



SOCIAL RESPONSIBILITY



THE BANK IS AWARE OF ITS RESPONSIBILITY

for the economic, social and environmental consequences of its activities, as well as recognizes the need to take a set of measures to promote sustainable development of society and assumes voluntary undertakings regarding socially responsible behavior to a wide range of stakeholders.

The Bank strives to apply international best practices in the field of environmental protection and social impact of its services in the framework of its activities in accordance with the Laws of the Republic of

Kazakhstan «On Housing Construction Savings in the Republic of Kazakhstan» and «On Banks and Banking Activities in the Republic of Kazakhstan» and Articles of Association of the Bank.

EMPLOYMENT

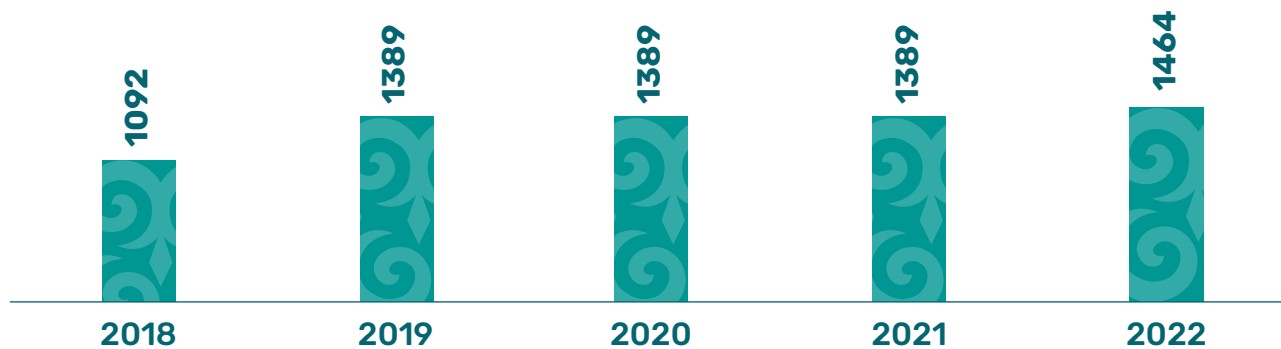
One of the priority tasks of the Bank is the formation and maintenance of a staff that meets the qualification requirements of the Bank aimed at achieving strategic goals and solving the problems the Bank faces. The

labor relations are governed by the Labor Relations Regulations and Internal Labor Policy of the Bank in accordance with the legislation of the Republic of Kazakhstan.

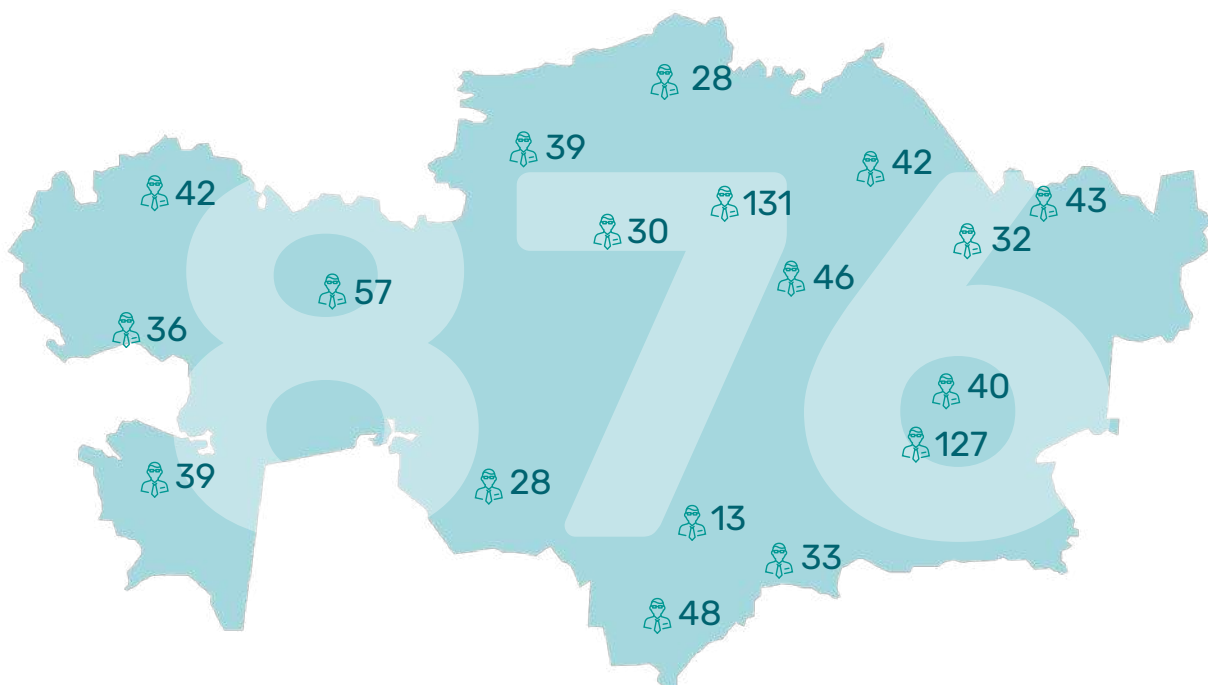
COMPOSITION AND STRUCTURE OF PERSONNEL

As of 01.01.2023, the internal organizational structure of the Bank consisted of 27 independent subdivisions of the Central Office, 16 regional and 2 city branches, 20 service centers and 3 service points.

MANNING LEVEL, PEOPLE



The actual number of employees of the Bank as of 01.01.2023 was 1,464 people. Of them, 588 are employees of the Central Office, and 876 are employees of the Bank's branches in all regions. The breakdown of the Bank's full-time employees by region is given in the following table:



BREAKDOWN OF THE FULL-TIME NUMBER OF BANK EMPLOYEES BY REGION

No	Region	Staff, people
1	Akmola regional branch	30
2	Aktobe regional branch	57
3	Branch of the bank in Almaty city	127
4	Almaty regional branch	40
5	Atyrau regional branch	36
6	East Kazakhstan regional branch	43
7	Zhambyl regional branch	33
8	West Kazakhstan regional branch	42
9	Karaganda regional Branch	46
10	Kostanay regional branch	39
11	Kyzylorda branch	28
12	Mangystau regional branch	39
13	Pavlodar regional branch	42
14	North Kazakhstan regional Branch	28
15	Abai regional Branch	32
16	Central branch	131
17	Shymkent branch	48
18	Turkestan regional branch	13
19	Reserve for opening two new branches	24
Total		876

The actual number of employees of the Bank as of 01.01.2023 was 1,408. Of them: 567 are employees of the Central Office and 841 are employees of the Bank's branches in all regions. The number of employees hired in 2022 was 265 people. The average age of employees is 37 years.

Among the Bank's staff and non-staff employees, as well as consultant-agents, there are 48 employees with disabilities, 37 of whom are women and 11 are men.

It is also noted that on-staff employees work in various

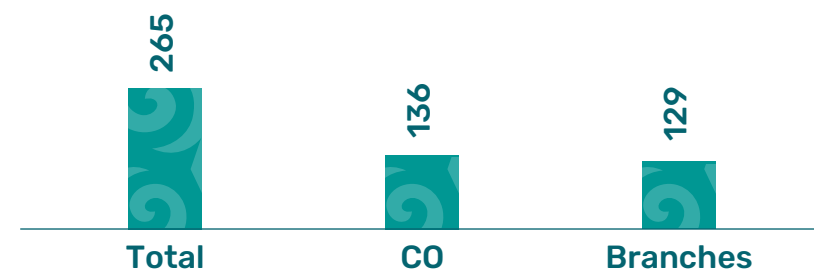
structural subdivisions of the Bank. The total number of freelance employees as of 01.01.2023 is 148 people (in 2021 - 133 people).

The Bank concluded a collective agreement between the employer and employees. It was voluntarily on the basis of compliance with the norms of the legislation of the Republic of Kazakhstan, the authority of the representatives of the parties, freedom of choice, discussion and resolution of issues that make up its content, the reality of ensuring the obligations assumed. The collective agreement is not concluded with non-staff employees of the Bank. Non-staff employees are hired and perform their official duties in accordance with the Instruction on the procedure for selecting contractors/assistants to employees and concluding agreements for the provision of paid services at Otbasy Bank JSC.

PERSONNEL BREAKDOWN BY GENDER AND AGE GROUP IN 2022.

Indicator		Total, people.	Share, %	Management positions	Share in management positions, %
Gender	Men	562	42%	4	57
	Women	846	63%	3	43
Age groups	Under 30 years old	305	23%	0	0
	30-50 years old	998	74%	7	100
	Over 50 years old	105	8%	0	0

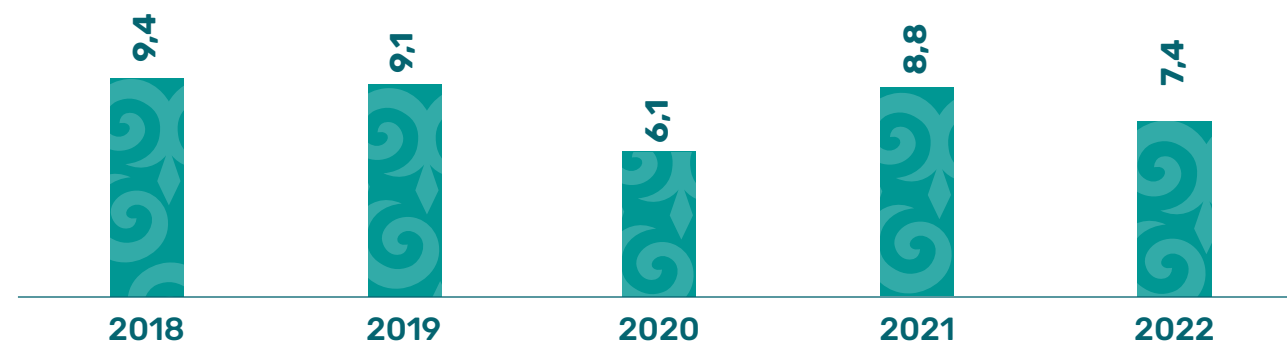
EMPLOYEES HIRED IN 2022, PEOPLE



The procedure for competitive selection for vacant positions in the Bank comprises several stages, including: determining the need for personnel, selecting candidates and analyzing CVs, conducting preliminary interviews, and professional testing with candidates.

Personnel turnover for 2022 is 7.4% (compared to 8.8% in 2021). Labor relations were terminated: 45.4% at the initiative of the employee, 50% by agreement of the parties, and 4.6% for other reasons (draft, death, court decision, employer's initiative, reduction, etc.).

STAFF TURNOVER, %



LABOR RELATIONS PRACTICE

In the area of human rights and labor relations, the Bank is guided by the principles of the UN Global Compact, the Bank's Corporate Governance Code, and the Bank's Sustainable Development Policy.

There were no complaints filed against the Bank during the reporting year for violation of labor relations practices. In accordance with the legislation of the Republic of Kazakhstan and the terms of the

employment agreement, an employee has the right to apply for consideration of an individual labor dispute / complaints. The terms of appeal for consideration of individual labor disputes are regulated by the Labor Code of the Republic of Kazakhstan.

There are no subdivisions that use child and forced labor, nor young workers performing hazardous work.

EMPLOYEE-MANAGEMENT RELATIONS

As part of the relationship between employees and management, the Bank regularly conducts:

- 1) weekly planning meetings with the participation of executives and heads of structural subdivisions on operational activities;
- 2) quarterly meetings of the Chairman of the Management Board with the heads of structural subdivisions on achievement of the approved Goal Maps for the reporting period;
- 3) constant free and effective working interaction between employees and the management of the Bank. The Bank also holds joint team-building corporate events, trainings and sports events with the participation of the Bank's management.

Regulation of working hours in the Bank is based on the fact that for a five-day working week, the duration of daily work (work shift) cannot exceed 8 hours, while the weekly norm is 40 hours. The duration of daily work

(work shift), the start and end time of daily work (work shift), and the time of breaks in work are determined in compliance with the established duration of the working week by the Rules of Labor Relations and internal labor regulations in the Bank, employment contracts and collective agreements.

The collective agreement applies to the employer and employees of the Bank, on whose behalf the collective agreement was concluded, and employees who joined it on the basis of a written application. In the Bank, 100% of the total number of employees is covered by collective agreements.

The Bank strictly complies with the norms and requirements of the Labor Code of the Republic of Kazakhstan. In case of significant changes related to the Bank's activities, employees are notified in accordance with the established procedure (no later than fifteen calendar days in advance).

TRAINING AND EDUCATION

Taking into account that development of personnel is one of the components of the success of any organization, the Bank annually plans to spend the funds for personnel training and development.

During 2022, training events were held for the Bank's employees on a regular basis based at the Bank regarding the amendments and alterations made to the regulatory documents, the Bank's innovations as part of the introduction of a new information system and improving the IT infrastructure, implementation of the state project on the use of pension savings to improve housing conditions, get medical treatment, etc. The training events were also held with the aim of improving the professional qualifications and motivating the Bank's employees who are able to make effective decisions to achieve the goals and objectives of the Bank. Moreover, the Bank's employees studied at external seminars, courses, online trainings in various areas in order to develop professional skills and study the world experience. The Bank's employees regularly complete compulsory specialized courses in order

to improve their professional qualifications and get certificated.

In 2022, 1,077 employees of the Bank underwent external training, of which 687 employees were unique, which is 63.79% of the total number of trained employees. Of them, 375 people are employees of the Central Office and 312 people are employees of the Bank's branches. For comparison, in 2021, 1,161 employees underwent external training, of them 820 were unique. Out of 1,077 employees who have completed external training, 520 are women and 557 are men.

In 2022 employees of the Bank successfully defended qualifying works (master's theses) under the MBA/EMBA programs in domestic and foreign universities. There was no new enrollment for MBA/EMBA programs in 2021.

In 2022, 1,395 people participated in internal training, which is 100% of the total number of employees, consisting of 552 employees of the Central Office and

846 employees of the Bank's branches, 796 women and 602 men by gender.

The total number of training hours (internal training) in 2022 was 15,526 academic hours, including short-term training (webinar, technical training) and asynchronous training (e-courses). The average number of training hours (internal training) per 1 employee of the Bank in 2022 was 11.1 academic hours.

70 internal training events were held for employees of the Central Office and branches of the Bank, with the target for 2022 - 69 events. The topics of internal training were varied: Internal control system, Procedure for interaction with appraisers, Servicing legal entities, Raising awareness of Bank employees on information security issues, Countering fraud, Nuances of partial repayment and additional payment for pre-loans, Procedure for blocking and (or) revoking rights, the Bank's Development Strategy, Sustainable development, Banking secrecy and the consequences of its non-compliance, Rules for granting access rights, Operational risk and business continuity management system, Countering the legalization (laundering) of proceeds from crime and the financing of terrorism, Compliance risk management system, Anti-corruption management, etc. The number of trainings on electronic courses in the Bank's distance learning system (internal training) in 2022 amounted to 5,293 taught by employees of the Central Administrative Office and 9,121 by employees of the Bank's branches.

During the year, the library of educational electronic interactive courses in the Mirapolis distance learning system was also replenished regularly with the focus on all employees of the Bank. The following electronic courses were developed and uploaded: «Procedure for interaction with appraisers», «Aspects of partial repayment and additional payment for pre-loans», «Procedure for blocking and (or) revoking rights», «Work with overdue and problem loans»,

«Development Strategy of Otbasy Bank JSC until 2023», «Development strategy of Otbasy Bank JSC until 2023». Procedure for submitting issues for consideration by the Management Board in Otbasy Bank JSC, «IT process Management», «Internal Audit in modern business».

On the basis of the iSpring LMS, training is conducted for employees of the Bank's Remote Service Department in the format of micro-training on the topics of credit and post-credit operations, bank secrecy and the consequences of non-compliance, countering money laundering and terrorist financing, rent subsidies, differentiated rates, high-quality customer service, and service standards.

Within the framework of labor legislation, upon termination of an employment contract with an employee by agreement of the parties, a decision may be made to pay compensation in the amount of up to two established official salaries and/or to pay a bonus based on the results of activities for the reporting period of time actually worked on the basis of the provided report on the implementation of the key performance indicators map. Also, upon termination of the employment contract, the employee may be provided with a letter of recommendation containing information about the employee's qualifications and attitude to work.

In 2022, as part of the enrollment of the Bank's employees in the unified personnel reserve of Baiterek NMH JSC, an assessment of the performance of 43 employees of the Bank for 2021 was carried out, including 16 employees of the Central Administration Office and 27 employees of the Bank's branches. Of the 43 employees - 16 are women and 27 are men. As a result, all employees of the Bank received appropriate grades and were credited to the reserve of Baiterek NMH JSC.

PERSONNEL RESERVE

The procedure for the formation of a personnel reserve for the management and managerial staff of personnel is performed in the Bank since 2008 in accordance with the Regulations on the formation and organization of work with the personnel reserve of the Bank by identifying high-potential employees and organizing

their professional and career growth

As of the end of 2022, the Bank's Personnel Reserve consists of 71 people, of which 24 employees of the Central Office and 47 employees of the Bank's branches.

CERTIFICATION OF BANK EMPLOYEES

Since 2009, the Bank has been carrying out certification of employees to determine the degree of employees' compliance with the requirements for their positions and to make the necessary management decisions regarding further labor relations with the Bank's employees based on the certification results. The employees are certified no more than once every three years; in case of unsatisfactory results of the performance assessment (KPI below 75%), they are certified no more than once a year. The certification

stages are: qualification requirements analysis, testing, and meeting of the Certification Commission. According to the results of 2022, 98.2% of the total number of employees of the Bank (567 employees) were certified, the average performance among employees was 90%. 53% of them are women (301 employees), 47% are men (266 employees). Among the 320 employees who passed the certification, 19 were heads of structural divisions (3.3%) and 548 were chief managers and specialists (96.7%).

TESTING FRONT-OFFICE EMPLOYEES

Gamification is carried out for employees of the front office, the Remote Service Department and consultants of the Bank on a regular basis in order to check the level of knowledge of the tariff programs and internal documents of the Bank.

In 2022, testing was conducted on the topics «Countering the legalization (laundering) of proceeds

from crime and the financing of terrorism», «Aspects of partial repayment and additional payment on preliminary loans», «Consequences of non-compliance with bank secrecy, personal data and credit history and requirements for compliance with bank secrecy, personal data and credit history», «Servicing legal entities», «Operational risk and business continuity management system».

REMUNERATION OF BANK EMPLOYEES

The system of remuneration of the Bank's employees consists of a fixed part of remuneration (salary, bonuses) and a variable part of remuneration (bonus).

The amount of the official salary is determined on the basis of the grades structure and is fixed in accordance with the salary scheme and the staffing table approved by the Management Board of the Bank.

Remuneration range is fixed for each grade that determines the minimum, average and maximum value.

The salary scheme reflects the value from the minimum to the maximum value of the level of remuneration in the grade.

The total number of hours of training is

15526

for 2022

AVERAGE BASIC SALARY OF MEN AND WOMEN BY EMPLOYEE CATEGORY IN 2022

	men	women
Top management, thousand tenge	1 595	1 729
Heads of structural divisions, thousand tenge	707	798
General managers, specialists, thousand tenge	257	233

The salary scheme is formed taking into account compliance with the principle of internal fairness (payment for positions of similar value to the Bank within a given range) and external competitiveness (sufficient level of basic remuneration to attract and retain the Bank's employees). No cases of discrimination were recorded in the reporting year.

In accordance with internal documents, the Bank covers personnel maintenance costs and related

deductions, which include salary costs, mandatory contributions to the social health insurance fund and the social insurance fund, social tax, accrued expenses for annual leave and paid sick leave, voluntary health insurance, bonuses and social assistance in cash form. The Bank does not have any legal or constructive obligation to pay pensions or similar payments other than payments under the government's defined contribution plan.

INCENTIVIZATION OF THE BANK'S EMPLOYEES

In 2022, the Bank continued to work on enhancing the efficiency, transparency and balance of the system of material and non-material incentives, which is one of the most important areas of work with personnel and ensures compliance with standards and guarantees in accordance with the Labor Code of the Republic of Kazakhstan. To attract highly skilled specialists, increase the involvement and satisfaction of personnel, reduce staff turnover and develop the HR brand, the Bank regularly researches the labor market and the level of wages.

The approved system of bonuses for the Bank's employees takes into account the effectiveness of the performance of each employee and his/her individual contribution to the Bank's performance.

The personnel incentive system is aimed at achieving high production results and increasing labor productivity. In addition to bonuses based on labor

results, the Bank's employees are paid a bonus for public holidays of the Republic of Kazakhstan.

The Bank also has a system of moral incentives for employees and structural subdivisions, which includes both recognition of the personal merits of an employee in the form of an expression of gratitude, awarding a certificate of merit, awarding the titles "Best Employee of the Bank", "Honored Employee of the Bank", registering in the Bank's Book of Honor, and recommendation to confer the state awards and titles. According to the Rules for the moral encouragement of employees and structural subdivisions, the best employees of the branches and structural subdivisions of the Central Office of the Bank are determined on a quarterly basis. The information is posted in the "Honorary Board" block on the Bank's internal portal. Also, the best structural subdivision of the Central Office and the best branch of the Bank are selected on a quarterly basis. In 2020, a system of monetizing moral incentives was created through the introduction of a virtual currency – Zhilcoin – and the possibility of using it in the 'Motivational Cafeteria' on the Bank's internal corporate portal. Zhilcoins are awarded for each type of moral encouragement, and based on the collected amounts at the end of the year, nominations for the "Best Employee of the Year" and nominations from the heads of supervising blocks are selected.

SOCIAL PROTECTION

The Bank's employee social support policy is aimed at stabilizing the team and taking care of each employee. The Bank provides employees with benefits and compensations that are part of an extensive social package, in accordance with the Rules for providing Social Support to employees of the Bank. All payments

are made within the limits of the corresponding budget items of the Bank.

The Rules provide for the following types of social support for Bank employees:

Financial assistance;

Financial assistance is paid to employees in the following cases:

- for health improvement when providing paid annual working leave;
- in connection with marriage;
- in connection with maternity leave, leave to adopt a newborn child (newborn children);
- in connection with the birth of a child/adoption of children;

- in connection with the treatment/operation of the employee or persons who are members of his / her family;
- in connection with the death of the employee/ members of the employee's family.

In 2022, 241 female employees were on parental leave (under 3 years of age). In particular, 98 employees went on parental leave during the year. In the reporting year, 86 employees returned to work after taking parental leave.

Voluntary Health Insurance Program (Health Insurance);

The employees and members of their families are covered by health insurance in accordance with the voluntary health insurance program. The funds for medical insurance are expensed in case of disease of an employee in accordance with agreements entered into with insurance organizations in accordance with the procedure established by the legislation of the Republic of Kazakhstan, or under agreements for medical care entered into with the

medical organizations. Expenses for health insurance per employee must not exceed 100 MCI for the corresponding financial year

In 2022, 2,217 people, including 1,437 Bank employees and 781 members of their families, were able to use medical services under the voluntary health insurance contract.

Compensation payments;

In connection with a change of place of residence at the place of work in another locality, provided that supporting documents for actually incurred expenses are available, an employee can be paid the following compensation payments in a lump sum:

- payment of the cost of travel of an invited / transferred employee and members of his/her family by railway/ motor transport in the amount;
- payment for the transportation of property of an invited/transferred employee and members of his/ her family by railway/ motor transport.

Assistance in solving housing issues.

Assistance in solving housing issues, depending on the financial condition of the Bank, can be provided by the Bank to an invited/transferred employee by partial reimbursement of the expenses for paying the rent of a dwelling (for a period not exceeding 2 years).

DIVERSITY AND EQUAL OPPORTUNITIES

The Bank strives to create an atmosphere of goodwill and support, in which all employees are valued, as well as representatives of all ethnic groups of Kazakhstan are provided with equal employment opportunities. The ratio of men and women, their remuneration, and the average age of employees are listed in the section of the Bank's personnel report.

The Bank has a huge ethno-cultural diversity of employees. For example, the Bank employs representatives of the following nationalities: Kazakhs, Russians, Bulgarians, Jews, Azerbaijanis, Tatars, Koreans, Ukrainians, Uzbeks, Uighurs, Germans. In the meantime, the Bank improves its culture, increasing ethnic and cultural diversity in the management team, while strictly adhering to the recruitment rules.

Creating equal career opportunities, ensuring fair evaluation of women's and men's work, and avoiding wage discrimination are essential to achieving gender equality and are essential components of decent work. The Bank adheres to the principle of equal remuneration for work of equal value.

The Bank has created appropriate conditions to ensure equal rights and opportunities for women and men in relation to:

- employment opportunities - maximize the use of vacant jobs for the employment of young professionals, both men and women.

- equal participation of women and men in production and management decisions;
- women's realization of career opportunities;
- participation of women in activities aimed at developing leadership skills;
- the right of both women and men to take parental leave until the child reaches the age of three.

Moreover, the Bank promotes women's initiatives and leadership in every possible way. In the reporting year, the Bank joined the UN global initiative on Women's Empowerment Principles. The principles of women's empowerment were developed by «UN Women» and the UN Global Compact in 2010. The document is a practical guide developed for business and the corporate sector, and contains a set of recommendations for promoting gender equality, as well as empowering women in three areas: in the workplace within the company; in working with the consumer market; in the community through the implementation of social projects and interaction with the civil sector. The signing of the WEPs principles is a public initiative of the Bank about its interest and active position in promoting gender equality and women's empowerment.

During the reporting year, there were no cases of discrimination against the Bank's employees.

ENSURING OCCUPATIONAL SAFETY AND HEALTH, CIVIL DEFENSE AND FIRE SAFETY

The Bank annually takes a set of measures aimed at:

- creation and provision of safe and healthy working conditions for employees, unconditional
- observance by employees of safety and labor protection requirements;
- conducting exercises and trainings in civil defense,

testing plans to ensure the continuity of the Bank's activities;

- continuous improvement of the fire regime and compliance with fire safety requirements;
- conducting military registration of persons responsible for military service and recruiters.

Safety and Labor Protection.

The Bank ensures the rights of employees to safe working conditions, sets the priority of the life and health of employees in relation to any other results of labor activity.

In accordance with provisions of the regulatory legal acts and internal documents of the Bank in the field of safety and labor protection, the Bank constantly takes measures to train, instruct and test the knowledge of employees, responsible persons of the Central Office and branches of the Bank, instruct employees of contractors performing works and providing services

under business agreements, short-time workers, students undertaking an internship in the Bank's subdivisions.

The following activities were carried out in 2022:

- online training of a responsible employee on safety and labor protection issues by a specialized organization, with examination and certification - 13 people.
- introductory briefings for newly hired employees - 129 people.

Health and safety in the Workplace.

The Bank regularly holds sports events to promote a healthy lifestyle among its employees. Outdoor activities, participation in sports competitions, health insurance, and partial payment of fitness club subscriptions all encourage employees to lead an active lifestyle, despite the «sedentary» lifestyle.

The rate of absence from the workplace due to illness was 0.04%.

In addition to promoting physical activity, the Bank pays great attention to taking care of the health and safety of its employees. In 2022, employees were regularly instructed on occupational safety and health at the workplace (in case of emergency, fire, earthquake etc.) - targeted, repeated and unscheduled. Buildings where the Bank and its branches are located are equipped with primary fire extinguishing equipment in accordance with fire safety requirements (fire shields, fire extinguishers, fire cranes), as well as first aid equipment.

Civil defense.

In the field of civil defense, in accordance with the Bank's Business Continuity Response Plans, drills and exercises were conducted with the evacuation of employees, rescue operations and firefighting. During

the training, the Response Plan was tested to ensure the continuity of activities of each subdivision (the Central Office and branches of the Bank), the result of which was reflected in the test report.

Fire safety.

The following activities were carried out in 2021 in the field of fire safety:

- in accordance with the provisions of the Instructions on fire safety measures for buildings of the Central Office and branches of the Bank, inspections of the fire-prevention condition of buildings, premises and territories of the Bank were carried out, which are reflected in the reporting checklists;

- during the year, online training of managers and responsible persons on fire safety was conducted under the fire-technical minimum program and certificates were obtained - 27 people.
- two purchases of personal respiratory and visual protection equipment (SCSR) totaling 200 pieces were made to ensure the safety of the Bank's employees in critical cases.

Military registration.

Responsible persons for military registration of the Central Office and branches of the Bank carried out work on the maintenance of military registration of those liable for military service and recruits of the Bank.

Violations by employees of the Bank of military registration when moving to a new residence address, untimely receipt of military service record cards were eliminated during 2022. The appearance of recruits in the departments for defense affairs was ensured in a timely manner per their periodic requests.

Security policy.

The role of the Security Department in achieving the Bank's goals is performed by ensuring the safe functioning of the Bank, preventing internal and external threats to its security, protecting the legitimate interests of the Bank, its shareholders, management and staff from illegal encroachments, as well as improving the image and profit growth by ensuring the quality of services and customer safety.

95% of the Department's employees have significant experience in operational and investigative divisions of law enforcement agencies of the Republic of Kazakhstan, as well as financial organizations (second-tier banks), which speaks in favor of a high-quality composition of the division.

Most employees of the Department have sufficient professional training in the field of economic, physical and information security. Thus, the head of the division has knowledge and experience in the field of combating terrorism and investigating cases of a terrorist nature, while working in the national security agencies, he was directly involved in the development, suppression, prevention and investigation of acts of terrorism and crimes of a terrorist nature in various regions of Kazakhstan.

Employees of the division have knowledge and skills acquired in the course of training in economic (enterprise and business security), personnel and information security (IT auditor, information security management system, hacking, etc.), procurement organization, fire safety, as well as ensuring the physical security of protected objects, including in the following areas: emergency situations (banks, warehouses of goods and services, archives, critical infrastructure (heating and water supply) and transport facilities (air and railway facilities), special objects of special importance (fuel and ammunition depots, etc.).

The Bank also imposes similar requirements for ensuring the physical security of protected objects to security service providers – Kuzet Motors LLP, whose employees regularly take appropriate courses on the basis of their security company.

In March 2022, a new Anti-Fraud Department was introduced into the structure of the Security Department, whose main task is to protect the Bank and its customers from fraud events when using digital Bank products (Internet banking, remote account management, etc.), and prevent operational risks associated with fraud in these systems.

These changes led to an increase in the list of tasks and functions of the division, which consist in organizing and directly participating in the implementation of a set of measures to prevent fraud risks associated with possible material and reputational damage to the Bank, as well as carrying out measures aimed at protecting the Bank's economic interests from various types of external and internal fraud threats. In this regard, employees of the Department were trained in the Russian Federation in the field of anti-fraud and ensuring the smooth functioning of the Bank. In addition, in 2022, all employees of the Security Department, without exception, were trained in the course «Fundamentals of Cybersecurity».

To effectively combat this type of fraud, the newly created Anti-Fraud Department in the second quarter of 2022, as part of the implementation of measures to develop the IT infrastructure provided for in the Bank's Development Strategy until 2023, developed the Anti-fraud Development Concept in the Bank for 2022-2024, which was approved by the decision of the Bank's Management Board.

Thanks to the Concept, the Bank is currently carrying out preparatory work to strengthen anti-fraud by purchasing and implementing a special information system for fraud monitoring of Online banking operations (anti-fraud system) to protect against external attacks.

Meanwhile, the timely and well-coordinated actions of the employees of the Anti-Fraud Department and the Economic Security Department have already allowed for a short period of time to prevent Online fraudsters from stealing deposits of Bank customers totaling about 3 million tenge.

It is necessary to note the role of employees of the Security Department, who took all possible measures to ensure the safety of the Bank's personnel and property in time for the so-called January 2022 events.

During the period from 4 to 10 January, Kazakhstan faced severe trials related to mass riots, complicated by the use of firearms, beatings and murders of law enforcement officers, pogroms and seizures of government buildings, television stations, bank branches, shops, etc.

Despite the difficult criminal situation in the country, virtually left without any assistance from law enforcement agencies, employees of the Security

Department and security company Kuzet Motors LLP adequately fulfilled their duties to ensure the safety of life and health of the Bank's staff, the safety of buildings and property of the Central Office and branches of the Bank, namely:

- the current situation was constantly monitored, and the Bank's management was informed about it in a timely manner;
- the Bank's employees were evacuated quickly and in an organized manner through the western (rear) gate from the CH building to their place of residence;
- additional briefing of the technical post, security posts of CH and branches was conducted;
- masking measures and measures to minimize possible negative consequences were carried out (power outage, office equipment, delivery of the building to the security panel);
- upon receiving information about the attack on the Bank's branch in Almaty, a quick visit to the branch was carried out, assistance was provided to the victims, night duty was organized and subsequent support during the collection of funds of the branch;
- upon receiving information about the missing employee of the Bank's Central Bank, search activities were organized, his location was established, and the measures taken reached an agreement on the release of the Bank employee;
- an internal investigation was conducted into the death of an employee of the Bank, within the framework of which a detailed analysis and assessment of the current legislation, measures taken by state bodies and the Bank's management in the event of a social emergency was carried out.

Taking into account the provisions of the Law of the Republic of Kazakhstan «On the State of

Emergency», the absence of any direct instructions or recommendations to suspend or reduce the working hours of state bodies and organizations in Almaty on January 5 and 6, 2022 by the Government of the Republic of Kazakhstan, the regional Operational headquarters of Almaty, the military commandant of Almaty, NMH "Baiterek", the National Bank of the Republic of Kazakhstan and the Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan for the period of the state of emergency and subsequently declared anti-terrorist operation, taking into account the continuity of the Bank's activities in accordance with the Bank's Business Continuity Management Policy and the Bank's Business Continuity Management Rules, the Bank's management promptly made appropriate decisions to suspend operations in Almaty branches Almaty and Mangistau regions and the transition of the Central Office of the Bank to remote operation, as well as promptly organized evacuation of employees of the Central Office of the Bank to their place of residence (with the exception of the duty shift of the Payment system Management Department of the Information Technology Department and the Security Department) and additional instruction on the security of the building of the Central Office of the Bank.

In order to avoid similar incidents in the future, amendments and additions were made to the Action Plan of the Central Office of the Bank in emergency situations.

Currently, the Security Department continues to take all necessary measures to strengthen the security of personnel and property, ensure the safe functioning of the Bank, prevent internal and external threats to its security, and protect the Bank's legitimate interests from illegal encroachments.

SPONSORSHIP AND CHARITY WORK

Sponsorship and charity are part of the Bank's corporate culture and one of the traditional areas of participation in the life of society ensuring the social, political and economic stability of the territory where the Bank operates.

For the Bank, charity and sponsorship are significant in terms of strengthening the Bank's business reputation and developing an internal corporate culture. The Bank considers all incoming requests for charitable and sponsorship assistance and develops a program to involve employees in charitable projects in various forms of participation: private monetary and other donations, each employee has the opportunity to make his own personal contribution to a common cause.

The Bank's charitable, sponsorship and philanthropic assistance is provided in strict accordance with the Bank's Charity Rules.

In 2022, the Bank's employees organized the «Aynalaiyn». charity fair. The funds raised as a result of the campaign amounted to 372 thousand tenge and were used to purchase food and children's gifts for low-income families of the Karasai district of Almaty region.

The assistance work is carried out at the expense of the employees of the Central Office and branches of the Bank's own funds. The Bank's employees regularly hold charity and sponsorship events for low-income families, children from orphanages, orphans and children left without parental care, children with disabilities, veterans of the Great Patriotic War and the home front, the elderly, single mothers in difficult situations, orphanages and social centers support at their own expense. For example, in 2022, the Bank's employees provided financial assistance to veterans of the Great Patriotic War and home front workers.

A charity event «Road to School» was organized, through which financial assistance was provided to single mothers to purchase school supplies for their children. As part of the celebration of Children's Day, branded gifts were given to orphans and children with disabilities. In addition, in the Central Headquarters of the bank, as part of the «Give Kindness», a donation of items was organized for people in need. Employees of the Central Office took an active part in the annual campaign «Donor Day», as well as in charitable events organized by Baiterek NMH JSC. In the blood donation

campaign, 60 employees of the Bank participated, and thanks to their contribution, the Republican Blood Center managed to collect 37 liters of blood.

Additionally, as part of the charitable campaign «Asar» the Bank's employees conducted a fundraising campaign for the treatment of an employee from the Digital Transformation Department and for the treatment of the daughter of an employee from the Information Technology Department. The Bank's employees managed to raise 3.4 million tenge.

CORRUPTION COUNTERACTION

The Bank pays special attention to anti-corruption issues. Activities in this direction are carried out on an ongoing basis, in strict compliance with the requirements of the legislation of the Republic of Kazakhstan and internal documents of the Bank.

In order to prevent corrupt offenses, the Bank takes a set of measures with the ultimate result to eliminate corruption.

The Bank has developed and approved Anti-Corruption Rules. Certain procedures and controls are implemented in the Bank's internal documents, including those related to personnel management.

The Bank regularly conducts internal training of the Bank's employees on anti-corruption issues with mandatory testing of the acquired knowledge.

In 2022, 1,329 consultants in 18 branches of the Bank, 1,220 employees/employees of the Central Office and branches of the Bank were trained on anti-corruption issues with testing of the acquired knowledge.

Region	Consultants	Employees
Abai Regional Branch (Semey)	48	29
Branch of the bank in Almaty city	127	127
Akmola Regional Branch	39	29
Aktobe regional Branch	51	49
Almaty regional Branch	60	46
Atyrau regional Branch	82	28
East Kazakhstan Regional Branch	56	35
Zhambyl Regional Branch	49	33
West Kazakhstan Regional Branch	83	40
Karaganda Regional Branch	57	41
Kostanay Regional Branch Regional branch	58	25
Kyzylorda branch	55	14
Mangistau Regional Branch	65	43
Pavlodar regional Branch	69	32
North Kazakhstan Regional Branch	34	27
Turkestan Regional Branch	47	8
Central Branch (Astana)	101	120
Shymkent branch	103	52
Central Office (Almaty)	145	464
Total	1 329 (100%)	1 242 (98%)

The Compliance Control Department is a subdivision that performs anti-corruption compliance functions in the Bank, independent of any activity of the Bank's structural subdivisions, reporting through the chief compliance controller to the Board of Directors of the Bank.

All employees of the Bank and individuals providing services to the Bank on the basis of civil law contracts, regardless of their position, are warned of the obligation to report known facts of corruption in the Bank to their immediate supervisors or to the security department or confidentially via the hotline. Each employee of the Bank is personally responsible for concealing the facts of involvement of any of the Bank's employees in corrupt practices. In order to prevent corruption offenses, the Bank carries out a set of measures, the final result of which is the exclusion of corruption activities.

The Bank operates a Hotline, which is a means of confidentially obtaining information about corrupt offenses by the Bank's employees and consultants. An analysis of the appeals received in the current

year showed that all of them were of a reference and advisory nature and did not contain information indicating the involvement of the Bank's employees in corrupt practices.

The Bank quarterly informs the Anti-Corruption Agency of the Republic of Kazakhstan about the presence/absence of facts of bringing the Bank's managers to responsibility for corruption offences of their subordinates.

Based on the results of personnel training, the awareness of the Bank's personnel about the Bank's activities on combating corruption, about existing restrictions and obligations, and feedback channels was increased. It is expected that the measures taken will minimize the risk of corruption in the Bank's activities.

In the third quarter of 2022, the Bank conducted thematic anti-corruption monitoring in the field of procurement for 2021 and six months of 2022. The results of the monitoring were brought to the attention of the Chairman of the Management Board

of the Bank and sent on September 28, 2022 to the Anti-Corruption Agency of the Republic of Kazakhstan (Anti-Corruption Service).

There were no facts of corruption-related violations committed by the Bank's employees during the reporting year. The Bank and its employees were not sanctioned for corruption-related violations.

the Bank took a number of necessary measures: terminated employment contracts with the relevant employees and consultants, implemented an audit trail of the data, carried out relevant work, convened

a Personnel Commission, imposed strict disciplinary measures against the Bank's employees with supervisory functions for their work with clients.

COMPLIANCE WITH LEGAL REQUIREMENTS

In its activities, the Bank generally complies with requirements of the legislation of the Republic of Kazakhstan. Violations of antimonopoly legislation were not found.

Meanwhile, in 2022, 5 supervisory response measures were taken, 1 warning and a fine in the amount of 1,072,050 tenge for violating the requirements of the legislation of the Republic of Kazakhstan in the field of civil protection (not for the main activity).

CUSTOMER PRIVACY

The Bank ensures the privacy of customers and the protection of personal data, strictly observing legislation of the Republic of Kazakhstan in this area.

Personal data of the customers is collected by front office employees with the consent of the customers or their representatives. Customer personal data is processed and used within the limits and to the extent provided for by the customer's consent, as well as in cases stipulated by the legislation of the Republic of Kazakhstan, by the Bank's employees, employees (consultants, agents working under an agency agreement, a paid services agreement) directly using them for official purposes.

The Bank is not entitled to transfer the processed personal data to third parties and (or) third parties without the consent of the customer, except as otherwise stipulated by the legislation of the Republic of Kazakhstan.

Without the customer's consent, the processing of publicly available personal data obtained from appeals and requests from organizations and individuals, biographical directories, telephone, address books, mass media, and in other cases stipulated by the legislation of the Republic of Kazakhstan.

The Bank takes the following measures to ensure the confidentiality of personal data:

1) signing an obligation not to disclose information constituting a trade secret and other confidential information of Otbasy Bank JSC with all employees when concluding employment agreements, and with agents, consultants when concluding agency agreements, paid services agreements;

2) employees of structural subdivisions do not allow the dissemination of personal data without the consent of

customers or their legal representative, or other legal grounds. Customer personal data is transferred to third parties only with their or their legal representative consent, or if there is another legal ground;

3) carrying out by all structural subdivisions and employees of the Bank, agents, consultants of measures aimed at timely detection and identification of facts of unauthorized access to personal data, namely, notifying their immediate supervisor and the internal control subdivision of all suspicious situations and violations when working with customer personal data;

4) prevention of unauthorized access to personal data and (or) their transfer to persons who do not have the right to access such information by restricting access to electronic personal data databases with a password, to paper versions of personal data - to persons who have official access only;

5) other measures not stipulated in this Procedure, but ensuring constant monitoring of ensuring the level of protection of personal data

In case of violation by the Bank or other persons having access to personal data of customers of the rules governing the receipt, processing, storage, transfer and protection of personal data of customers, they bear disciplinary, administrative, civil or criminal responsibility in accordance with the current legislation of the Republic of Kazakhstan.

In 2022, 4 facts of disclosure of information related to bank secrecy and 1 recommendation of a supervisory response were registered in order to disclose bank secrecy to third parties without the consent of the data owners. Violations were committed by employees and consultants of the Bank. In connection with the confirmed facts and in order to prevent such cases,

ECONOMIC PERFORMANCE

DISTRIBUTION OF ECONOMIC VALUE, MLN TENGE

	2020	2021	2022
Economic value generated (income):			
operating (interest) income	111 434	171 023	251 019
fee and commission income	1 538	1 919	3 016
other income	17	32	12
Distributed economic value:			
labor remuneration expenses	10 456	11 851	13 108
expenses on taxes and fees to the state budget	693	654	792
payments to capital makers (payments of interest and dividends)	8 293	-	-
charity and sponsorship	4	-	-
other operating expenses	7 536	9 595	10 382
other non-operating expenses	-	-	-
Economic value to distribute (net profit)	31 784	65 755	96 035

In 2022, the total created economic value of the Bank was 254 billion tenge. As a large commercial organization, the Bank contributes to the socio-economic development of the country by distributing the created economic value in the interests of key stakeholders.

In the mean time, the Bank makes a more significant contribution to society and the economy in the course of operating activities aimed at developing the housing construction savings system in the country. By helping Kazakhstanis solve the housing problem, the Bank creates a stable foundation for the development of the state and for improving the standard of living of citizens of Kazakhstan.

ENVIRONMENTAL FRIENDLINESS

The Bank's activities are not environmentally hazardous and do not involve high environmental risks. The Bank supports a precautionary approach to environmental issues and promotes the development and dissemination of environmentally sound technologies.

During the reporting year, there were no violations of environmental legislation, and there are no penalties.

ENERGY CONSUMPTION AND ENERGY EFFICIENCY

The Bank is a financial institution with a wide network of branches. In this connection, in order to maintain its activities, the Bank needs Significant volumes of electricity and heat. Bank takes energy saving measures to minimize its environmental impact and

improve operating efficiency. In order to save money and savings electric energy in the Bank building installed LED lamps with a capacity of 18-48 Watts. Energy consumption in the Bank's Central Office building is shown in the following table:

Type of energy	2021	2022
Electricity (purchase), kWh	1 023 636	957 225
Heat, Gcal	4 535,60	3 767,60

Electricity is supplied to the Bank by the city power transmission line from TP 21-44, on the basis of an agreement with «AlmatyEnergoSbyt» LLP. Heating of

the building is provided by the central heating networks (CHN) of the heat supply company «Almaty Heat Networks» LLP on the basis of a contract.

WATER CONSUMPTION

In its activities, the Bank strives to reduce the volume of water consumption blending, improve the efficiency of water use and to minimize the impact on natural water bodies. The Bank unconditionally accepts the

importance of careful and rational wearing to the water resources of the country. Water consumption in the Bank's Central Office building is shown in the following table:

Type of consumption	2021	2022
Water consumption, m3	4 063,00	3 338,00
Sewerage, m3	7 735,96	6 441,88

The Bank's Central Office building does not consume or use surface, underground, rainwater, or wastewater from another organization as a water source. Water supply and sanitation are provided by the central

networks of the State Communal Enterprise on the right of economic management «Almaty Su» on the basis of a contract.

WASTE MANAGEMENT

For a Bank as a financial institution, the main types of waste are paper, consumables and used office equipment. To reduce paper consumption in office work, the Bank has been using the «Documentolog» electronic office document management system since 2014. This system allowed automating the entire internal document flow of the Bank and translating into electronic format such business processes as the formation, approval, verification, approval of documents, control of their execution, distribution,

search and archiving. At the same time, in recent years the Bank has been actively implementing the practice of minimized printing and double-sided printing. In the Bank's practice, digital forms of holding meetings/ meetings of collegial bodies/working groups began to be used, that is, without spending paper, using LED screens, tablets to demonstrate materials-to make an additional contribution to the conservation of forests and trees, solving global environmental problems. Thus, in 2022, the Bank reduced the use of paper by 18%

compared to 2021 (the number of used paper in 2022 – 53,950 packs, in 2021 – 65,600 packs).

Also, in 2019-2020, as part of the implementation of the Environmental Policy, the Bank implemented the Green Office project to unify the collection and disposal of solid household waste by using a system for separate collection of solid household waste and sorting into three groups – glass and metal, plastic and paper (together with Eco Network). In 2021-2022,

this work was temporarily suspended. Meantime, the Bank's annual delivery of waste paper for recycling continues. According to the results of 2022, the Central Office of the Bank handed over 1,426 kg of waste paper for recycling and disposal by hydraulic release to the Organization of Secondary raw materials. Their expenses for the Bank amounted to 78 thousand tenge. In 2023, the Bank plans to resume work on sorting waste and transferring it for recycling.

ENVIRONMENTAL PROTECTION

Due to the nature of its activities, the Bank does not have a direct significant impact on the environment (does not emit any pollutants into the atmosphere). The main resources consumed by the Bank, as mentioned above, are electricity, heat and water. The Bank applies the principles and methods of rational use of resources that best ensure the prevention of adverse environmental impacts. The Bank pays for environmental emissions. «Declaration on payment for emissions to the environment» (form 870.00) is submitted to the tax authorities (at the location of the object of pollution and at the place of registration of mobile sources). The calculation of the fee for environmental emissions for 2022 amounted to 128 thousand tenge.

In addition, in 2022, in order to save money, the Bank refused to purchase advertising products such as calendars, notebooks, flyers, stickers, posters, presentation papers for a total of 15 million tenge,

which helped to reduce the use of paper, reduce the consumption of water resources, energy, and thereby save forests. and also clean our planet of dangerous pollutants.

At the same time, the Bank regularly conducts activities aimed at raising the level of environmental awareness of employees. In its practice, the Bank conducts various environmental campaigns for greening the country's cities, planting trees in the courtyards of new buildings built in partnership with the Bank. During 2022, the Bank held environmental campaigns «Clean Mountains» and «Plant a Tree». As a result of the «Clean Mountains» campaign, the Bank's employees collected about 100 kg of garbage in the mountains of Almaty. As a result of the «Plant a Tree» campaign, the Bank's employees planted more than 40 trees in the square in front of the akimat of the Auezov district of Almaty.

EMISSIONS OF GREENHOUSE GASES AND OTHER POLLUTANTS INTO THE ATMOSPHERE

The Bank does not directly release any pollutants into the atmosphere. The Bank is currently working on a system for accounting for direct and indirect emissions of greenhouse gases and other pollutants into the atmosphere, and expects its disclosure in subsequent reports.

In the meantime, as part of its day-to-day operations, the Bank ensures the implementation of the following measures:

- employees of the Kyzylorda branch living in the environmental crisis zone, the East Kazakhstan regional branch and the Semey branch of the Bank living in the territory with an increased radiation risk are granted additional paid leave (9 calendar days and 10 calendar days, respectively).
- employees of the East Kazakhstan regional branch and the Semey branch of the Bank living in an area with an increased radiation risk are granted additional maternity leave (170 calendar days (when the usual

duration is 126 days) for normal childbirth, and 184 days – in cases of complicated childbirth or when two or more children are born children).

- additional remuneration for employees living in the zone of environmental crisis and in the territory with

an increased radiation risk is carried out in accordance with the Legislation of the Republic of Kazakhstan and amounts to: East Kazakhstan regional branch and Semey branch – 1.5 MCI; Kyzylorda regional branch – using a coefficient of 1.3.

PROCUREMENT

The Bank strives to ensure transparency and efficiency of procurement procedures that are performed in accordance with the Rules for the procurement of goods, works and services. At the same time, the information systems are actively used to automate the processes of arranging and implementing procurement by means of a request for quotations, an open tender and an auction.

Procurement is based on the following principles:

- 1) optimal and efficient spending of money used for purchases;
- 2) openness and transparency of the procurement process;
- 3) providing potential suppliers with equal opportunities to participate in the procurement process;
- 4) fair competition among potential suppliers;
- 5) responsibility of the procurement participants;
- 6) prevention of corrupt practices.

The Bank purchases goods and services from a large number of state-owned enterprises. Such purchases individually amount to insignificant amounts and are usually carried out on a commercial basis. Selection criteria are applied for potential suppliers of goods, works and services in accordance with the legislation of the Republic of Kazakhstan.

According to the results of the procurement procedures carried out in 2022, 745 contracts were concluded. The total amount of concluded contracts amounted to 13,319,309 thousand tenge (12,145,792 thousand tenge excluding VAT), the number of disbursed items – 1,527. The total savings for all purchases made amounted to 751,588 thousand tenge, but these savings are redistributed during the year and re-mastered to meet the additional needs of the Bank. At the same time, the share of local content in purchases for the reporting period was 55% (the volume of execution for received reports as of 01.01.2023 is 5,795,061 thousand tenge).

The total amount of concluded contracts is

13 319 309

thousand tenge

CLIMATE CHANGE. CLIMATE CHANGE MANAGEMENT

The Bank's Board of Directors is responsible for organizing and ensuring the effective functioning of the risk management and internal control system.

As potential risks are identified and adverse events occur, the Bank fills in the Risk Register and Risk Maps on an ongoing basis. The Risk Register and Risk Maps are submitted for review and approval by the Bank's Board of Directors annually.

Currently, the bank is working on the inclusion of risks related to climate change in the Register and Risk Map. The Bank plans to update and revise the Register and the risk map, taking into account the inclusion of risks related to climate change in 2023. Accordingly, disclosure of information on the results of the work carried out is expected in subsequent reports of the Bank.

STRATEGIC DIRECTION

The Bank's Development Strategy until 2023, approved in a new version in 2021, does not include issues related to climate risks. During 2023-2024, the Bank plans to work on climate risks, their impact on the Bank's strategy, business model, value chains, financial position, financial performance and cash flows, access to finance and cost of capital in the

short, medium and long term. It is planned to develop relevant documents on the sustainability of the Bank's strategy to the physical risks of climate change and the risks associated with the transition to a low-carbon economy (transition risks). Accordingly, disclosure of information on the results of the work performed is expected in the Bank's subsequent reports.

RISK MANAGEMENT

To date, the Bank has not developed processes for identifying, assessing, prioritizing and managing climate risks and opportunities in the short, medium and long term, as well as processes for integrating them into the Bank's overall risk management process.

In the meantime, the Bank plans to carry out such work during 2023-2024. Accordingly, disclosure of this information is expected in the Bank's subsequent reports.

INDICATORS AND TARGET VALUES

Currently, the Bank does not count the amount of direct and indirect greenhouse gas emissions. At the same time, the Bank plans to work on calculating such

emissions during 2023-2024. Accordingly, disclosure of this information is expected in the Bank's subsequent reports.

