh brands and merchants. We also work with a range of international brands that are increasingly using Kaspi.kz as a gateway to consumers in the region. Product categories include electronics, clothing, children's goods, furniture, restaurants and car accessories.

In 2021, we focused on digitally onboarding Kaspi Pay merchants to Marketplace. We also prioritised expanding the breadth and depth of our product offering, with SKUs increasing 3.1x year-over-year to 1.5mn.

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

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

# e-Commerce

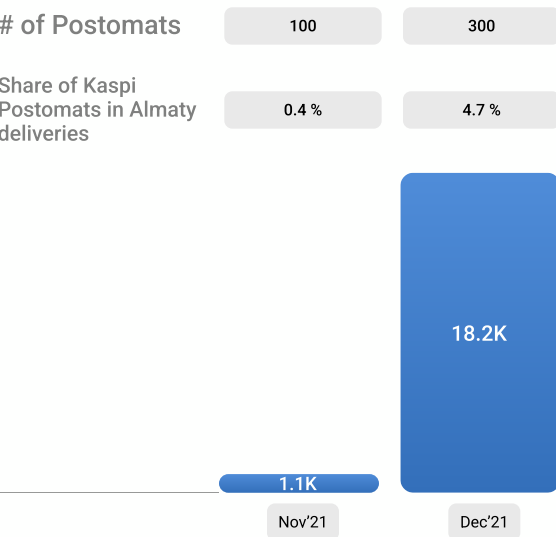
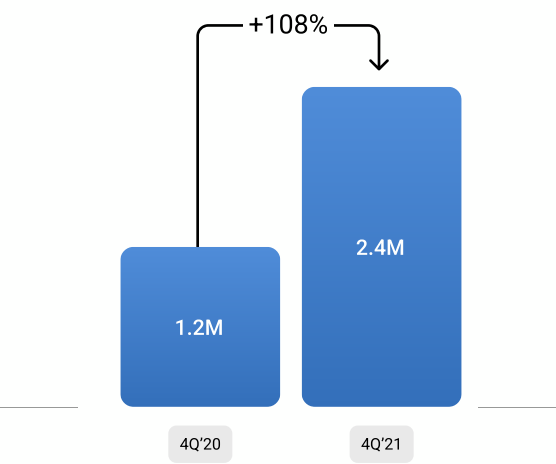
Our online Marketplace provides an integrated e-Commerce experience through the Kaspi.kz Super App, starting from product selection and purchase to in-store pick-up or delivery across Kazakhstan. Product categories make product selection convenient and are supplemented with product reviews, ratings and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

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

Our Marketplace provides a variety of fulfilment options, including in-store pick-up, delivery by merchant or Kaspi Delivery. In 2021 we prioritised the expansion of Kaspi Smart Logistics Platform to more cities and the introduction of free delivery for consumers, both of which made an important contribution to strong e-Commerce trends. Over the year orders delivered accelerated substantially and by the final quarter of 2021 were up 108% year-over-year. At the end of 2021, delivery accounted for almost 84% of orders, was free for the consumer for 96% of orders, with 52% of orders delivered within 48 hours.

We launched Kaspi Express Delivery in summer 2021 and by December around 15% of orders in Almaty were delivered in 3 hours or less. During the third quarter of 2021, we also started to roll out Kaspi Postomat with 300 lockers launched by the end of the year. These lockers accounted for just under 5% of deliveries in Almaty by the end of the year. We use Kaspi.kz's proprietary big data to identify the most appropriate locations and consumer feedback to date has been extremely positive. In 2022, we plan to add around 2,700 Postomats, which should give us Kazakhstan's largest locker network.

Numbers of Orders Delivered



At scale, the addition of Kaspi Postomat and Kaspi Express Delivery to the Kaspi Smart Logistics Platform significantly enhances its value proposition for consumers, merchants and delivery partners. We're very happy with our investment in free delivery, which is giving our consumers a superior shopping experience, helps local merchants to sell nationwide and is helping us build a differentiated e-Commerce offering vs other digital shopping platforms.

## m-Commerce

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

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

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

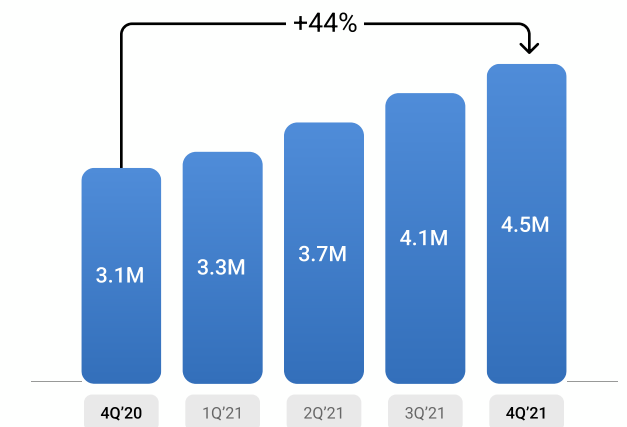
## Kaspi Travel

We launched Kaspi Travel around 18 months ago and in 2021 the platform scaled at a rapid rate. We initially started with flight bookings and subsequently added domestic rail tickets. Kaspi Travel is fully integrated with Kaspi Pay and Kaspi BNPL. Throughout the year Kaspi Travel consistently exceeded our expectations and hit another milestone with nearly 2mn tickets sold in the fourth quarter of 2021, up 28x year-over-year. Further product expansion is planned for Kaspi Travel in 2022.

## Performance

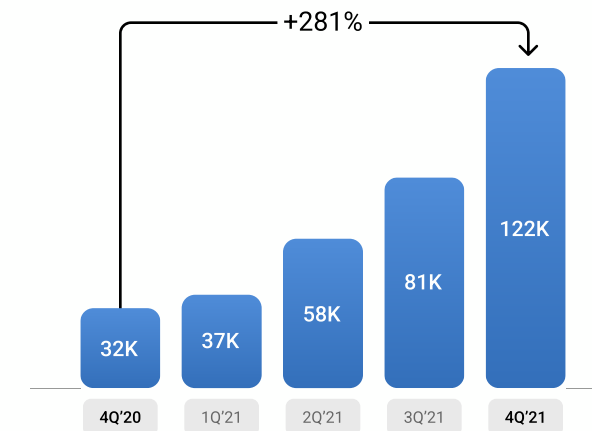
Just as with our Payments Platform, the rapid expansion of our Marketplace merchant base is an important priority. We're focused on digitally onboarding Kaspi Pay merchants to Marketplace and during the final quarter of 2021, Marketplace merchants increased to 122K, an acceleration to 281% year-over-year growth. Over the same period, Marketplace consumers growth accelerated 44% year-over-year to 4.5 million. We expect merchant growth to remain at elevated levels throughout 2022, with more merchants and an enhanced assortment leading to ongoing fast growth in consumers and orders per consumer. An enlarged merchant base will contribute to rapid growth from earlier-stage products like Kaspi Delivery and Kaspi Marketing.

Active Consumers



For full year 2021, Marketplace GMV increased 115% year-over-year to KZT1.8 trillion, with even faster growth in number of orders. In 2022, we expect items sold to continue growing faster than GMV, as we significantly expand the breadth and depth of highly relevant everyday items, albeit at lower price points, available on our Marketplace.

Active Merchants



Kaspi Travel's GMV reached KZT81,608 million during 2021. Although not included in Marketplace GMV, this was already equivalent to just over 5% of GMV in the fourth quarter of 2021, which is impressive scale given that we only launched Kaspi Travel at the end of 2020. Kaspi Travel's take-rate increased to 3.5% in the fourth quarter of 2021, its highest level so far due to the growing share of higher take-rate rail bookings. In 2022, we will broaden Kaspi Travel's product proposition and combined with the general recovery in international travel, its outlook is very strong.

For full-year 2021, Marketplace Platform revenue increased 133% year-over-year to reach KZT153,604 million. Take-rate for 2021 was 8.5%, up 73bps year-over-year and exactly in line with guidance. Higher take-rate is the result of ongoing mix shift away from consumer electronics, the success of our promotional activities and to a lesser extent Kaspi Delivery and Kaspi Marketing Services, which are at very early stages of monetization.

For full-year 2021, Marketplace adj. net income increased 157% year-over- year to reach KZT101,641 million. Net income profitability increased to 66.2% from 60.0% in 2020. Higher profitability resulted from higher take-rate, Marketplace Platform’s high operational gearing and was achieved despite our investment in free delivery.

In 2021 we started testing e-Grocery, in partnership with Magnum, Kazakhstan’s largest food retail chain. Kazakhstan’s grocery market was valued at \$12 billion in 2021, making it the largest possible market opportunity our Marketplace can address. Under this partnership Magnum is responsible for operating dark stores, purchasing SKUs (currently 33K) and same day, free delivery to consumers. Our main role is to generate orders and sales, define assortment and pricing. We also provide integrated payments via Kaspi Pay and leverage Kaspi Marketing to run highly personalised advertising campaigns.

We started pilot testing e-Grocery last year and within month’s volumes scaled so fast that we are already Kazakhstan’s no.1 e-Grocer, albeit in a nascent market. In the fourth quarter of 2021, 36K consumers made 128K orders. Average ticket size was around \$18. In 2022, scaling e-Grocery is now one of our most important priorities and although average ticket-size and take-rate are lower than our Marketplace average, we would expect a strong e-Grocery proposition to be materially additive to Kaspi.kz Super App volumes and engagement levels.

Our Marketplace cohort analysis shows us that the breadth and depth of our merchant proposition is one of the most important drivers of GMV/consumer growth and our long-term competitive advantage. In this regard, we expect to continue merchant onboarding at elevated levels. We expect to see rapid growth of e-Grocery and with this new enhanced merchant offering and Kaspi Smart Logistics continuing to scale, we expect to see strong Marketplace GMV growth in 2022, with high growth into the mid-term. We will continue to invest in free consumer delivery but do not expect this to have material impact on Marketplace profitability.

| Marketplace KPIs                  | 2020  | 2021  | Growth |
|-----------------------------------|-------|-------|--------|
| Revenue (bn KZT)                  | 66    | 154   | 133%   |
| Adj.Net Income (bn KZT)           | 40    | 102   | 157%   |
| Adj.Net Income Margin             | 60.0% | 66.2% |        |
| Number of Active Consumers (‘000) | 3 136 | 4 502 | 44%    |
| Number of Active Merchants (‘000) | 32.1  | 122.2 | 281%   |
| GMV (bn KZT)                      | 818   | 1 762 | 115%   |
| Take rate                         | 7.7%  | 8.5%  |        |



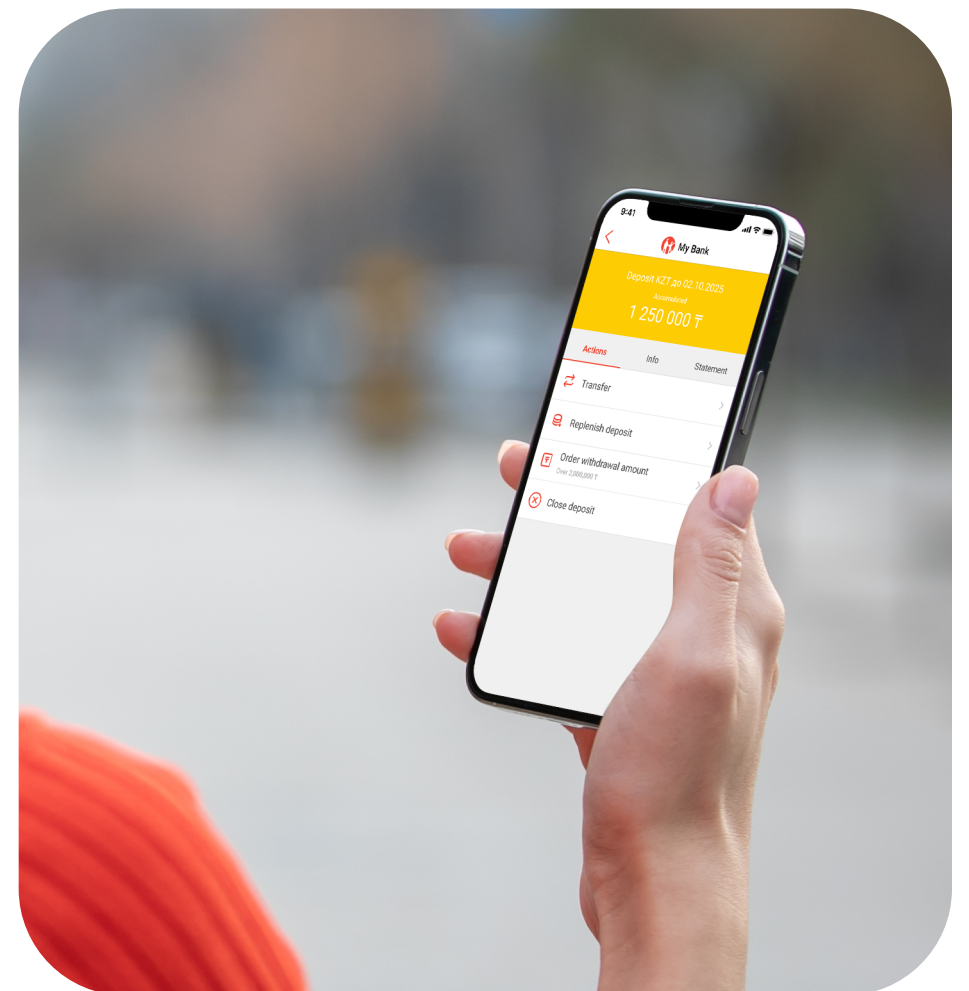
# Fintech Platform



**Buy Now Pay Later**



**Business Finance**



**Kaspi Deposit**

## Overview

Our Fintech Platform allows consumers to instantly and seamlessly access, through the Kaspi.kz Super App, our digital finance products including consumer finance and deposits. Our buy-now-pay-later (BNPL) consumer finance products are also integrated with the Marketplace Platform, which means that consumers can buy now and pay in monthly instalments later. With risk management technology that can make credit decision within seconds, we offer a seamless shopping experience.

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

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

The short-term nature of all our financing and more specifically BNPL products allows us to quickly ramp-up or scale back origination as we observe changes in the consumer environment. With this in mind, consistently throughout 2021, in line with the gradual recovery in consumer activity and transactions, we observed corresponding growth in our TFV. More recently, in the beginning of 2022 we took a more cautious approach to origination, due to increased volatility in the external environment.

## Performance

For full year 2021, Total Finance Value (TFV) increased 137% year-over-year to an all-time high of KZT4.3 trillion. This is faster than we had previously guided for due to stronger than expected Marketplace GMV growth, a stable consumer backdrop and the rapid growth of our new Kaspi Business and SME financing products.

Our average net loan portfolio increased by 72% year-over-year, reaching KZT2.3 trillion during the fourth quarter of 2021. Overall loan portfolio growth significantly below TFV growth is one of the benefits of our Super App origination strategy. Our consumers can take exactly what they need, via seamlessly integrated Fintech Platform products at the point of purchase and conveniently repay whenever they want, commission and penalty free. This results in growth in origination above average portfolio growth, lower cost of risk and more transactions on our Marketplace and Payments Platforms. For our consumers, in addition to convenience they carry lower levels of total indebtedness.

For full-year 2021 our average net loan portfolio increased by 42% year-over-year, reaching KZT1.8 trillion, with portfolio conversion of 2.4x. High portfolio conversion reflects higher early repayments levels, as healthy consumers borrow, transact and repay with increasing frequency. With consumer trends expected to remain broadly stable and our focus on low ticket origination, we expect to continue benefiting from rapid portfolio conversion throughout 2022.

BNPL and general-purpose loans now account for broadly similar shares of TFV, 42% and 38% respectively, during the final quarter of 2021. Our new Merchant and Micro Business Finance products continue to gain traction quickly, accounting for 8% of TFV, during the same period.

Fintech yield was 29.4% during full-year 2021 respectively, which is consistent with our guidance of around 30% throughout 2021.

Our underlying credit related cost of risk was broadly stable in 2021 at 1.6%. Stable and low cost of risk, despite significantly higher origination reflects ongoing improvements in our data driven origination capabilities, as well as our efforts to constantly improve the efficiency of our collection processes.

Fintech Platform revenue increased by 25% year-over-year to reach KZT566,114 million during full-year 2021. Lower yielding BNPL and Merchant Finance products slightly muted Fintech revenue growth, but these trends were in line with our guidance and with origination above 130% year-over-year in 2021, Fintech revenue growth will remain high into the first half of 2022.

For full-year 2021 adj. net income increased by 29% year-over- year to reach KZT222,298 million, with adj. net income margin reaching 39.3% from 37.8% in full-year 2020.

Assuming stabilisation in the macro-backdrop as 2022 progresses, we expect healthy TFV origination. Although we will continue to prioritise our BNPL product, we also expect our Kaspi Business merchant financing and SME products to continue scaling rapidly. BNPL integrated with Kaspi Travel is also expected to see strong growth.

We expect Fintech yield to be around 25% in 2022, which reflects the growing share of BNPL financing and Kaspi Business merchant financing. An increasing share of low-ticket, short-duration origination will ensure average loan portfolio conversion remains high at above 2x.

Fintech Platform should see solid top-line growth, even considering some yield reduction. With ongoing low cost of risk and tight cost control, we still expect another year of healthy profitability growth, even taking increasing deposit interest rate costs into account.

| Fintech KPIs                                | 2020  | 2021  | Growth |
|---------------------------------------------|-------|-------|--------|
| Revenue (bn KZT)                            | 455   | 566   | 25%    |
| Adj.Net Income (bn KZT)                     | 172   | 222   | 29%    |
| Adj.Net Income Margin                       | 37.8% | 39.3% |        |
| Number of Active Consumers - loans ('000)   | 3 621 | 4 858 | 34%    |
| Number of Active Consumers - savings ('000) | 2 121 | 2 799 | 32%    |
| TFV (bn KZT)                                | 1 833 | 4 346 | 137%   |
| Average Net Loans (bn KZT)                  | 1 274 | 1 815 | 42%    |
| Average Savings (bn KZT)                    | 1 829 | 2 460 | 34%    |
| Yield                                       | 32.6% | 29.4% |        |
| CoR                                         | 1.8%  | 1.6%  |        |
| Conversion rate                             | 1.4   | 2.4   |        |



# Our Growth Strategy

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

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

✓ Digital payments in Kazakhstan accounted for 78% of transactions in 2021, which is a dramatic transformation in a relatively short period. Although Kazakhstan is rapidly embracing all things digital, we still see scope to deepen digital payments penetration, especially across retail and SMEs, with dedicated B2B products addressing another segment ripe for transformation.

✓ Online retail sales, which accounted for 7.8% of the total retail market in 2021 are significantly below other markets. Our Marketplace also extends beyond online, enabling us to digitalise the entire retail experience with Kaspi.kz Super App and Kaspi QR technology.

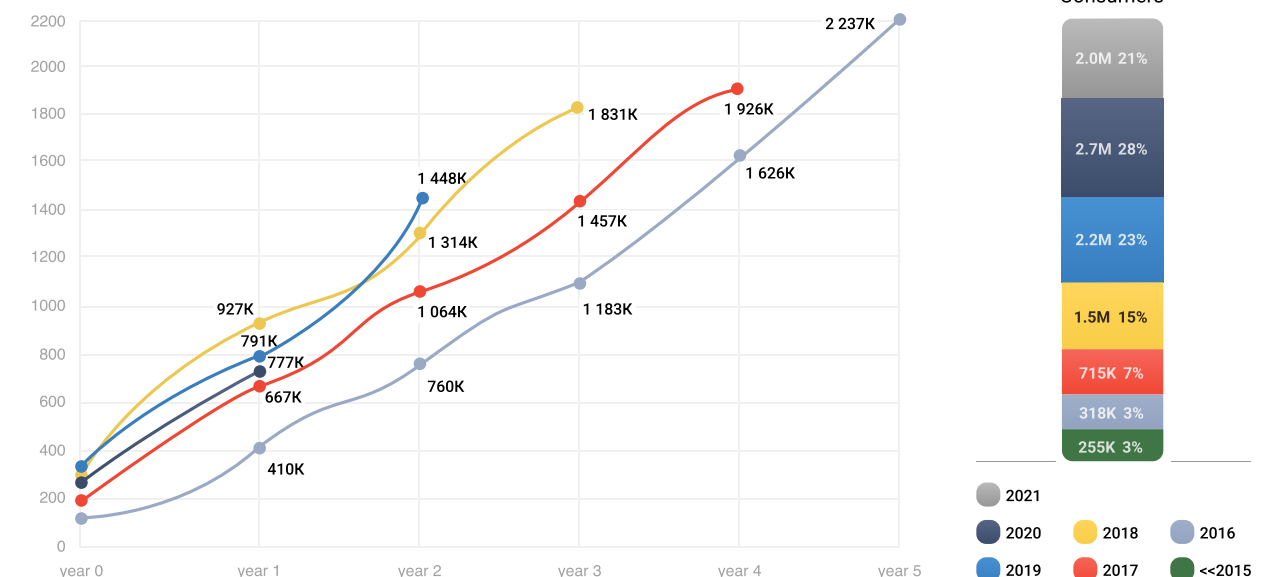
✓ Penetration of consumer financial services is low, with consumer loans accounting for only 7.6% of GDP in 2021 (based on data from the NBK and the MNE). Accordingly, total consumer indebtedness is low and stable, especially compared with other emerging markets.

In the near-term, regional macro volatility has increased. However, over the medium-term strong digital structural drivers should be supported by generally favourable economic trends. The Kazakhstan government led by President Tokayev, is also implementing numerous initiatives to restructure and modernise the economy. In 2022 Kazakhstan's real GDP is forecast by the MNE to grow by 2.1%, following strong growth of 4.0% in 2021. Extra oil & gas revenues should allow for a tangible expansion of fiscal stimulus and help government address social inequalities. Initiatives to reduce corruption, increase competition especially via the growth of SMEs and to attract foreign investment, should help ensure GDP growth of around 5% into the medium-term.

## Our Payments and Marketplace Platforms have significant growth potential

Cohort analysis for our Payments Platform shows that RTPV per consumer has increased 19x over 5 years and that both new and older consumers continue to contribute to strong RTPV growth. This is a result of continual efforts to add new opportunities to spend and pay, which is a function of new merchants and product development. With 72% of Payments Platform consumers coming from our 2019, 2020 and 2021 cohorts we expect strong RTPV growth to continue into the mid-term.

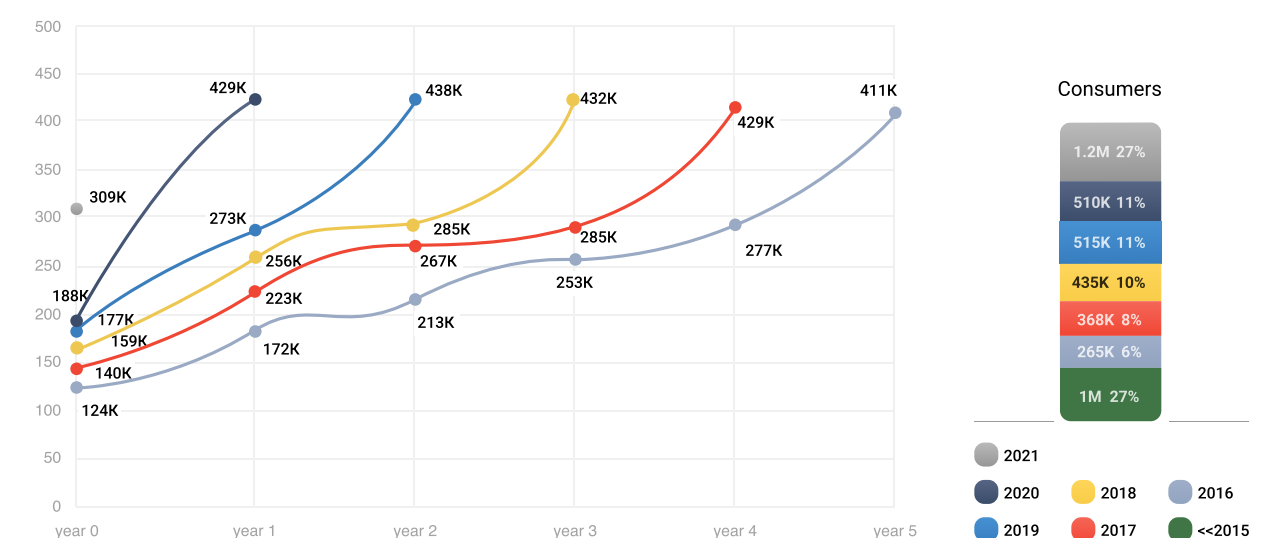
RTPV per consumer (KZT)



Marketplace Platform cohort analysis shows that GMV per consumer has increased 3.3x over 5 years and that both new and older consumers continue to contribute to strong GMV growth.

Growth in GMV is the result of adding new merchants and expanding the breadth and depth of our product offering. With 49% of Marketplace Platform consumers coming from our 2019, 2020 and 2021 cohorts we expect strong GMV growth into the mid-term, as we add more Marketplace merchants and SKUs.

GMV per consumer (KZT)



## We aim to grow consumers, merchants and transactions by expanding services and products on our Kaspi.kz Super App

As an innovation-driven company, we have a proven track record of introducing cutting-edge digital products and services that have been quickly adopted by our customers. All our services are instantly available to our consumers through the Kaspi.kz Super App and as they use multiple services and products from Payments, Marketplace and Fintech Platforms, this creates a virtuous cycle that drives further growth.

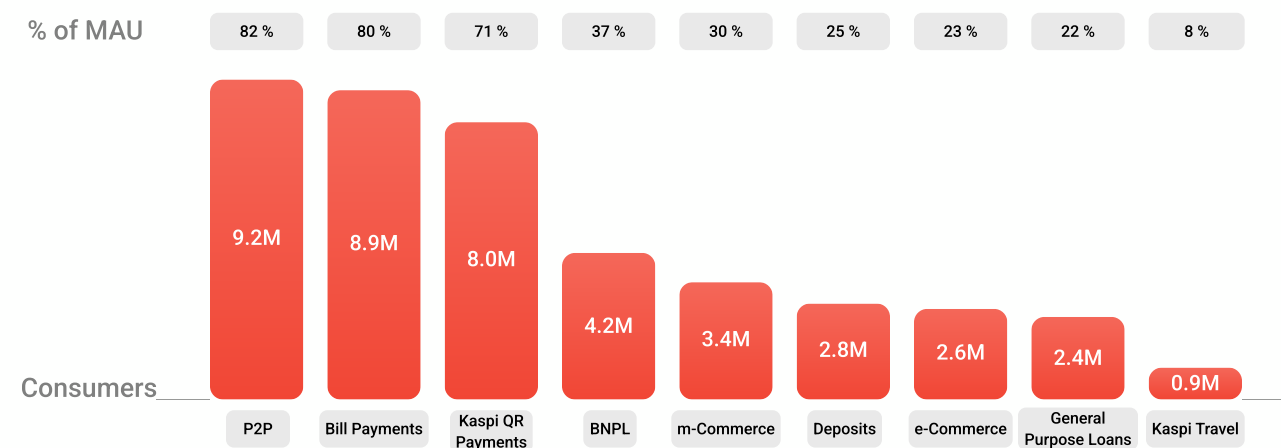
We will also continue to launch new products and services and the success of Kaspi Travel in 2021, proves that a large and highly engaged Super App consumer and merchant base can be quickly leveraged into new sizeable and fast-growing markets. In 2022 and beyond, we will aim to repeat this success with Kaspi e-Grocery, which is a massive future opportunity and if we're successful will have dramatically positive implications for the level of Super App engagement. By leveraging Kaspi.kz Super App infrastructure, we expect new initiatives to quickly have market leading shares, sustaining our top-line growth and profitability into the medium-term.

## We will increase consumers usage of our entire range of services

With 11.2 million MAU we have a high level of scale with consumers. Products like P2P, Bill Payments, BNPL and Kaspi QR are the foundation of our day-to-day relationship with consumers. Going forward, we will grow less mature services including m-Commerce, e-Commerce, Kaspi Travel and our recently launched e-Grocery proposition.

These services all help our consumers discover the products they need, at the best possible prices, from local merchants, with the convenience of free delivery, ultimately saving consumers time and money. With consumer penetration across our full range of Super App services still low, here too the opportunity ahead remains significant.

Consumer products penetration



## We can scale further with merchants

We finished 2021 with 242k active merchants. This represented a substantial increase over the previous 12 months, but we're still in early days of our plan to grow our merchant base. With an even greater focus on innovation for merchants, we believe we can scale this number further over the next couple of years.

As with our consumer strategy, we must also increase merchant penetration of our entire suite of dedicated products. Kaspi QR, m-Commerce and Instant Invoicing all facilitate merchant acquisition. In turn, with a large and highly engaged merchant base, we can now grow earlier stage merchant services including financing for merchants and SMEs, e-Commerce, Kaspi Delivery and Kaspi Marketing. These products all help our merchants invest in their businesses, increases sales, reach new customers and the growth opportunity ahead is substantial. A large and compelling merchant base, combined with high quality and innovative digital products, drives ongoing strong transaction growth across all our platforms.

In 2021, Kaspi Pay B2B emerged as an extremely fast-growing component of our RTPV. Our B2B proposition is primarily targeted at small retail merchants and allows them to settle their invoices from wholesalers instantly and conveniently. Although still early days, we believe Kaspi Pay B2B can emerge as a transformative product, put us in pole position to design other innovative merchant products and is another way we can help Kazakhstan's SMEs go from strength to strength.

We see additional medium-term opportunities in various areas of merchant operations, including accounting, HR, logistics and inventory management.

## Kaspi.kz can play a role in digitalisation beyond Kazakhstan

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

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

# Our Competitive Strengths

In 2021 Kaspi.kz delivered another year of record-breaking user and financial growth. Despite us having raised the bar multiple times throughout 2021, every platform finished the year delivering better than expected results. With best-in-class execution, the Kaspi.kz team keeps delivering for our customers, Kazakhstan and our shareholders.

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

## **Kaspi.kz Super App is Kazakhstan's leading mobile app**

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

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

The Kaspi.kz Super App is the gateway to all our platforms for consumers. With 11.2 million MAU the Kaspi.kz Super App is one of the most popular mobile apps in Kazakhstan. Our Average DAU to MAU ratio increased to 62% in December 2021, which is amongst the highest levels of user engagement of any leading Super App globally.

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

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

## **Kaspi Pay Super App is being rapidly adopted by merchants across Kazakhstan**

Kaspi Pay is our dedicated Super App for merchants. In 2021, merchant adoption happened at a phenomenal rate and we finished the year with 242K merchants, up 353% year-over-year. Eighteen months post launch, Kaspi Pay has firmly established itself as the country's digital payments platform of choice.

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

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

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

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

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

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

Our Marketplace Platform connects both online and offline merchants with consumers, enabling merchants to increase their sales using an omnichannel strategy and consumers to buy a broad selection of products and services, at the best possible prices from a wide range of merchants. In particular, Kaspi Marketplace champions domestic Kazakh brands and merchants. m-Commerce is our mobile solution for shopping in person, while consumers can use e-Commerce to shop anywhere, any time with free delivery. Taken together we offer a unified shopping experience, irrespective of online or offline, making us relevant across practically all areas of consumer spending. Marketplace Platform's total GMV was equivalent to 13.8% of Kazakhstan's retail trade in 2021 (MNE).

Through the Fintech Platform we offer our consumers and merchants instant and seamless mobile access to digital finance including our buy-now-pay-later, consumer & SME finance and deposit products.

## **An excellent user experience**

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

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

We are user-centric and we work to ensure that everyone involved in the creation and execution of our products does so with a user-centred design philosophy. Our teams design products and the experiences for the people who use our solutions. Net promoter score (NPS) is the primary way we collect feedback and track customer satisfaction. The data and results we derive from NPS surveys, form an integral part of our product development process. In 2021, we achieved a strong NPS of 80 (based on a rolling 12-month average), demonstrating that 8 out of 10 consumers recommend our Super App and its services to friends and family.



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

Our Active Consumers make on average around 50.6 transactions per month. Transaction data covers all aspects of consumer spending habits and is combined with social, financial and behavioural digital data from Super App usage.

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

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

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

### Highly integrated services and leading market shares contributes to highly profitability

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

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

New products and services can be scaled more quickly and profitably, than would be the case for the equivalent stand-alone service. For example, Kaspi Travel reached profitability just 3 months post launch and by the final quarter of 2021 was run-rating 1.8mn tickets sold per quarter.

In 2021 our adj. net income margin reached an all-time high 48.6%, up from 42.8% in 2020. Our highly scalable business model is also designed to be capex light and highly cash generative. In 2021 this allowed us to return KZT 340 billion, to our shareholders.

### Long-standing team and unique corporate culture

Our corporate culture is central to our success and is based on our mission of leveraging technology to improve the everyday lives of people. The key members of the management team have each been with the company for more than 10 years. The team has a global and regional perspective combined with experience acquired at the world's leading academic, financial and technology institutions.

We believe that even large organisations need to stay innovative and we therefore foster an environment that inspires teamwork, constant improvement and a relentless focus on delivering the best possible experience to our customers.

Following our IPO, we introduced an LTIP program in 2020. In September 2021, the program was expanded to include 74 senior executives and other key personnel, who will receive Kaspi.kz share options. The expansion of our equity settled LTIP program to a broader number of employees is another step aimed at differentiating our corporate culture in Kazakhstan and ensuring our best employees are incentivized into the long-term.

# 2021 Social Impact Report

## Mikheil Lomtadze on Kaspi.kz and social responsibility

From the very beginning, Kaspi.kz's central purpose has been to develop modern digital products that improve people's lives. To achieve this, we first and foremost must continue to deliver growth, increased competitive advantage and strengthen our position as Kazakhstan's leading Super App. We also must also work to advance the needs of a wider group of stakeholders, namely our employees and the community in which we live and operate.

Over the last year Kazakhstan's government has committed to significant social and economic reforms, to increase living standards and achieve more equal prosperity. We believe the government's modernisation agenda is entirely aligned with our mission. We are excited about the potential for change and the role Kaspi.kz can play. Some of the areas where we aim to lead from the front, as well as make progress on long-term Environmental, Social and Governance (ESG) initiatives include:

### Customers

Kaspi.kz's most important stakeholders are our customers, both consumers and merchants. Every transaction we facilitate, deepens our relationship with our customers and leads to a bigger multiplier effect across society.

### Consumers

We help our consumers buy a broad selection of products and services, at the best possible prices from a wide range of merchants. In 2021, 4.5 million Marketplace consumers, generated sales of KZT 1.8 trillion.

Kaspi BNPL continues to prove itself as a convenient and affordable source of financing for consumers to facilitate their day-to-day purchases. We provided 60 million BNPL loans, with many of them being interest free for consumers.

With Kaspi Delivery, consumers can purchase and merchants can sell nationwide. In 2021 we delivered 8.4 million orders, with 52% delivered in ≤2 days. Increasing scale and advances in our technology are transforming the mobile shopping experience and helping narrow socioeconomic differences across Kazakhstan's regions.

### Merchants

We promote inclusion and the formalisation of payments and commerce. Led by Kaspi Pay, we served 242 thousand merchants and across our entire Payments Platform carried out around 2 billion secure transactions.

With a focus on domestic Kazakh merchants and brands, including SMEs we are playing an important role helping local businesses adapt to the new post Covid environment. Looking forward our technology solutions give merchants the best possible chance to grow and operate efficiently.

### Government

Digitalisation drives GDP growth. However, we believe mobile digital technology not only makes commerce but many aspects of life easier.

With this in mind, we strive to be an enabler of digital modernisation. As part of Kaspi GovTech, we work hand in hand with Kazakhstan's Ministry of Digital Development and other government agencies to help digitalise important public services. Making Covid-19 tracking and check-in functionality available on the Kaspi.kz Super App, is one such example.

All our GovTech services are fully digital, eliminating the need to visit physical government offices. We immediately make our GovTech products available via open architecture to make them available to as many users as possible.

We participate in both President Tokayev's IT Committee and National Investor Committee. This enables us to share our experience and work to remove the obstacles to digitalisation in Kazakhstan.

### Employees

We continue to hire the best professionals on the market to support both our existing products and future plans. Our Kaspi Lab's corporate university program is specifically designed to recruit Kazakhstan's top University graduates and offers courses in data science, Java and net development. We received over 20 thousand applications and 107 students graduated from Kaspi Labs in 2021. Our internal culture promotes long-term learning and development.

### Sustainability and community

In 2021 we green lighted our latest data centre project, which will not only provide the technological capacity to allow us to continue scaling our business well into the future, but will enable us to use the most environmentally friendly technologies and renewable energy.

We remain committed to generating opportunities in the communities where we operate, accompanying social organisations and working with different education and technology organisations to the open the doors of technology, knowledge and economic prosperity to many more people.

Other ways in which Kaspi.kz has contributed to the broader community over the last year have included:

- We have hosted representatives from many of the world's largest investment companies in Kazakhstan. Foreign investors have subsequently met with President Tokayev and senior members of the Kazakhstan government. These meetings have allowed the exchange of views on the best ways to increase the inflow of foreign investment into Kazakhstan. Investors also emphasised to the government the importance of ESG principles, as part of Kazakhstan's investment and reform agenda.
- In cooperation with Qazaq Geography, we are developing multiple programs, aimed at protecting the environment, improving the climate, developing science, creating modern infrastructure and initiatives to beautify Kazakhstan's national parks.
- At the start of 2022 we voluntarily donated KZT10 billion to charitable fund 'For the People of Kazakhstan', which was established by the instruction of President Tokayev. The fund provides charitable assistance in fields such as healthcare, education, sports and social support as well as financial support for socially vulnerable people.

We're proud of the role we play in Kazakhstan and are certain that we can always strive to do more, while ensuring that our actions today will contribute to better future outcomes for all.

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**Mikheil Lomtadze**

## Kaspi.kz and the U.N. Sustainable Development Goals

The United Nations' Sustainable Development Goals (SDGs) are a global initiative to achieve a better and more sustainable future for us all. Represented by 17 Global Goals and 189 targets, the SDGs address challenges of poverty, inequality, climate change, environmental degradation, peace and justice. We see many aspects of Kaspi.kz's business activities and key priorities that align with these important goals.



### THE GLOBAL GOALS For Sustainable Development

We have highlighted 5 areas, detailed below, where Kaspi.kz's products, services and strategy have the greatest impact. However, we are committed to responsibly managing our business in a way that is consistent with all UN SDGs.



#### Goal 1 No poverty

##### Target 1.4

**Ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources**

##### Consumers

- Kaspi.kz's Super App is used by around 70% of Kazakhstan's adult population and usage continues to grow. Daily engagement reached 62%. Mobile internet penetration in Kazakhstan is >70% and the cost of mobile internet access is low vs. other developing countries.
- Basic payments and fintech services including Kaspi Gold, Kaspi Bill Payments, P2P Payments, Kaspi Pay and Kaspi Deposit are available free of charge to all consumers. Consumers can sign up 24/7, fully digitally, without the need to visit a physical location.
- Using our Super App consumers can register and receive critical government services such as their pension and child benefit directly into their Kaspi Gold card.
- 6.9 million MAU's of GovTech services in 2021. 'Digital Documents' recently added- users can access their ID's, vaccination passports, driver's license, marriage certificate, birth certificate and other digital documents in the Kaspi.kz Super App. GovTech product suite to be substantially broadened in 2022. All products are designed using open platform architecture and available on alternative and competing platforms.

- Large user numbers combined with high and growing engagement illustrates the significant impact we have had in Kazakhstan since the launch of our Super App in 2017.

##### Entrepreneurs

- SMEs and entrepreneurs, many of whom prior to becoming Kaspi Pay merchants, operated in the informal economy, can register their business as a legal entity via the Kaspi Pay Super App in around 10 minutes, fully digitally.
- Kaspi Pay merchants can access basic business services including the ability to accept non-cash payments from their customers. Priced at just 0.95% of turnover, Kaspi Pay is materially cheaper than competing acquiring products (2.5-3%). All merchants pay the same take-rate, irrespective of volumes.
- Kaspi Pay uses QR based payments technology. We chose QR because it can be adopted quickly, without requiring merchants to invest in expensive hardware. In its simplest form, merchants can print & display their unique Kaspi.kz QR code. 200K merchants added in around 12 months and strong growth expected to continue.
- We have launched a simple, low-cost merchant financing product, especially designed to help SMEs and entrepreneurs invest and grow their businesses. Around 140k users of our SME and merchant financing product in just over 12 months. Previously merchants operating in the informal economy lacked access, to affordable capital.
- The opportunity ahead remains substantial; in 2020 the Kazakhstan government estimated there are >1.2 million micro and small businesses.



#### Goal 2 Promote lifelong learning opportunities for all

##### Target 4.4

**Substantially increase the number of youth and adults who have relevant skills for employment**

- We're one of Kazakhstan's largest private sector IT employers, employing over 1,000 IT employees and 240 data engineers and analysts. Other highly skilled teams include UX & design, risk management and product development.
- In Kazakhstan, experienced IT professionals are in high demand and so we usually recruit University graduates. We then offer a mix of classroom and on-the-job training and development. Our Kaspi Labs program which is specifically designed to recruit Kazakhstan's top University graduates, offers courses in data science, Java and net development. We run recruitment campaigns throughout Kazakhstan's regional cities. Avg. length of service for IT/data employees is 5 years +.
- We regularly send members of our senior management team to Harvard Business School (HBS) to participate in their executive education program.
- HBS continues to teach its 2020 Kaspi.kz case study.





Goal 5  
**Gender equality**

**Target 5.5**

Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life

- We are committed to cultivating a culture of equal opportunities for all, including maintaining gender pay equality and advocating for public policies aligned with our values, such as around maternity leave opportunities.
- We are committed to the ongoing disclosure of transparent workforce representation metrics. Around 60% of our employees are female, including around 30% of our most senior/ Managing Directors.



Goal 8  
**Decent work  
and economic growth**

**Target 8.2**

Achieve higher levels of economic productivity through technological upgrading and innovation, including through a focus on high value added and labour-intensive sectors

- Our Marketplace platform enables merchants, including SMEs to reach 11 million MAUs. We offer digital payments, logistics, marketing and finance tools as part of our Marketplace proposition. Local merchants can sell nationwide, in many cases for the first time, aided by Kaspi Delivery. In 2021 around 30% of e-Commerce orders were delivered in 24 hours. We use our scale to negotiate better delivery terms on behalf of merchants and currently subsidize delivery costs.
- With 122K Marketplace merchants, we see substantial scope to grow our Marketplace Platform. Marketplace's leading market position in Kazakhstan and increasing GMV per consumer which increased 50% YoY in 2021, illustrates the structural impact this service is having. We estimate large merchants experience an average 30-50% uplift to their sales over the next 12 months, having signed up to our Marketplace Platform, with small and mid-size merchants seeing an even more substantial increase.

- We have developed a range of front-end solutions to modernise consumer and merchant related government services. Post the launch of our consumer tax payments service, Kaspi.kz's Payments Platform became a highly popular tool for individuals to pay their income taxes. We're currently developing simple tools that will help micro and small merchants calculate and pay their business taxes.
- In the medium-term, we will launch our Marketplace Platform across the CIS region which will allow Kazakh merchants to expand their addressable market and many foreign brands to enter Kazakhstan for the first time.

**Target 8.3**

Promote development-orientated policies that support job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro, small and medium-sized enterprises

- In recent years, Kazakhstan's economy has gone from 80% to 20% cash payments, with Kaspi.kz being an important technology conduit for this dramatic transformation.
- Kaspi.kz Pay is targeted at all merchants, large and small, but has been a game changer for micro and small enterprises including merchants that had previously operated in the informal economy. Merchants are required to register their legal entity, which they can do digitally through the Kaspi Pay Super App. Small merchants can immediately accept payments using the Kaspi Pay app-based scanner. We give large merchants physical POS terminals free of charge. Approximately 30% of POS devices are physical terminals with the majority being app based. We source and manufacture physical terminals to our own proprietary specifications and will recycle used terminals at the end of their life.

Prior to the launch of Kaspi Pay the overall PoS market in Kazakhstan had been stagnant for many years.

- Kaspi Pay merchants have access to a range of additional services in addition to acquiring, including merchant financing, marketing services and business management software.
- Kaspi Pay merchants often become Marketplace, including e-Commerce merchants.

- Our e-commerce solutions, allow all types of merchants to sell directly to our 11 million Super App users. Consumers can find the products they need, with the best prices and delivery terms from both domestic and international merchants. We provide free delivery for consumers. Over 30% of orders are delivered within 24 hours, with Kaspi Delivery powered by our own digital technology. In 2021 we launched 3-hour delivery in Kazakhstan's largest cities.
- We are a pure third-party Marketplace and so do not compete directly with our merchants. We succeed when our merchants successfully grow their business. We do not require merchants to work exclusively with us and many of our merchants can be found on numerous competing e-commerce sites. Our 8% Marketplace take-rate in 2021 is in many cases lower than the rates charged in other countries by leading e-commerce providers. All merchants within the same vertical, pay the same take-rate and we do not offer larger merchants discounts. Merchants cannot pay for increased visibility in our Marketplace.

#### Target 8.10

**Strengthen the capacity of domestic financial institutions to encourage and expand access financial services for all**

- We aim to digitalise everyday financial services, payments and shopping and our core products and services are accessible to all adults 24/7, without fees and via our Super App. Kaspi Guide, available via our Super App, provides consumers with easy-to-understand product information. In 2022 we plan to launch Kaspi Guide Chat, which will allow customers to ask us their questions and receive answers in real time. We use our proprietary face recognition and e-sign technology to provide an entirely digital user experience.
- Our core lending product, BNPL, is low ticket, short duration and facilitates day-to-day household transactions, without increasing consumer indebtedness. 3-month BNPL is free for consumers, and for interest bearing loans, we always present the total cost of the loan in simple and easy to understand terms, as well as the APR rate.
- Kaspi Pay is an end-to-end solution and uses our own proprietary security and risk management. This reduces abandoned transactions and fraud vs. traditional 3D verification technology.
- Kaspi Kids enables us to provide digital financial services to under- 16's.



#### Goal 9

**Promote inclusive and sustainable industrialisation and foster innovation**

#### Target 9.1

**Develop quality, reliable, sustainable and resilient infrastructure to support economic development and human well-being, with a focus on affordable and equitable access for all.**

- Kaspi Pay uses QR technology which is highly scalable and cost effective, especially for SME merchants. For cross border transactions, Kaspi Pay automatically switches to global payments networks.

#### Target 9.3

**Increase the access of small-scale industrial and other enterprises, to financial services**

- Kaspi Pay is relevant for all merchants, but its QR technology is especially suitable for SME merchants, many of whom have had no formal payments infrastructure previously.
- In 2022, we plan to scale other payments products including solutions for B2B payments, which will help merchants better manage their supplier payments and working capital.

#### Target 10.c:

**Reduce to less than 3% the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5%.**

- For international transfers via the Kaspi.kz Super App, our average remittance cost was below 3% in 2021. Via our Super App we offer Tenge, Euro, Ruble and Dollar international instant remittance.

## Kaspi.kz Super App technology is an enabler of economic prosperity

We believe access to digital solutions is a keyway to improve living standards, reduce regional inequalities, promote formality, and accelerate economic and social development.

Widely available and affordable mobile internet access, combined with high quality digital fintech and payments products helps everyone, regardless of their economic situation, play a leading role in their financial lives. We want to promote access to digital fintech services that allow individuals, SMEs and entrepreneurs to grow and develop, contributing to Kazakhstan's economic transformation.

One of our core beliefs is that Super App technology can be a tool to modernise the economy, reduce costs and eliminate inefficiencies that impede economic development, whether for merchants or consumers.

Kaspi.kz's Super App products are accessible to everyone that has a smartphone and our services are designed to transform traditional approaches to payments, financing and shopping. We offer consumers and merchants solutions that facilitate basic financial transactions and access to savings and credit and thanks to our Super App, we are enabling more and more consumers and merchants to connect and operate in the formal economy. The long-term result should be that Kazakhstan's have a greater than ever chance to increase their incomes and be more resilient to the ups and downs of the economy, improving their quality of life.

## Entrepreneurship is essential for prosperity

We believe that entrepreneurs and SMEs play a fundamental role in driving economic development.

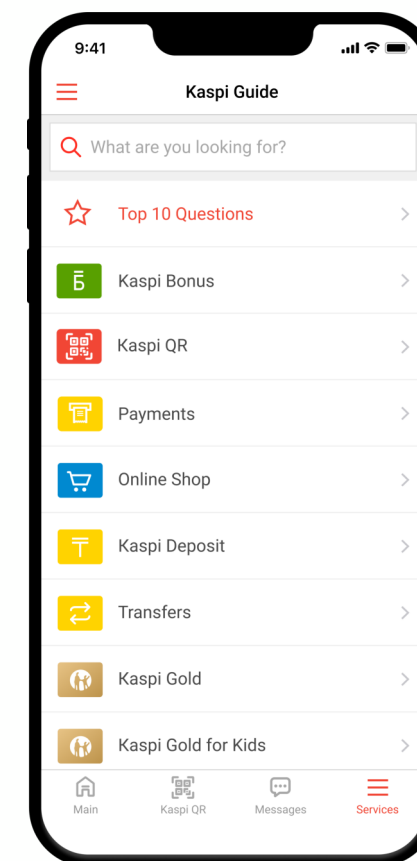
All our solutions aim to help the Kazakhstan entrepreneurial community maximize its potential. We create value for entrepreneurs and SMEs by promoting their digital and financial inclusion; we show them how to take advantage of e-commerce opportunities and expand their business. We do this by putting Kaspi Pay at the heart of everything we do. Kaspi Pay especially helps small scale entrepreneurs, that previously lacked access to the traditional financial system and payments platforms.

## Responsible lending is fundamental to our relationship with customers

### Financial education

Many of our customers want to learn more about how to get the most from Kaspi.kz.

Kaspi Guide is a self-service tool which we have introduced to provide a convenient one-stop utility that contains comprehensive information on each of our products and services. We have structured Kaspi Guide as a user-friendly Q&A with short and precise answers to frequently asked questions, as well as video instructions, which we believe will better assist our consumers in explaining a product.



Recently we started testing Kaspi Guide Chat, which will allow our consumers to ask our Guides their questions and immediately receive the answer.

We run multiple education campaigns aimed at helping consumers to protect their personal data and identify fraudulent behaviour.

### Loans

With Kaspi BNPL our consumers can take exactly what they need, via seamlessly integrated Fintech Platform products at the point of purchase. We have developed a highly automated, centralised and big data-driven proprietary loan approval process that enables us to make high-quality credit decisions in real time within seconds. During this process we extensively use our data mining, machine learning and big data analytical capabilities. In 2021, our systems allowed us to make 99.9% of consumer loan approvals within six seconds. With technology-based solutions and scoring systems based on artificial intelligence we can make high quality and responsible lending decisions. We offer the possibility of accessing money quickly through our Super App, in a simple and secure way. Consumers can conveniently repay whenever they want commission and penalty free.

If a loan does become 90 days overdue, we issue a termination letter declaring that the outstanding principal amount of the loan, accrued interest and penalties are immediately due and payable. We do not accrue any interest or penalties beyond 90 days of delinquency. Due to legal changes this has recently become market practice in Kazakhstan but has been a core rule of ours for many years.

Our new Merchant and Micro Business Finance products continue to gain traction quickly, accounting for 7% of TFV in 2021. With many Kaspi Pay merchants having only just joined the formal economy, we are often offering lending



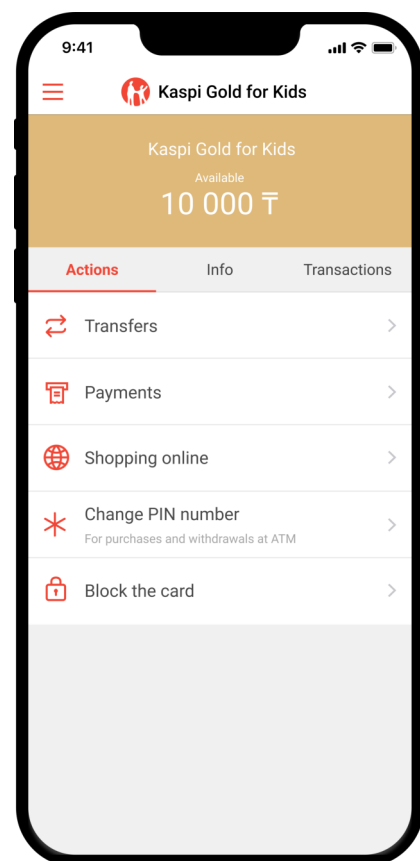
solutions to merchants that previously did not have access to credit and directly contributing to the financial inclusion of entrepreneurs and SMEs.

### Savings

With Kaspi Deposit consumers can save, earn competitive rates of interest and immediately access to their money, without losing interest. Deposits are guaranteed by the Kazakhstani Deposit Insurance Fund.

### Kaspi Kids

In 2020 we launched Kaspi Kids aimed at children 10 years and older which we hope will introduce future generations to basic financial education. Our young consumers receive a digital Kaspi Gold account to which money can be transferred from another account and can make payments with Kaspi QR codes. To date, 540 thousand Kaspi Kids accounts have been opened.



## NPS is our single most important key performance indicator

Our corporate culture is designed to maximize customer happiness. We use Net Promoter Score (NPS) as our principal indicator of customer satisfaction and loyalty. NPS allows us to hear what our customers have to say to us, understand their needs, detect the main sources of dissatisfaction and informs future product development so that so that we can increase our relevance to more customers in the future.

We collect NPS scores through roughly 40,000 phone calls each month. The measurement is based on a key question: How likely is it that you would recommend Kaspi.kz to others? This question can be answered with a score from 0 to 10, where 0 is “not at all likely” and 10 is “I would definitely recommend it.” Based on the results, we segment users into Promoters (9-10), Passives (7-8), or Detractors (0-6). The NPS is calculated as the difference between the percentage of Promoters and Detractors. It can range from -100% (all detractors) to +100% (all promoters).

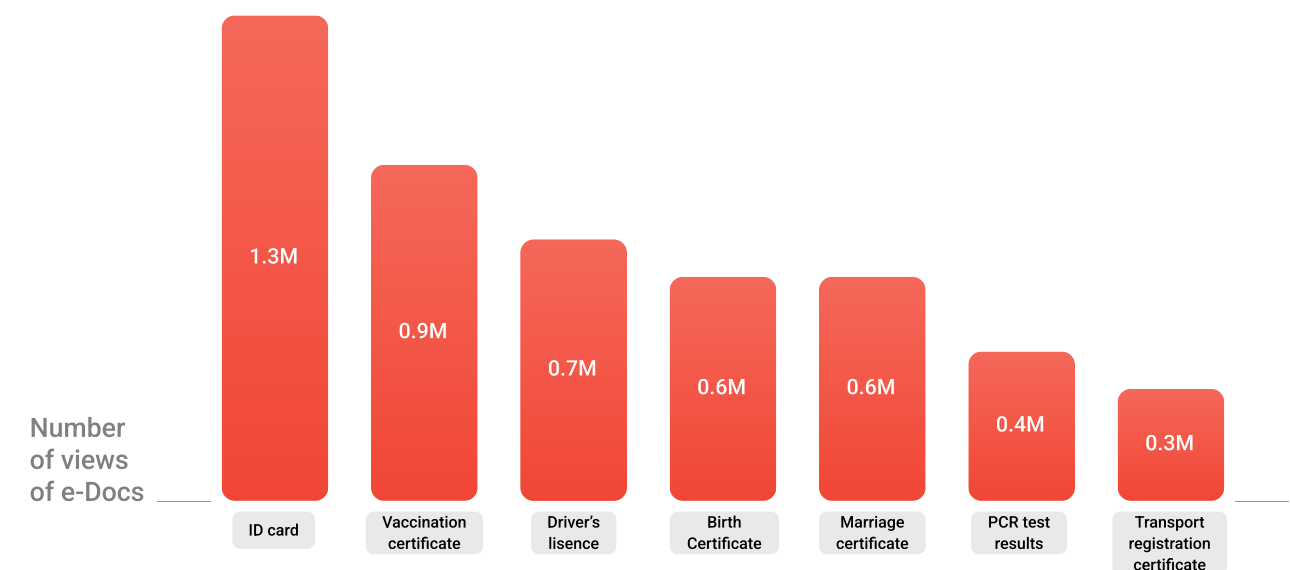
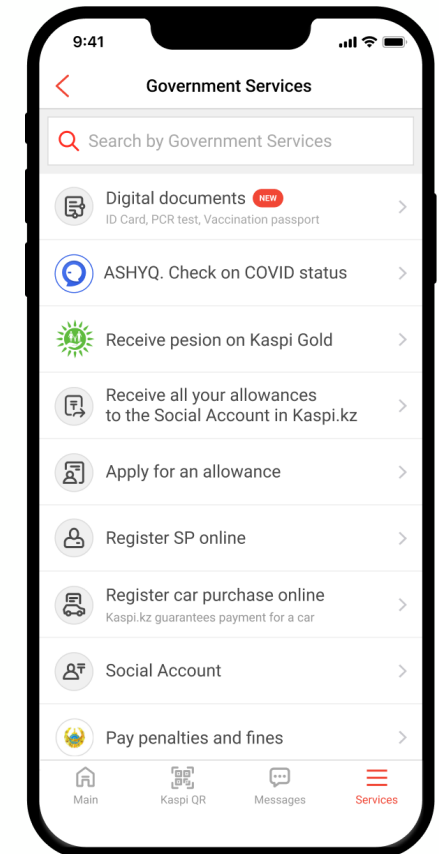
NPS results are designed to be highly actionable. The NPS Analytics team, which is part of our Customer Experience structure, is responsible for analysing the quantitative and qualitative aspects of the survey to identify opportunities for improvement. The Analytics team serves as ‘the voice of the customer’ and then works with the different areas of the company to seize relevant opportunities.

We demonstrated a strong Net Promoter Score of 80 (based on a rolling 12-month average as of end-2021), demonstrating that 8 out of 10 consumers recommend our Super App and its services to friends and family.

## GovTech is our initiative to help digitalise more aspects of everyday life in Kazakhstan

In recent years we have worked hand in hand with various government agencies including the Ministry of Digitalisation to prioritize the addition of high frequency GovTech services to the Kaspi.kz Super App. Kaspi.kz’s users register vehicle purchases, register businesses, pay taxes and fines, receive pension and other social payments directly into their Kaspi Gold wallet, amongst other services. We also added Covid-19 tracking and check-in functionality to the Kaspi.kz Super App.

Recently launched high frequency GovTech services are already used regularly by a third of our Super App user base, boosting our reach and relevance. All services are fully digital, eliminating the need to visit physical government offices. We immediately make our new GovTech products available via open platform, so that other popular online platforms can quickly adopt them and make them available to as many consumers as possible.



## Data privacy, protection from fraud and platform security

### We maintain the highest standards of customer data protection

We collect data about our users and their day-to-day interactions across our Super App and platforms. Our ability to analyse significant volumes of proprietary data is one of our most important competitive advantages and contributes to superior product development and risk management. If we're to continue doing this, Kaspi.kz must remain one of Kazakhstan's most trusted brands and we must ensure the highest standards of personal data management. As a result, we continuously evaluate our approach to privacy and identify ways we can best service our customers and further protect their data.

We are transparent about the data we collect and how we use it. The main use of the data we collect is the provision of services by us and all customers must consent to our data policies. Customers can find additional information and answers to their questions using Kaspi Guide on our Super App.

Data protection is embedded in product design and leveraged across all Kaspi.kz platforms. We continually invest in systems and processes, with a focus on agility and innovation, to improve the safety and security of our products. We have a strict internal compliance program and we collaborate with external agencies to align with the highest international privacy standards. Annual audits tell Kaspi.kz users that all our processes related to data processing, storage and transmission of data are protected at the highest level.

For our consumers, we also run multiple education campaigns aimed at helping them to protect their personal data and identify fraudulent behaviour.

We must comply with data protection and privacy laws in Kazakhstan. The Law of the Republic of Kazakhstan "On Personal Data and the Protection Thereof" no. 94-V ZRK, dated 21 May 2013 (as amended) is a special legislative act that established a framework for the protection of personal data. Failure to operate effective data controls in respect of the collection, use, processing and storage of such personal data, as prescribed by law, could potentially lead to administrative fines, financial costs, reputational damage and undermine trust in Kaspi.kz's Super App and brand. We will continue to work constructively with government bodies as the regulatory landscape evolves.

We respond to government agencies requesting the disclosure of different types of user information in accordance with legal requirements. In general, the requested information relates to user data, transactions across our platforms and the login IP address, among others.

We do not and never will sell our customers data to third parties.

### We work hard to protect our customers from fraud

We take a proactive approach to protecting our customers and use technology initiatives to limit fraudulent behaviour on our platform and protect our customers.

Proprietary customer onboarding technology incorporating biometrics, e-sign and other identity verification checks helps us to detect fraudsters early. Removing the password requirement and using 2-factor authentication for new device sign ups helps substantially mitigate the risk of external breaches, while simplifying the sign on process so that customers have quick and secure access. One consumer can only ever have one real-identity Kaspi.kz wallet.

Our Payments Platform uses its own proprietary 3D transaction and risk management system, that directly connect consumers and merchants. This is superior to traditional payments risk management systems, that need to verify transactions across multiple external parties. Our internally developed AI and machine learning capabilities and ever-increasing quantities of proprietary user spending and behaviour data, enhances our ability to detect fraudulent transactions and protect accounts from abuse.

Our consumers and merchants can conveniently and easily directly manage transaction security, themselves using the Kaspi.kz and Kaspi Pay Super Apps. Consumers can set up their own security limits for internet transactions and we can confirm transactions directly via our app. Ease of use also helps merchants, who benefit from higher sales conversion at checkout via seamless sign-on for their customers.

Our various initiatives enable us to keep undetected fraud at extremely low levels and we have also consistently reduced the share of transactions that we block due to suspected fraud to less than 0.1%.

The combination of low fraud and low number of blocked transactions is testament to the effectiveness of our fraud prevention systems.

We strive to ensure our platform is safe and reliable for all to use and expect all customers, both consumers and merchants, to comply with our acceptable use policy, which outlines prohibited activities and conduct. We work proactively to identify violations and take remedial action, ensuring the long-term health of Kaspi.kz and its platforms.

### We use technology to reduce cybersecurity risk

We have designed security policies to protect all flows and processes associated with the data of Kaspi.kz merchants and consumers on our platforms.

Our IT Security function includes steps to ensure the prevention and detection of malicious software, as well as security management across the entire infrastructure that supports the Kaspi.kz Super App. Our methodology aims to identify the threats and vulnerabilities in our processes and implement controls incorporating confidentiality, integrity, and availability. Each new business flow is reviewed by IT Security before going to market.

Internal KPIs are used to evaluate the effectiveness of our actions. These metrics are continuously analysed to fine-tune processes. Our IT risk team reviews security events identified and regularly evaluates its objectives before our business leaders. This process allows us to identify the main vulnerabilities that may affect our platforms and take action to ensure their protection.

The risk management process is PCI DSS compliant. We also use and comply with SWIFT, GDPR and ISO 27001-5 Information Security Management System standards.

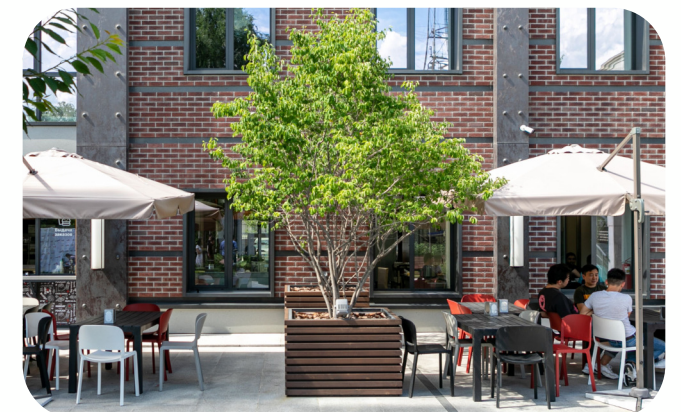


## Employees & culture at Kaspi.kz

We understand that to continue developing innovative products for our customers and generate value for all our stakeholders, we must attract, develop and retain the best possible talent. Values embedded in our culture including team-work, integrity, continued learning, innovation and accountability are key to our efforts to develop our human capital and long-term success.

Our commitment to our employees has never been tested more, than over the last couple of years. The Covid-19 pandemic and more recently civil unrest in Kazakhstan led to unprecedented demands on our employees personal and professional lives. We remained steadfast in our commitment to our employees, taking steps to prioritise their safety, health and wellbeing throughout.

In 2021 we also opened new state of the art office facilities at our head office in Almaty. We aim to create one of the best places to work and modern office space and the related wow factor that comes from this are just one aspect of this strategy. Our new office facilities include the latest environmental management systems.





## Directly Responsible Individuals is a key principle

The term directly responsible individual refers to the one person, with whom the buck stops on any given product. Our structure is built around cross-functional teams organised by product. Each team has a leader, or product head, who is generally appointed from within the business and assigned ultimate accountability for the specific product. All questions on a product are addressed to the product leader. This form of direct responsibility helps us make decisions quickly, achieve a customer centric culture and ensures our business leaders grow quickly.

## We track employee satisfaction

We regularly track employee engagement, continually aim to improve internal communication and make changes to our policy and practices were needed. Employee feedback informs the development of new employee tools and resources and delivers insights to managers across the business to fuel further improvements.

## Talent acquisition and development are core Kaspi.kz competencies

We aim to hire the best professionals on the market to support both our existing products and future plans. Training for all new employees includes explaining the role NPS plays in Kaspi.kz's business and the benefits it brings.

In the case of our IT and data scientists, we often recruit University graduates and then offer a mix of classroom and on the job training and career development. Our Kaspi Lab's corporate university program is specifically designed to recruit Kazakhstan's top University graduates, offers courses in data science, Java and net development and fits our culture of long-term learning and development. We received over 20 thousand applications and 107 students graduated from Kaspi Labs in 2021.

In 2021 3,600 employees participated in internal training initiatives and 500 employees pursued training externally. Around half of external training programs were tech/IT related.

By the end of 2021, Kaspi.kz's headcount exceeded 7.7 thousand, including around 1.3 thousand people in IT, data science and product development.

## Diversity is a cornerstone of our human resources management

Our diversity data is a critical measure for how we assess our success building a truly inspiring workplace. This information is used to inform future human resource enhancements. We regularly review best practices to ensure we provide transparent reporting and disclosure on our workforce demographics and will continue to evaluate ways to enhance our disclosures to more accurately reflect our diverse workforce.

In 2021 around 57% of our employees were female, 43% male. The average employment term is around 4+ years, voluntary employee turnover stood at 20%, with around 40% of employees working with us for longer than five years. The average age of employees at Kaspi.kz is around 30.

## We're building a culture of employee ownership

For many of our employees the attraction of Kaspi.kz, is the ability to see the products and services they develop used and loved by our customers. We also offer a modern working environment, with transparent career progression. We provide highly competitive fixed-rate salaries and bonuses, regularly assess employees' performance and give feedback for future career development.

Following the completion of our IPO we introduced and LTIP designed to retain and motivate our key employees and drive sustainable long-term performance, consistent with the ingredients of shareholder value creation. Participants receive awards in the form of nil-cost equity options. This program is long-term in nature, vesting over a period of up to five years.

In 2021 we extended the LTIP program to include 74 of our most senior employees and Board of Directors. Over the medium-term we expect to increase participation further, gradually increasing to around the top 100 members of our team.

The Board of Directors, upon recommendation from the Remuneration and Strategic Review Committee, will be responsible for determining who participates in the LTIP, the terms of any such individual's participation and the schemes administration.

In March 2022, share options in the quantity of 495,409 shares were exercised from treasury shares under the share-based LTIP plan. Outstanding share options as at 31 March 2022 were 1,658,673.

From our treasury GDR's we have reserved 6,817,368 GDRs for the purpose of future equity settled LTIP awards.

## Kaspi.kz and Environmental sustainability

As part of our approach to responsible leadership, we manage our environment impact and promote sustainable practices for the benefits of all.

- In our offices we use Eco-box for the collection, recycling and disposable of small hazardous waste. We work with specialist companies to recycle and reuse certain waste materials, such as paper and metals.
- We have significantly reduced our use of plastic; plastic cups are not used in our offices.
- We submit quarterly local ecology related reports to the relevant government agencies and are in compliance with all local reporting standards.
- On our head office territory we have planted 340 trees, 715 bushes and 1.5k bush flowers.
- We also sponsor Kazakh Geography, an organisation that supports the development of Kazakhstan's National Parks.

We're committed to improving our environmental reporting and disclosures.

# Asset, Liability and Risk Management

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

The risk level is subject to regular stress tests that are performed internally as well as part of the Supervisory Review Process by means of bottom-up and top down stress tests. Material risk arises mainly from: Credit risk, Liquidity risk, Market risks, Operational risks and Information technology and information security risks.

## Credit Risk

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

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

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

Our data-driven decision making process is based on (i) data engineering (we constantly enrich our proprietary customer data using multiple touchpoints including transactional data, behavioral data and shopping information); (ii) data preparation (we structure collected data for use in risk management and do not share with third parties unless required by law); (iii) data analysis (we employ our proprietary risk algorithms, sophisticated predictive scoring models and machine learning for the analysis of structured data, after which each customer is assigned to one of over 1,000 decision scenarios based on multiple factors); and (iv) implementation (our credit decisions are based on

real time strategies which may be modified within 15 minutes with no involvement of IT specialists).

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

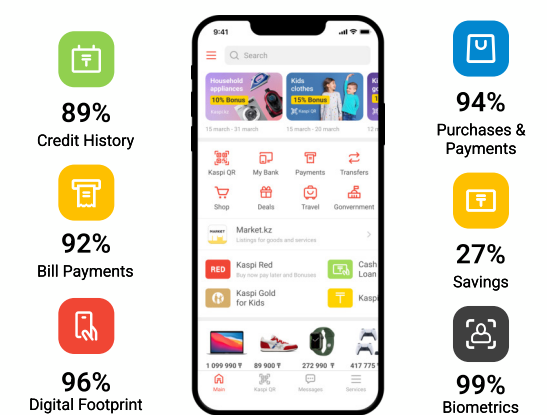
## Credit Approval

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

During this process we extensively use our data mining, machine learning and big data analytical capabilities. In 2021, our systems allowed us to make 99.9% of consumer loan approvals within six seconds. During the credit decision process, our platforms use proprietary risk algorithms and sophisticated predictive scoring models for evaluation of the risks of potential borrowers using statistical modelling based on (i) a wealth of proprietary internal data such as application, transactional, behavioral, shopping and payment history information, which is supplemented by (ii) external data such as data received from credit bureaus (LLC First Credit Bureau and JSC State Credit Bureau) and the Pension Centre.

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

The chart sets out the share of Kaspi.kz's consumer finance applicants with the corresponding proprietary data records in 2021:



Share of users with the relevant type of data

## Collection

We divide the loan collection process into two stages: before and after 90 days past due. Collection of loans less than 90 days past due is performed internally, whereas collection of loans more than 90 days past due is outsourced to 35 external debt collection companies, whose activities are regulated and supervised by the FMRDA and the NBK.

## Less than 90 days past due

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

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

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

Borrowers who are over 90 day's delinquent cannot obtain any further financing through our Ecosystem.

We typically collect 96% of loans that are less than 90 days overdue.

## More than 90 days past due

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

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

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

We typically collect over 40% of loans that are more than 90 days overdue.

## Write offs

Loans to customers are written off against the allowance for impairment losses. However, the write off of a loan does not indicate that no further action will be taken to collect the loan. Subsequent recoveries of amounts previously written off are reflected as an offset to the charge for impairment of financial assets in the consolidated statement of profit or loss in the period of recovery.

## Security and Fraud Prevention

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

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

Furthermore, most of our transactions are accompanied by an authentication process, whereby a transaction has to be confirmed by a unique code, which is generated by our systems and delivered to a consumer's smartphone.

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

## Liquidity Risk

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

A major part of our liabilities consists of retail customer accounts with an average contractual maturity of less than two years. Individuals have the right to withdraw their term deposits prior to maturity. However, the actual duration of a customer account deposit is on average more than five years, which ensures a reliable and long-term funding base. In 2021, the average balance of our retail customer accounts was around KZT828 thousand and 96.0% of deposits that matured in 2021 were extended, which illustrates the diverse and stable nature of our funding base. As at 31 December 2021, approximately 80% of our deposits by individuals were under the insurance cap by KDIF (Kazakhstan Deposit Insurance Fund).

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



## Market Risks

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

### Interest Rate Risk

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

We have significant amounts of high-quality liquid assets with short maturity, which helps us to minimise the company's sensitivity to sharp increases in interest rates in case of a liquidity shortfall on the market.

### Price Risk

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

### Currency Risk

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

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

## Operational Risks

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

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

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

## Information technology and information security risks

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

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

# Board of Directors



**Vyacheslav Kim**  
**Chairman of the Board of Directors**

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



**Mikheil Lomtadze**  
**Member of the Board of Directors and CEO**

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



**Nikolai Zinoviev**  
**Non-Executive Director**

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



**Douglas Gardner**  
**Independent Non-Executive Director**

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



**Alina Prawdzik**  
**Independent Non-Executive Director**

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



**Szymon Gutkowski**  
**Independent Non-Executive Director**

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

# Management Board



**Mikheil Lomtadze**  
Co-founder and CEO, Chief Ecosystem Officer

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



**Pavel Mironov**  
Deputy CEO, Chief Operating Officer

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



**Yuri Didenko**  
Deputy CEO, Head of Capital Markets

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



**Tengiz Mosidze**  
Deputy CEO, Chief Financial Officer

Tengiz is a member of the founding management team. He joined the company in 2008 and currently serves as a Deputy CEO and CFO. Tengiz has extensive experience in the area of finance. Prior to joining the company, he worked at Ernst & Young as a Financial Manager for the Caucasus and Central Asia region. Prior to that, Tengiz was part of the World Bank team responsible for the development of microfinance organisations in Georgia. Tengiz received a Bachelor's degree and a Master's degree in Finance from the European School of Management (Georgia). He also graduated from the Harvard Business School GMP programme (Class of 2013).



# Management Team



**David Sarkisyan**  
**Head of e-Commerce**

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



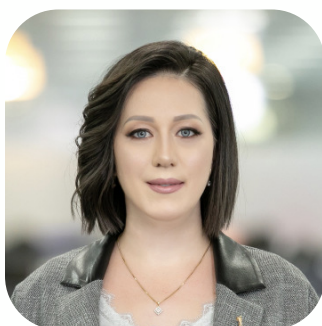
**Sergey Timokhin**  
**Head of Payments**

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



**Saltanat Zhumabay**  
**Head of Products**

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



**Oksana Ageyeva**  
**Head of Kaspi Service**

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



**David Ferguson**  
**Head of Investor Relations**

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



**Sandro Berdzenishvili**  
**Head of Kaspi Pay**

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



**Anuar Yelshibayev**  
**Head of Kaspi Travel**

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



**Bota Turapbaeva**  
**Head of Net Promoter Score**

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



**Sergey Barkalov**  
**Head of Design & UX**

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



**Arseniy Kochetkov**  
**Head of Kaspi Marketing Services**

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



**Duman Uvatayev**  
**Chief Data Officer**

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



**Marina Bolibok**  
**Head of Kaspi Allo**

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



**Mamuka Kirvalidze**  
**Head of Azerbaijan Business**

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



**Jomart Kapanov**  
**Chief Risk Officer**

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



**Oleg Bakhmutov**  
**Head of People**

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



**Olesya Vasileva**  
**Head of Support**

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





**Yevgeniy Popov**  
**Head of Treasury**

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



**Sabyrzhan Berkinbaev**  
**Head of Local Legal**

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



**Kanat Aitenov**  
**Head of Network**

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



**Veronika Polishuk**  
**Head of Kaspi Guide**

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



# Corporate Governance Bodies

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

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

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

## Board of Directors

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

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

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

## Audit Committee

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

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

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

## Remuneration and Strategic Review Committee

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

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

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

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

# Responsibility Statement by the Management Board

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

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

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

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

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

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

Almaty, Kazakhstan, 2022

**Mikheil Lomtadze**  
CEO

**Tengiz Mosidze**  
CFO

**Pavel Mironov**  
COO

**Yuri Didenko**  
Head of Capital Markets

# Financial Statement

## Kaspi.kz Joint Stock Company

### Consolidated Financial Statements

For the years ended

31 December 2021 and 2020

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Kaspi.kz Joint Stock Company  
Statement of Management's Responsibilities  
For the Preparation and Approval of the Consolidated Financial Statements  
For the Years Ended 31 December 2021 and 2020

Management of Kaspi.kz JSC is responsible for the preparation of the consolidated financial statements that presents fairly the financial position of Kaspi.kz Joint Stock Company and its subsidiaries ("the Group") as at 31 December 2021 and the related consolidated statements of profit or loss, comprehensive income for the year then ended, changes in equity and cash flows for the year then ended, and of significant accounting policies and notes to the consolidated financial statements (the "consolidated financial statements") in compliance with International Financial Reporting Standards ("IFRS").

In preparing the consolidated financial statements, management is responsible for:

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

Management is also responsible for:

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

These consolidated financial statements for the year ended 31 December 2021 were approved by the Chairman of the Management Board, the Chief Financial Officer and the Chief Accountant on 25 February 2022 and will be provided to the shareholders for approval in accordance with the requirements of the legislation of the Republic of Kazakhstan.

### On behalf of the Management

**Mikheil Lomtadze**  
Chairman of the Management Board

**Tengiz Mosidze**  
Chief Financial Officer

**Nailya Ualibekova**  
Chief Accountant





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

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

INDEPENDENT AUDITORS’ REPORT

To the Shareholders of Kaspi.kz Joint Stock Company

Opinion

We have audited the consolidated financial statements of Kaspi.kz Joint Stock Company and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2021 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”).

Basis for Opinion

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

Key Audit Matter

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

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more.

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Why the matter was determined to be a key audit matter

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

As disclosed in Note 12 as at 31 December 2021, loans to customers amounted to KZT 2,430,737 million, net of the related allowance for impairment losses of KZT 142,416 million.

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

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

How the matter was addressed in the audit

The audit procedures performed in this area, included:

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

Consideration of the adequacy and completeness of the Group’s disclosures in respect of credit risk, structure and quality of loan portfolio and impairment allowance in accordance with IFRS 9 on expected credit loss.

We found no material exceptions in these tests.

## Other Information – Annual Report

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

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

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

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

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

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

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

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

## Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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Republic of Kazakhstan  
No. 0000015, type MFU-2, issued by the  
Ministry of Finance of the  
Republic of Kazakhstan  
dated 13 September 2006

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

General Director  
Deloitte LLP

25 February 2022  
Almaty, Kazakhstan

Kaspi.kz Joint Stock Company  
Consolidated Statements of Profit and Loss  
For the Years Ended 31 December 2021 and 2020  
(in millions of KZT, except for earnings per share which are in KZT)

|                                   | Notes | Year ended<br>31 December<br>2021 | Year ended<br>31 December<br>2020* |
|-----------------------------------|-------|-----------------------------------|------------------------------------|
| <b>REVENUE</b>                    | 4,5   | <b>884,822</b>                    | <b>602,869</b>                     |
| Interest revenue                  |       | 422,075                           | 322,913                            |
| Fees & commissions                |       | 191,831                           | 165,450                            |
| Seller fees                       |       | 149,070                           | 63,196                             |
| Transaction & membership revenue  |       | 175,901                           | 94,921                             |
| Rewards                           |       | (51,981)                          | (38,568)                           |
| Other gains (losses)              |       | (2,074)                           | (5,043)                            |
| <b>COST OF REVENUE</b>            | 6     | <b>(244,862)</b>                  | <b>(199,313)</b>                   |
| Interest expenses                 |       | (171,491)                         | (139,002)                          |
| Transaction expenses              |       | (16,542)                          | (14,074)                           |
| Operating expenses                |       | (56,829)                          | (46,237)                           |
| <b>TOTAL NET REVENUE</b>          |       | <b>639,960</b>                    | <b>403,556</b>                     |
| Technology & product development  |       | (44,388)                          | (30,818)                           |
| Sales & marketing                 |       | (8,702)                           | (7,191)                            |
| General & administrative expenses |       | (23,685)                          | (20,101)                           |
| Provision expense                 | 7     | (34,383)                          | (27,622)                           |
| <b>OPERATING INCOME</b>           |       | <b>528,802</b>                    | <b>317,824</b>                     |
| Income tax                        | 8     | (93,588)                          | (54,476)                           |
| <b>NET INCOME</b>                 |       | <b>435,214</b>                    | <b>263,348</b>                     |
| Attributable to:                  |       |                                   |                                    |
| Shareholders of the Company       |       | 431,914                           | 260,964                            |
| Non-controlling Interests         |       | 3,300                             | 2,384                              |
| <b>NET INCOME</b>                 |       | <b>435,214</b>                    | <b>263,348</b>                     |
| <b>Earnings per share</b>         |       |                                   |                                    |
| <b>Basic (KZT)</b>                | 9     | <b>2,247</b>                      | <b>1,361</b>                       |
| <b>Diluted (KZT)</b>              | 9     | <b>2,222</b>                      | <b>1,347</b>                       |

\* As reclassified, see Note 3

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 105-165 form an integral part of these consolidated financial statements.



Kaspi.kz Joint Stock Company  
Consolidated Statements of Other Comprehensive Income  
For the Years Ended 31 December 2021 and 2020  
(in millions of KZT)

|                                                                             | Year ended<br>31 December<br>2021 | Year ended<br>31 December<br>2020 |
|-----------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| <b>NET INCOME</b>                                                           | <b>435,214</b>                    | <b>263,348</b>                    |
| <b>OTHER COMPREHENSIVE INCOME</b>                                           |                                   |                                   |
| <b>Items that will not be reclassified subsequently to profit or loss:</b>  |                                   |                                   |
| Movement in investment revaluation reserve for equity instruments at FVTOCI | 86                                | (5)                               |
| <b>Items that may be reclassified subsequently to profit or loss:</b>       |                                   |                                   |
| Movement in investment revaluation reserve for debt instruments at FVTOCI:  |                                   |                                   |
| (Losses)/gains arising during the period, net of tax KZT Nil                | (2,201)                           | 3,609                             |
| Foreign exchange differences on translation of foreign operations           | (18)                              | -                                 |
| Expected credit recoveries recognised in profit or loss                     | 43                                | 1,846                             |
| Reclassification of gains included in profit or loss, net of tax KZT Nil    | (511)                             | (701)                             |
| Other comprehensive (loss)/gain for the year                                | (2,601)                           | 4,749                             |
| <b>TOTAL COMPREHENSIVE INCOME</b>                                           | <b>432,613</b>                    | <b>268,097</b>                    |
| Attributable to:                                                            |                                   |                                   |
| Shareholders of the Company                                                 | 429,340                           | 265,663                           |
| Non-controlling Interests                                                   | 3,273                             | 2,434                             |
| <b>TOTAL COMPREHENSIVE INCOME</b>                                           | <b>432,613</b>                    | <b>268,097</b>                    |

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 105-165 form an integral part of these consolidated financial statements.

Kaspi.kz Joint Stock Company  
Consolidated Statements of Financial Position  
As at 31 December 2021 and 2020  
(in millions of KZT)

|                                                                          | Notes | 31 December<br>2021 | 31 December<br>2020 |
|--------------------------------------------------------------------------|-------|---------------------|---------------------|
| <b>ASSETS:</b>                                                           |       |                     |                     |
| Cash and cash equivalents                                                | 10    | 342,101             | 330,409             |
| Mandatory cash balances with National Bank of the Republic of Kazakhstan |       | 32,734              | 27,659              |
| Due from banks                                                           |       | 50,903              | 44,259              |
| Investment securities and derivatives                                    | 11    | 607,417             | 869,572             |
| Loans to customers                                                       | 12,23 | 2,430,737           | 1,404,554           |
| Property, equipment and intangible assets                                | 13    | 85,101              | 70,016              |
| Other assets                                                             | 14    | 58,931              | 51,645              |
| Assets classified as held for sale                                       | 1     | -                   | 8,628               |
| <b>TOTAL ASSETS</b>                                                      |       | <b>3,607,924</b>    | <b>2,806,742</b>    |

#### LIABILITIES AND EQUITY

|                                                                             |       |                  |                  |
|-----------------------------------------------------------------------------|-------|------------------|------------------|
| <b>LIABILITIES:</b>                                                         |       |                  |                  |
| Due to banks                                                                | 15    | 76,492           | -                |
| Customer accounts                                                           | 16,23 | 2,763,043        | 2,150,581        |
| Debt securities issued                                                      | 17    | 139,711          | 139,111          |
| Other liabilities                                                           | 18    | 56,318           | 41,343           |
| Subordinated debt                                                           | 19    | 67,665           | 78,009           |
| Liabilities directly associated with the assets classified as held for sale | 1     | -                | 3,038            |
| <b>TOTAL LIABILITIES</b>                                                    |       | <b>3,103,229</b> | <b>2,412,082</b> |

|                                                                 |    |                  |                  |
|-----------------------------------------------------------------|----|------------------|------------------|
| <b>EQUITY:</b>                                                  |    |                  |                  |
| Share capital                                                   | 20 | 97,530           | 95,825           |
| Additional paid-in-capital                                      |    | 506              | 506              |
| Revaluation reserve of financial assets                         |    | 2,597            | 5,171            |
| Share-Based Compensation reserve                                | 21 | 21,242           | 8,788            |
| Retained earnings                                               |    | 377,852          | 280,828          |
| <b>Total equity attributable to Shareholders of the Company</b> |    | <b>499,727</b>   | <b>391,118</b>   |
| Non-controlling interests                                       |    | 4,968            | 3,542            |
| <b>TOTAL EQUITY</b>                                             |    | <b>504,695</b>   | <b>394,660</b>   |
| <b>TOTAL LIABILITIES AND EQUITY</b>                             |    | <b>3,607,924</b> | <b>2,806,742</b> |

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 105-165 form an integral part of these consolidated financial statements.

Kaspi.kz Joint Stock Company  
Consolidated Statements Of Changes in Equity  
For the Years Ended 31 December 2021 and 2020  
(in millions of KZT)

|                                                              | Issued capital | Treasury shares | Additional paid-in capital | Revaluation reserve of financial assets and other reserves | Share-Based Compensation reserve | Retained earnings | Total equity attributable to equity holders of the parent | Non-controlling interest | Total equity   |
|--------------------------------------------------------------|----------------|-----------------|----------------------------|------------------------------------------------------------|----------------------------------|-------------------|-----------------------------------------------------------|--------------------------|----------------|
| <b>Balance at 31 December 2019</b>                           | <b>130,144</b> | <b>(34,319)</b> | <b>506</b>                 | <b>472</b>                                                 | <b>-</b>                         | <b>195,232</b>    | <b>292,035</b>                                            | <b>3,587</b>             | <b>295,622</b> |
| Net income                                                   | -              | -               | -                          | -                                                          | -                                | 260,964           | 260,964                                                   | 2,384                    | 263,348        |
| Other comprehensive income                                   | -              | -               | -                          | 4,699                                                      | -                                | -                 | 4,699                                                     | 50                       | 4,749          |
| <b>Total comprehensive income</b>                            | <b>-</b>       | <b>-</b>        | <b>-</b>                   | <b>4,699</b>                                               | <b>-</b>                         | <b>260,964</b>    | <b>265,663</b>                                            | <b>2,434</b>             | <b>268,097</b> |
| Dividends declared                                           | -              | -               | -                          | -                                                          | -                                | (175,368)         | (175,368)                                                 | -                        | (175,368)      |
| Dividends declared by subsidiary to non-controlling interest | -              | -               | -                          | -                                                          | -                                | -                 | -                                                         | (2,479)                  | (2,479)        |
| Share-based compensation reserve                             | -              | -               | -                          | -                                                          | 8,788                            | -                 | 8,788                                                     | -                        | 8,788          |
| <b>Balance at 31 December 2020</b>                           | <b>130,144</b> | <b>(34,319)</b> | <b>506</b>                 | <b>5,171</b>                                               | <b>8,788</b>                     | <b>280,828</b>    | <b>391,118</b>                                            | <b>3,542</b>             | <b>394,660</b> |
| Net income                                                   | -              | -               | -                          | -                                                          | -                                | 431,914           | 431,914                                                   | 3,300                    | 435,214        |
| Other comprehensive loss                                     | -              | -               | -                          | (2,574)                                                    | -                                | -                 | (2,574)                                                   | (27)                     | (2,601)        |
| <b>Total comprehensive income</b>                            | <b>-</b>       | <b>-</b>        | <b>-</b>                   | <b>(2,574)</b>                                             | <b>-</b>                         | <b>431,914</b>    | <b>429,340</b>                                            | <b>3,273</b>             | <b>432,613</b> |
| Dividends declared                                           | -              | -               | -                          | -                                                          | -                                | (340,362)         | (340,362)                                                 | -                        | (340,362)      |
| Dividends declared by subsidiary to non-controlling interest | -              | -               | -                          | -                                                          | -                                | -                 | -                                                         | (1,847)                  | (1,847)        |
| Share options accrued                                        | -              | -               | -                          | -                                                          | 19,631                           | -                 | 19,631                                                    | -                        | 19,631         |
| Share options exercised                                      | -              | 1,705           | -                          | -                                                          | (7,177)                          | 5,472             | -                                                         | -                        | -              |
| <b>Balance at 31 December 2021</b>                           | <b>130,144</b> | <b>(32,614)</b> | <b>506</b>                 | <b>2,597</b>                                               | <b>21,242</b>                    | <b>377,852</b>    | <b>499,727</b>                                            | <b>4,968</b>             | <b>504,695</b> |

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 105-165 form an integral part of these consolidated financial statements.

Kaspi.kz Joint Stock Company  
Consolidated Statements of Cash Flows  
For the Years Ended 31 December 2021 and 2020  
(in millions of KZT)

|                                                                                                | Year ended<br>31 December<br>2021 | Year ended<br>31 December<br>2020 |
|------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                                   |                                   |                                   |
| Interest received from loans to customers                                                      | 334,300                           | 256,824                           |
| Other interest received                                                                        | 30,747                            | 16,608                            |
| Interest paid                                                                                  | (161,369)                         | (129,255)                         |
| Expenses paid on obligatory insurance of individual deposits                                   | (6,688)                           | (5,721)                           |
| Fees & commissions received                                                                    | 191,831                           | 165,450                           |
| Seller fees received                                                                           | 149,070                           | 63,188                            |
| Transaction & membership revenue received                                                      | 178,400                           | 99,268                            |
| Fees & commissions paid                                                                        | (21,726)                          | (53,309)                          |
| Other income received                                                                          | 10,585                            | 7,778                             |
| Operating expenses paid                                                                        | (153,421)                         | (87,200)                          |
| <b>Cash flows from operating activities before changes in operating assets and liabilities</b> | <b>551,729</b>                    | <b>333,631</b>                    |
| <b>Changes in operating assets and liabilities</b>                                             |                                   |                                   |
| <b>(Increase)/decrease in operating assets:</b>                                                |                                   |                                   |
| Mandatory cash balances with NBRK                                                              | (5,075)                           | (2,416)                           |
| Financial assets at FVTPL                                                                      | (4,296)                           | 3,844                             |
| Due from banks                                                                                 | (5,520)                           | 2,869                             |
| Loans to customers                                                                             | (1,057,590)                       | (143,528)                         |
| Other assets                                                                                   | (11,663)                          | 896                               |
| <b>Increase/(decrease) in operating liabilities:</b>                                           |                                   |                                   |
| Due to banks                                                                                   | 76,430                            | (3,000)                           |
| Customer accounts                                                                              | 597,542                           | 489,343                           |
| Financial liabilities at FVTPL                                                                 | (585)                             | (5,846)                           |
| Other liabilities                                                                              | 14,500                            | (2,289)                           |
| <b>Net cash inflow from operating activities before income tax</b>                             | <b>155,472</b>                    | <b>673,504</b>                    |
| Income tax paid                                                                                | (85,121)                          | (55,775)                          |
| <b>Net cash inflow from operating activities</b>                                               | <b>70,351</b>                     | <b>617,729</b>                    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                                   |                                   |                                   |
| Purchase of property, equipment and intangible assets                                          | (24,901)                          | (18,189)                          |
| Proceeds on sale of property and equipment                                                     | 383                               | 694                               |
| Proceeds on sale of financial assets at FVTOCI                                                 | 1,362,302                         | 396,615                           |
| Purchase of financial assets at FVTOCI                                                         | (1,047,426)                       | (743,169)                         |
| Acquisition of subsidiary, net of cash acquired                                                | (5,110)                           | (662)                             |
| Proceeds on sale of subsidiary                                                                 | 4,500                             | -                                 |
| <b>Net cash inflow/(outflow) from investing activities</b>                                     | <b>289,748</b>                    | <b>(364,711)</b>                  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                                                   |                                   |                                   |
| Dividends paid                                                                                 | (340,362)                         | (175,368)                         |
| Dividends paid by subsidiary to non-controlling interest                                       | (1,847)                           | (2,125)                           |
| Repayment of subordinated debt                                                                 | (10,371)                          | -                                 |
| <b>Net cash outflow from financing activities</b>                                              | <b>(352,580)</b>                  | <b>(177,493)</b>                  |
| Effect of changes in foreign exchange rate on cash and cash equivalents                        | 4,174                             | 15,744                            |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                                               | <b>11,693</b>                     | <b>91,269</b>                     |
| <b>CASH AND CASH EQUIVALENTS, beginning of period</b>                                          | <b>330,409</b>                    | <b>239,140</b>                    |
| <b>CASH AND CASH EQUIVALENTS, end of period</b>                                                | <b>342,101</b>                    | <b>330,409</b>                    |

## 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 105-165 form an integral part of these consolidated financial statements.

Kaspi.kz Joint Stock Company  
Notes to Consolidated Financial Statements  
For the Years Ended 31 December 2021 and 2020  
(in millions of KZT)

## 1. Corporate information

### Overview

Kaspi.kz operates the Kaspi.kz Super App, the leading mobile app in Kazakhstan and the gateway to all Kaspi.kz products and services.

Through the Super App users can access Kaspi.kz's Payments, Marketplace and Fintech Platforms. The app is designed so that the growth and development of one service contributes to the growth and development of other services, creating powerful network effects. The popularity of the Super App has helped each platform achieve market leadership.

Highly relevant digital products and services make Kaspi.kz integral to the daily lives of both consumers and merchants in Kazakhstan. The combination of scale with both consumers and merchants, joined by a proprietary payments network makes our business model unique.

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 Kaspi Pay POS Solutions, Kaspi QR Checkout and Kaspi Bill Payments, amongst a wide suite of other products.

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

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



Kaspi.kz Joint Stock Company  
Notes to Consolidated Financial Statements (Continued)  
For the Years Ended 31 December 2021 and 2020  
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- In 2020 we launched Kaspi Travel, initially offering domestic and international flight tickets through our Super App and in 2021 added domestic rail bookings in line with our plan to buildout a full online travel proposition.

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 2020 we broadened our Fintech proposition to include working capital and micro finance products for merchants and these new products are scaled rapidly in 2021.

### 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. During 2020 and 2021 changes in the Group structure were as follows:

In August 2020, Kaspi Pay LLC, a separate legal entity fully owned by Kaspi.kz, was established. Kaspi Pay incorporates our Payments Platform technology and benefits from greater flexibility to offer innovative payment products to customers including Kaspi.kz, third-party online and offline merchants and financial institutions, as well as pursuing M&A, joint ventures and strategic partnerships in Kazakhstan and across the CIS region.

In June 2020, the Bank entered into a preliminary agreement to sell its subsidiary IC "Basel" JSC to an unrelated third party. As at 31 December 2020, assets of the subsidiary IC "Basel" JSC include financial assets measured at fair value through other comprehensive income, were KZT 7,407 million, property, equipment and intangible assets, were KZT 743 million and other assets of KZT 478 million. Liabilities included insurance reserves of KZT 2,944 million and other liabilities of KZT 94 million.

As at 31 December 2020, assets and liabilities of IC "Basel" JSC were classified as assets held for sale and liabilities associated with assets classified as held for sale in accordance with IFRS 5 in these consolidated financial statements. On 26 January 2021, the sale was completed. As a result, no gain/loss was recognised by the Bank as net assets approximated the fair value of consideration received. IC "Basel" JSC was part of the Group's Fintech segment.

Kaspi.kz Joint Stock Company  
Notes to Consolidated Financial Statements (Continued)  
For the Years Ended 31 December 2021 and 2020  
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On 8 October 2021, the Company acquired 100% of Portmone Group. This transaction was accounted as an asset acquisition as the Group didn't acquire any substantive processes or activities that would constitute a "business". Substantially all of the consideration paid has been allocated to the cost of intangible assets acquired, which is mainly represented by its customer base and software.

In October 2021, the Group entered into an agreement to acquire 100% of JSC BTA Bank Ukraine from an unrelated third party. As at the date of approval of these consolidated financial statements, completion of the acquisition is expected in the 1<sup>st</sup> half 2022 and is subject to receipt of the required regulatory approvals.

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

| Subsidiary              | Type of operation           | Country of operation | Ownership as at 31 December 2021 | Ownership as at 31 December 2020 |
|-------------------------|-----------------------------|----------------------|----------------------------------|----------------------------------|
| Kaspi Pay LLC           | Payment processing services | Kazakhstan           | Directly (100%)                  | Directly (100%)                  |
| Kaspi Magazin LLC       | E-commerce                  | Kazakhstan           | Directly (100%)                  | Directly (100%)                  |
| Kaspi Travel LLC        | Online travel               | Kazakhstan           | Directly (100%)                  | Directly (100%)                  |
| Kaspi Bank JSC          | Banking                     | Kazakhstan           | Indirectly (98.95%)              | Indirectly (98.95%)              |
| ARK Balance LLC         | Distressed asset management | Kazakhstan           | Indirectly (100%)                | Indirectly (98.95%)              |
| Kaspi Office LLC        | Real estate                 | Kazakhstan           | Directly (100%)                  | Directly (100%)                  |
| Kaspi Group JSC         | Holding Company             | Kazakhstan           | Directly (100%)                  | Directly (100%)                  |
| IC Basel JSC            | Insurance                   | Kazakhstan           | -                                | Indirectly (98.95%)              |
| OOO Digital Classifieds | E-commerce                  | Azerbaijan           | Indirectly (100%)                | Directly (100%)                  |
| Portmone Group          | Payment processing services | Ukraine              | Indirectly (100%)                | -                                |

The shareholders' structure was as follows:

|                               | 31 December 2021 % | 31 December 2020 % |
|-------------------------------|--------------------|--------------------|
| <b>Ultimate shareholders:</b> |                    |                    |
| Baring Vostok Funds           | 28.71              | 31.07              |
| Kim Vyacheslav                | 24.13              | 24.52              |
| Mikheil Lomtadze              | 23.30              | 22.92              |
| Public Investors              | 21.01              | 18.83              |
| Management                    | 2.85               | 2.66               |
| <b>Total</b>                  | <b>100.00</b>      | <b>100.00</b>      |

Kaspi.kz Joint Stock Company  
Notes to Consolidated Financial Statement (Continued)  
For the Years Ended 31 December 2021 and 2020  
(in millions of KZT)

### 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.

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.

The Management’s analysis of the Group’s liquidity and capital position as at 31 December 2021, demonstrates that the Group has sufficient liquidity buffer and will continue to comply with regulatory requirements, including liquidity risk and capital adequacy ratios, for the foreseeable future. The Group has reflected the most recent macroeconomic outlooks, as well as actual customers’ loan repayment statistics in its ECL estimates.

These consolidated financial statements were approved by the Chairman of the Management Board, the Chief Financial Officer and the Chief Accountant on 25 February 2022 and will be provided to the shareholders for approval at the annual general meeting of shareholders in accordance with the requirements of the legislation of the Republic of Kazakhstan.

## 2. Basis of presentation

### Foreign currency translation

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

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

Kaspi.kz Joint Stock Company  
Notes to Consolidated Financial Statement (Continued)  
For the Years Ended 31 December 2021 and 2020  
(in millions of KZT)

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

### Rates of exchange

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

|         | 31 December 2021 | 31 December 2020 |
|---------|------------------|------------------|
| KZT/USD | 431.80           | 420.91           |
| KZT/EUR | 489.10           | 516.79           |

### Going concern

These consolidated financial statements have been prepared on the assumption that the Group is a going concern, as the Group has the resources to continue in operation for the foreseeable future. In making this assessment, the management have considered a wide range of information in relation to present and future economic conditions, including projections of cash flows, profit and capital resources.

## 3. Significant accounting policies

### Basis of accounting

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

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

### Offsetting

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

The principal accounting policies adopted are set out below.

Kaspi.kz Joint Stock Company  
Notes to Consolidated Financial Statement (Continued)  
For the Years Ended 31 December 2021 and 2020  
(in millions of KZT)

## Basis of consolidation

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

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

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

## Non-controlling interests

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

## Leases

### *The Group as lessee*

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

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

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

Kaspi.kz Joint Stock Company  
Notes to Consolidated Financial Statement (Continued)  
For the Years Ended 31 December 2021 and 2020  
(in millions of KZT)

## Cash and cash equivalents

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

## Mandatory cash balances with NBRK

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

## Due from banks

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

## Property, equipment and intangible assets

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

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

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

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



Kaspi.kz Joint Stock Company  
Notes to Consolidated Financial Statement (Continued)  
For the Years Ended 31 December 2021 and 2020  
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Any revaluation increase arising on the revaluation of property is recognised and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to the consolidated profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in the consolidated profit or loss to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

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

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

### Investment property

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

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

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

### Non-current assets held for sale

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

Kaspi.kz Joint Stock Company  
Notes to Consolidated Financial Statement (Continued)  
For the Years Ended 31 December 2021 and 2020  
(in millions of KZT)

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

### Impairment of non-financial assets

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

### Taxation

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

#### *Current tax*

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

#### *Deferred tax*

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Kaspi.kz Joint Stock Company  
Notes to Consolidated Financial Statement (Continued)  
For the Years Ended 31 December 2021 and 2020  
(in millions of KZT)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

Deferred income tax assets and deferred income tax liabilities are offset and reported net on the consolidated statement of financial position if:

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

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

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

### ***Operating taxes***

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

### **Provisions**

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

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

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

### **Share-based compensation**

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

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

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

### **Contingencies**

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

### **Financial instruments**

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

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

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## Financial assets

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

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

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

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

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

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

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

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

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## Expected credit loss (“ECL”) measurement – definitions

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

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

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

## Default and credit-impaired assets

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

For individually significant loans (except interbank exposures):

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

For homogeneous loans:

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



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

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

### Significant increase in credit risk (“SICR”)

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

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

For individually significant loans:

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

For homogeneous loans:

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

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

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

### ECL measurement – description of estimation techniques

#### General principle

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

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

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

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

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

The Group performs individual assessments for credit-impaired loans.

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

#### Macroeconomic overlay and macroeconomic scenarios

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

#### The List of Macro-Economic Indicators

- Real GDP growth;
- Unemployment.

#### ECL measurement – description of estimation techniques

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

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

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

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

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

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

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

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

### Modification of loans to customers

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

Modification of loan is provided only once and to the borrowers with overdue less than 90 days on a modification date, where sufficient grounds exist to support its recoverability.

During the recovery period, such modified loans are classified to Stage 3, with corresponding increase in loss allowance. After the recovery period, such modified loans are allocated to the relevant impairment category, based on its days past due and impairment methodology.

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### Write off of loans to customers

Loans are written off against the allowance for impairment losses. Decision to write off is taken by the Credit Committee and for loans at overdue more than one year. However write off of loans does not indicate that no other actions will be undertaken to collect the loans. Subsequent recoveries of amounts previously written off are reflected as an offset to the charge for impairment of financial assets in the consolidated statement of profit or loss in the period of recovery.

### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognise a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of the transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer.

The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

### Financial liabilities

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

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Derecognition of financial liabilities

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

Recognition of income and expense

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

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

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

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

Revenue recognition

The Group recognised revenue from the following major sources:

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

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

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

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

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

Change in Revenue Recognition

In the consolidated financial statements for the year ended 31 December 2021, the Group has changed the presentation of its engagement-based rewards program Kaspi Bonus.

The management believes that the presentation of rewards earned by retail customers of the Group on purchases/transactions from merchants, as an adjustment to revenue more appropriately reflects the requirements of IFRS 15 on revenue accounting.

This change in accounting policy has no net income or cash flow impact for the Group.

The following changes have been made to the consolidated financial statements for the year ended 31 December 2020 to conform to the amended accounting policies in 2021:

|                     | For the year ended<br>31 December 2020<br>As previously reported | Reclassification amount | For the year ended<br>31 December 2020<br>As reclassified |
|---------------------|------------------------------------------------------------------|-------------------------|-----------------------------------------------------------|
| REVENUE             | 641,437                                                          | (38,568)                | 602,869                                                   |
| Rewards             | -                                                                | (38,568)                | (38,568)                                                  |
| NET REVENUE         | 442,124                                                          | (38,568)                | 403,556                                                   |
| Sales and marketing | (45,759)                                                         | 38,568                  | (7,191)                                                   |



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Share capital and share premium

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

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

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

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

Equity reserves

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

Retirement and other benefit obligations

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

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Areas of significant management judgment and sources of estimation uncertainty

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

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

Critical judgments in applying accounting policies

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

Key sources of estimation uncertainty

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

Assessment of significant increase of credit risk

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

Incorporation of forward looking information

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

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## Models and assumptions used

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

## Fair value measurement and valuation process

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

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

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

## Adoption of new and revised Standards

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

The following amendments and interpretations are effective for the Group effective 1 January 2021:

|                                                          |                                          |
|----------------------------------------------------------|------------------------------------------|
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 | Interest Rate Benchmark Reform (Phase 2) |
| Amendments to IFRS 16                                    | Covid-19-Related Rent Concessions        |

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

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## New and revised IFRS Standards in issue but not yet effective

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

| New or revised standard or interpretation                                                                                                                         | Applicable to annual reporting periods beginning on or after |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|
| Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (as part of the project to formulate Annual Improvements to IFRS 2010-2012 cycles). | 1 January 2023                                               |
| Amendments to IAS 8 – "Definition of Accounting Estimates"                                                                                                        | 1 January 2023                                               |
| Amendments to IAS 1 and IFRS Practice Statement 2 – "Disclosure of Accounting Policies"                                                                           | 1 January 2023                                               |
| Annual Improvements to IFRS Standards 2018-2020:                                                                                                                  |                                                              |
| Amendments to IFRS 3 – "Reference to the Conceptual Framework"                                                                                                    | 1 January 2022                                               |
| Amendments to IAS 16 Property, Plant and Equipment – Revenue Before Intended Use                                                                                  | 1 January 2022                                               |
| Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" – "Onerous Contracts – Cost of Fulfilling a Contract"                             | 1 January 2022                                               |
| Amendments to IAS 12 Deferred Tax Relating to Assets and Liabilities Arising from a Single Transaction                                                            | 1 January 2023                                               |
| Amendment to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture                                             | Date to be determined by the IASB                            |

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

## 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.

|                                  | Year ended<br>31 December 2021 | Year ended<br>31 December 2020 |
|----------------------------------|--------------------------------|--------------------------------|
| <b>REVENUE</b>                   | <b>884,822</b>                 | <b>602,869</b>                 |
| Interest revenue                 | 422,075                        | 322,913                        |
| Fees & commissions               | 191,831                        | 165,450                        |
| Seller fees                      | 149,070                        | 63,196                         |
| Transaction & membership revenue | 175,901                        | 94,921                         |
| Rewards                          | (51,981)                       | (38,568)                       |
| Other gains (losses)             | (2,074)                        | (5,043)                        |

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Revenue by segments for the years ended 31 December 2021 and 2020 is presented below:

|                                  | Year ended<br>31 December 2021 | Year ended<br>31 December 2020 |
|----------------------------------|--------------------------------|--------------------------------|
| <b>Marketplace</b>               | <b>153,604</b>                 | <b>65,977</b>                  |
| Seller fees                      | 149,070                        | 63,196                         |
| Other gains (losses)             | 4,534                          | 2,781                          |
| <b>Payments</b>                  | <b>217,085</b>                 | <b>120,923</b>                 |
| Transaction & membership revenue | 166,449                        | 88,347                         |
| Interest revenue                 | 50,636                         | 32,576                         |
| <b>Fintech</b>                   | <b>566,114</b>                 | <b>454,537</b>                 |
| Interest revenue                 | 371,439                        | 290,337                        |
| Fees & commissions               | 191,831                        | 165,450                        |
| Transaction & membership revenue | 9,452                          | 6,574                          |
| Other gains (losses)             | (6,608)                        | (7,824)                        |
| <b>Segment Revenue</b>           | <b>936,803</b>                 | <b>641,437</b>                 |
| Rewards                          | (51,981)                       | (38,568)                       |
| <b>REVENUE</b>                   | <b>884,822</b>                 | <b>602,869</b>                 |

Interest revenue includes interest originated from financing to customers through the Kaspi.kz Super App or from financing purchases on the Marketplace Platform, third party merchant sites and third-party mobile apps. It also includes interest revenue from securities and deposits placed with banks.

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 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 years ended 31 December 2021 and 2020, the Transaction revenue was KZT 156,738 million and KZT 83,716 million, respectively.

Membership revenue is earned over time and includes annual fees of KZT 19,163 million (2020: KZT 11,205 million) paid by individual customers, SME and corporate customers for engagement in Kaspi.kz.

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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 years ended 31 December 2021 and 2020, the net loss on foreign exchange operations were KZT (656) million and KZT (6,087) million, respectively. For the years ended 31 December 2021 and 2020, the net (loss) gain on financial assets and liabilities at fair value through profit or loss were KZT (7,066) million and KZT 6,124 million, respectively. It also includes revenue from Kaspi Travel and revenue from OOO Digital Classifieds in the Republic of Azerbaijan.

## 5. Segment Reporting

The Group reports its business in three operating segments as described in Note 1 to the consolidated financial statements of the Group.

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

|                            | Year ended<br>31 December 2021 | Year ended<br>31 December 2020 |
|----------------------------|--------------------------------|--------------------------------|
| <b>SEGMENT REVENUE</b>     | <b>936,803</b>                 | <b>641,437</b>                 |
| Marketplace                | 153,604                        | 65,977                         |
| Payments                   | 217,085                        | 120,923                        |
| Fintech                    | 566,114                        | 454,537                        |
| <b>SEGMENT NET REVENUE</b> | <b>691,941</b>                 | <b>442,124</b>                 |
| Marketplace                | 142,354                        | 60,730                         |
| Payments                   | 195,205                        | 102,943                        |
| Fintech                    | 354,382                        | 278,451                        |
| <b>NET INCOME</b>          | <b>435,214</b>                 | <b>263,348</b>                 |
| Marketplace                | 99,716                         | 38,587                         |
| Payments                   | 126,653                        | 60,554                         |
| Fintech                    | 208,845                        | 164,207                        |

Segment revenue reporting policies are the same as the Group's revenue accounting policies described in Note 3, with the exception of accounting for Kaspi Bonus rewards. We have designed Kaspi Bonus as a tool to increase cross-platform customer engagement and promote daily use of our Super App. As a result, for management reporting and for segment reporting purposes we continue to account for rewards as selling and marketing expenses and allocate accordingly.



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

|                                 | Year ended<br>31 December 2021 | Year ended<br>31 December 2020 |
|---------------------------------|--------------------------------|--------------------------------|
| <b>SHARE-BASED COMPENSATION</b> | <b>(20,057)</b>                | <b>(11,515)</b>                |
| Marketplace                     | (1,934)                        | (1,065)                        |
| Payments                        | (4,620)                        | (2,598)                        |
| Fintech                         | (13,503)                       | (7,852)                        |

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

## 6. Cost of revenue

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

|                        | Year ended<br>31 December 2021 | Year ended<br>31 December 2020 |
|------------------------|--------------------------------|--------------------------------|
| <b>COST OF REVENUE</b> | <b>(244,862)</b>               | <b>(199,313)</b>               |
| Interest expense       | (171,491)                      | (139,002)                      |
| Transaction expenses   | (16,542)                       | (14,074)                       |
| Operating expenses     | (56,829)                       | (46,237)                       |

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

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

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

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

|                                   | Year ended<br>31 December 2021 |                                         |                    | Year ended<br>31 December 2020 |                                          |                    |
|-----------------------------------|--------------------------------|-----------------------------------------|--------------------|--------------------------------|------------------------------------------|--------------------|
|                                   | Employee<br>benefits           | Deprecia-<br>tion &<br>amotisa-<br>tion | Operating<br>lease | Employee<br>benefits           | Deprecia-<br>tion &<br>amortisa-<br>tion | Operating<br>lease |
| Cost of revenue                   | (17,361)                       | (831)                                   | (1,084)            | (17,596)                       | (625)                                    | (1,302)            |
| Technology & product development  | (24,478)                       | (9,359)                                 | (1,641)            | (13,136)                       | (6,688)                                  | (1,635)            |
| Sales & marketing                 | (403)                          | -                                       | -                  | (340)                          | -                                        | (2)                |
| General & administrative expenses | (16,043)                       | (1,876)                                 | (2,097)            | (15,074)                       | (2,035)                                  | (1,959)            |
| <b>Total</b>                      | <b>(58,285)</b>                | <b>(12,066)</b>                         | <b>(4,822)</b>     | <b>(46,146)</b>                | <b>(9,348)</b>                           | <b>(4,898)</b>     |

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

|                                   | Year ended<br>31 December 2021 | Year ended<br>31 December 2020 |
|-----------------------------------|--------------------------------|--------------------------------|
| <b>SHARE-BASED COMPENSATION</b>   | <b>(20,057)</b>                | <b>(11,515)</b>                |
| Cost of revenue                   | (1,148)                        | (397)                          |
| Technology & product development  | (9,020)                        | (4,818)                        |
| Sales & marketing                 | (27)                           | -                              |
| General & administrative expenses | (9,862)                        | (6,300)                        |

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## 7. Provision expense

The movements in loss allowance were as follows:

|                                                               | Loans to customers |               |               | Due from banks |            | Financial assets at FVTOCI |              | Cash and cash equivalents | Other assets | Contingencies | Total          |
|---------------------------------------------------------------|--------------------|---------------|---------------|----------------|------------|----------------------------|--------------|---------------------------|--------------|---------------|----------------|
|                                                               | Stage 1            | Stage 2       | Stage 3       | Stage 1        | Stage 1    | Stage 2                    | Stage 3      | Stage 1                   | Stage 3      | Stage 1       |                |
| <b>Loss allowance for ECL as at 31 December 2020</b>          | <b>40,062</b>      | <b>7,674</b>  | <b>74,153</b> | <b>26</b>      | <b>374</b> | <b>-</b>                   | <b>2,564</b> | <b>3</b>                  | <b>2,058</b> | <b>28</b>     | <b>126,942</b> |
| Changes in provisions                                         |                    |               |               |                |            |                            |              |                           |              |               |                |
| -Transfer to Stage 1                                          | 5,556              | (1,145)       | (4,411)       | -              | -          | -                          | -            | -                         | -            | -             | -              |
| -Transfer to Stage 2                                          | (335)              | 832           | (497)         | -              | -          | -                          | -            | -                         | -            | -             | -              |
| -Transfer to Stage 3                                          | (2,033)            | (4,723)       | 6,756         | -              | -          | -                          | -            | -                         | -            | -             | -              |
| Net changes, resulting from changes in credit risk parameters | (8,490)            | 9,608         | 16,509        | (8)            | (54)       | -                          | 278          | (2)                       | 2,392        | (14)          | 20,219         |
| New assets issued or acquired                                 | 54,379             | -             | -             | -              | 8          | -                          | -            | -                         | -            | -             | 54,387         |
| Repaid assets (except for write off)                          | (25,096)           | (1,664)       | (13,265)      | -              | (198)      | -                          | -            | -                         | -            | -             | (40,223)       |
| Write-off, net of recoveries                                  | -                  | -             | (11,458)      | -              | -          | -                          | (180)        | -                         | (605)        | 4             | (12,239)       |
| Foreign exchange difference                                   | -                  | -             | 4             | 1              | -          | -                          | -            | -                         | 1            | -             | 6              |
| <b>As at 31 December 2021</b>                                 | <b>64,043</b>      | <b>10,582</b> | <b>67,791</b> | <b>19</b>      | <b>130</b> | <b>-</b>                   | <b>2,662</b> | <b>1</b>                  | <b>3,846</b> | <b>18</b>     | <b>149,092</b> |

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

As at 31 December 2021, the allowance for expected credit losses on financial assets at fair value through other comprehensive income of KZT 2,792 million (31 December 2020: KZT 2,938 million) is included in the 'Revaluation reserve of financial assets' within equity.

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|                                                                 | Loans to customers |              |               | Due from banks |            | Financial assets at FVTOCI |              | 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       |                |
| <b>Loss allowance for ECL as at 31 December 2019</b>            | <b>31,983</b>      | <b>5,235</b> | <b>70,195</b> | <b>22</b>      | <b>304</b> | <b>789</b>                 | <b>-</b>     | <b>9</b>                  | <b>2,378</b> | <b>51</b>     | <b>110,966</b> |
| Changes in provisions                                           |                    |              |               |                |            |                            |              |                           |              |               |                |
| -Transfer to Stage 1                                            | 3,445              | (635)        | (2,810)       | -              | -          | -                          | -            | -                         | -            | -             | -              |
| -Transfer to Stage 2                                            | (443)              | 892          | (449)         | -              | -          | -                          | -            | -                         | -            | -             | -              |
| -Transfer to Stage 3                                            | (2,475)            | (3,576)      | 6,051         | -              | -          | (789)                      | 789          | -                         | -            | -             | -              |
| Net changes, resulting from changes in credit risk parameters   | (4,921)            | 6,541        | 16,356        | -              | (220)      | -                          | 1,775        | (6)                       | 298          | (23)          | 19,800         |
| New assets issued or acquired                                   | 27,343             | -            | -             | 4              | 296        | -                          | -            | -                         | -            | -             | 27,643         |
| Repaid assets (except for write off)                            | (14,870)           | (783)        | (4,162)       | -              | (6)        | -                          | -            | -                         | -            | -             | (19,821)       |
| Write-off, net of recoveries                                    | -                  | -            | (11,136)      | -              | -          | -                          | -            | -                         | (36)         | -             | (11,172)       |
| Foreign exchange difference                                     | -                  | -            | 108           | -              | -          | -                          | -            | -                         | 6            | -             | 114            |
| Loss allowance for assets, reclassified as Assets held for sale | -                  | -            | -             | -              | -          | -                          | -            | -                         | (588)        | -             | (588)          |
| <b>As at 31 December 2020</b>                                   | <b>40,062</b>      | <b>7,674</b> | <b>74,153</b> | <b>26</b>      | <b>374</b> | <b>-</b>                   | <b>2,564</b> | <b>3</b>                  | <b>2,058</b> | <b>28</b>     | <b>126,942</b> |



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## 8. Income tax

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

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

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

Deferred income tax liabilities comprise:

|                                                                | 31 December 2021 | 31 December 2020 |
|----------------------------------------------------------------|------------------|------------------|
| Vacation reserve, accrued bonuses and share-based compensation | 779              | 1,155            |
| Property, equipment and intangible assets                      | (3,263)          | (3,485)          |
| Other                                                          | 17               | 11               |
| <b>Net deferred tax liability</b>                              | <b>(2,467)</b>   | <b>(2,319)</b>   |

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

|                                                                      | Year ended<br>31 December 2021 | Year ended<br>31 December 2020 |
|----------------------------------------------------------------------|--------------------------------|--------------------------------|
| <b>Net income before income tax</b>                                  | <b>528,802</b>                 | <b>317,824</b>                 |
| Tax at the statutory tax rate of 20%                                 | (105,760)                      | (63,565)                       |
| Non-taxable income                                                   | 12,303                         | 9,793                          |
| Adjustment recognised in the period for current tax of prior periods | 1,626                          | -                              |
| Non-deductible expense                                               | (1,757)                        | (704)                          |
| <b>Income tax expense</b>                                            | <b>(93,588)</b>                | <b>(54,476)</b>                |
| Current income tax expense                                           | (95,066)                       | (54,465)                       |
| Adjustment recognised in the period for current tax of prior periods | 1,626                          | -                              |
| Deferred income tax expense                                          | (148)                          | (11)                           |
| <b>Income tax expense</b>                                            | <b>(93,588)</b>                | <b>(54,476)</b>                |

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

|                                                                                             | 31 December 2021 | 31 December 2020 |
|---------------------------------------------------------------------------------------------|------------------|------------------|
| <b>Net deferred tax liability:</b>                                                          |                  |                  |
| <b>At the beginning of the period</b>                                                       | <b>(2,319)</b>   | <b>(2,373)</b>   |
| Change in deferred income tax balances recognised in profit or loss                         | (148)            | (11)             |
| Reclassified as liabilities directly associated with the assets classified as held for sale | -                | 65               |
| <b>At the end of the period</b>                                                             | <b>(2,467)</b>   | <b>(2,319)</b>   |

## 9. Earnings per share

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

|                                                                           | 31 December 2021 | 31 December 2020 |
|---------------------------------------------------------------------------|------------------|------------------|
| Net income attributable to the shareholders of the Company                | 431,914          | 260,964          |
| Weighted average number of ordinary shares for basic earnings per share   | 192,187,223      | 191,805,000      |
| Weighted average number of ordinary shares for diluted earnings per share | 194,341,305      | 193,716,115      |
| <b>Earnings per share – basic (KZT)</b>                                   | <b>2,247</b>     | <b>1,361</b>     |
| <b>Earnings per share – diluted (KZT)</b>                                 | <b>2,222</b>     | <b>1,347</b>     |

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

|                                                                                  | 31 December 2021   | 31 December 2020   |
|----------------------------------------------------------------------------------|--------------------|--------------------|
| Weighted average number of ordinary shares for basic earnings per share          | 192,187,223        | 191,805,000        |
| Number of potential ordinary shares attributable to Share-based Compensation     | 2,154,082          | 1,911,115          |
| <b>Weighted average number of ordinary shares for diluted earnings per share</b> | <b>194,341,305</b> | <b>193,716,115</b> |

## 10. Cash and cash equivalents

|                                        | 31 December 2021 | 31 December 2020 |
|----------------------------------------|------------------|------------------|
| Cash on hand                           | 151,668          | 149,366          |
| Current accounts with other banks      | 161,524          | 38,725           |
| Short-term deposits with other banks   | 28,909           | 117,907          |
| Reverse repurchase agreements          | -                | 24,411           |
| <b>Total cash and cash equivalents</b> | <b>342,101</b>   | <b>330,409</b>   |

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Cash on hand includes cash balances with ATMs and cash in transit. As at 31 December 2021 and 2020, the fair value of collateral of reverse repurchase agreements classified as cash and cash equivalents are KZT Nil million and KZT 29,931 million, respectively.

## 11. Investment securities and derivatives

Investment securities and derivatives comprise:

|                                                             | 31 December 2021 | 31 December 2020 |
|-------------------------------------------------------------|------------------|------------------|
| Total financial assets at fair value through OCI            | 606,462          | 865,847          |
| Total financial assets at fair value through profit or loss | 955              | 3,725            |
| <b>Total investment securities and derivatives</b>          | <b>607,417</b>   | <b>869,572</b>   |

Financial assets at fair value through OCI comprise:

|                                                         | 31 December 2021 | 31 December 2020 |
|---------------------------------------------------------|------------------|------------------|
| Debt securities                                         | 606,107          | 865,577          |
| Equity investments                                      | 355              | 270              |
| <b>Total financial assets at fair value through OCI</b> | <b>606,462</b>   | <b>865,847</b>   |

As at 31 December 2021 and 2020, sovereign debt securities of KZT 347,166 million and KZT 659,132 million, respectively, were included in debt securities.

Financial assets at fair value through profit or loss comprise:

|                                                                    | 31 December 2021 | 31 December 2020 |
|--------------------------------------------------------------------|------------------|------------------|
| Financial assets at fair value through profit or loss:             |                  |                  |
| Derivative financial instruments                                   | 955              | 3,725            |
| <b>Total financial assets at fair value through profit or loss</b> | <b>955</b>       | <b>3,725</b>     |

As at 31 December 2021, financial assets at fair value through profit or loss included swap and spot instruments of KZT 98 million (2020: KZT 19 million) with a notional amount of KZT 60,914 million (2020: KZT 10,514 million) and forwards of KZT 857 million (2020: KZT 3,706 million) with a notional amount of KZT 126,348 million (2020: KZT 139,193 million).

As at 31 December 2021, financial liabilities at fair value through profit or loss included swap and spot instruments of KZT 67 million (2020: KZT 3 million) with a notional amount of KZT 60,986 million (2020: KZT 10,488 million) and forwards of KZT 2,341 million (2020: KZT 2,990 million) with a notional amount of KZT 134,704 million (2020: KZT 142,428 million) and are disclosed in Note 18.

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## 12. Loans to customers

|                                                | 31 December 2021 | 31 December 2020 |
|------------------------------------------------|------------------|------------------|
| Gross loans to customers                       | 2,573,153        | 1,526,443        |
| Less: allowance for impairment losses (Note 7) | (142,416)        | (121,889)        |
| <b>Total loans to customers</b>                | <b>2,430,737</b> | <b>1,404,554</b> |

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

Movements in allowances for impairment losses on loans to customers for the periods ended 31 December 2021 and 2020 are disclosed in Note 7.

Accrued interest of KZT 27,648 million and KZT 19,331 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 |
|-----------------------------------------------------------------------|------------|--------------------------------|----------------------------------------------|
| <b>Total non-performing loans to customers as at 31 December 2021</b> | 120,652    | 142,416                        | 118%                                         |
| <b>Total non-performing loans to customers as at 31 December 2020</b> | 120,894    | 121,889                        | 101%                                         |

Provision expense on loans to customers:

|                                                       | Year ended<br>31 December 2021 | Year ended<br>31 December 2020 |
|-------------------------------------------------------|--------------------------------|--------------------------------|
| <b>Provision expense on loans to customers:</b>       |                                |                                |
| Loans to customers                                    | (31,981)                       | (25,504)                       |
| <b>Total provision expenses on loans to customers</b> | <b>(31,981)</b>                | <b>(25,504)</b>                |

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

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

|                                               | Stage 1          | Stage 2       | Stage 3       |                  |
|-----------------------------------------------|------------------|---------------|---------------|------------------|
|                                               | 12-month ECL     | Lifetime ECL  | 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)        |
| <b>Carrying amount as at 31 December 2021</b> | <b>2,343,644</b> | <b>19,249</b> | <b>67,844</b> | <b>2,430,737</b> |

|                                               | Stage 1          | Stage 2       | Stage 3       |                  |
|-----------------------------------------------|------------------|---------------|---------------|------------------|
|                                               | 12-month ECL     | Lifetime ECL  | Lifetime ECL  | Total            |
| Loans to customers                            |                  |               |               |                  |
| Gross carrying amount                         | 1,351,855        | 20,500        | 154,088       | 1,526,443        |
| Loss allowance                                | (40,062)         | (7,674)       | (74,153)      | (121,889)        |
| <b>Carrying amount as at 31 December 2020</b> | <b>1,311,793</b> | <b>12,826</b> | <b>79,935</b> | <b>1,404,554</b> |

### 13. Property, equipment and intangible assets

|                                                | Buildings and construction | Furniture and equipment | Intangible assets | Construction in progress | Total          |
|------------------------------------------------|----------------------------|-------------------------|-------------------|--------------------------|----------------|
| <b>At initial/revalued cost</b>                |                            |                         |                   |                          |                |
| <b>31 December 2019</b>                        | <b>37,297</b>              | <b>41,674</b>           | <b>15,446</b>     | <b>1,087</b>             | <b>95,504</b>  |
| Additions                                      | 851                        | 11,948                  | 4,206             | 1,915                    | 18,920         |
| Disposals                                      | (432)                      | (600)                   | (280)             | -                        | (1,312)        |
| Reclassified as held for sale                  | (830)                      | (78)                    | (104)             | -                        | (1,012)        |
| <b>31 December 2020</b>                        | <b>36,886</b>              | <b>52,944</b>           | <b>19,268</b>     | <b>3,002</b>             | <b>112,100</b> |
| Additions                                      | 1,158                      | 16,270                  | 8,578             | 1,528                    | 27,534         |
| Disposals                                      | (282)                      | (3,947)                 | (694)             | -                        | (4,923)        |
| Transfers                                      | 4,504                      | -                       | -                 | (4,504)                  | -              |
| <b>31 December 2021</b>                        | <b>42,266</b>              | <b>65,267</b>           | <b>27,152</b>     | <b>26</b>                | <b>134,711</b> |
| <b>Accumulated depreciation and impairment</b> |                            |                         |                   |                          |                |
| <b>31 December 2019</b>                        | <b>7,500</b>               | <b>19,778</b>           | <b>7,241</b>      | <b>-</b>                 | <b>34,519</b>  |
| Charge for the year                            | 783                        | 5,527                   | 2,574             | -                        | 8,884          |
| Eliminated on disposals                        | (306)                      | (465)                   | (279)             | -                        | (1,050)        |
| Reclassified as held for sale                  | (124)                      | (48)                    | (97)              | -                        | (269)          |
| <b>31 December 2020</b>                        | <b>7,853</b>               | <b>24,792</b>           | <b>9,439</b>      | <b>-</b>                 | <b>42,084</b>  |
| Charge for the year                            | 785                        | 7,286                   | 4,265             | -                        | 12,336         |
| Disposals                                      | (281)                      | (3,835)                 | (694)             | -                        | (4,810)        |
| <b>31 December 2021</b>                        | <b>8,357</b>               | <b>28,243</b>           | <b>13,010</b>     | <b>-</b>                 | <b>49,610</b>  |
| <b>Net book value</b>                          |                            |                         |                   |                          |                |
| <b>31 December 2021</b>                        | <b>33,909</b>              | <b>37,024</b>           | <b>14,142</b>     | <b>26</b>                | <b>85,101</b>  |
| <b>31 December 2020</b>                        | <b>29,033</b>              | <b>28,152</b>           | <b>9,829</b>      | <b>3,002</b>             | <b>70,016</b>  |

As at 31 December 2021 and 2020, property and equipment included fully depreciated property and equipment of KZT 9,922 million and KZT 10,614 million, respectively.

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

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The fair value of buildings and construction was determined based on the market comparable approach that reflects recent transaction prices for similar properties and was carried out by independent appraisers not related to the Group. In measuring fair value of the Group's buildings and construction, the measurements were categorized into Level 3. During the years 2021 and 2020, there were no movements between Level 3 and other levels.

### 14. Other assets

|                                               | 31 December 2021 | 31 December 2020 |
|-----------------------------------------------|------------------|------------------|
| <b>Other financial assets:</b>                |                  |                  |
| Receivables from VISA and Master Card         | 9,594            | 1,348            |
| Settlement with brokers                       | 8,733            | 6,617            |
| Prepayments for customers online transactions | 5,014            | 7,820            |
| Other                                         | 2,031            | 2,323            |
| <b>Total other financial assets</b>           | <b>25,372</b>    | <b>18,108</b>    |
| Less: allowance for impairment losses         | (3,433)          | (1,939)          |
| <b>Total net other financial assets</b>       | <b>21,939</b>    | <b>16,169</b>    |
| <b>Other non-financial assets:</b>            |                  |                  |
| Investment property                           | 18,574           | 23,788           |
| Other                                         | 18,831           | 11,807           |
| <b>Total other non-financial assets</b>       | <b>37,405</b>    | <b>35,595</b>    |
| Less: allowance for impairment losses         | (413)            | (119)            |
| <b>Total net other non-financial assets</b>   | <b>36,992</b>    | <b>35,476</b>    |
| <b>Total other assets</b>                     | <b>58,931</b>    | <b>51,645</b>    |

Movements in allowances for impairment of other assets are disclosed in Note 7.  
Investment property movement is presented as follows:

|                                 | 2021          | 2020          |
|---------------------------------|---------------|---------------|
| <b>Cost</b>                     |               |               |
| As at 1 January                 | 24,643        | 30,178        |
| Additions                       | 1,440         | 4,320         |
| Disposals                       | (6,527)       | (9,855)       |
| <b>As at 31 December</b>        | <b>19,556</b> | <b>24,643</b> |
| <b>Accumulated depreciation</b> |               |               |
| As at 1 January                 | (855)         | (374)         |
| Depreciation charge             | (342)         | (704)         |
| Disposals                       | 215           | 223           |
| <b>As at 31 December</b>        | <b>(982)</b>  | <b>(855)</b>  |
| <b>Net book value</b>           | <b>18,574</b> | <b>23,788</b> |

During the years ended 31 December 2021 and 2020, the Group foreclosed collateral it held as security for loans. As a result, the Group received investment property of KZT 1,440 million and KZT 4,320 million, respectively.



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As at 31 December 2021 and 2020, the fair value of investment property was KZT 22,718 million and KZT 27,430 million, respectively. In measuring fair value of the Group's investment property, the measurements were categorized into Level 3.

## 15. Due to banks

|                                                         | 31 December 2021 | 31 December 2020 |
|---------------------------------------------------------|------------------|------------------|
| <b>Recorded at amortised cost:</b>                      |                  |                  |
| Repurchase agreements                                   | 75,524           | -                |
| Time deposits of banks and other financial institutions | 968              | -                |
| <b>Total due to banks</b>                               | <b>76,492</b>    | <b>-</b>         |

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

Fair value of collateral of repurchase agreements, which were classified as due to banks as at 31 December 2021 and 2020, amounted to KZT 75,295 million and KZT Nil, respectively.

## 16. Customer accounts

|                                         | 31 December 2021 | 31 December 2020 |
|-----------------------------------------|------------------|------------------|
| <b>Individuals</b>                      |                  |                  |
| Term deposits                           | 2,070,822        | 1,634,409        |
| Current accounts                        | 534,190          | 403,851          |
| <b>Total due to individuals</b>         | <b>2,605,012</b> | <b>2,038,260</b> |
| <b>Corporate customers</b>              |                  |                  |
| Term deposits                           | 43,131           | 41,032           |
| Current accounts                        | 114,900          | 71,289           |
| <b>Total due to corporate customers</b> | <b>158,031</b>   | <b>112,321</b>   |
| <b>Total customer accounts</b>          | <b>2,763,043</b> | <b>2,150,581</b> |

As at 31 December 2021 and 2020, accrued interest of KZT 15,423 million and KZT 12,265 million, respectively, was included in customer accounts.

As at 31 December 2021 and 2020, customer accounts of KZT 26,679 million and KZT 16,080 million, respectively, were held as security against loans.

As at 31 December 2021 and 2020, customer accounts of KZT 41,490 million (1.50%) and KZT 76,576 million (3.56%), respectively, were due to the top twenty customers.

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## 17. Debt securities issued

|                                     | Currency | Maturity date month/year | Nominal interest rate % | 31 December 2021 | 31 December 2020 |
|-------------------------------------|----------|--------------------------|-------------------------|------------------|------------------|
| Third bond program – first issue    | KZT      | January 2025             | 9.90                    | 51,045           | 51,043           |
| Third bond program – second issue   | KZT      | January 2024             | 9.80                    | 48,414           | 48,412           |
| Third bond program – third issue    | KZT      | January 2023             | 9.70                    | 40,252           | 39,656           |
| <b>Total debt securities issued</b> |          |                          |                         | <b>139,711</b>   | <b>139,111</b>   |

As at 31 December 2021 and 2020, accrued interest of KZT 5,620 million and KZT 5,620 million, respectively, was included in debt securities issued. All debt securities issued are recorded at amortised cost as at 31 December 2021 and 2020. The Group did not have any defaults or other breaches with respect to its debt securities during the years ended 31 December 2021 and 2020.

## 18. Other liabilities

|                                                       | 31 December 2021 | 31 December 2020 |
|-------------------------------------------------------|------------------|------------------|
| <b>Other financial liabilities:</b>                   |                  |                  |
| Payables for customers' online transactions           | 12,080           | 8,980            |
| Derivative financial liabilities                      | 2,408            | 2,993            |
| Accrued expenses                                      | 2,281            | 1,614            |
| Accrued dividends payable to non-controlling interest | 1,003            | 1,382            |
| Payables for Visa and Master Card transactions        | 808              | 527              |
| Other                                                 | 369              | 96               |
| <b>Total financial liabilities</b>                    | <b>18,949</b>    | <b>15,592</b>    |
| <b>Other non-financial liabilities:</b>               |                  |                  |
| Prepayments                                           | 10,653           | 11,172           |
| Current income tax payable                            | 8,609            | 854              |
| Other taxes payable                                   | 6,936            | 3,265            |
| Accumulated employee benefits, vacation reserves      | 3,938            | 3,049            |
| Deferred tax liabilities                              | 2,512            | 2,319            |
| Accumulated share-based compensation                  | -                | 2,727            |
| Other                                                 | 4,721            | 2,365            |
| <b>Total non-financial liabilities</b>                | <b>37,369</b>    | <b>25,751</b>    |
| <b>Total other liabilities</b>                        | <b>56,318</b>    | <b>41,343</b>    |

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## 19. Subordinated debt

|                                        | Currency | Maturity date<br>month/<br>year | Nominal<br>interest<br>rate, % | 31 December<br>2021 | 31 December<br>2020 |
|----------------------------------------|----------|---------------------------------|--------------------------------|---------------------|---------------------|
| Second bond program - first issue      | KZT      | July 2021                       | 1% plus<br>inflation rate      | -                   | 10,230              |
| Second bond program – third issue      | KZT      | February<br>2023                | 2% plus<br>inflation rate      | 5,317               | 5,401               |
| Third bond program – fourth issue      | KZT      | June 2025                       | 10.7%                          | 62,266              | 62,263              |
| Debt component of preference<br>shares | KZT      | n/a                             | n/a                            | 82                  | 115                 |
| <b>Total subordinated debt</b>         |          |                                 |                                | <b>67,665</b>       | <b>78,009</b>       |

The debt component of preference shares relates to subsidiary Kaspi Bank JSC, and is held by the non-controlling interest. As at 31 December 2021 and 2020, accrued interest of KZT 3,457 million and KZT 3,816 million, respectively, was included in subordinated debt.

All subordinated debt are recorded at amortised cost as at 31 December 2021 and 2020. The above liabilities are subordinated to the claims of depositors and other creditors of the issuer in the event of liquidation. The Group did not have any defaults or other breaches with respect to its subordinated debt during the years ended 31 December 2021 and 2020.

## Reconciliation of liabilities arising from financing activities

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

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

|                        | 1 January<br>2020 | Financing<br>cash flows | Non-cash changes                |                                 | 31 December<br>2020 |
|------------------------|-------------------|-------------------------|---------------------------------|---------------------------------|---------------------|
|                        |                   |                         | Foreign<br>exchange<br>movement | Changes in<br>amortised<br>cost |                     |
| Debt securities issued | 138,574           | -                       | -                               | 537                             | 139,111             |
| Subordinated debt      | 77,786            | -                       | -                               | 223                             | 78,009              |

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## 20. Share capital

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

|                         | Authorised<br>shares | Issued and fully<br>paid shares | Treasury shares  | Shares<br>outstanding |
|-------------------------|----------------------|---------------------------------|------------------|-----------------------|
| <b>Ordinary shares</b>  |                      |                                 |                  |                       |
| 1 January 2020          | 216,742,000          | 199,500,000                     | 7,695,000        | 191,805,000           |
| Movement                | -                    | -                               | -                | -                     |
| <b>31 December 2020</b> | <b>216,742,000</b>   | <b>199,500,000</b>              | <b>7,695,000</b> | <b>191,805,000</b>    |
| Movement                | -                    | -                               | (382,223)        | 382,223               |
| <b>31 December 2021</b> | <b>216,742,000</b>   | <b>199,500,000</b>              | <b>7,312,777</b> | <b>192,187,223</b>    |

In March 2021, share options in the quantity of 382,223 shares were exercised from treasury shares under the share-based compensation plan.

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

|                                  | Ordinary shares | Total         |
|----------------------------------|-----------------|---------------|
| <b>Balance at 1 January 2020</b> | <b>95,825</b>   | <b>95,825</b> |
| Movements                        | -               | -             |
| <b>31 December 2020</b>          | <b>95,825</b>   | <b>95,825</b> |
| Movements                        | 1,705           | 1,705         |
| <b>31 December 2021</b>          | <b>97,530</b>   | <b>97,530</b> |

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

On 15 October 2020, the Company completed its IPO on the London Stock Exchange (LSE) and the Astana International Exchange (AIX). The Company did not raise any primary funds in the IPO, with all shares sold being those held by the existing shareholders of the Company.

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The following tables represent dividends declared:

|                       | Dividends<br>declared | Dividend<br>per share |
|-----------------------|-----------------------|-----------------------|
| March 2021            | 170,662               | KZT 888               |
| September 2021        | 79,758                | KZT 415               |
| December 2021         | 89,942                | KZT 468               |
| <b>Total for 2021</b> | <b>340,362</b>        |                       |
|                       | Dividends<br>declared | Dividend<br>per share |
| June 2020             | 76,563                | KZT 399               |
| September 2020        | 98,805                | KZT 515               |
| <b>Total for 2020</b> | <b>175,368</b>        |                       |

## 21. Share-based compensation reserve

In the fourth quarter of 2020, the Group introduced share-based compensation, according to which senior executives and other core Group personnel receive share options or phantom shares of the Group. Awards are payable in annual installments over a five year vesting schedule for share options and a two year vesting schedule for phantom shares.

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

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

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

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## Share-based compensation expenses

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

|                                         | Year ended<br>31 December<br>2021 | Year ended<br>31 December<br>2020 |
|-----------------------------------------|-----------------------------------|-----------------------------------|
| <b>Share-based compensation expense</b> | <b>(20,057)</b>                   | <b>(11,515)</b>                   |
| Share options                           | (19,631)                          | (8,788)                           |
| Phantom shares                          | (426)                             | (2,727)                           |

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

## Share Options

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

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

|                                                 | Year ended<br>31 December<br>2021 (shares) | Year ended<br>31 December<br>2020 (shares) |
|-------------------------------------------------|--------------------------------------------|--------------------------------------------|
| <b>Outstanding at the beginning of the year</b> | <b>1,911,115</b>                           | <b>-</b>                                   |
| Granted                                         | 625,190                                    | 1,911,115                                  |
| Forfeited                                       | -                                          | -                                          |
| Exercised                                       | (382,223)                                  | -                                          |
| Expired                                         | -                                          | -                                          |
| <b>Outstanding at the end of the year</b>       | <b>2,154,082</b>                           | <b>1,911,115</b>                           |

Share options in the quantity of 501,335 shares are expected to be exercised in March 2022. All shares that will eventually vest will be delivered from treasury shares.



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The following table represents Share-Based Compensation reserve outstanding:

|                         | Share-Based<br>Compensation<br>reserve |
|-------------------------|----------------------------------------|
| 1 January 2020          | -                                      |
| Share options accrued   | 8,788                                  |
| <b>31 December 2020</b> | <b>8,788</b>                           |
| Share options accrued   | 19,631                                 |
| Share options exercised | (7,177)                                |
| <b>31 December 2021</b> | <b>21,242</b>                          |

## 22. Commitments and contingencies

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

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

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

As at 31 December 2021 and 2020, provision for losses on contingent liabilities were KZT 18 million and KZT 28 million, respectively.

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

|                                                               | 31 December 2021 | 31 December 2020 |
|---------------------------------------------------------------|------------------|------------------|
|                                                               | Nominal amount   | Nominal amount   |
| Commitments on loans and unused credit lines: Revocable loans | 131,804          | 91,920           |
| Guarantees issued and similar commitments                     | 1,904            | 1,460            |
| <b>Total contingent liabilities and credit commitments</b>    | <b>133,708</b>   | <b>93,380</b>    |

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

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## Legal proceedings

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

## Pensions and retirement plans

Employees of the Group receive pension benefits from pension funds in accordance with the laws and regulations of the Republic of Kazakhstan. As at 31 December 2021 and 2020, the Group was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

## Taxes

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

## 23. Transactions with related parties

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

|                                                         | Year ended<br>31 December 2021          |                                                           | Year ended<br>31 December 2020          |                                                              |
|---------------------------------------------------------|-----------------------------------------|-----------------------------------------------------------|-----------------------------------------|--------------------------------------------------------------|
|                                                         | Transactions<br>with related<br>parties | Total category as per<br>financial statements<br>captions | Transactions<br>with related<br>parties | Total category<br>as per financial<br>statements<br>captions |
| <b>Consolidated statement of<br/>financial position</b> |                                         |                                                           |                                         |                                                              |
| Loans to customers                                      | 3,568                                   | 2,573,153                                                 | 4,098                                   | 1,526,443                                                    |
| - <i>other related parties</i>                          | 3,568                                   |                                                           | 4,098                                   |                                                              |
| Allowance for losses on loans to<br>customers           | (13)                                    | (142,416)                                                 | (1)                                     | (121,889)                                                    |
| - <i>other related parties</i>                          | (13)                                    |                                                           | (1)                                     |                                                              |
| Customer accounts                                       | 17,077                                  | 2,763,043                                                 | 8,349                                   | 2,150,581                                                    |
| - <i>key management personnel<br/>of the Group</i>      | 2,421                                   |                                                           | 1,235                                   |                                                              |
| - <i>other related parties</i>                          | 14,656                                  |                                                           | 7,114                                   |                                                              |

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

|                                                  | Year ended<br>31 December 2021       |                                                             | Year ended<br>31 December 2020       |                                                             |
|--------------------------------------------------|--------------------------------------|-------------------------------------------------------------|--------------------------------------|-------------------------------------------------------------|
|                                                  | Transactions with<br>related parties | Total category<br>as per financial<br>statements<br>caption | Transactions with<br>related parties | Total category<br>as per financial<br>statements<br>caption |
| <b>Compensation to key management personnel:</b> |                                      |                                                             |                                      |                                                             |
| Employee benefits                                | (782)                                | (58,285)                                                    | (783)                                | (46,146)                                                    |
| Share-based compensation                         | (11,381)                             | (20,057)                                                    | (8,446)                              | (11,515)                                                    |

During the years ended 31 December 2021 and 2020, interest income from other related parties were KZT 362 million and KZT 133 million, respectively.

During the years ended 31 December 2021 and 2020, interest expense from transactions with key management personnel were KZT 22 million and KZT 16 million, respectively, and other related parties were KZT 144 million and KZT 148 million, respectively.

During the years ended 31 December 2021 and 2020, transaction costs attributable to loans to customers and paid to other related parties, were KZT 10,981 million and KZT 12,527 million, respectively.

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## 24. Fair value of financial instruments

### a. Fair value of financial instruments

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

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

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

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| Financial assets/ financial liabilities                                                                     | Fair value as at 31 December 2021 | Fair value as at 31 December 2020 | Fair value hierarchy | Valuation technique(s) and key input(s)                                                                                                                                                                                                                           |
|-------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Non-derivative financial assets at fair value through other comprehensive income (Note 11)                  | 230,847                           | 406,772                           | Level 1              | Quoted prices in an active market                                                                                                                                                                                                                                 |
| Non-derivative financial assets at fair value through other comprehensive income (Note 11)                  | 375,581                           | 459,041                           | Level 2              | Quoted prices in markets that are not active.                                                                                                                                                                                                                     |
| Unlisted Equity investments classified as financial assets at fair value through other comprehensive income | 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)                                                                       | 955                               | 3,725                             | Level 2              | DCF method. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. |
| Derivative financial liabilities (Note 18)                                                                  | 2,408                             | 2,993                             | Level 2              | DCF method. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. |

As at 31 December 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. As at 31 December 2020, the fair value of the investment securities in Level 2 includes short-term and long-term sovereign debt securities of KZT 303,024 million and KZT 67,347 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 active market.



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

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

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

|                        | 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              |
|                        | 31 December 2020 |            |                      |
|                        | Carrying Amount  | Fair value | Fair value hierarchy |
| Due from banks         | 44,259           | 44,203     | Level 2              |
| Loans to customers     | 1,404,554        | 1,482,035  | Level 3              |
| Customer accounts      | 2,150,581        | 2,109,827  | Level 2              |
| Debt securities issued | 139,111          | 138,924    | Level 2              |
| Subordinated debt      | 78,009           | 77,506     | Level 2              |

**Loans to customers**

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

**Debt securities issued, subordinated debt**

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

**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.

Information about measurement hierarchy of property, equipment and intangible assets is disclosed in Note 13.

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**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.

**Due to banks**

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

**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.

**25. Regulatory matters**

The management of JSC Kaspi Bank (subsidiary of the Company) monitor capital adequacy ratio based on requirements of standardized approach of Basel Committee of Banking Supervision “Basel III: A global regulatory framework for more resilient banks and banking systems” (December 2010, updated in June 2011). In 2021, the management of JSC Kaspi Bank implemented updated requirements stated in Basel III: Finalising post-crisis reforms (December 2017). The new methodology introduces a unified standardized approach for estimation of risk weighted assets for the operational risk, replacing previously in force standardized and advanced measurement approaches.

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

|                          | 31 December 2021 | 31 December 2020<br>(as per updated approach) | 31 December 2020<br>(as per previous approach) |
|--------------------------|------------------|-----------------------------------------------|------------------------------------------------|
| Capital adequacy ratios: |                  |                                               |                                                |
| Tier 1 capital           | 15.9%            | 15.9%                                         | 14.7%                                          |
| Total capital            | 18.0%            | 20.4%                                         | 18.8%                                          |

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

|                          | 31 December 2021 | 31 December 2020 |
|--------------------------|------------------|------------------|
| Capital adequacy ratios: |                  |                  |
| Tier 1 capital (k1.2)    | 11.5%            | 11.3%            |
| Total capital (k.2)      | 12.9%            | 14.3%            |

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## 26. Risk management policy

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

### Credit risk

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

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

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

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

### Maximum Exposure

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

As at 31 December 2021 and 2020, the maximum exposure to credit risk after offset and collateral was equal to its carrying value of all financial assets except for loans to customers.

As at 31 December 2021 and 2020, the maximum exposure to credit risk after offset and collateral of loans to customers were KZT 1,875,603 million and KZT 1,067,047 million, respectively.

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## Collateral held as security and other credit enhancements

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

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

Although, the Group uses collateral as credit enhancement to mitigate its exposure to credit risk, major part of its loan portfolio is represented by unsecured loans. Thus, as at 31 December 2021 and 2020, unsecured gross carrying amount of loans to customers were KZT 1,989,342 million and KZT 1,162,426 million, respectively.

As at 31 December 2021 and 2020, credit impaired loans with a net carrying value of KZT 16,084 million and KZT 19,330 million, respectively were either fully or partially collateralized, reflecting the extent to which collateral and other credit enhancements mitigate credit risk.

### Credit quality of financial assets

The tables below present information about the significant changes in the gross carrying amount of loans during the period that contributed to changes in the loss allowance during the year ended 31 December 2021 and 31 December 2020:

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

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|                                                     | Stage 1          | Stage 2       | Stage 3        |                  |
|-----------------------------------------------------|------------------|---------------|----------------|------------------|
|                                                     | 12-month ECL     | Lifetime ECL  | Lifetime ECL   | Total            |
| <b>Loans at amortised cost</b>                      |                  |               |                |                  |
| Gross carrying amount as at 1 January 2020          | 1,228,093        | 15,383        | 156,041        | 1,399,517        |
| Changes in the gross carrying amount                |                  |               |                |                  |
| - Transfer to Stage 1                               | 10,198           | (2,180)       | (8,018)        | -                |
| - Transfer to Stage 2                               | (19,835)         | 21,026        | (1,191)        | -                |
| - Transfer to Stage 3                               | (63,280)         | (10,207)      | 73,487         | -                |
| New financial assets originated or purchased        | 938,746          | -             | -              | 938,746          |
| Financial assets that have been repaid              | (742,067)        | (3,522)       | (27,601)       | (773,190)        |
| Write-offs                                          | -                | -             | (38,739)       | (38,739)         |
| Other changes                                       | -                | -             | 109            | 109              |
| <b>Gross carrying amount as at 31 December 2020</b> | <b>1,351,855</b> | <b>20,500</b> | <b>154,088</b> | <b>1,526,443</b> |

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

|                                                              | Stage 1          | Stage 2       | Stage 3        |                  |
|--------------------------------------------------------------|------------------|---------------|----------------|------------------|
|                                                              | 12-month ECL     | Lifetime ECL  | Lifetime ECL   | Total            |
| Loans to customers that individually assessed for impairment |                  |               |                |                  |
| Grades: Low to fair risk                                     | 22,526           | -             | -              | 22,526           |
| Grade: Impaired                                              | -                | -             | 6,391          | 6,391            |
| Loans to customers that collectively assessed for impairment | 2,385,161        | 29,831        | 129,244        | 2,544,236        |
| <b>Total gross carrying amount</b>                           | <b>2,407,687</b> | <b>29,831</b> | <b>135,635</b> | <b>2,573,153</b> |
| Loss allowance                                               | (64,043)         | (10,582)      | (67,791)       | (142,416)        |
| Carrying amount as at 31 December 2021                       | <b>2,343,644</b> | <b>19,249</b> | <b>67,844</b>  | <b>2,430,737</b> |

|                                                              | Stage 1          | Stage 2       | Stage 3        |                  |
|--------------------------------------------------------------|------------------|---------------|----------------|------------------|
|                                                              | 12-month ECL     | Lifetime ECL  | Lifetime ECL   | Total            |
| Loans to customers that individually assessed for impairment |                  |               |                |                  |
| Grades: Low to fair risk                                     | 23,260           | -             | -              | 23,260           |
| Grade: Impaired                                              | -                | -             | 14,094         | 14,094           |
| Loans to customers that collectively assessed for impairment | 1,328,595        | 20,500        | 139,994        | 1,489,089        |
| <b>Total gross carrying amount</b>                           | <b>1,351,855</b> | <b>20,500</b> | <b>154,088</b> | <b>1,526,443</b> |
| Loss allowance                                               | (40,062)         | (7,674)       | (74,153)       | (121,889)        |
| <b>Carrying amount as at 31 December 2020</b>                | <b>1,311,793</b> | <b>12,826</b> | <b>79,935</b>  | <b>1,404,554</b> |

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

|                                               | Stage 1       | Stage 2      | Stage 3      |               |
|-----------------------------------------------|---------------|--------------|--------------|---------------|
|                                               | 12-month ECL  | Lifetime ECL | Lifetime ECL | Total         |
| <b>Due from banks</b>                         |               |              |              |               |
| High grade (A- and higher)                    | 14,017        | -            | -            | 14,017        |
| Investment grade (BBB+ - BBB-)                | 29,046        | -            | -            | 29,046        |
| Non-Investment grade (BB+ - B-)               | 1,222         | -            | -            | 1,222         |
| Low grade (CCC+ and lower)                    | -             | -            | -            | -             |
| <b>Total gross carrying amount</b>            | <b>44,285</b> | <b>-</b>     | <b>-</b>     | <b>44,285</b> |
| Loss allowance                                | (26)          | -            | -            | (26)          |
| <b>Carrying amount as at 31 December 2020</b> | <b>44,259</b> | <b>-</b>     | <b>-</b>     | <b>44,259</b> |

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

|                                               | Stage 1        | Stage 2      | Stage 3      |                |
|-----------------------------------------------|----------------|--------------|--------------|----------------|
|                                               | 12-month ECL   | Lifetime ECL | Lifetime ECL | Total          |
| <b>Investment debt securities</b>             |                |              |              |                |
| High grade (A- and higher)                    | 883            | -            | -            | 883            |
| Investment grade (BBB+ - BBB-)                | 848,887        | -            | -            | 848,887        |
| Non-Investment grade (BB+ - B-)               | 14,497         | -            | -            | 14,497         |
| Low grade (CCC+ and lower)                    | -              | -            | 1,310        | 1,310          |
| <b>Carrying amount as at 31 December 2020</b> | <b>864,267</b> | <b>-</b>     | <b>1,310</b> | <b>865,577</b> |

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

|                                                | A- and higher | BBB+ to BBB- | BB+ to B- | CCC+ and lower | Not rated | Total   |
|------------------------------------------------|---------------|--------------|-----------|----------------|-----------|---------|
| <b>Gross carrying value:</b>                   |               |              |           |                |           |         |
| <b>31 December 2021</b>                        |               |              |           |                |           |         |
| Cash and cash equivalents, net of cash on hand | 102,514       | 86,884       | 41        | -              | 994       | 190,433 |
| Mandatory cash balances with NBRK              | -             | 32,734       | -         | -              | -         | 32,734  |
| Due from banks                                 | 20,504        | 29,710       | 708       | -              | -         | 50,922  |
| Investment securities and derivatives          | 1,217         | 596,643      | 7,848     | 4,501          | -         | 610,209 |
| <b>31 December 2020</b>                        |               |              |           |                |           |         |
| Cash and cash equivalents, net of cash on hand | 36,837        | 143,763      | 273       | -              | 173       | 181,046 |
| Mandatory cash balances with NBRK              | -             | 27,659       | -         | -              | -         | 27,659  |
| Due from banks                                 | 14,017        | 29,046       | 1,222     | -              | -         | 44,285  |
| Investment securities and derivatives          | 3,368         | 850,434      | 14,817    | 3,891          | -         | 872,510 |

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

### Modified financial assets

As a result of the Group's forbearance activities financial assets might be modified. Modification doesn't lead to a material change in the net present value ("NPV"), therefore the Group doesn't recognise a modification gain/loss. The following tables refer to modified financial assets where modification does not result in derecognition. Financial assets (with loss allowance based on lifetime ECL) modified during the years ended 31 December 2021 and 2020:

|                                                                                                                        | 2021          | 2020          |
|------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| <b>Gross carrying amount of financial assets that are impaired after modification but not in NPL as at 1 January</b>   | <b>17,923</b> | <b>14,126</b> |
| Gross carrying amount of modified loans within period                                                                  | 20,222        | 21,173        |
| Loans transferred to Non impaired category (Cured loans)                                                               | (16,425)      | (11,600)      |
| Loans transferred to NPL                                                                                               | (6,875)       | (5,516)       |
| Repaid loans                                                                                                           | (2,824)       | (260)         |
| <b>Gross carrying amount of financial assets that are impaired after modification but not in NPL as at 31 December</b> | <b>12,021</b> | <b>17,923</b> |

The net carrying amount of loans at time of modification, that are modified during the years ended 31 December 2021 and 2020 were KZT 13,079 million and KZT 12,931 million, respectively. The gross carrying amount of modified loans for which the loss allowance changed from lifetime to 12-month ECL in the years ended 31 December 2021 and 2020 were KZT 9,020 million and KZT 8,018 million, respectively.

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### Macro sensitivity

The Group has performed a sensitivity analysis on how ECL on the main portfolios will change if the key assumptions used to calculate ECL change by 1 percentage point. For the purpose of ECL estimation, the Group takes a growth rate of real GDP at 3.90% and 3.76% for years 2022 and 2023, respectively as the baseline scenario, 5.89% and 5.75% for years 2022 and 2023, respectively as an upside scenario and 1.91% and 1.77% for the years 2022 and 2023 respectively as a downside scenario. A change in the baseline growth rate of real GDP by +/- 1 percentage point with respective correction of the upside and downside scenarios lead to a change in the loss allowance amount by KZT -8,134/+8,181 million as at 31 December 2021, respectively.

### Liquidity risk

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

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

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

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

A major part of the Group's obligations consists of customer accounts of individuals, with nominal maturity under 2 years. However 96% of deposits in 2021 were rolled over, which ensures the Group maintains a reliable and long-term funding base. The average amount of individuals' customer accounts balance is KZT 828 thousand as at 31 December 2021, which is another indicator of diversification and stability of the funding base.

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



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## Market risk

### Price Risk

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

### Currency risk

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

### Interest rate risk

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

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

|                                              | Up to<br>1 month | 1 month to<br>3 months | 3 months<br>to 1 year | 1 year to<br>5 years | Over<br>5 years | 31 December<br>2021 Total |
|----------------------------------------------|------------------|------------------------|-----------------------|----------------------|-----------------|---------------------------|
| Total interest bearing financial assets      | 429,046          | 466,439                | 1,342,621             | 818,762              | 106,545         | 3,163,413                 |
| Total interest bearing financial liabilities | 255,838          | 454,882                | 1,387,054             | 299,036              | 5,526           | 2,402,336                 |
| Interest sensitivity gap                     | 173,208          | 11,557                 | (44,433)              | 519,726              | 101,019         |                           |
| Cumulative interest sensitivity gap          | 173,208          | 184,765                | 140,332               | 660,058              | 761,077         |                           |
|                                              | Up to<br>1 month | 1 month to<br>3 months | 3 months<br>to 1 year | 1 year to<br>5 years | Over<br>5 years | 31 December<br>2021 Total |
| Total financial assets                       | 1,308,515        | 428,337                | 1,155,879             | 498,702              | 94,398          | 3,485,831                 |
| Total financial liabilities                  | 920,656          | 455,573                | 1,387,477             | 299,036              | 5,526           | 3,068,268                 |
| Guarantees issued and similar commitments    | 317              | 110                    | -                     | 4,500                | -               | 4,927                     |
| Total financial liabilities and commitments  | 920,973          | 455,683                | 1,387,477             | 303,536              | 5,526           | 3,073,195                 |
| Liquidity gap                                | 387,542          | (27,346)               | (231,598)             | 195,166              | 88,872          |                           |
| Cumulative liquidity gap                     | 387,542          | 360,196                | 128,598               | 323,764              | 412,636         |                           |

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|                                              | Up to<br>1 month | 1 month to<br>3 months | 3 months<br>to 1 year | 1 year to<br>5 years | Over<br>5 years | 31 December<br>2020 Total |
|----------------------------------------------|------------------|------------------------|-----------------------|----------------------|-----------------|---------------------------|
| Total interest bearing financial assets      | 657,658          | 402,890                | 780,943               | 505,353              | 121,978         | 2,468,822                 |
| Total interest bearing financial liabilities | 119,086          | 322,098                | 1,002,664             | 447,357              | 5,159           | 1,896,364                 |
| Interest sensitivity gap                     | 538,572          | 80,792                 | (221,721)             | 57,996               | 116,819         |                           |
| Cumulative interest sensitivity gap          | 538,572          | 619,364                | 397,643               | 455,639              | 572,458         |                           |
|                                              | Up to<br>1 month | 1 month to<br>3 months | 3 months<br>to 1 year | 1 year to<br>5 years | Over<br>5 years | 31 December<br>2020 Total |
| Total financial assets                       | 1,475,461        | 259,040                | 629,677               | 228,341              | 100,103         | 2,692,622                 |
| Total financial liabilities                  | 606,119          | 323,393                | 1,004,259             | 447,357              | 5,159           | 2,386,287                 |
| Guarantees issued and similar commitments    | 18               | 1                      | -                     | 2,177                | -               | 2,196                     |
| Total financial liabilities and commitments  | 606,137          | 323,394                | 1,004,259             | 449,534              | 5,159           | 2,388,483                 |
| Liquidity gap                                | 869,324          | (64,354)               | (374,582)             | (221,193)            | 94,944          |                           |
| Cumulative liquidity gap                     | 869,324          | 804,970                | 430,388               | 209,195              | 304,139         |                           |

For more relevant representation of the liquidity risk, in 2021 the Group has introduced in these consolidated financial statements an additional table, where investment securities are presented in the category up to one month, as they can be traded in open market if needed. The liquidity disclosure as at 31 December 2020 is presented with the effect of these changes.

As at 31 December 2021 and 2020, guarantee deposits in favour of international payments systems included in due from banks were KZT 50,214 million and KZT 43,062 million, respectively.

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

### Interest rate sensitivity analysis

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

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

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As at 31 December 2021, the impact on profit before income tax due to a +/-3 p.p. change in interest rate amounted -/+ KZT 150 million (2020: -/+ KZT 469 million).

As at 31 December 2021, the impact on equity due to a +/-3 p.p. change in interest rate amounted KZT -24,236 million KZT/+25,684 million (2020: KZT -17,261 million/KZT +18,474 million).

## Currency risk

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

|                                                             | Tenge            | USD<br>1 USD =<br>KZT<br>431.80 | EUR<br>EUR 1 =<br>KZT<br>489.10 | Other<br>currency | 31 December<br>2021 Total |
|-------------------------------------------------------------|------------------|---------------------------------|---------------------------------|-------------------|---------------------------|
| Non-derivative financial assets                             |                  |                                 |                                 |                   |                           |
| Total non-derivative financial assets                       | 3,140,201        | 334,006                         | 6,748                           | 3,922             | <b>3,484,877</b>          |
| Non-derivative financial liabilities                        |                  |                                 |                                 |                   |                           |
| Total non-derivative financial liabilities                  | 2,550,500        | 506,102                         | 5,574                           | 1,272             | <b>3,063,448</b>          |
| <b>NET POSITION ON NON-DERIVATIVE FINANCIAL INSTRUMENTS</b> | <b>589,701</b>   | <b>(172,096)</b>                | <b>1,174</b>                    | <b>2,650</b>      |                           |
| <b>Derivative financial instruments</b>                     |                  |                                 |                                 |                   |                           |
| Accounts payable on spot and derivative contracts           | (184,863)        | (5,035)                         | (3,913)                         | (4,287)           | (198,098)                 |
| Accounts receivable on spot and derivative contracts        | 857              | 182,328                         | 2,446                           | 2,587             | 188,218                   |
| <b>NET POSITION ON DERIVATIVE FINANCIAL INSTRUMENTS</b>     | <b>(184,006)</b> | <b>177,293</b>                  | <b>(1,467)</b>                  | <b>(1,700)</b>    | <b>(9,880)</b>            |
| <b>NET POSITION</b>                                         | <b>405,695</b>   | <b>5,197</b>                    | <b>(293)</b>                    | <b>950</b>        |                           |
|                                                             | Tenge            | USD<br>1 USD =<br>KZT<br>420.91 | EUR<br>EUR 1 =<br>KZT<br>516.79 | Other<br>currency | 31 December<br>2020 Total |
| Non-derivative financial assets                             |                  |                                 |                                 |                   |                           |
| Total non-derivative financial assets                       | 2,398,772        | 278,917                         | 7,362                           | 3,846             | <b>2,688,897</b>          |
| Non-derivative financial liabilities                        |                  |                                 |                                 |                   |                           |
| Total non-derivative financial liabilities                  | 1,953,837        | 420,094                         | 5,560                           | 808               | <b>2,380,299</b>          |
| <b>NET POSITION ON NON-DERIVATIVE FINANCIAL INSTRUMENTS</b> | <b>444,935</b>   | <b>(141,177)</b>                | <b>1,802</b>                    | <b>3,038</b>      |                           |
| <b>Derivative financial instruments</b>                     |                  |                                 |                                 |                   |                           |
| Accounts payable on spot and derivative contracts           | (137,184)        | (1,297)                         | (14,729)                        | (2,700)           | (155,910)                 |
| Accounts receivable on spot and derivative contracts        | 3,706            | 136,788                         | 12,920                          | 19                | 153,433                   |
| <b>NET POSITION ON DERIVATIVE FINANCIAL INSTRUMENTS</b>     | <b>(133,478)</b> | <b>135,491</b>                  | <b>(1,809)</b>                  | <b>(2,681)</b>    | <b>(2,477)</b>            |
| <b>NET POSITION</b>                                         | <b>311,457</b>   | <b>(5,686)</b>                  | <b>(7)</b>                      | <b>357</b>        |                           |

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## Currency risk sensitivity

The Group analysed sensitivity to an increase and decrease in the USD and EUR against the KZT. 25% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation as at 31 December 2021 and 2020 for a 25% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

As at 31 December 2021, the impact on profit or loss and on equity due to +/-25% change in USD rate were KZT +/-1,299 million (2020: KZT +/-1,422 million).

As at 31 December 2021, the impact on profit or loss and on equity due to +/-25% change in EUR rate were KZT +/-73 million (2020: KZT +/-2 million).

## 27. Subsequent events

In January 2022, Kaspi Cloud LLC, a separate legal entity fully owned by Kaspi Office LLC, has been established. Kaspi Cloud LLC is providing data center services, that support the storage, maintenance and processing of information using server software and equipment.

In the first half of January 2022, a series of large protests took place in Kazakhstan, which grew into violent unrest. A number of facilities were looted and damaged, including facilities of the Group. To respond to these riots, 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. As a result of anti-terror operations, 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. Management has analysed the impact of these events on the Group's business and the analysis has demonstrated that losses are approximately KZT 1.5 billion. However, Management continues to monitor the current economic situation.

In response to the political situation and its economic implications, 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.

On 24 February 2022, due to external geopolitical situation, the NBRK has set the base rate at 13.5% p.a. with a corridor of +/- 1.0 p.p. In response to the devaluation of national currency, the NBRK has performed interventions on the currency market to support tenge exchange rate against foreign currencies. However, there is uncertainty exists related to the future development of the external risk and its impact on the economy of countries where the Group operates. The Management of the Group believes it is taking all necessary measures to support the sustainability of the Group under these conditions.

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.

# Glossary

|                        | Year ended<br>31.Dec.21 | Year ended<br>31.Dec.21    | Year ended<br>31.Dec.20 | Year ended<br>31.Dec.20    |
|------------------------|-------------------------|----------------------------|-------------------------|----------------------------|
|                        | IFRS                    | Adjusted <sup>(1)(2)</sup> | IFRS                    | Adjusted <sup>(1)(2)</sup> |
| <b>Revenue</b>         | <b>884 822</b>          | <b>936 803</b>             | <b>602 869</b>          | <b>641 437</b>             |
| Rewards                | (51 981)                |                            | (38 568)                |                            |
| <b>Segment Revenue</b> | <b>936 803</b>          | <b>936 803</b>             | <b>641 437</b>          | <b>641 437</b>             |
| Marketplace            | 153 604                 | 153 604                    | 65 977                  | 65 977                     |
| Payments               | 217 085                 | 217 085                    | 120 923                 | 120 923                    |
| FinTech                | 566 114                 | 566 114                    | 454 537                 | 454 537                    |
| <b>Net Income</b>      | <b>435 214</b>          | <b>455 185</b>             | <b>263 348</b>          | <b>274 318</b>             |
| Marketplace            | 99 716                  | 101 641                    | 38 587                  | 39 581                     |
| Payments               | 126 653                 | 131 246                    | 60 554                  | 63 004                     |
| FinTech                | 208 845                 | 222 298                    | 164 207                 | 171 733                    |
| <b>NIM</b>             | <b>49.2%</b>            | <b>48.6%</b>               | <b>43.7%</b>            | <b>42.8%</b>               |
| Marketplace            | 64.9%                   | 66.2%                      | 58.5%                   | 60.0%                      |
| Payments               | 58.3%                   | 60.5%                      | 50.1%                   | 52.1%                      |
| FinTech                | 36.9%                   | 39.3%                      | 36.1%                   | 37.8%                      |

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

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

| TERMINOLOGY                                             | DEFINITION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|---------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Active Consumers</b>                                 | For Kaspi.kz – the total number of consumers which have used any of the Group’s products or services at least once during the previous 12 months, expressed in thousands or millions of consumers as of the end of any such period.<br>The metric is also calculated for each specific Platform (i.e. for Marketplace, Payments, Fintech) and is defined as the total number of consumers which have used the Platform’s specific products or services at least once during the previous 12 months |
| <b>Active Merchants</b>                                 | The total number of merchant stores that have successfully completed the sale of goods or services, or transaction to/with a consumer at least once during the previous 12 months                                                                                                                                                                                                                                                                                                                  |
| <b>Adjusted for Share-based Compensation</b>            | Regular adjustment to Net Income starting with Q4’20 based on numbers presented in Kaspi.kz Financial Statements. Adjustment to Phantom shares portion of Share-based compensation is net of income tax for the purposes of this presentation                                                                                                                                                                                                                                                      |
| <b>Average Balances on Current Accounts</b>             | The average total balance of the Payments Platform’s accounts (including Kaspi Business and Kaspi Gold accounts) for each respective period based on the monthly average balances                                                                                                                                                                                                                                                                                                                  |
| <b>Average Monthly Transactions per Active Consumer</b> | The ratio of the total number of transactions for the previous 12 months to the total number of Active Consumers as of the end of any such period, divided by 12                                                                                                                                                                                                                                                                                                                                   |
| <b>Average Net Loan Portfolio</b>                       | The average balance of the Fintech Platform net loan portfolio for each respective period based on the respective monthly average balances                                                                                                                                                                                                                                                                                                                                                         |
| <b>Fintech Yield</b>                                    | The ratio of sum of interest income and banking fee divided by the Fintech Average Net Loan Portfolio                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Cost of Risk</b>                                     | Total provision expense for loans divided by the average balance of gross loans to customers for the same period                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>DAU (Daily Active Users)</b>                         | The daily number of users with at least one discrete session (visit) in excess of 10 seconds on the Mobile App; average DAU is a simple average of DAU for any given period                                                                                                                                                                                                                                                                                                                        |

| TERMINOLOGY                                  | DEFINITION                                                                                                                                                                                                                          |
|----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Delinquency Rate</b>                      | The share of loans that were not delinquent in the previous month but missed their current due date payment                                                                                                                         |
| <b>FPD</b> (First Payment Default)           | The share of loans with the missed first payment                                                                                                                                                                                    |
| <b>GMV</b> (Gross Merchandise Value)         | The total value of goods and services sold across our Marketplace Platform during the respective period                                                                                                                             |
| <b>Loss Rate Vintages</b>                    | Expected loss rate of portfolio originated in specific quarter/month as a combination of actual NPL as of reporting date and expected recovery of NPL based on statistics                                                           |
| <b>MAU</b> (Monthly Active Users)            | The monthly number of users with at least one discrete session (visit) in excess of 10 seconds on the Mobile App in the last calendar month of each respective period; average MAU is a simple average of MAU for any given quarter |
| <b>Net Income Margin</b>                     | The ratio of Net Income to Revenue                                                                                                                                                                                                  |
| <b>RTPV</b> (Revenue-generating TPV)         | TPV minus non revenue generating P2P Payments within the Kaspi Ecosystem                                                                                                                                                            |
| <b>SPD</b> (Second Payment Default)          | The share of loans with the missed first and second payments                                                                                                                                                                        |
| <b>Take Rate</b>                             | For Payments Platform: ratio of transaction and membership revenue (excluding Kaspi Business) to RTPV<br>For Marketplace Platform: ratio of seller fees to GMV                                                                      |
| <b>TFV</b> (Total Finance Value)             | The total value of loans to consumers issued within the Fintech Platform                                                                                                                                                            |
| <b>TFV to Loan Portfolio Conversion Rate</b> | The ratio of TFV to Average Net Loan Portfolio, calculated for Fintech Platform                                                                                                                                                     |
| <b>TPV</b> (Total Payment Value)             | The total value of payment transactions made by Active Consumers within the Payments Platform                                                                                                                                       |



# Shareholder Information

## Legal entity and registered office

### Joint Stock Company Kaspi.kz

Legal entity identifier 2549003YU6FARG8OAZ13

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

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

## Independent auditors

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

## Depository

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

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

## Forward Looking Statements

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

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

