



2022

**SUSTAINABLE
DEVELOPMENT**

REPORT



CONTENT

About the Bank		14	Economic component of SD		46	Environmental Component of SD		54	Social Component of SD		60	Appendix	73
Address of the Chairman of the Management Board	4	Sustainable Development Management System	16	Development Strategy of the Bank	48	Energy Consumption and Energy Efficiency	56	Responsible Labor Practice	61	GRI index	74		
About Report	6	Priorities for the Bank's Action in Sustainable Development	18	Economic Performance	49	Water Consumption	56	Labor-Management Relations	62	Contact details	81		
Performance in Sustainable Development	10	Organizational structure of sustainable development management	19	Procurement activity	50	Waste Management	57	Composition and Structure of Personnel	62				
Key events in Sustainable Development 2022	12	Sustainable Development Policy	20	Business ethics	50	Environmental Protection	57	Training and Education	65				
		The Bank's Contribution to Achieving the UN Sustainable Development Goals	21	Conflict of interest	51	Emissions of Greenhouse Gases and Other Pollutants into the Atmosphere	58	Social Protection	66				
		Plans for 2023	38	Corruption Counteraction	51	Climate Change	58	Diversity and Equal Opportunities	67				
		Interaction with Stakeholders	39	Customer Privacy	53	Climate Change Management	58	Ensuring Safety and Labor Protection, Civil Defense and Fire Safety	69				
		Corporate Governance System	43			Strategic Direction	59	Charity and sponsorship	71				
		Corporate Governance Structure	44			Risk Management	59						
		Risk management system and internal control	45			Metrics and Targets	59						

ADDRESS OF THE CHAIRMAN OF THE ANAGEMENT BOARD

Otbasy Bank is the co-founder and member
of the **ESG Club**



Lyazzat Ibragimova
Chairman of the Management Board
Otbasy Bank JSC

DEAR LADIES AND GENTLEMEN, CLIENTS AND PARTNERS!

Responsible business practices are directly linked to sustainability issues and the ESG agenda, keeping them relevant in the face of new challenges.

For Otbasy Bank, ESG principles are embedded in its mission statement. Our strategy is very simple – providing Kazakhstani families with their own housing and strengthening the sense of Homeland. When you have your own house or apartment, you will also have faith in your country, there will be a desire to create families, give birth to children, and work for the benefit of Kazakhstan. Otbasy Bank, implementing the principles of sustainable development, works with different categories of citizens, including those who have very low incomes and do not have a down payment for lending. At the same time, we were able to help them buy housing on preferential terms. Within the framework of the programs «Baqytty Otbasy», «Shanyraq», «Nurly Zher», over the past year, more than 12,000 Kazakhstani families have been provided with new housing.

The Bank also implements gender rights. The Bank is the only one in Central Asia to launch the women's credit program "Umai". Thanks to the program, 2.3 thousand residents of Kazakhstan have already purchased housing at affordable conditions.

For its clients, Otbasy Bank has a special children's deposit «Arnau» with an accumulation period of 10 years or more. This tool allows parents who have already solved their housing problem to start saving for the future of their children and then buy them housing at the most affordable conditions in Kazakhstan. In 2022, Otbasy Bank opened about 7 thousand such deposits.

In order to promote the development of a «green» economy, in 2022, the Bank introduced the first «green

mortgage» in Kazakhstan. It is oriented towards environmental protection. Through the new program, Kazakhstani citizens will be able to obtain loans for the purchase of apartments in energy-efficient residential complexes built according to ecological and «green» standards. The launch of the «green mortgage» will help develop the construction of energy-efficient housing and improve the quality of the properties being leased.

In the future, as part of further development, the Bank will continue to implement newer innovations, solutions, and collaboration methods in the field of sustainable development and ESG. This will be facilitated by the fact that in June 2022, leading companies in the Kazakhstani economy established a national ESG Club, which serves as a platform for seeking and implementing sustainable development solutions for the country. One of the co-founders and members of the ESG Club is Otbasy Bank.

Best wishes,
Lyazzat Ibragimova
Chairman of the Management Board
Otbasy Bank JSC



ABOUT THE REPORT



THE BANK'S SUSTAINABILITY REPORT FOR 2022

has been prepared in accordance with the standards of the Global Initiative for Sustainability Reporting (GRI Standards, the «main» version of disclosure), the provisions of the Corporate Governance Code, the Sustainability Policy and other internal documents of the Bank.

Otbasy Bank JSC (hereinafter referred to as Otbasy Bank, the Bank) is aware of the importance of its economic and social activities and strives to ensure a high level of transparency for internal and external stakeholders.

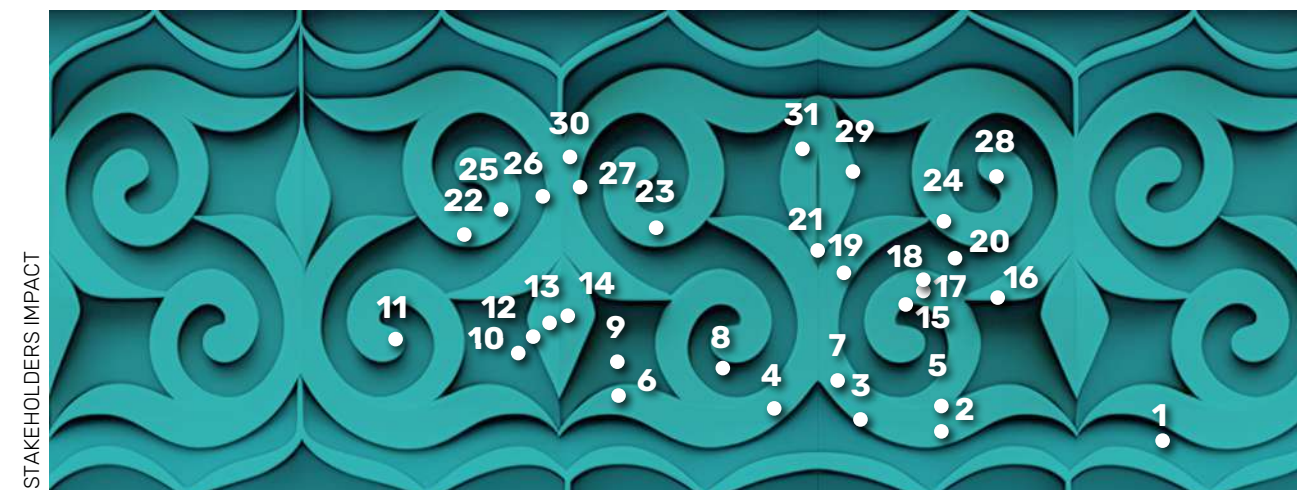
This Report reflects the results of the Bank's operations from January 1, 2022 to December 31, 2022. The report is discussed at the Bank's Management Board, the Strategic Planning and Corporate Development Committee of the Bank's Board of Directors, and then approved at a meeting of the Bank's Board of Directors. This report did not pass external certification.

DETERMINING THE REPORT CONTENT

To determine the list of information to be included in this Report, the Bank analyzed all the topics proposed by the GRI Standards and determined a list of material topics that are most significant for disclosure in the annual report. Topics were ranked according to their importance to the Bank, taking into account its development strategy, and according to their importance to stakeholders, which was determined in the course of interaction with them during the year. Based on the results of the analysis,

a questionnaire was prepared, with the help of which a survey was conducted among the Bank's stakeholders (members of the Board of Directors, the Management Board, employees of the Bank, the Holding, media representatives, external auditors, etc.). Based on the survey results, a Materiality Matrix was built and is presented below. The topics included in the upper right corner of this matrix were recognized as the most significant and were disclosed in this Report.

MATERIALITY MATRIX



Themes <i>(the topics recognized by the results of the analysis as the most significant are marked in gray)</i>	Legend
Economic performance	1
Market presence	2
Indirect economic impacts	3
Procurement practices	4
Anti-corruption	5
Obstacle to competition	6
Taxes	7
Materials	8
Energy	9
Water and wastewater	10
Biodiversity	11
Emissions	12
Discharges and waste	13
Environmental assessment of suppliers	14
Employment	15
Employee-management relations	16
Occupational health and safety	17
Training and education	18
Diversity and equal opportunities	19
Non-discrimination	20
Freedom of association and collective bargaining	21
Child labor	22
Forced or compulsory labor	23
Safety practices	24
Rights of indigenous and small-numbered peoples	25
Local communities	26
Assessing the impact of suppliers on society	27
Public policy	28
Consumer health and safety	29
Labeling of products and services	30
Consumer privacy	31

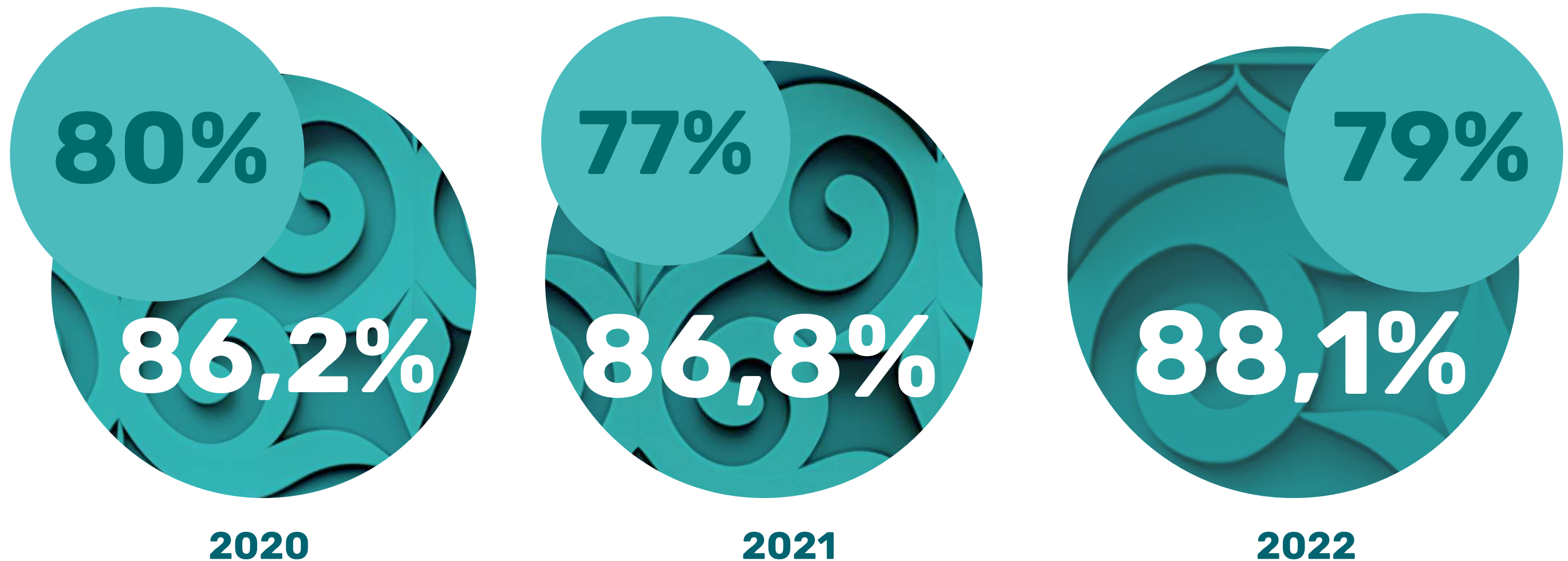
REPORTING BOUNDARIES

This Report contains information about the Bank. More detailed information about the Bank, including its operating results, is disclosed in the Bank's Annual Report for 2022. The Bank's annual report for 2022 can be found on our corporate website hcsbk.kz in the

«About Bank» /»Reporting» section. The boundaries for collecting information on material topics are established in a way that ensures the Report covers all the most significant impacts of the Bank.

PERFORMANCE IN SUSTAINABLE DEVELOPMENT 2022

Indicator	2020	2021	2022
Average number of employees of the Bank, people	1 333	1 357	1 372
Average annual number of training hours per person, man-hours	25	28	24
Staff engagement rate, %	80	77	79
Cases of discrimination on any grounds, total	0	0	0
Injury cases, total	1	0	0
Facts of corruption violations and crimes, total	0	0	0
Business confidence index of the Bank %	86,2	86,8	88,1



- Business confidence index of the Bank %
- Staff engagement rate, %

KEY EVENTS IN SUSTAINABLE DEVELOPMENT 2022



NATIONAL ESG CLUB

To promote the ESG principles and promote the achievement of the Sustainable Development Goals, 19 leading companies in Kazakhstan's economy, including the Bank, have created a National Bank of the Republic of Kazakhstan. ESG-a club. The Memorandum of Understanding on international cooperation on the establishment of the National ESG Club was signed on June 28, 2022 on the sidelines of the Astana Finance Days 2022 forum.



WOMEN'S EMPOWERMENT PRINCIPLES

In order to promote gender equality issues, the Bank joined the UN Global Initiative on Women's Empowerment Principles, developed by UN Women and the UN Global Compact in 2010.



«GREEN» MORTGAGE

The Bank has launched the first «green» mortgage program in Kazakhstan, which is focused on protecting the health of citizens and the environment.



HOUSING ALLOWANCES

A project has been launched to provide housing allowances to subsidize rental housing in the commercial market for certain socially vulnerable groups in the population of Kazakhstan.



«UMAI» MORTGAGE

- New conditions have been introduced for the «Umai» mortgage – the threshold for the total family budget has been increased to 640,000 tenge (with a monthly family income not exceeding 550,000 tenge, the down payment will be at least 15%, and for incomes from 550,001 tenge to 640,000 tenge, a loan can be obtained with a minimum down payment of 20% of the property value).

- Members of the Asian Development Bank delegation visited Almaty and met with participants of the «Umai» women's mortgage program.



GENDER EQUALITY

An Action Plan on Gender Equality has been developed, and a report on the implementation of the Action Plan on Gender Equality for 2022 has been prepared and posted on the Bank's official website [www.https://hcsbk.kz](https://hcsbk.kz).



CHARITY

The North Kazakhstan Branch of the Bank participated in a ceremonial charity event where local philanthropists presented 12 gift certificates for opening deposits in AO «Otbasy Bank» with an initial deposit amount of 100,000 tenge to the top school graduates, holders of the «Altyn Belgi» distinction, and graduates with honors.



EXTRADITION KEYS

A ceremonial event was organized to hand over the keys to the first apartment owners under the «Baqytty Otbasy» program in Shymkent.



PARTICIPATION IN EVENTS

- in the panel session «National ESG Club as a platform for business transformation» within the framework of the annual international conference Astana Finance Days;

- in the international conference «ESG-a new paradigm of financial market development», organized by Kazakhstan Stock Exchange JSC»;

- in the webinar «Fundamentals of Sustainable Finance, investment in the context of ESG», organized by the Green Finance Center of the Astana International Financial Center»;

- at the webinar «Business Carbon Footprint: SWAM Impact on Kazakhstan's exports», organized by the Green Finance Center of the Astana International Financial Center»;

- at the webinar «Implementation of ESG principles», organized by Kazakhstan Stock Exchange JSC».

In the reporting year, the Bank participated in the following seminars/ conferences/ trainings:

- at the JP Morgan Development Finance Institute seminar (jointly with NUH Baiterek JSC) on 04.11.2022 on the application of methods for assessing the expected impact of corporate and investment banking operations on the development of SDGs,

- Ernst & Young Business Academy training on «ESG: Concept, Risks, Strategy»;

- at the conference of the Embassy of Canada in the Republic of Kazakhstan on «Women's leadership in life Sciences and digital technologies»;

- in the webinar of the Association of Financiers of Kazakhstan on «Stimulating the green capital market: recommendations for Kazakhstan»;

An environmental campaign «Clean Mountains» was held with the participation of employees of the Bank, which is aimed at subconsciously developing the habit of cleaning up garbage and preserving the nature of their native city.



ENVIRONMENTAL ACTIONS

An environmental campaign was held with the participation of employees of the Bank «Plant a tree», aimed at landscaping the common area of your city, etc.





ABOUT THE BANK





OTBASY BANK JSC WAS ESTABLISHED IN 2003

in order to improve and increase the efficiency of the long-term financing of housing construction and the development of the housing construction savings system aimed at improving the housing conditions of the population.

THE MAIN ACTIVITIES OF THE BANK:

-  acceptance of deposits for housing construction savings, opening and maintenance of depositors' accounts;
-  providing the depositors with housing, preliminary housing and bridging housing loans in order to take measures to improve the housing conditions;

-  accepting the deposits, opening and maintaining the bank accounts of depositors to accumulate the funds for the overhaul of the common property of the condominium and to grant housing loans to them.
-  opening and maintaining special accounts for crediting lump-sum pension payments.

The founder of the Bank is the Government of the Republic of Kazakhstan represented by the Committee for State Property and Privatization of the Ministry of Finance of the Republic of Kazakhstan, which has the right to dispose of the state stock of shares in the Bank. Since August 2013, the Sole Shareholder of the Bank is Baiterek NMH JSC. The Bank was established as a joint stock company in its corporate form and has:

ABBREVIATED NAME:

- in the state language: «Отбасы банк» АҚ;
- in Russian language: АО «Отбасы банк»;
- in English language: Otbasy Bank JSC

Location of the executive body of the Bank: Republic of Kazakhstan, A05A2X0, Almaty city, Almaly district, Abylai Khan Avenue, 91.

FULL NAME:

- in the state language: «Отбасы банк» тұрғын үй құрылыс жинақ банкі» акционерлік қоғамы»;
- in Russian language: акционерное общество «Жилищный строительный сберегательный банк «Отбасы банк»»;
- in English language: "Otbasy Bank" House Construction Savings Bank Joint Stock Company.






Ibragimova Lyazzat Yerkenovna is the Chairman of the Management Board of the Bank

SUSTAINABLE DEVELOPMENT MANAGEMENT SYSTEM

The Bank is aware of the importance of its influence on the economy, the environment and society to ensure sustainable development in the long term. As part of the implementation of this principle in the Bank, the Sustainable Development Policy (hereinafter referred to as the Policy) was approved by the decision of the Board of Directors of the Bank dated June 04, 2019 (Decision No. 7). The policy can be found on the Bank's website, in the section «The Bank's Approach to Sustainable Development».

In accordance with the provisions of the Policy, the roles, competencies, responsibilities of each body and all employees for the implementation of principles, standards and plans in the field of sustainable development are clearly defined and fixed in the management system of sustainable development.

THE OBJECTIVES OF THE SUSTAINABLE DEVELOPMENT POLICY:

-  the principles and directions of the Bank's activities in the field of sustainable development are defined, including in terms of creating an effective and transparent system of interaction with stakeholders;
-  the roles, competencies, responsibility of each body and all employees of the Bank for the implementation of the principles of sustainable development are fixed;
-  the interrelation of sustainable development and key processes of the Bank is determined..

Solving tasks in the field of sustainable development, the Bank relies on its mission, the provisions of the Bank's Development Strategy, and also uses international norms of behavior and principles enshrined in international standards in the field of sustainable development. The Bank's mission is to provide Kazakhstani families with their own housing and strengthen the sense of homeland. In this regard, the Bank supports the Government's policy in the field of housing construction.



Recognizing the principles of the UN Global Compact, the Bank declares its commitment to the following principles in its activities:

-  **in the field of human rights protection** The Bank ensures and respects the protection of human rights proclaimed at the international level;
The Bank ensures non-involvement in human rights violations.
-  **in the field of labor relations** The Bank supports and recognizes the right to conclude collective agreements;
The Bank contributes to the elimination of forced labor, discrimination in the field of labor and employment.
-  **in the field of environmental protection** The Bank supports an approach to environmental issues based on the precautionary principle;
The Bank undertakes initiatives aimed at increasing responsibility for the state of the environment;
The Bank promotes the development and dissemination of environmentally friendly technologies.
-  **in the area of anti-corruption** The Bank declares intolerance to all forms of corruption and other illegal actions, including extortion and bribery.

In accordance with the Corporate Governance Code of Otbasys Bank JSC, The Bank's Sustainable Development policy has built a management system in the field of sustainable development, which includes:

- 1) commitment to the principles of sustainable development at the level of the Board of Directors, Management board and employees;
- 2) analysis of the internal and external situation on three components (economy, ecology, social issues);
- 3) identification of risks in the field of sustainable development in the social, economic and environmental spheres;
- 4) building a stakeholder map;
- 5) integration of sustainable development into key

processes, including risk management, planning, human resource management, investments, reporting, operational activities and others, as well as into development strategy and decision-making processes;

- 6) definition of goals and KPI in the field of sustainable development, development of an action plan and identification of responsible persons;
- 7) professional development of officials and employees in the field of sustainable development;
- 8) regular monitoring and evaluation of activities in the field of sustainable development, assessment of the achievement of goals and KPI, the adoption of corrective measures, the introduction of a culture of continuous improvement.

In our sustainable development report, we seek to disclose information about our impact on the environment, society, and economy. The measures taken in these areas have the greatest positive effect in terms of achieving long-term sustainability, ensuring economic efficiency and social stability of the Bank.

PRIORITIES FOR THE BANK'S ACTION IN SUSTAINABLE DEVELOPMENT

IMPACT ON SUSTAINABLE DEVELOPMENT OF THE NATIONAL ECONOMY

MANAGEMENT OF THE BANK'S OWN ENVIRONMENTAL IMPACT

RESPONSIBLE LABOR PRACTICE

RESPONSIBLE BUSINESS PRACTICE

ORGANIZATIONAL STRUCTURE OF SUSTAINABLE DEVELOPMENT MANAGEMENT

Strategic management and control over the implementation of sustainable development is carried out by the Board of Directors of the Bank. Also, sustainable development issues are delegated to the competences of the Committee for Strategic Planning

and Corporate Development of the Board of Directors of the Bank. The Board ensures formation of an appropriate system and an action plan in the field of sustainable development and their implementation.

All employees and officials at all levels contribute to sustainable development. Sustainability reporting is annually submitted to the Bank's Board of Directors.

planning activities in the field of sustainable development;

preparing the Bank's annual report including a section on sustainable development

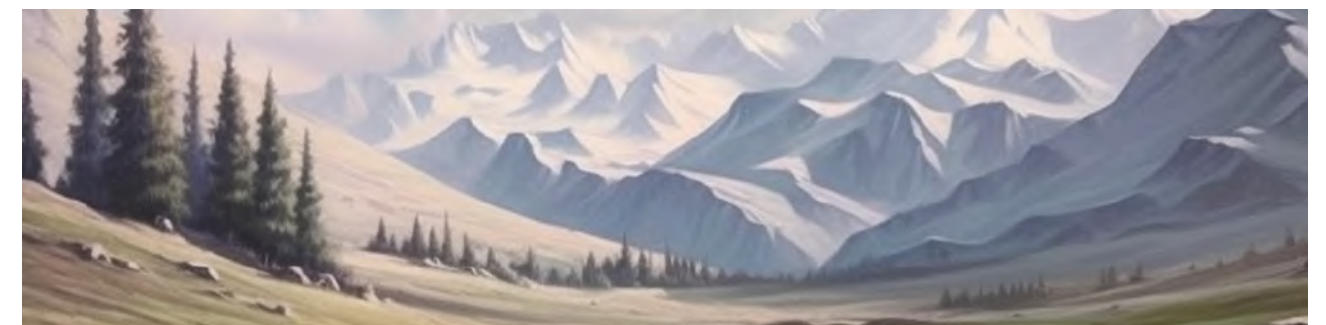
coordination of activities of the Bank's departments aimed at achieving the goals and objectives in the field of sustainable development;

training workshops for the Bank's employees to improve the skills of officials and employees in the field of sustainable development with the involvement of external trainers or independently;

reporting on the implementation of the action plan and KPI in the field of sustainable development;

interaction with international organizations, institutions, agencies and departments of the Bank on sustainable development issues.

All employees and officials at all levels contribute to sustainable development by following the principles of sustainable development in the conduct of their activities and responsibilities, and promote the involvement of all employees.



SUSTAINABLE DEVELOPMENT POLICY

The Bank is committed to the harmonious management of the economic, environmental and social aspects of its activities to ensure sustainable development in the long term. When solving problems in the field of sustainable development, the Bank relies on its mission, the provisions of the Bank's Development Strategy, and also uses international norms of behavior and principles enshrined in international standards in the field of sustainable development.

The Bank considers the use of international standards in the field of sustainable development as a necessary condition for ensuring that its activities comply with the best international practice and achieve the goals and objectives in the field of sustainable development.

In 2019, the Bank's Sustainable Development Policy was approved, which defines the fundamental principles and approaches to building a sustainable development management system.

Sustainable development in the Bank consists of three component categories: economic, environmental and social, aspects of which are taken into account by the GRI Standards.

The economic component

directs the Bank's activities to break even their activities, ensuring the interests of shareholders and investors, increasing the efficiency of processes, increasing investment in the creation and development of more advanced technologies, and increasing labor productivity.

The environmental component

contributes to minimizing the impact on biological and physical natural systems, the optimal use of limited resources, the use of environmentally friendly, energy and material-saving technologies.

The social component

is focused on the principles of social responsibility, which, among other things, include ensuring labor safety and maintaining the health of employees, fair remuneration and respect for the rights of employees, individual development of personnel, implementation of social programs for personnel, creation of new jobs, sponsorship and charity, environmental and educational promotions.



The Bank analyzes its activities in these three aspects, and also seeks to prevent or reduce the negative impact of the results of its activities on stakeholders.

The Bank supports the 17 UN Sustainable Development Goals (hereinafter referred to as the SDGs) adopted by the UN General Assembly in 2015, recognizes their importance and strives to make a significant contribution to the achievement of the SDGs.

THE BANK'S CONTRIBUTION TO ACHIEVING THE UN SUSTAINABLE DEVELOPMENT GOALS

As part of its activities, the Bank achieves the following Sustainable Development Goals:



SDG 1: End poverty in all its forms everywhere

- implementation of social housing programs;
- implementation of initiatives aimed at increasing the availability of financial services;
- charity and sponsor support.



SDG 3: Ensure healthy lives and promote well-being for all at all ages

- creation of safe working conditions and preservation of the health of the Bank's employees;
- social support for employees.



SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

- creation of training programs and organization of training of the Bank's personnel;
- supporting the professional development of employees at the expense of the Bank.



SDG 5: Achieve gender equality and empower all women and girls

- implementation of initiatives aimed at supporting women;
- implementation of special women's housing programs;
- creation of equal working conditions and career opportunities;
- ensuring an equal system of performance evaluation and remuneration.



SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

- ensuring decent working conditions;
- impacting the development of regions and providing a multiplier effect on adjacent industries and the economy as a whole.



SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and innovation

- implementation of digital technologies;
- automation of business processes of the Bank



SDG 11: Ensuring openness, safety, resilience and environmental sustainability in cities and communities

- ensuring the availability of housing;
- support and implementation of initiatives in the field of environmental sustainability of cities.



SDG 12: Ensuring the transition to sustainable consumption and production patterns

- promotion of energy saving culture;
- reduction of resource consumption (energy consumption, water consumption);
- optimization of paper workflow by automating the Bank's business processes.



SDG 17: Strengthen the means of implementation and revitalize the work of the Global Partnership for Sustainable Development

- maintaining cooperation and partnerships for sustainable development.

UN Sustainable Development Goals

Contribution of the Bank



SDG 1: End poverty in all its forms everywhere

UN Sustainable Development Objectives

Establish strong strategic mechanisms at the national, regional and international levels based on pro-poor and gender-sensitive development strategies to promote accelerated investment in poverty eradication activities

Implementation of social housing programmes

The Bank is one of the main operators for implementing the state's housing policy. In the reporting year, the Bank implemented special housing programs for such social groups as:

- 1) large and single-parent families, families raising children with disabilities, under the «Bakytty Otbası» project - 1,275 loans worth 14.7 billion tenge were issued.
- 2) citizens registered in the akimat as needing housing, under the «Shanyrak» project - 6,005 loans worth 71.7 billion tengewere issued.
- 3) citizens registered in the akimat as needing housing, under the «Credit Housing» project-29.8 thousand loans were issued in the amount of 260.7 billion tenge.

Implementation of initiatives aimed at increasing the availability of financial services:

to increase the availability of financial services for the population, the Bank adheres to the policy of minimum tariffs. Starting from 2017, the Bank decided to reset the commission fee for entering into a housing construction savings agreement and for increasing the contractual amount. Also, in 2022, the Bank made a number of changes to the tariff system:

- cancellation of the commission for transferring funds from the client's current account, on account of payment of the state fee for removing encumbrances and cancellation of the commission for external money

Charity and sponsorship:

employees of the Bank actively participate in charity projects in various forms: private monetary and other donations. In 2022, the Bank's employees organized the «Aynalaiyn». charity fair. The collected funds amounting to 372,000 tenge were directed towards the purchase of food products and children's gifts for low-income families in 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

4) military personnel who receive housing payments from the state under the «Zhana baspana» (formerly «Askeri Baspana») project - 14.7 thousand loans in the amount of 299.2 billion tenge.

5) working youth of Kazakhstan, with low income under regional projects with local executive bodies - 3.4 thousand loans were issued in the amount of 51.0 billion tenge.

In 2022, at the direction of the Head of State, Kassym-Jomart Tokayev, a program was launched in Kazakhstan to provide housing benefits for subsidizing rental housing in the commercial market for socially vulnerable groups of the population. The program targets four categories of individuals on the waiting list for housing: disabled individuals of 1st and 2nd groups, orphaned children, families raising children with disabilities, and large families. Otbası Bank was appointed as the operator of this project. The bank

transfer for recipients of payments for housing rented in a private housing fund;

- cancellation of the commission for reviewing the loan and reducing the commission for organizing the issuance of a loan issued within the framework of «Mortgage Concierge Service»;
- establishment of a commission for replacing a co-borrower, changing the commission for excluding a co-borrower, as well as excluding the minimum amount of commission for changing the terms of a bank loan agreement, pledge agreement, guarantee at the initiative of the Borrower;
- increasing the maximum threshold from 5,000 tenge to 10,000 tenge for the commission for external money transfer;

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 donor campaign, 60 employees of the Bank participated, allowing the Republican Blood Center to collect 37 liters of blood.

utilizes budgetary funds from the state, including local executive bodies, to provide housing benefits to these eligible citizens, amounting to 50% of the rental cost on a gratuitous basis. To facilitate the application process, eligibility checks, contract signing with landlords, and receipt of the subsidy, Otbası Bank has implemented a digital platform called otbasybank.kz. Detailed information about this program is available on the official website of the bank, hcsbk.kz. In 2022, a total of 6,686.4 million tenge was allocated from the national and local budgets, with the overall subsidy amounting to 449.8 million tenge. By the end of the reporting year, payments were made for 2,335 applications from large families, families raising children with disabilities, orphaned children, as well as disabled individuals of the 1st and 2nd groups.

- cancellation of the commission for solvency assessment and registration of a notification by the Bank for participants of the State Housing Construction Program in the Republic of Kazakhstan for 2008-2010 and the Affordable Housing 2020 Program under the sub direction «Housing for young families», as well as commission for transferring funds from the current account of recipients of payments to pay the state fee for registration of a housing lease (lease) agreement;
- renew promotions in terms of not charging a commission for reviewing the loan and reducing the commission for organizing the issuance of a loan issued within the framework of the Mortgage Concierge Service in the amount of 0.25% of the loan amount.

Additionally, within the charitable campaign «Asar,» funds were raised among the Bank's employees for the treatment of an employee from the Department of Digital Transformation and the treatment of the daughter of an employee from the Department of Information Technology. The Bank's employees collectively raised 3.4 million tenge.

UN Sustainable Development Goals

Contribution of the Bank



SDG 3: Ensure healthy lifestyles and promote well-being for all at all ages

UN Sustainable Development Objectives

Ensure universal health coverage, including protection from financial risks, access to quality basic health services and access to safe, effective, high-quality and affordable essential medicines and vaccines for all

Create safe working conditions and preserve the health of workers The Bank:

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.

Social support for employees:

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:

1. 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;

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 cases 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.

- 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.

2. 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.

3. 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.

4. 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).

UN Sustainable Development Goals

Contribution of the Bank



SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

UN Sustainable Development Objectives

By 2030, significantly increase the number of young people and adults with the required skills, including technical and vocational skills, for employment, decent work and entrepreneurship.

Creation of training programs and organization of training of the Bank's personnel, maintenance of professional development of employees at the expense of the Bank:

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

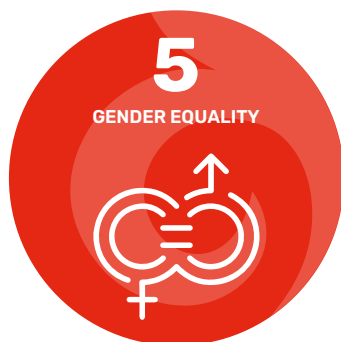
On the basis of the iSpring LMS, training is conducted for employees of the Bank's Remote Service Department in the format of micro-training on the topics of credit and post-credit operations, bank secrecy and the consequences of non-compliance, countering money laundering and terrorist financing, rent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

UN Sustainable Development Goals

Contribution of the Bank



SDG 5: Achieve gender equality and empower all women and girls

UN Sustainable Development Objectives

Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life. Eliminate all forms of discrimination against all women everywhere.

Implementation of initiatives aimed at supporting women:

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. Thus, in the structure of the number of employees, the share of women is 60% (846 women

out of 1,408 employees). 370 employees hold senior positions in the Bank, 50% of them are women (186 women). During the reporting year, 13% of the total number of women (114 women) were promoted.

Implementation of special women's housing programs:

The Bank's clients are individuals. According to the results of 2022, women accounted for 59% of depositors, while men accounted for 41%. Among borrowers, women accounted for 57%, and men accounted for 43%. Although men and women have the same conditions for mortgage lending, an analysis of the Bank's loan database indicates some differences between loans for men and women. The average loan amount for women is lower than for men (15.8 million tenge versus 17 million tenge). The average age of

female borrowers is higher than that of men (44 versus 40). Women are more likely to have co-borrowers (31% versus 21%). The initial down payment that women can make is lower than that of men (women account for 57% of the Bank's housing loans).

In 2022, the Bank continued the implementation of the «Umai» program for women using the second tranche of credit funds from the ADB in the amount of 14 billion tenge, as well as additional own funds of the Bank. New conditions for mortgages were also introduced in 2022, with the threshold for the overall family budget raised to 640,000 tenge (for families with a monthly income not exceeding 550,000 tenge, the initial down payment will be at least 15%, while for incomes from 550,001 tenge to 640,000 tenge, a loan can be obtained with a down payment of at least 20% of the housing cost). By the end of 2022, 2,300 loans were issued amounting to 25.3 billion tenge (including the Bank's own funds).

In 2021, the Bank, together with the Asian Development Bank (ADB), launched the first product in Kazakhstan aimed at supporting women in the country. In 2021, the first tranche of credit funds from the ADB in the amount of 8.4 billion tenge was fully utilized.

Creating equal working conditions and career opportunities:

The Bank does not discriminate on the basis of gender and ensures full and equal participation of women in the Bank's activities. Recruitment and promotion of personnel is carried out exclusively on the basis of professional knowledge, experience and competencies in accordance with the Bank's internal documents, excluding any manifestations of discrimination. Career advancement is based on an objective assessment of performance, qualifications, and competencies.

The Bank's HR Policy, Sustainable Development Policy, and Code of Business Ethics govern the prevention of discrimination based on gender, age, race, political, religious, and other similar grounds. In the reporting year, no cases of discrimination were recorded.

disputes. The Commission consists of an equal number of representatives from the employer and the Bank's employees, elected at a general meeting of the workforce. The Commission is a standing body responsible for resolving individual labor disputes. The Commission considers a labor dispute if the employee, either independently or with the assistance of a representative, has not been able to resolve the disagreement through direct negotiations with the employer or their authorized representative. In 2022, the Conciliation Commission received one application from a Bank employee related to reimbursement of training expenses. The decision on this matter was made in favor of the employee.

The Bank has an Ombudsman's office in place to collect information on non-compliance with the Code of Business Ethics. The office provides consultations to employees regarding the provisions of the Code, initiates the resolution of disputes related to violations of the Code, and participates in their resolution. The position of the Bank's Ombudsman is held by a woman. Additionally, the Bank has established a Conciliation Commission to address individual labor

Ensuring an equal system of performance evaluation and remuneration:

The Bank provides its employees with equal opportunities to realize their potential in the course of their work, as well as an unbiased and fair assessment of their results. In the area of establishing fair remuneration, the Bank is based on recognizing the results of work and achievement of key performance indicators, the level of qualifications and competencies, the complexity and quality of work performed.

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.

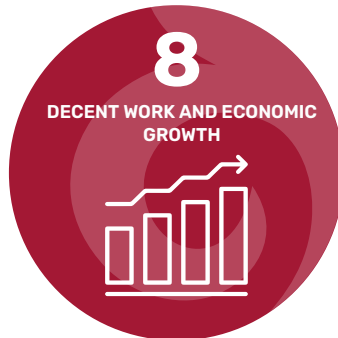
	men	women
Top management, thousand tenge	1,595	1,729
Heads of structural divisions, thousand tenge	707	707,798
General managers, specialists, thousand tenge	257	233

In accordance with internal documents, the Bank covers staff maintenance costs and related deductions, which include salary costs, mandatory contributions to the social security fund health insurance fund and social insurance fund, social tax, accrued expenses for annual leave and paid sick leave, voluntary health

insurance, bonuses and social assistance in cash. The Bank does not have any legal or customary obligations to pay pensions or similar payments other than payments under the State defined contribution plan.

UN Sustainable Development Goals

Contribution of the Bank



SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

UN Sustainable Development Objectives

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Ensure decent working conditions:

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.

The Bank also follows the principles of the UN Global Compact, the Bank's Corporate Governance Code, and the Bank's Sustainable Development Policy in the area of human rights and labor relations.

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. The number of full-time employees of the Bank as of 01.01.2023 years 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 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.

It is also noted that there are non-staff employees working in various structural units of the Bank. The total number of non-staff employees as of January 1, 2023, is 148 individuals (compared to 133 individuals in 2021).

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.

In 2022, the Bank continued its work in improving the efficiency, transparency and balance of the material and non-material motivation system, 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. In order to attract highly qualified specialists, increase employee engagement and satisfaction, reduce staff turnover, and develop the HR brand, the Bank regularly conducts research on the labor market and salary levels. 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.

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

There were no complaints filed against the Bank in the reporting year for violation of the practice of labor relations. There are no divisions that use child and forced labor, as well as perform dangerous work for young employees.

The Bank has a collective agreement between the employer and employees. The collective agreement was concluded voluntarily on the basis of compliance with the legislation of the Republic of Kazakhstan, the authority of representatives of the parties, the freedom to choose, discuss and resolve issues that make up its content, and the reality of ensuring the obligations assumed.

Influencing regional development and having a multiplier effect on related industries and the economy as a whole:

As part of its activities, the Bank has a significant impact on the development of regions, and therefore has a multiplicative effect on related industries and the economy as a whole. Within the framework of increasing the availability of credit resources for the

population, a revolving principle of using funds for housing construction is provided. In 2022, a total of 8,843,869 square meters of housing (multi-apartment residential buildings) were introduced in the Republic of Kazakhstan. The Bank financed 7.7% or 680,460 square meters of them.

A multiplicative effect is the growth in related industries of construction products, electrical, metallurgical and oil and chemical industries, as well as new housing development items.

The implementation of housing projects of the Bank will also contribute to the development of small and

medium-sized businesses, improve the architectural appearance of cities and other localities, increase tax revenues to the budget from construction activities, including: property tax, income tax on employees of the construction industry and value-added tax on materials used for construction.

This mechanism of housing construction financing helps to maintain the pace of housing construction at the planned level, thereby creating a number of jobs in many sectors of the economy, providing employment and increasing incomes of the population.

UN Sustainable Development Goals

Contribution of the Bank



SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and innovation

UN Sustainable Development Objectives

Significantly increase access to information and communication technologies

Implement digital technologies:

The Bank continuously develops and implements innovative products using new technologies for a comprehensive transition of the Bank's activities, business processes, competencies, corporate culture and business models to a digital Bank. Today, the Bank's state-of-the-art technologies help it work quickly and with maximum comfort for its customers.

Today, the Bank has implemented the following digital service channels for its customers:

- video banking;
- internet banking;
- mobile application of the Bank;
- corporate website of the Bank;
- «Quanysh» chatbot (WhatsApp messenger, Telegram, Instagram, Facebook, VKontakte);
- «Baspana market» marketplace;
- online platform enpf-otbasy.kz

Automation of the Bank's business processes:

In 2022, as part of the development and automation of the Bank's business processes, improvements were made to the Colvir Automated Information System

In 2022, the Bank invested time and financial resources to actively develop its digital technologies and customer service methods. According to the results of the reporting year, the Bank conducted 4,639,413 client operations, of which 72% (3,353,354 operations) were conducted through remote service channels.

The Bank ensures actual compliance with the legislation of the Republic of Kazakhstan, regulators, and the best global standards and practices in the field of information security at the organizational, methodological, and instrumental levels through its active Information Security Management System. Load testing of the Bank's information systems is regularly conducted by the Bank's IT departments on an ongoing basis, in accordance with the Bank's internal documents on vulnerability, threat, and system update management.

Full information on the Bank's work carried out during 2022 as part of the development and improvement of digital channels can be found in the Bank's annual report for 2022, posted on our corporate website hcsbk.kz in the «About Bank»/»Reporting» section.

(hereinafter referred to as ABIS), BPM software, in terms of automation of banking products, HR processes, accounting processes, risk management processes, operational risk processes, processes related to banking document management, and IT processes and IT security, etc. Full information on the Bank's work carried out during 2022 as part of the

In addition to digital development, the Bank also aims to provide all possible care for its customers, including those with limited mobility and groups of citizens with disabilities. The Bank has created the following terms of service for them:

- on-site service is provided by freelance consultants of the Bank. Using mobile tablets, the Bank's consultants can serve clients in any place convenient for the client.
- implemented the ability to serve deaf and hard-of-hearing clients using the sign language translator service through the video service.
- ramps, elevators, tactile tiles with a call button for a Bank employee, etc. are installed in the Bank's branches.

In 2022, the Bank provided 166 loans amounting to 1.9 billion tenge to clients with disabilities.

development of automation of the Bank's business processes can be found in the Bank's annual report for 2022, posted on our corporate website hcsbk.kz in the «About Bank» section/»Reporting».

UN Sustainable Development Goals



SDG 11: Ensuring the openness, security, resilience and environmental sustainability of cities and human settlements

UN Sustainable Development Objectives

By 2030, ensure universal access to adequate, safe and affordable housing and basic services and improve slums;

Strengthen efforts to protect and preserve the world's cultural and natural heritage.

Contribution of the Bank

Ensuring housing affordability:

The Bank's mission is to provide Kazakhstani families with their own housing and strengthen the sense of homeland. As part of its mission, the Bank provides its depositors with housing, interim and preliminary housing loans to carry out measures to improve housing conditions.

As of 01.01.2023, the Bank issued 437 thousand loans totaling 4.9 trillion tenge. In 2022 alone, 79.9 thousand loans totaling 1.4 trillion tenge were issued. The Bank's loan portfolio grew by 43%, amounting to almost 3 trillion tenge.

Support and implementation of urban sustainability initiatives:

In its activities, the Bank supports the dissemination and implementation of the concept of «green» cities in Kazakhstan, which currently involves leading experts in the field of sustainable development, urbanists, smart cities, regional leaders, government agencies, large construction companies, etc.

Thus, in December 2022, the Bank launched the first green mortgage program in Kazakhstan, which is focused on protecting the health of citizens and the environment (the program was available to the Bank's clients from the beginning of 2023).

The Bank shows a steady growth in loan issuance throughout the entire period of its activity. The dynamic growth of the loan portfolio since 2012 is due in particular to lending to the population under the state housing construction program «Nurly Zher», the market program «Svoy Dom», the program for military personnel and other regional programs of the Bank.

In 2022, the Bank continued the implementation of the state housing construction program «Nurly Zher» for 2017-2021, which during the year was transformed into the program Concept for the Development of Housing and Communal Infrastructure until 2026, continued the implementation of existing joint projects with akimats, launched new youth programs and lending programs

The main condition for implementing the program is that the purchased housing meets the «green standard» certified according to one of the existing systems in Kazakhstan (OMIR, GOST R, BREEAM, LEED), regardless of its certification level.

This means that the construction developer uses eco-friendly and environmentally friendly materials in the construction of houses, landscapes the territory, ensures all houses are thoughtfully positioned, provides controlled air temperature in apartments, public transport accessibility, etc.

The mortgage terms and conditions are as follows:

- Initial payment

to military personnel, and other market programs of the Bank.

During the entire period of activity, the Bank attracted budget funds in the amount of 517 billion tenge within the framework of state and government programs. As of 01.01.2023, 541.7 billion tenge or 105% of the total amount of funds raised was disbursed (including repayable funds). 68,791 loans were issued in the amount of 555.96 billion tenge (including repayable funds).

- from 20 %.
- Initial bid
- from 12.5 % per annum with a decrease in 10 years to 3.5-5 % (ESP- from 13.3%).
- The maximum loan amount is up to 35 million tenge.
- Only primary housing can be purchased, including shared housing, provided guarantee from HSC or permission from the akimat to attract money from equity holders.

In 2023, the Bank plans to expand its cooperation with developers who adhere to environmental construction standards and attract new sustainable investments to implement the program.

UN Sustainable Development Goals

Contribution of the Bank



SDG 12: Ensuring the transition to rational consumption and production models

Improving the energy saving culture:

The Bank regularly conducts activities aimed at increasing the level of environmental awareness of employees, as well as compliance with safety regulations, including fire safety. On an annual basis, the Bank's employees are trained in environmental policy, rational use of energy, water and other natural resources.

The Bank constantly promotes environmental values and a responsible lifestyle among its employees, thanks to which Bank employees were able to learn more about the importance of mandatory disconnection of computers and other electrical appliances from power sources after the end of the working day, turning off lights after the end of the working day, about the principles and importance of waste sorting, and together they learned to develop from disposable tableware, which helped to create an understanding of the enormous contribution of each employee to the preservation of the environment.

The following trainings will be held in 2022:

- online training of a responsible employee on occupational safety and health issues by a specialized organization, with an exam and obtaining a certificate - 13 people;
- introductory instructions for newly admitted employees - 129 people
- environmental policy of the Bank - all employees of the Bank.

Reduction of resource consumption (energy consumption, water consumption):

The Bank is a financial institution with a wide network of branches. In this connection, to maintain its operations, the Bank needs significant amounts of electricity and heat. The Bank takes energy-saving measures to minimize its environmental impact and improve operational efficiency. In order to save financial resources and save electric energy, 12-60 Watt LED lights were installed in the buildings of the Central Office and branches of the Bank. 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 (CHPP) of the heat supply company «Almaty Heat Networks» LLP on the basis of a contract.

In addition, the Bank strives to reduce water consumption, improve the efficiency of water resources use, and minimize the impact on natural water bodies. The Bank unequivocally accepts the importance of careful and rational treatment of the country's water resources. Water consumption in the Bank's Central Office building is shown in the following table:

Type of consumption	2021	2022
Water consumption, m ³	4 063,00	3 338,00
Sewerage, m ³	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.

Optimization of paper document flow by automating the Bank's business processes:

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).

UN Sustainable Development Goals

Contribution of the Bank



SDG 17: Strengthen the means of implementation and strengthen the work of the Global Partnership for Sustainable Development

Sustainability management in the Bank is carried out within the framework of the overall performance management system and is an integral part of it.

The Bank's sustainable development action plan for 2022 was approved by the decision of the Management Board dated February 7, 2022 No. 15. The Bank's Sustainable Development Action Plan for 2022 included measures to improve sustainable development management practices,

PLANS FOR 2023

On November 24, 2022, the Bank's Management Board approved the Bank's Sustainable Development Action Plan for 2023 which includes series activities aimed to:

- contribution of the Bank to the achievement of the UN SDGs through the implementation of social projects and the promotion of the development of the market for «green» projects;
- implementation of the principles of sustainable development in the key processes and administrative and economic activities of the Bank;
- increasing transparency in the disclosure of non-financial information;
- competence building for sustainable development.

Maintain cooperation and partnerships for sustainable development:

In 2022, leading companies of Kazakhstan's economy created the National ESG Club, with a mission to contribute to achieving the goals of sustainable development and efficient energy transition of the Republic of Kazakhstan through the implementation of ESG principles.

The founders of the ESG club were 19 domestic companies, including Otbasy Bank. The founders of the ESG Club plan to develop expertise related to the implementation of ESG standards and share the best global trends in sustainable development.

update/develop corporate documents in the field of sustainable development, improve the skills of the Bank's employees in the field of sustainable development, disclose information, report on sustainable development at Internet resources of the Bank, the media, for environmental events and charity events. Thus, in 2022, out of the planned 13 sustainable development activities, all 13 were completed.

The report on the implementation of the Bank's Sustainable Development Action Plan is considered by the Management Board. In addition, sustainability reporting is submitted to the Bank's Board of Directors on an annual basis.

In particular, the plan provided:

- implementation of the Action Plan to improve the Bank's corporate governance based on the results of diagnostics of the corporate governance system;
- participation in the competition of annual reports and in the ranking of Kazakhstani companies in terms of the level of disclosure of ESG (environmental, social governance) - information in the annual report;
- advanced training of executives of the Bank on sustainable development and ESG;
- raising awareness of employees/workers of the Bank, conducting training on topics in the field of sustainable development;

Today, more than 60 Kazakhstani companies have joined the Club. Members of the Club have set goals to promote ESG principles to promote the achievement of sustainable development goals, increase energy efficiency, minimize environmental impact, improve working conditions and respect human rights.

As part of their social responsibility, each co-founder of the Club can take on a certain direction, which will be actively promoted and developed. The Club's platform discusses the implementation of ESG approaches, responsible investment, as well as promoting the development «of the green» and sustainable projects market.

- involvement of employees/ of the Bank in environmental and charitable projects of the Bank;
- purchase of branded products of the Bank from environmentally friendly materials;
- resumption of work on organizing the collection, sorting, processing and transportation of the Bank's waste;
- Modernization of IT infrastructure equipment fleet in order to increase the fault tolerance and continuity of the Bank's information systems, etc.
- carrying out preparatory activities for obtaining an ESG rating.

In the future, the Bank plans to implement new projects in the field of sustainable development and ESG, attract sustainable investments for its projects, including through the combined efforts of the ESG Club.



INTERACTION WITH STAKEHOLDERS

The Bank strives to maintain high-quality and sustainable relationships with key stakeholders, and takes their interests into account when making key decisions and conducting operational activities.

The principles and procedures for interaction with stakeholders are formulated by the Corporate Governance Code and the Sustainable Development Policy.

The Bank has approved a Map of stakeholders, which defines the list of key stakeholders and the degree of their influence. The map allows you to organize and visualize information about the Bank's environment in order to build an adequate

strategy for working with each of the stakeholders. Identifying stakeholders and working with them is one of the tools that allows you to improve the business reputation of the business, the company's capitalization, and establish effective and balanced relationships with all stakeholders.

Key stakeholder groups were selected based on the level of their impact on the Bank and the level of the Bank's impact on stakeholders.

No	Stakeholders	"Interests/motives"	Tools of influence	Interaction strategy
1	Sole Shareholder	Compliance with the interests of the sole shareholder of the Bank JSC "Baiterek NMH"	Legislation of the Republic of Kazakhstan, the Charter, internal documents of the Bank	Ensuring the implementation of the rights of the Sole Shareholder within the framework of corporate governance principles aimed at effective key decision-making in accordance with the legislation of the Republic of Kazakhstan
2	Management Body	General management of the Bank's activities, except for issues referred to the exclusive competence of the Sole Shareholder	Legislation of the Republic of Kazakhstan, the Charter, internal documents of the Bank	Determination of priority areas of activity, development strategies of the Bank.
3	Management	Making decisions on any issues of the Bank's activities that are not referred by the legislation of the Republic of Kazakhstan and the Bank's Articles of Association to the competence of the Sole Shareholder and the Board of Directors	Legislation of the Republic of Kazakhstan, the Charter, internal documents of the Bank	Execution of decisions of the Sole Shareholder, the Board of Directors of the Bank. Preparation and implementation of development plans and other issues related to the Bank's activities.
4	Personnel	Labor relations with the employer, direct fulfillment of obligations under an employment agreement	Labor Code, employment agreement, internal documents of the Bank	Execution of official powers aimed at implementation of the tasks and functions of the Bank
5	State Bodies	Implementation of legislative functions stipulated in the legislation of the Republic of Kazakhstan	Legislation of the Republic of Kazakhstan	Control over compliance with the legislation of the Republic of Kazakhstan.
6	Investors	Making profit	Contractual relations within the framework of investment, cooperation/partnership agreements	Priority of payment of principal and remuneration for invested funds, exclusion of dependence on financing
7	Financial institutions	Making profit	Contractual relations within the framework of investment, cooperation/partnership agreements	Priority of payment of principal and remuneration for invested funds, exclusion of dependence on financing
8	Suppliers	Making profit, increasing the level of competitiveness	Contractual relations of the supply of goods, performance of works, provision of services	Compliance with the requirements for organizing the procurement process
9	Partners	Commercial interests	Contractual relations	Conclusion of contracts and agreements on mutually beneficial cooperation and mutual understanding. Improvement of business processes and their automation. Control over the execution of contractual relationships.
10	Customers, consumers	Quality and availability of product lines and services in the housing savings market	Preferences and customer satisfaction	Improving the quality and availability of products and services in the housing savings market. In 2022, there were no active legal disputes related to marketing and disclosure of information about financial products for new and existing clients.

No	Stakeholders	"Interests/motives"	Tools of influence	Interaction strategy
11	Auditors	Provision of financial audit services	Contractual relationships	Conclusion of contracts for the provision of audit services. Audit of financial statements, external audit. No investigations regarding accounting were conducted at the Bank in 2022.
12	Consulting organizations	Provision of consulting services	Contractual relations	Conclusion of contracts for the provision of consulting services. Improving business processes. Control over the execution of contractual relationships.
13	Population	Quality and availability of product lines and services in the housing construction savings market	Public opinion. Appeals to higher-level and regulatory authorities, mass media.	Reputation audit, public opinion polls, implementation of communication strategy. Publication of the Bank's financial and non-financial statements. Demonstration of practical commitment to the principles of social responsibility, transparency and sustainable development. Acceptance of additional social commitments, solving current social problems. Charitable activities.
14	Public organizations	Various issues related to the activities of public and non-governmental organizations	Publications and information about the activities of the Bank	Compliance with the legislation of the Republic of Kazakhstan, support of local public activities, charity, provision, care for the environment. Employment, social responsibility. In the reporting year, the Bank did not make any monetary contributions or expenses towards lobbyists or lobbying organizations, trade associations, or other tax-exempt groups. The Bank does not provide financing to political parties or public associations for the purpose of gaining or maintaining advantages in its activities.
15	Mass media	Publications and information about the Bank	Publications and information about the activities of the Bank	Compliance with the legislation of the Republic of Kazakhstan, development of bilateral and multilateral relations with the media.
16	Competitors	Increasing the market share of household deposits, mortgage lending for the construction and purchase of housing, mortgage lending	Use of modern technologies, increasing the quality of services and products provided in the financial market, active advertising campaign, development and introduction of new lines of products and services in the market of household deposits	Strategy to reduce the level of competition from competitors: cooperation on terms that are unattractive to competitors; increasing staff commitment to the Bank; expanding its presence in the country; developing and implementing new lines of products and services in the housing construction savings market; cooperation for mutually beneficial solutions to problems.

The process of organizing the Bank's interaction with stakeholders is based on the principle of involvement, which implies taking into account the interests of stakeholders at all stages of the Bank's management process and involving stakeholders in the discussion of significant topics and important issues, potential risks and limits of responsibility.

The strategy of interaction of the Bank with each stakeholder, as well as the tools of influence, are

determined by the structural divisions of the Bank independently, depending on the specifics of the activity.

In 2022, the Bank's Regional Development division implemented the following program of cultural events as part of maintaining friendly relations with customers, local communities, and partners (construction companies):

No	Region	Event
1	Almaty	Nauryz Holiday
2		Otbasy Kino Fest
3		World Savings Day
4	Astana	Kite festival
5	Aktobe	Yurt park
6		Football party
7		Jungle Fest
8	Atyrau	OTBASY OPEN AIR ATYRAU
9		KIDS PARTY
10	Karaganda	Otbasy Open Fest
11	Kokshetau	"Otbasy Fest" real estate fair
12	Kostanay	Culinary contest
13	Kyzylorda	Nauryz Meiramy
14		«Forsirui s Otbasy bank»
15		National Currency Day
16	Pavlodar	River Fest
17	Semey	Lunch with the construction developer
18	Taldykorgan	OTBASY TOUR
19		OTBASY FEST
20		Finding magic
21	Taraz	Baspana TOUR-FEST
22	Ust-Kamenogorsk	Otbasy Jastar Fest
23	Uralsk	Otbasy Friday
24		Savings Day
25	Shymkent	Facility tour, Big motivational meeting
26	Aktau	Our region - 2022
27	Turkistan	Otbasy Open Air Turkistan

This type of interaction allows the Bank to create a comfortable area of communication with customers, the local population, partners (construction companies) and build positive relationships between the parties.

CORPORATE GOVERNANCE SYSTEM

The Bank considers the corporate governance as a means of increasing its efficiency, ensuring transparency and reporting, strengthening its reputation and reducing the cost of raising capital, as well as its contribution to ensure the rule of law in the Republic of Kazakhstan and a factor determining the Bank's place in the modern economy and society as a whole.

The Bank's corporate governance is based on the principles of fairness, honesty, responsibility, transparency, professionalism, and competence. An effective structure of corporate governance

contemplates respect for the rights and interests of all persons interested in the Bank's activities and contributes to the Bank's successful activities, including increase in its value, maintenance of financial stability and profitability.

The relations between the participants in the Corporate Governance system in the Bank are regulated by the Bank's internal documents developed on the basis of the international practice. The structure of the corporate governance of the Bank is in accordance with the legislation and determines the subdivision of responsibilities between the Bank's bodies.

In accordance with the Bank Corporate Governance Code, the principles of corporate governance of the Bank are:

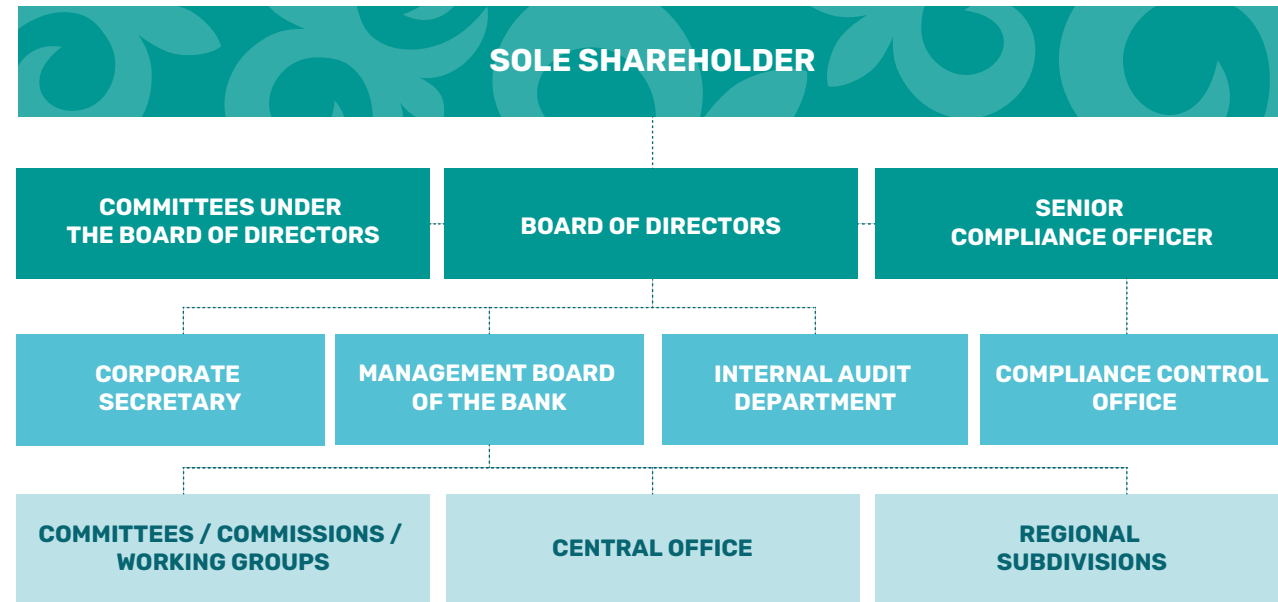
- the principle of delineation of powers;
- the principle of protection of the rights and interests of the sole shareholder of the Bank as provided in accordance with the civil and banking laws of the Republic of Kazakhstan, the legislation of the Republic of Kazakhstan concerning the joint-stock companies, and support for the enforcement of these rights and interests;
- the principle of effective management of the Bank by the Board of Directors and the Management Board;
- the principle of sustainable development;
- the principle of risk management, internal control and internal audit;
- the principle of regulating corporate conflicts and conflicts of interest;
- the principles of transparency and objectivity of disclosing the information concerning the Bank's activities in accordance with the banking laws of the Republic of Kazakhstan, the legislation of the Republic of Kazakhstan concerning the state regulation, control and supervision of the financial market and financial organizations, the legislation of the Republic of Kazakhstan concerning the foreign exchange regulation and currency control, payments and payment systems, securities market, laws on anti-money laundering and terrorism financing counteraction, and laws on joint-stock companies.
- the principle of compliance with the scale and nature of the Bank's activities, its structure, risk profile, and the Bank's business model;
- the principle of compliance with the scale and nature of the Bank's activities, its structure, risk profile, and the Bank's business model.

The corporate governance system is diagnosed by the Bank's Internal Audit Department once every two years in accordance with the Rules for organization of internal audit as approved by the resolution of the Board of Directors of the Bank.

According to clause 3 of Article 182 of the Law of the Republic of Kazakhstan "On State Property", an independent assessment of corporate governance must be carried out at least once every three years

by state-controlled joint-stock companies (except for the National Welfare Fund). In 2021, in compliance with the Law of the Republic of Kazakhstan "On State Property", an independent assessment of the corporate governance of Otbasy Bank JSC was carried out. According to the results of the assessment, the compliance with the level of corporate governance was 94.9%, which corresponds to the "Adequate" rating

CORPORATE GOVERNANCE STRUCTURE



In accordance with the legislation of the Republic of Kazakhstan, the Bank's organizational structure consists of the following management bodies:

- supreme body – the Sole Shareholder;
- The management body is the Board of Directors.

The Bank's Board of Directors has 4 committees:

- ✓ Audit Committee (supervises the preparation of the Bank's financial statements and ensuring the accuracy and completeness of the Bank's financial statements, controls the independence of internal and external audit);
- ✓ Committee for Strategic Planning and Corporate Development (considers issues of priority areas of activity and strategic goals, as well as issues related to improving the efficiency of The Bank)
- ✓ Risk Management Committee (considers issues related to ensuring the reliability and effectiveness of risk management, as well as coordinating activities and providing methodological support on internal control issues)
- ✓ Committee for Personnel, Remuneration and Social Payments (considers issues related to personnel policy, election (appointment), remuneration of senior Bank employees, employees of the Bank whose appointment is based on the results of the audit), falls within the competence of the Bank's Board of Directors, as well as issues related to improving the efficiency of the Bank's social management);

- The executive body is the Management Board. The Bank's Management Board has 11 committees:

Committee for Strategy and Corporate Development, Committee for Asset and Liability Management, the Banking Products and Committee for Banking Products, Processes and Quality of Service, Credit Committee, Committee on Information Resources, Budget Committee, Controlling Committee, the Committee for Personnel Issues, Information Security Committee, and Commission for Determining the Cost and Write-off of Fixed Assets, Intangible Assets and Unsalable Inventories, Risk Committee;

- the body supervising the financial and business activities of the Bank – the internal audit subdivision;
- other permanent collegial bodies of the Bank formed in accordance with the legislation of the Republic of Kazakhstan and internal documents of the Bank for the implementation of various areas of the Bank's activities.



RISK MANAGEMENT SYSTEM AND INTERNAL CONTROL

The Bank strives to balance the interests of business and society, and also ensures that its economic, environmental and social goals are consistent for long-term sustainable development. The Bank integrates the principles of sustainable development enshrined in international standards in the field of sustainable development into its management system, development strategy and key processes.

The risk and capital management system is part of the Bank's strategy and is aimed at ensuring sustainable development by making management decisions in an environment of uncertainty, improving the effectiveness and efficiency of decisions made, reducing losses and maximizing income.

In the course of risk management, the Bank uses various approaches, taking into account the requirements of the National Bank of the Republic of Kazakhstan as a participant in the state's financial system, such as:

- three-line defense system;
- forming of the Bank's risk appetite strategy;
- assessment of capital sufficiency;
- assessment of liquidity sufficiency;
- conducting stress tests on the main financial indicators of the Bank;
- ensuring the availability of a management reporting system to timely communicate information on risk indicators to the authorized bodies of the Bank.

To implement the strategy successfully, the Bank regularly analyzes the key risks that may affect the achievement of the Bank's strategic goals and financial stability, and develops appropriate measures to minimize them. In the reporting year, like in previous periods, the Bank continues to maintain a high level of capital availability and adequacy, significantly exceeding the requirements of the regulator.

The Bank's internal control system is formed in accordance with the requirements of the legislation of the Republic of Kazakhstan, the Basel Committee on Banking Supervision, and the best international practices. The Bank applies the concept of the «Integrated COSO Model» developed in 2013 to build its internal control system. The Bank's Internal Control System (hereinafter referred to as the ICS) is a process integrated into the day – to-day activities carried out by the Board of Directors, collegial

bodies, structural divisions and all employees of the Bank in the performance of their duties.

The Internal Control Division provides consulting assistance to the Bank's employees on internal control issues in accordance with the Bank's internal regulatory documents, regulatory documents of Baiterek NMH JSC, regulatory documents of the National Bank of the Republic of Kazakhstan and the legislation of the Republic of Kazakhstan in order to ensure the effective functioning of the internal Control System in the Bank.

Every year, the Internal control Department conducts internal training of all employees of the Bank on the Internal Control System, followed by testing.



ECONOMIC COMPONENT OF SUSTAINABLE DEVELOPMENT

MISSION STATEMENT

Provision own housing for Kazakhstani families and increasing the sense of Homeland.

VISION

In 2023, we are a sustainable, high-tech, customer-oriented, socially significant bank that implements the principles of the housing construction savings system, actively participates in the implementation of state programs, and supports the development of housing construction to provide housing to the general population.

VALUES

1 Development and innovation

The Bank is constantly working to improve its customer service and the quality of its internal processes. It does not tolerate any inefficiency, is always open to innovation and development, and actively implements the latest banking and management technologies. The Bank supports employees' commitment to self-development.

2 Performance and Meritocracy

The Bank is committed to the highest standards in achieving its goals, maintains a culture of results orientation, sets clear goals for this purpose, achieves them on time, with reasonable resources, and regularly evaluates results. Meritocracy is a fair and objective assessment of individual efforts, abilities, and achievements of each employee.

3 Team and Respect

An atmosphere of mutual respect is a priority of the Bank. The Bank's management is aware of everyone's contribution to achieving team goals, which creates a basis for mutual trust.

4 Initiative and Team Spirit

Independent and active commitment of employees to optimize the production process. Cooperation to achieve high results of joint activities and common intentions.

STRATEGIC DEVELOPMENT GOALS AND OBJECTIVES

According to the approved Bank's Strategy of Development until 2023, the key goals of the Bank are Increasing :

- Share of the HCS system participants to economically active population up to 25%;
- Transfer of 100% of customer service operations to online format through the introduction of advanced technologies and automation of the Bank's operations;
- Maintaining customer satisfaction index (CSI) at the level of 4.7.

Transfer

100%
of transactions online



To achieve the set goals, the Bank has identified the following key tasks:

Task 1.	Task 2.	Task 3.
Implementation of the state policy in the field of providing the population with affordable housing. Strategic directions: - transformation of the Bank into a full-fledged national development institution; - implementation of state policies.	Providing the best customer service. Strategic directions: - development of products/ services; - development/ automation of business processes; - development of sales/ service channels - development of IT infrastructure; - legislative initiatives.	Ensuring the Bank's sustainable development. Strategic directions: - raising funds; - balanced risk management; - effective HR management system; - maintaining financial stability

ECONOMIC PERFORMANCE

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 meantime, 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.

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).

Share of local content

55%

BUSINESS ETHICS

The Bank has in place the Code of Business Conduct, which is developed in accordance with the provisions of the legislation of the Republic of Kazakhstan, the Articles of Association and internal documents of the Bank, the Code of Business Conduct of Baiterek NMH JSC, taking into account the recognized world standards of business conduct and corporate governance, and is a set of rules that establish fundamental values and principles of corporate (business) ethics, which the Bank's employees follow.

The Code applies to the members of the Board of Directors of the Bank and all employees of the Bank, regardless of their current position, and is applied on an equal basis with other internal documents of the Bank. Employees are guided by the requirements of the Code in relations with the Sole Shareholder, members of the Board of Directors, the Management Board, colleagues, customers, partners, and suppliers

Ethical principles.

1. Equal opportunity and prohibition of discrimination. The Bank provides equal opportunities and under no circumstances will discriminate on the basis of gender, age, race, political, religious or other similar grounds.
2. The personnel are selected and promoted solely on the basis of professional knowledge, experience

and competencies in accordance with the Bank's internal documents, excluding any manifestations of discrimination. Career advancement is based on an objective assessment of performance, qualifications, and competence.

3. Equal learning opportunities. The Bank provides all employees with equal opportunities for development, which depend on the results achieved, competence and qualifications. In turn, the Bank expects that all members of the collective initiative will endeavor to acquire new knowledge and to be willing to share this knowledge with colleagues. It is not allowed providing any privileges and benefits to individual employees of the Bank.

4. Equitable remuneration. With regard to establishing an equitable remuneration, the Bank is based on the recognition of work results and the achievement of key performance indicators, the level of qualifications and competencies, the complexity and quality of the work performed.

The Bank has an ombudsman institution to collect information on non-compliance with the Code of Business Ethics, consult employees on the provisions of the Code, initiate consideration of disputes on violation of the provisions of the Code and participate in settlement thereof.

CONFLICT OF INTEREST

The Bank has approved the Policy for the settlement of corporate conflicts and conflicts of interest, which defines a list of measures aimed at preventing conflicts of interest in the Bank, which is based on the collision of opposite interests, opinions, goals, and different ideas about how to achieve them.

The policy clearly stipulates the duty of the officials (members of the Board of Directors and the Management Board of the Bank), employees of the Bank to act in the interests of the Bank and its Sole Shareholder, as well as their responsibility is defined.

According to the requirements of the Policy, in order to avoid conflicts of interest the officials and employees of the Bank are obliged to avoid any actions and relationships that could potentially cause a conflict of interest. Any conflict of interest between personal interests and professional responsibilities in the Bank must be disclosed and settled in accordance with the legislation of the Republic of Kazakhstan and the Policy. To exclude a conflict of interest, the Bank's employees shall sign an undertaking to comply with actions that limit the risk of a conflict of interest.

Also, the Regulation on the Board of Directors of the Bank provides that, in case of corporate conflicts, the Chairman of the Board of Directors shall take the measures to resolve them and minimize the negative impact on the Bank's activities, and promptly inform the Sole Shareholder, if it is impossible to resolve such situations using its own resources. The Bank confirms that as of 01.01.2023, 2, there are no appeals of the Sole Shareholder regarding the actions of the Bank and its officials in 2022.

In 2022, no facts of a conflict of interest, including on the part of the Bank's officials, were revealed.

In third quarter of 2022, the Bank's employees were trained on the topic «Policy for resolving corporate conflicts and conflicts of interest in Otbasy Bank JSC «with subsequent testing of their knowledge.

CORRUPTION COUNTERACTION

The Bank pays special attention to anti-corruption efforts. Activities in this area are carried out on a continuous basis, in strict compliance with the legislation of the Republic of Kazakhstan and the Bank's internal documents.

A comprehensive set of measures is implemented within the Bank to prevent corruption offenses, with the ultimate goal of eliminating corrupt activities. The Bank has developed and approved Anti-Corruption Rules. Specific procedures and controls have been incorporated into the Bank's internal documents, including those related to personnel management.

The Bank regularly conducts internal training for its employees on anti-corruption measures, with mandatory testing to assess their knowledge. In 2022, training on anti-corruption measures with knowledge testing was conducted for 1,329 consultants across 18 Bank branches, as well as for 1,220 employees in the Central Office and branches of the Bank.

1 329

consultants in 18 branches of the Bank were trained

Region	Consultants	Employees/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. In the reporting year, there were no active legal cases against the Bank related to fraud.

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.

As of the end of 2022, the Bank had 2,520,000 active customers. The processing and use of customer information are carried out within the scope and volume provided by the customer's consent, as well as in cases stipulated by the legislation of the Republic of Kazakhstan. The use of customer information by the Bank for secondary purposes, such as targeted advertising, improving Bank products or services, and others, applies to all Bank customers.

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 Otbas 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

COMPLIANCE WITH LEGISLATION

In its activities, the Bank, overall, complies with the requirements of the legislation of the Republic of Kazakhstan. Violations of antitrust legislation were not identified.

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, 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.

In 2022, there were no financial losses resulting from legal disputes related to the confidentiality of customer information.

However, in 2022, there were 5 instances of supervisory measures, 1 warning, and a fine of 1,072,050.0 tenge for non-compliance with the legislation of the Republic of Kazakhstan in the field of civil defense (not related to the Bank's core activities).



ENVIRONMENTAL COMPONENT OF SUSTAINABLE DEVELOPMENT

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 are needed. 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 «AlmatyEnergoSbyty» LLP. Heating of

the building is provided by the central heating networks (CHPP) 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 water consumption, improve the efficiency of water resources use, and minimize the impact on natural water bodies. The Bank unequivocally accepts the importance of

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

Type of consumption	2021	2022
Waterconsumption, 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,

In 2022, the bank handed over



kilograms of waste paper

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.

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,

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

disclosure of information on the results of the work carried out is expected in subsequent reports of the Bank.

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.

METRICS AND TARGET

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.





SOCIAL COMPONENT OF SUSTAINABLE DEVELOPMENT

RESPONSIBLE WORK PRACTICES

Employees are the main value and the main resource, and the results of the Bank's activities directly depend on the level of their professionalism and safety. The Bank builds labor relations with its employees on the basis of the principle of legality and compliance with the generally recognized labor rights of the employee.

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.

LABOR-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).

Employee engagement

In 2021, the Bank participated in a survey conducted by JSC «NUH «Baiterek» to determine the level of employee engagement (satisfaction). The survey involved 1,282 employees, which accounted for 99.7% of the total number of employees invited to participate.

The minimum required number of respondents for the survey (target) was set at 70%, i.e., 911 employees. According to the survey results, the aggregated value of employee engagement and satisfaction at the Bank was 0.77, which corresponds to the «above average» engagement zone.

In 2022, the Bank independently organized an employee engagement survey. The survey involved 1,002 employees, which accounted for 75% of the total number of employees invited to participate. The minimum required number of respondents for the survey (target) was set at 70%, i.e., 935 employees. According to the survey results, the aggregated value of employee engagement and satisfaction at the Bank was 0.79, which corresponds to the «above average» engagement zone.

The survey used the following response options in 2021-2022: «fully agree,» «tend to disagree,» «neutral position,» «tend to agree,» and «fully disagree.»

A third-party company is engaged to conduct the survey, and the questionnaire is published on their website. The survey questionnaire is not published on the official website of JSC «Otbas Bank.»

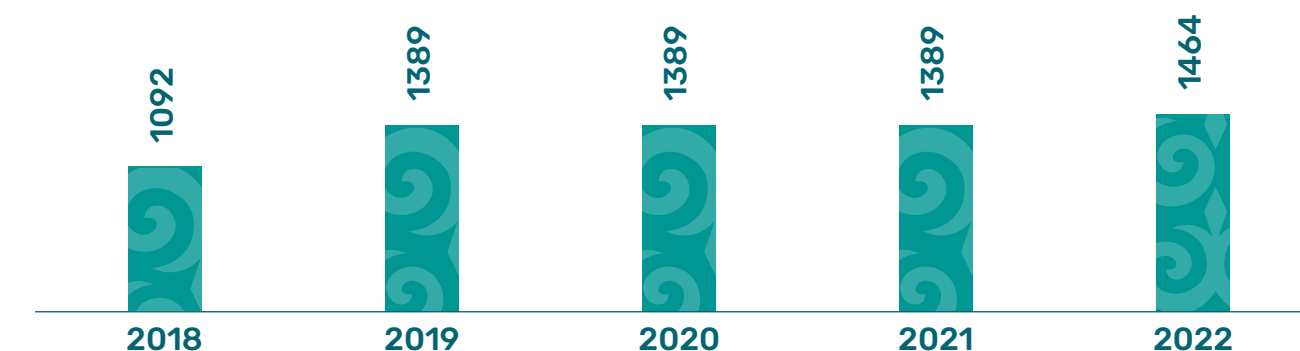
Based on the results of the employee engagement (satisfaction) surveys, an annual Employee Engagement Action Plan is developed, which is approved by the Bank's Management.

The 2022 plan included activities such as increasing employee awareness of growth opportunities and available vacancies, improving the practice of «Best Employee of the Quarter/Year,» enhancing communication between Bank departments, emphasizing employee merits, implementing corporate events, and others. As a result, all planned activities in the Action Plan were successfully carried out.

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:

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.

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 years is 148 people (in 2021 year-133 people).

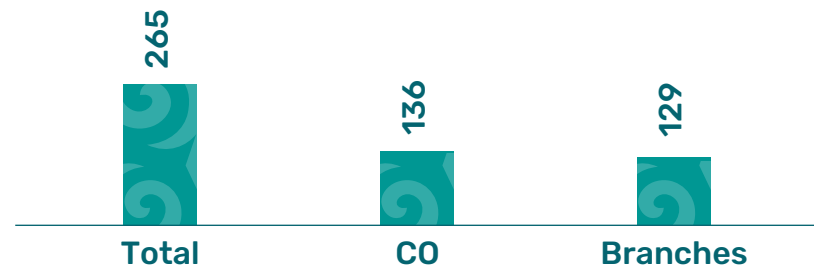
The Bank concluded a collective agreement between

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

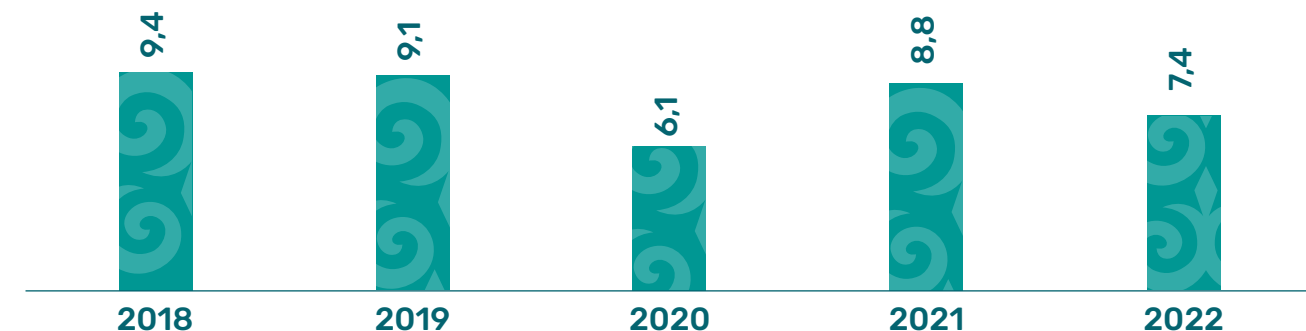
EMPLOYEES HIRED IN 2022, PEOPLE



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, %



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.

Общее количество часов обучения (внутреннее 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.

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:

1. 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 2022.22, 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.

2. Voluntary Health Insurance Program (Health Insurance);

The employees and members of their families are

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.

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.

3. 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.

4. 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:

1 employment opportunities -
максимально используются вакантные рабочие места для трудоустройства молодых специалистов, как мужчин, так и женщин;

2 equal participation
of women and men in production and management decisions;

3 women's realization
of career opportunities;

4 participation of women
in activities aimed at developing leadership skills;

5 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.

GENDER POLICY

The link between improving gender equality and accelerating economic development is widely recognized by leading international financial institutions. Recognizing this, the Bank is committed to directing efforts and resources towards creating a society that equally values women and men.

In this regard, in 2021, the Bank approved the Gender Aspects Rules of «Otbas Bank» JSC, which align with the Sustainable Development Goals adopted by the United Nations. The objectives of the Bank's Gender Aspects Rules include overcoming all forms and manifestations of gender discrimination, promoting gender equality in the Bank's activities, and ensuring that the needs of women are equally considered in any planned event or project, just as the needs of men are.

The Bank collaborates with various international and foreign organizations, whose experiences demonstrate the importance of applying gender-sensitive approaches and contributing to the sustainable development of the country's economy. Moreover, many financial organizations today express their readiness to support organizations such as the European Investment Bank and many others.

NON-DISCRIMINATION

The Bank ensures equal opportunities for its employees to realize their potential in the course of their employment, impartial and fair assessment of their performance.

The Bank's personnel policy, Sustainable Development Policy, as well as the Code of Business Ethics, regulate issues related to preventing discrimination based on gender, age, race, politics, religion, and other similar motives. Recruitment and promotion of personnel adhere to the principle of equal opportunities and are based solely on an objective assessment of professional knowledge and experience in accordance with the qualification requirements for the position, excluding any forms of discrimination and violations of employees' rights.

Senior managers and middle-level managers of the Bank, in their relations with subordinates, must take measures aimed at ensuring occupational health and safety, creating safe and necessary conditions for effective performance, as well as creating a favorable moral and psychological atmosphere that excludes any forms of discrimination and encroachments on the honor and dignity of workers/employees.

The Bank commits to take into account, analyze, and address gender issues in the planning, implementation, and evaluation of internal documents, projects, and research in order to achieve the following goals:

- 1) Promoting equality between women and men.
- 2) Collecting qualitative information, considering data disaggregation by gender.
- 3) Creating a social, physical, and psychological environment that fosters equal and fair treatment of men and women.

In its activities to implement gender policy, the Bank adheres to the following principles: openness, transparency, ethical behavior, consideration of stakeholders' interests, legality, respect for human rights, and the prevention of conflicts of interest.

Annually, the Bank develops an Action Plan for Gender Equality and prepares an annual report on the implementation of the aforementioned Action Plan, which is published on the Bank's official website. The report on the implementation of the Gender Equality Action Plan for 2022 is available on the Bank's website at www.hcsbk.kz.

In order to resolve individual labor disputes within the Bank, a Conciliation Commission for the consideration of individual labor disputes has been established. The Commission consists of an equal number of representatives of the employer and the Bank's employees, elected at a general meeting of the labor collective. The Commission is a permanently functioning body for the consideration of individual labor disputes. A labor dispute shall be considered by the Commission if the employee has not resolved the disagreement independently or with the participation of a representative through direct negotiations with the employer or their authorized representative.

In 2022, the Conciliation Commission received 1 application from a Bank employee regarding reimbursement of training expenses. The decision on this matter was made in favor of the employee.

In the reporting year, due to the expiration of the term of office of the current composition of the representatives of the Bank's employees in the Conciliation Commission, a new composition of the Commission was re-elected at a general meeting of the labor collective.

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 – 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 at 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

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 collected funds in the amount of 372,000 tenge were allocated for the purchase of food products and children's gifts for low-income families in the Karasay district of Almaty region.

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.

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 charity 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,» funds were raised among the Bank's employees 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 collected a total of 3.4 million tenge.

APPLICATION GRI INDEX

**The Sustainable Development Report
for 2022 was prepared in accordance
with GRI standards: main version**



UNIVERSAL STANDARDS

Standard Number	Indicator	Report Section/Comment	Page
GRI 1: Fundamentals			
GRI 2: General Information 2021			
2-1 Organization Profile			
2-1 a	Name of the organization	About the Bank	page 15
2-1 b	Type of ownership and legal form	About the Bank	page 15
2-1 c	Location of headquarters	About the Bank, Contact information	page 15,81
2-3 Reporting period, frequency and contact point			
2-3 a	Reporting period and frequency	About Report	page 6
2-3 b	Reporting period and frequency of financial reports	About Report	page 6
2-3 c	Report publication date	About Report	page 6
2-3 d	Contact point for questions regarding this report	Contact information	page 81
2-5 External assurance			
2-5 a	Policy and practice of the organization regarding the provision of external assurance of accounts	About Report	page 6
2-7 Employees			
2-7 a	Total number of employees, breakdown by gender, region	Employment, composition and structure of personnel	page 62
2-7 b	Total number of permanent, temporary, full-time employees, by gender and region, and total number of part-time employees, non-guaranteed hours of work	Employment, composition and structure of personnel	page 62
2-7 c	Methodologies and assumptions used for data collection	Employment, composition and structure of personnel	page 62
2-7 d	Contextual information needed to understand the data presented in accordance with 2-7 a and 2-7 b	Employment, composition and structure of personnel	page 62
2-7 e	Significant fluctuations in the number of employees during the reporting period and between the reporting periods	Employment, composition and structure of personnel	page 62
2-8 Non-employee workers			
2-8 a	The total number of non-employee workers and whose work is controlled by the organization	Employment, Composition and structure of personnel	page 62
2-8 b	Methodologies and assumptions used for data collection	Employment, Composition and structure of personnel	page 62
2-8 c	Significant fluctuations in the number of non-employees during the reporting period and between the reporting periods	Employment, Composition and structure of personnel	page 62

Standard Number	Indicator	Report Section/Comment	Page
2-12 The role of the supreme governing body in the supervision of impact management			
2-12 a	The role of the highest decision-making body and senior management in developing, approving and updating the organization's goals, values or mission. Sustainable development statements, strategies, policies and goals	Sustainability management system	page 16
2-12 b	The role of the supreme governing body in supervising processes to identify and manage the impact of the organization on the economy, environment and social environment	Sustainability management system	page 16
2-12 c	Role of the supreme governing body in the analysis of the efficiency of the organization's processes (2-12 a, 2-12 b), frequency of review	Sustainability management system	page 16
2-13 Delegation of responsibility for impact management			
2-13 a	Delegating responsibility for economic, environmental and social impact management to the highest governing body	Sustainability management system	page 16
2-13 b	Monitoring process and frequency	Sustainability management system	page 16
2-14 The role of the highest governing body in sustainable development reporting			
2-14 a	Responsibility of the supreme governing body in the information provided	Sustainability management system	page 16
2-23 Political commitment			
2-23 a	Political commitment to responsible business	Sustainability management system	page 16
2-23 b	Political commitment to human rights	Sustainability management system	page 16
2-23 c	References to policy commitments	Sustainability management system	page 16
2-23 d	Level of policy commitments approved in the organization	Sustainability management system	page 16
2-23 e	Degree of applicability of policy commitments to the organization's operations and business relationships	Sustainability management system	page 16
2-23 f	Communicating policy commitments to employees, business partners and other relevant stakeholders	Sustainability management system	page 16
2-29 Approach to stakeholder engagement			
2-29 a	Approach to stakeholder engagement, including categories of stakeholders it engages with and how they are identified; purpose of stakeholder engagement; meaningful stakeholder engagement	Stakeholder engagement	page 39

Standard Number	Indicator	Report Section/Comment	Page
2-30 Collective agreements			
2-30 a	Percentage of the total number of employees covered by collective bargaining agreements	Employment, composition and structure of personnel	page 62
2-30 b	Organization of labor conditions and conditions of employment for employees not covered by collective bargaining agreements		
GRI 3: Material Issues 2021			
3-1 Process to determine material issues			
3-1 a	Process of identifying material topics, including identifying the actual and potential, negative and positive impacts on the economy, the environment and the social environment as part of its activities and business relationships; prioritizing impacts for reporting based on their significance	About Report	page 6
3-1 b	Stakeholders and experts whose opinions influenced the process of determining material issues		
3-2 List of material issues			
3-2 a	List of material issues	About Report	page 6
3-2 b	Changes in the list of material issues compared to the previous reporting period		
3-3 Management of material issues			
3-3 a	Actual, potential, negative and positive impacts on the economy, environment and social environment	Economic performance, Environmental component of sustainable development, Social component of sustainable development	page 49, 55, 60
3-3 b	Association of the organization with negative impacts as a result of its activities or as a result of its business relationships	Economic performance, Environmental dimension of sustainable development, Social dimension of sustainable development	page 49, 55, 60
3-3 c	Policy or commitment regarding the topic of the material	About Report	page 6
3-3 d	Actions taken to manage the topic and associated impacts	About Report	page 6
3-3 e	Tracking the effectiveness of the actions taken	About Report	page 6
3-3 f	Influence of stakeholder engagement on actions taken (3-3 d) and communication on the effectiveness of actions (3-3 e)	About Report	page 6
GRI 201: Economic Performance 2016			
201-1 Direct economic value generated and distributed			

Standard Number	Indicator	Report Section/Comment	Page
201-1 a	Direct economic value generated and distributed on an accrual basis, including the main components for the organization's global operations	Economic performance	page 49
201-1 b	Direct economic value at the country, region or market level, and the criteria used to determine significance		
201-2 Financial implications and other risks and opportunities due to climate change			
201-2	Risks and opportunities associated with climate change that have the potential to lead to material changes in operations, income or expenses	Environmental component of sustainable development	page 58
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	Procurement	page 39
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	Anti-Corruption	page 51
205-2	Communication and training about anticorruption policies and procedures		
205-3	Confirmed incidents of corruption and actions taken		
GRI 206: Anti-competitive (antimonopoly) behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Anti-Corruption	page 51
GRI 301: Materials 2016			
301-1	Materials used by weight or volume	Waste management	page 57
301-2	Recycled input materials used		
301-3	Reclaimed products and their packaging materials		
GRI 302: Energy 2016			
302-1	Energy Consumption within the organization	Energy consumption and energy efficiency	page 56
302-2	Energy Consumption outside of the organization		
302-3	Energy intensity		
302-4	Reduction of energy consumption		
302-5	Reductions in energy requirements of products and services		

Standard Number	Indicator	Report Section/Comment	Page
GRI 303: Water and waste water 2018			
303-1	Interaction with water as a shared resource	Water consumption	page 56
303-2	Management of water discharge-related impacts		
303-3	Water withdrawal		
303-4	Water discharge		
303-5	Water consumption		
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) CHG emissions	Waste management	page 58
305-2	Energy indirect (Scope 2) GHG emissions		
305-3	Other indirect (Scope 3) GHG emissions		
305-4	GHG emissions intensity		
305-5	Reduction of GHG emissions		
305-6	Emissions of ozone-depleting substances (ODS)		
305-7	Nitrogen Oxides (NOx), sulfur oxides (SOx), and other significant air emissions		
GRI 306: Waste 2020			
306-1	Waste generation and the significant waste related impacts	Waste management	page 57
306-2	Management of significant waste-related impact		
306-3	Waste generated		
306-4	Waste diverted from disposal		
306-5	Waste directed to disposal		
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	Employment, composition and structure of personnel	page 62
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		
401-3	Parental leave		

Standard Number	Indicator	Report Section/Comment	Page
GRI 403: Occupational health and safety 2018			
403-1	Occupational health and safety management system	Ensuring occupational safety and health, civil defense and fire safety	page 69
403-2	Hazard identification, risk assessment, and incident investigation		
403-3	Worker participation, consultation, and communication on occupational health and safety		
403-4	Worker training on occupational health and safety		
403-5	Promotion of worker health		
403-6	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
403-7	Workers covered by an occupational health and safety management system		
403-8	Work-related injuries		
403-9	Work-related ill health		
403-10	Occupational health and safety management system		
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	Training	page 65
404-2	Programs for upgrading employee skills and transition assistance programs		
404-3	Percentage of employees receiving regular performance and career development reviews		
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	Composition and structure of personnel, Remuneration of employees of the Bank	page 67, 62
405-2	Percentage of employees receiving regular performance and career development reviews		
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	Non-discrimination. Gender policy. Remuneration of Bank employees	page 68
GRI 408: Child labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	Labor relations practice	page 61

Standard Number	Indicator	Report Section/Comment	Page
GRI 409: Forced or Compulsory labor 2016			
409-1	Operations and suppliers that are at significant risk of forced or compulsory labor	Responsible labor practices	page 61
GRI 410: Safety practices 2016			
410-1	Security personnel trained in human rights policies or procedures	Occupational safety and health, civil defense and fire safety	page 69
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer privacy	page 53

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