



CORPORATE GOVERNANCE

STRENGTHENING
A SENSE OF
HOMELAND

Information about Securities

Share capital

| (in KZT thousands, excluding the number of shares) | Shares (thousands) | Common shares | Total |
|--|--------------------|---------------|------------|
| As at 1 January 2022 | 7,830 | 78,300,000 | 78,300,000 |
| New shares issued | | | |
| As of December 31, 2022 | 7,830 | 78,300,000 | 78,300,000 |
| As of January 1, 2023 | 7,830 | 78,300,000 | 78,300,000 |
| New shares issued | | | |
| As of December 31, 2023 | 7,830 | 78,300,000 | 78,300,000 |

The Bank discloses all necessary information to the Sole Shareholder regarding the terms and procedure of dividend payment, financial position of the Bank and other. To pay dividends, the Bank is guided by the Procedure for Determining the Amount of Dividends to be Paid by the Holding's Subsidiaries, approved by the Sole Shareholder.

The amount of dividends is calculated based on the amount of the Bank's net income as disclosed in the Bank's annual audited financial statements. At the same time, the amount of dividends is determined taking into account the laws of the Republic of Kazakhstan.

The amount of dividends may be determined by the Sole Shareholder in a special order when considering the issue on approval of the procedure of profit distribution for the relevant periods.

The par value of shares is KZT 10,000.00 per 1 common share.

On 22 May 2023, the Sole Shareholder of the Bank adopted a resolution on distribution of the Bank's net profit for 2022 and payment of dividends in the total amount of KZT 67,224,700 thousand, the amount of dividends per common share was KZT 8,585.53. Dividends were paid on 18 August 2023 (In 2022: Total dividends for 2021 amounted to KZT 32,877,465 thousand, dividends per common share amounted to KZT 4,198.91. Dividends were paid on 17 June 2022).

Based on the resolution of the Parent Company, the Bank's authorized share issue prospectus was amended to increase the number of authorized shares of the Bank by 4,990 thousand shares to a total of 12,820 thousand shares. The amendments to the authorized share issue prospectus were registered with the Agency for Financial Market Regulation and Development in January 2023. As at 31 December 2023 no authorized shares were placed.

Description of the Corporate Governance System

The Bank considers corporate governance as a means of improving the efficiency of its operations, ensuring transparency and accountability, enhancing its reputation and reducing its cost of capital, as well as its contribution to the rule of law in the Republic of Kazakhstan and as a factor in determining the Bank's place in the modern economy and society at large.

The Bank's corporate governance is based on the principles of fairness, honesty, responsibility, transparency, professionalism and competence. An efficient corporate governance structure implies respect for the rights and interests of all persons interested in the Bank's activities and contributes to the Bank's successful operations, including growth of its value, maintenance of financial stability and profitability.

Relations between participants in the Bank's corporate governance system are regulated by the Bank's internal documents developed on the basis of international practice. The Bank's corporate governance structure complies with the legislation and determines the division of responsibilities between the Bank's bodies.

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

1. the principle of power separation;
2. the principle of protection of rights and interests of the sole shareholder of the Bank as provided for in accordance with the civil and banking laws of the Republic of Kazakhstan, the joint stock companies laws of the Republic of Kazakhstan, and support for the enforcement of these rights and interests;
3. the principle of effective management of the Bank by the Board of Directors and the Management Board;
4. the principle of sustainable development;
5. the principle of risk management, internal control and internal audit;

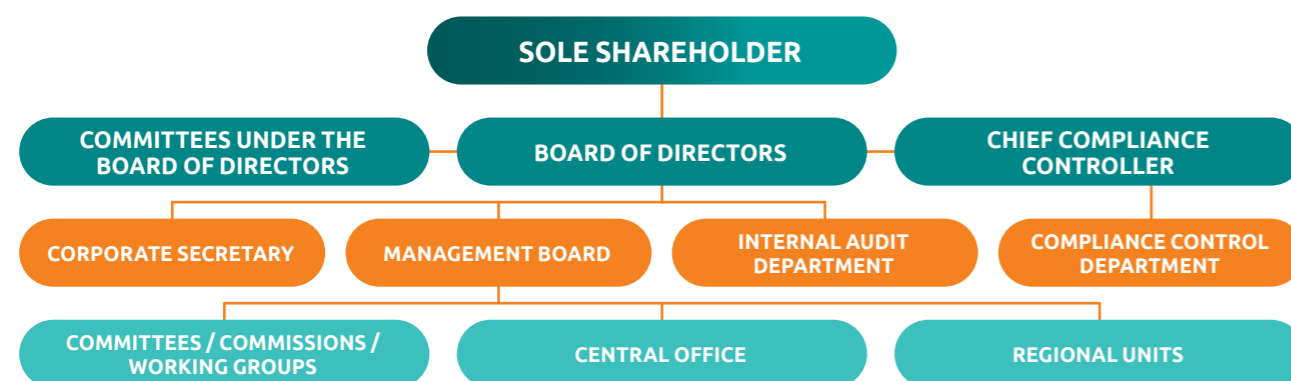
6. the principle of regulating corporate conflicts and conflicts of interest;
7. the principles of transparency and objectivity of disclosing the information concerning the Bank's activities in accordance with the banking laws of the Republic of Kazakhstan, the laws of the Republic of Kazakhstan concerning the state regulation, control and supervision of the financial market and financial organizations, the laws of the Republic of Kazakhstan concerning the currency regulation and currency control, payments and payment systems, securities market, laws on anti-money laundering and counter-terrorism financing, and laws on joint stock companies.
8. the principle of compliance with the scale and nature of the Bank's activities, its structure, risk profile, and the Bank's business model.
9. the principle of access of the members of the Bank's Board of Directors to complete, relevant and timely information on the Bank's activities in order to fulfil their duties.

The corporate governance system is assessed by the Bank's Internal Audit Department once in three years, in accordance with the requirements of the Rules on Organization of Internal Audit approved by the resolution of the Bank's Board of Directors.

According to paragraph 3 of Article 182 of the State Property Act of the Republic of Kazakhstan, an independent assessment of corporate governance should be carried out at least once every three years by state-controlled joint-stock companies (except for the National Welfare Fund). No independent assessment of the Bank's corporate governance was performed in 2023. In 2023, the Bank's corporate governance was assessed by internal auditors, according to the results of which the compliance with the level of corporate governance was 95.6%, which corresponds to the "Adequate" rating.



Corporate Governance Structure



In accordance with the laws of the Republic of Kazakhstan, the organisational structure of the Bank consists of the following governance bodies:

- the highest body – the Sole Shareholder;
- the governance body – the Board of Directors;
- the executive body – the Management Board;
- the body exercising control over the financial and economic activities of the Bank – the Internal Audit Division;
- other permanent collegial bodies of the Bank established in accordance with the laws of the Republic of Kazakhstan and internal documents of the Bank to implement various activities of the Bank.

Transparency of the Bank and Efficiency of Information Disclosure Processes

In its activities, the Bank adheres to the principles of reliability, trust and high quality in its relations with customers and partners, business transparency and corporate governance. The Bank's information resources meet the requirements of openness and accessibility.

The Bank's Internet resource publishes quarterly and year-end information on its balance sheet, profit and loss statements, and information on purchases of goods, works and services. Financial statements with the opinion of external auditors are also published.

Information for the Sole Shareholder is also published on a separate landing page.

Additionally, information on the Bank's core activities, annual report, information on significant

events in the Bank's life, the structure of the Board of Directors and the Management Board, information on existing vacancies, list and addresses of branches, list of the Bank's affiliates, as well as information on the Bank's shareholders and partners and its strategic development is published.

To ensure the Bank's information transparency, raise its business reputation in society and form a positive public opinion, the mass media regularly publish the press releases about the Bank's products, housing programs and promotions.

When publishing information, the Bank complies with the statutory regulations on the safety of banking, commercial and other legally protected secrets.

Board of Directors

The Board of Directors is the Bank's governance body exercising general management of the Bank's activities and control over the Management Board, except for issues referred by the Stock Companies Act of the Republic of Kazakhstan and/or the Bank's Articles to the exclusive competence of the Bank's Sole Shareholder, as well as strategic management and control over the implementation of sustainable development.

The Board of Directors operates in accordance with the Stock Companies Act of the Republic of Kazakhstan, other laws and regulations of the Republic of Kazakhstan, the Bank's Articles, the Bank's Corporate Governance Code, the Sole Shareholder's resolutions, these Regulations, and other internal documents of the Bank. Resolutions of the Board of Directors adopted within its competence are binding on the Management Board, structural units, officers and employees of the Bank.

Members of the Board of Directors of the Bank are elected by the Sole Shareholder with subsequent approval, if necessary, of candidacies with the RoK Agency for Financial Market Regulation and Development as provided for by the laws of the Republic of Kazakhstan and the Bank's Articles.

The Board of Directors of the Bank consists of representatives of the Sole Shareholder, Independent Directors and the Chairman of the Management Board of the Bank.

Selection for the position of Independent Director of the Bank is carried out on a competitive basis for a term not exceeding three years (subsequently, subject to satisfactory results of their performance evaluation, re-election may be carried out for up to three years) in accordance with the Regulations on the Board of Directors of the Bank.

When selecting candidates to the Board of Directors, the following is taken into account:

- experience in management positions;
- experience as a member of the Board of Directors;
- length of service;
- education, specialty, including the availability of international certificates;
- competences/management experience of at least 2 years in areas and industries (industries may vary depending on the asset portfolio);

- business reputation;
- existence of a direct or potential conflict of interest;
- availability of professional certification of the director 'Certified Director' (for Independent Directors).

The Board of Directors is informed about the occurrence of important financial and non-financial problems of the Bank through periodic reporting submitted by the Bank's units (Internal Audit Department, Internal Control Department, Compliance Control Department, Treasury Department, Accounting Department, Planning and Strategic Analysis Department) to the Board of Directors of the Bank. The list and deadlines of reporting are approved by the resolution of the Board of Directors of the Bank, which allows monitoring all performance indicators and the level of risks in the Bank's operations. Also, in accordance with the fifth paragraph of Clause 36 of Chapter 4 of Resolution No. 188 dated 12 November 2019 of the Management Board of the National Bank of the Republic of Kazakhstan 'On Approval of the Rules for Formation of Risk Management and Internal Control System for Second-tier Banks, and Branches of Non-Resident Banks of the Republic of Kazakhstan', the Chief Risk Manager informs the Board of Directors of the Bank if there are significant discrepancies between the opinion of the Risk Management Division and the opinion of the Management Board of the Bank regarding the level of risks accepted by the Bank.

In 2023, the Board of Directors was not notified of critical indicators in the Bank's performance through periodic reporting by the Bank's units.

CHAIRMAN OF THE BOARD OF DIRECTORS

The Board of Directors of the Bank is headed by the Chairman. The Chairman of the Board of Directors is elected in accordance with the Joint Stock Companies Act of the Republic of Kazakhstan.

The Chairman of the Board of Directors is responsible for the general management of the Board of Directors, ensures full and effective implementation by the Board of Directors of its main functions and building a constructive dialogue between the members of the Board of Directors, the Sole Shareholder and the Management Board of the Bank.

The Chairman of the Board of Directors organizes the work of the Board of Directors, conducts its

meetings and performs other functions as determined by the Bank's Articles.

REQUIREMENTS FOR INDEPENDENT DIRECTORS

To be elected as Independent Director to the Board of Directors, a candidate must:

- meet the definition of an Independent Director in accordance with the Joint Stock Companies Act of the Republic of Kazakhstan.
- have a general knowledge of key issues specific to an organization similar in scope and nature to the Bank, have international experience in a similar industry/sector and professional experience of at least 2 (two) years prior to nomination, and demonstrate an understanding of the legal requirements in relation to the Bank as well as the competitive environment in the national and international markets.
- be able to analyze and objectively assess the information provided and develop an independent position on the issue based on the principles of legality, fairness and equal treatment of all shareholders.

Possess the ability to express his/her own opinion and defend his/her point of view in a reasoned manner.

- be familiar with the principles of corporate governance and sustainability.
- have an impeccable reputation/positive track record in the business and/or industry environment. The candidate's biography should be free of economic crimes and administrative offences in business activities.
- have sufficient time to participate in the work of the Board of Directors, not only during Board meetings, but also to properly review materials for Board meetings.
- not be a member of more than three (3) Boards of Directors of other companies.
- carry out an annual independence confirmation procedure and inform the company if he/she loses the status of Independent Director.



Composition of the Board of Directors

As of 1 January 2024, the Board of Directors consisted of 5 members, including three Independent Directors. Term of office of the Board of Directors is three years.



Ersain Khamitov

Chairman of the Board of Directors of Otbasys Bank Housing Construction Savings Bank of Kazakhstan JSC (since 29.10.2023).

The Chairman of the Board of Directors is responsible for the general management of the Board of Directors, ensures full and effective implementation by the Board of Directors of its main functions and building a constructive dialogue between the members of the Board of Directors, the Sole Shareholder and the Management Board of the Bank.

Born in 1983, citizen of the Republic of Kazakhstan.

Education:

Baitursynov Kostanay State University, Specialty: Financial Economist. (Republic of Kazakhstan).

Lomonosov Moscow State University Specialty: Executive MBA (Russian Federation).

Employment history:

Since May 2022 – Deputy Chairman of the Management Board of Baiterek National Management Holding JSC.

From 2013 to 2022 – Director of the Corporate Finance Department of Baiterek National Management Holding JSC, Managing Director of Baiterek National Management Holding JSC, Managing Director – Member of the Management Board of Baiterek National Management Holding JSC.

Over 20 years' experience in various positions in banking and finance.

Membership in the Board Committees:

Member of the Audit Committee, Human Resources, Remuneration and Social Affairs Committee.

Other positions held:

Member of the Board of Directors, representative of the Sole Shareholder in Development Bank of Kazakhstan JSC, Bereke Bank JSC, Chairman of the Board of Directors of Kazakhstan Housing Company JSC.

Does not have shares (participation interests) of Otbasys Bank Housing Construction Savings Bank of Kazakhstan JSC and its affiliates, and does not own shares of suppliers and competitors of Otbasys Bank Housing Construction Savings Bank of Kazakhstan JSC.



Lyazzat Ibragimova

Member of the Board of Directors, Chairman of the Management Board of Otbasys Bank Housing Construction Savings Bank of Kazakhstan JSC (since 21.02.2022).

The Chairman of the Management Board acts on behalf of the Bank and performs functions and duties in accordance with the Bank's Articles:

1. organizes implementation of resolutions of the Sole Shareholder and the Board of Directors of the Bank;
2. act on behalf of the Bank in relations with third parties without a power of attorney;
3. issues powers of attorney for the right to represent the Bank in its relations with third parties;
4. hires, transfers and dismisses Bank's employees (except for members of the Bank's Management Board, employees of the Internal Audit Department, Corporate Secretary, Chief Compliance Controller, Chief Risk Manager), applies incentive measures to them and imposes disciplinary sanctions, establishes the amount of official salaries of the Bank's employees in accordance with the Bank's staffing table, determines the amount of bonuses for the Bank's employees (except for members of the Bank's Management Board, employees of the Internal Audit Department, Corporate Secretary, Chief Compliance Controller, Chief Risk Manager);
5. in case of his/her absence, entrust one of the members of the Management Board of the Bank to fulfil his/her duties;
6. distributes duties, as well as the areas of authority and responsibility among the members of the Management Board of the Bank;
7. organizes anti-corruption work and is personally responsible for this work;
8. performs other functions determined by the laws of the Republic of Kazakhstan, the Bank's Articles, and resolutions of the Sole Shareholder and the Board of Directors.

Born in 1972, citizen of the Republic of Kazakhstan.

Education:

Akmola Agricultural Institute. Specialty: Economics and Management in Agricultural Sectors.

Eurasian Humanitarian Institute. Specialty: Law.

Higher School of Business of Business of Nazarbayev University AEO. Specialty: Executive MBA.

Employment history:

Since 2017 – Chairman of the Management Board of Otbasys Bank JSC.

From 2016 to 2017 – Deputy Chairman of the Management Board of Baiterek National Management Holding JSC.

Over 25 years' experience in various positions, including in finance.

Membership in Committees of the Board of Directors:

Member of the Audit Committee, Personnel, Remuneration and Social Affairs Committee.

Other positions held:

none.

Does not have shares (participation interests) of Otbasys Bank Housing Construction Savings Bank of Kazakhstan JSC and its affiliates, and does not own shares of suppliers and competitors of Otbasys Bank Housing Construction Savings Bank of Kazakhstan JSC



Nurlan Tokobayev

Member of the Board of Directors, Independent Director of Otbasys Bank Housing Construction Savings Bank of Kazakhstan JSC (since 21.02.2022).

The Independent Director duly prepares for meetings of the Board of Directors of the Bank and (or) its Committees, in particular: study in advance with materials related to the meetings, collect and analyze necessary information, prepare his/her conclusions, opinions, recommendations.

Born in 1974, citizen of the Republic of Kazakhstan.

Education:

Kazakh State Academy of Management, Specialty: Finance and Credit, Qualification: Economist.

Employment history:

From 2017 to 2021 – Member of the Board of Directors, Independent Director of Kazakhstan Mortgage Company JSC.

From 2017 to 2021 – Member of the Supervisory Board, Independent Director of Kazakhstan Project Preparation Fund LLP.

From 2017 to 2020 – Member of the Board of Directors, Independent Director of Optima Bank JSC.

Over 25 years' experience in finance and banking.

Membership in the Board Committees:

Chairman of the Risk Management and Internal Control Committee, Member of the Audit Committee, Human Resources, Remuneration and Social Affairs Committee, Strategic Planning and Corporate Development Committee.

Other positions held:

none.

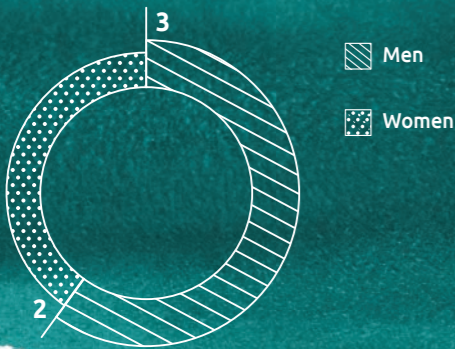
Does not have shares (participation interests) of Otbasys Bank Housing Construction Savings Bank of Kazakhstan JSC and its affiliates, and does not own shares of suppliers and competitors of Otbasys Bank Housing Construction Savings Bank of Kazakhstan JSC.

| | |
|--|--|
|  | he Independent Director duly prepares for meetings of the Board of Directors of the Bank and (or) its Committees, in particular: study in advance with materials related to the meetings, collect and analyze necessary information, prepare his/her conclusions, opinions, recommendations. |
| | Born in 1985, citizen of the Republic of Kazakhstan. |
| | Education: |
| | Charles University, Specialty: Bachelor of Financial Mathematics (Czech Republic); |
| | Newcastle University, Specialty: Master of International Financial Analysis (UK); |
| | University of Cambridge, Specialty: Executive MBA (UK). |
| | Employment history: |
| Sanzhar Zhamalov | Since August 2018 – Head of the Representative Office of ING Bank N.V. in the Republic of Kazakhstan. |
| | 2018 – Structured Finance Specialist in Metals and Energy at ING Bank N.V. |
| | From 2014 to 2018 – Head of Corporate Clients at ING Bank N.V. |
| | Over 15 years’ experience in finance and banking. |
| | Membership in the Board Committees: |
| | Chairman of the Audit Committee, Strategic Planning and Corporate Development Committee, Member of the Risk Management and Internal Control Committee. |
| | Other positions held: |
| Member of the Board of Directors, Independent Director of Otbasý Bank Housing Construction Savings Bank of Kazakhstan JSC (since 21.02.2022). | Member of the Board of Directors, Independent Director of First Heartland Jusan Bank JSC, Member of the Board of Directors, Independent Director of Jusan Invest JSC, Chairman of the Board of Directors, Independent Director of Bolashaq Investments JSC, Member of the Board of Directors, Independent Director of KCELL JSC. |
| | <i>Does not have shares (participation interests) of Otbasý Bank Housing Construction Savings Bank of Kazakhstan JSC and its affiliates, and does not own shares of suppliers and competitors of Otbasý Bank Housing Construction Savings Bank of Kazakhstan JSC.</i> |

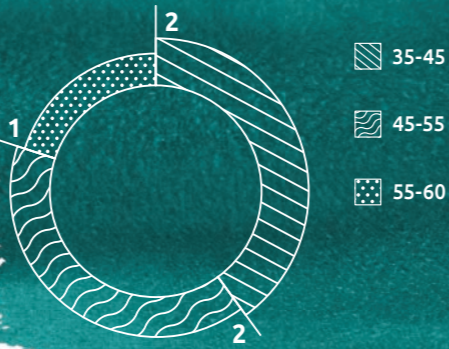
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|---|---|
|  | The Independent Director duly prepares for meetings of the Board of Directors of the Bank and (or) its Committees, in particular: study in advance with materials related to the meetings, collect and analyze necessary information, prepare his/her conclusions, opinions, recommendations. |
| | Born in 1963, citizen of the Republic of Kazakhstan. |
| | Education: |
| | Al-Farabi Kazakh National University. Specialty: Economist. Lecturer in Political Economy. |
| | Employment history: |
| | From 2019 to 2021 – Chairman of the Management Board of Training Centre of the National Bank of the Republic of Kazakhstan JSC. |
| | Over 20 years’ experience in finance and banking. |
| Elmira Ermekova | Membership in the Board Committees: |
| | Chairman of the Human Resources, Remuneration and Social Affairs Committee, Member of the Strategic Planning and Corporate Development Committee. |
| | Other positions held: |
| | none. |
| | <i>Does not have shares (participation interests) of Otbasý Bank Housing Construction Savings Bank of Kazakhstan JSC and its affiliates, and does not own shares of suppliers and competitors of Otbasý Bank Housing Construction Savings Bank of Kazakhstan JSC.</i> |
| | Member of the Board of Directors, Independent Director of Otbasý Bank Housing Construction Savings Bank of Kazakhstan JSC (since 21.02.2022). |
| | |

Composition of the Board of Directors

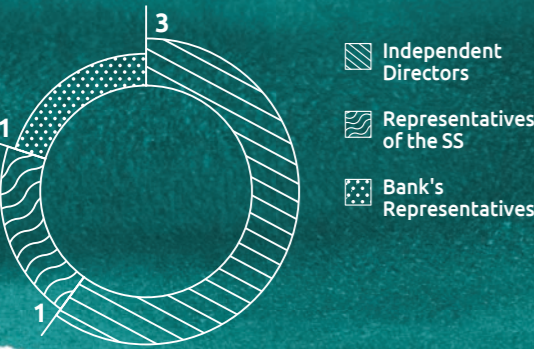
Gender structure of the Board of Directors, persons



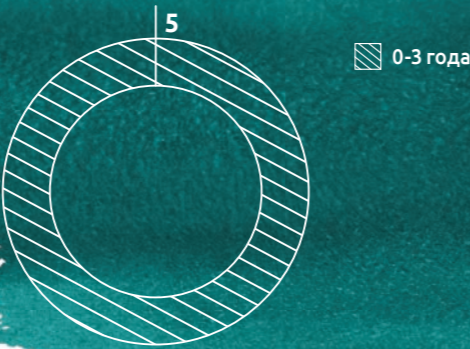
Structure of the Board of Directors by category, persons



Structure of the Board of Directors by category, persons



Structure of the Board of Directors by term of service on the Board of Directors, persons



Performance of the Board of Directors and Committees under the Board of Directors

In 2023, 17 meetings of the Bank's Board of Directors were organized and held, of which 5 meetings were held by absentee voting, 11 meetings were held in person, and one meeting was held in a closed format. The Board of Directors considered 142 issues and made decisions on them: 96 issues in person, 45 issues by absentee voting, and one issue by closed voting.

According to the Bank's internal documents, the Board of Directors annually prepares its Activity Plan with

the schedule of meetings for the previous year, based on the principle of rationality, efficiency and regularity. The activities of the Board of Directors of the Bank in 2023 were carried out in accordance with the 2023 Activity Plan of the Board of Directors of the Bank approved by the resolution of the Board of Directors of the Bank.

The most important decisions taken by the Board of Directors of the Bank in the reporting period include consideration and approval of the Bank's 2024–2028

Development Plan, amendments to the Bank's Articles, election of members of the Management Board of the Bank, changes in the composition of the Board of Directors of the Bank.

Transactions with persons who have special relations with the Bank were approved without providing preferential terms.

Annual financial statements, the Bank's 2022 Annual Report, amendments to the Bank's Articles, the issue of voluntary application to the authorized body to terminate the license of Otbasys Bank JSC for certain banking operations were submitted to the Sole Shareholder of the Bank for consideration and further approved.

The work of the Committees is summarized in the table below.

| Sr. No. | Committee name | Number of meetings held | | | Number of issues considered | | |
|---------|--|-------------------------|------|------|-----------------------------|------|------|
| | | 2021 | 2022 | 2023 | 2021 | 2022 | 2023 |
| 1. | Audit Committee of the Board of Directors | 9 | 10 | 11 | 57 | 65 | 56 |
| 2. | Strategic Planning and Corporate Development Committee of the Board of Directors | 10 | 10 | 10 | 35 | 33 | 40 |
| 3. | Human Resources, Remuneration and Social Affairs Committee of the Board of Directors | 7 | 10 | 11 | 14 | 26 | 11 |
| 4. | Risk Management and Internal Control Committee | 8 | 10 | 11 | 25 | 63 | 61 |

Committees under the Board of Directors

The Bank has 4 Committees reporting to the Board of Directors:

1. Audit Committee;
2. Strategic Planning and Corporate Development Committee;
3. Human Resources, Remuneration and Social Affairs Committee;
4. Risk Management and Internal Control Committee.

AUDIT COMMITTEE

The Committee was established to improve the efficiency and quality of work of the Board of Directors of the Bank by making recommendations to the Board of Directors on establishing an effective system of control over the financial and economic activities of the Bank (including the completeness and accuracy of financial statements), compliance with the laws of the Republic of Kazakhstan, internal documents, as well as to prepare

recommendations to the Board of Directors of the Bank on the development of priority areas of activity (development), and the functioning of an adequate system of control over the Bank's financial and economic activities.

In addition to professional competencies, the Chairman of the Committee should have organizational and leadership qualities, as well as good communication skills to effectively organize the activities of the Committee headed by him/her.

The Committee consists of Members of the Board of Directors of the Bank who have the necessary professional knowledge, competences and skills to serve on the Committee.

The Committee consists of at least one Member of the Board of Directors of the Bank with experience in audit and/or accounting and financial reporting and/or risk management.

Composition of the Committee as of 01 January 2024

| Sr. No. | Full name | Position |
|---------|------------------|--|
| 1. | Sanzhar Zhamalov | Chairman of the Committee – Member of the Board of Directors, Independent Director |
| 2. | Nurlan Tokobayev | Member of the Committee – Member of the Board of Directors, Independent Director |
| 3. | Ersain Khamitov | Member of the Committee – Member of the Board of Directors, Representative of the Sole Shareholder |

In 2023, 11 meetings of the Audit Committee of the Bank’s Board of Directors were organized and held. The Committee considered 56 issues, on which decisions were made in person.

The most important decisions taken by the Audit Committee of the Bank’s Board of Directors in the reporting period include preliminary approval of: audit reports, the Bank’s annual financial statements

for 2022 and making recommendations to the Sole Shareholder on the distribution of net income for 2022, etc.

Reports of the Internal Audit Department were reviewed on a quarterly basis, HR issues of the Department and issues of bonus payment to its employees were solved.

STRATEGIC PLANNING AND CORPORATE DEVELOPMENT COMMITTEE

The Committee was established to enhance the preparation of recommendations to the Board of Directors on the development of priority areas of activity (development), strategic goals (development strategy), corporate development issues, including issues on the development of measures to improve the Bank’s performance in the medium and long term, its profitability and sustainable development.

In addition to professional competencies, the Chairman of the Committee should have organizational and leadership qualities, as well as

good communication skills to effectively organize the activities of the Committee headed by him/her.

The Committee consists of Members of the Board of Directors of the Bank who have the necessary professional knowledge, competences and skills to serve on the Committee. The Committee consists of at least one member of the Bank’s Committee with experience in one of the following areas: development of information technologies; development and provision of banking services; risk management; budget planning.

Composition of the Committee as of 01 January 2024

| Sr. No. | Full name | Position |
|---------|------------------|--|
| 1. | Sanzhar Zhamalov | Chairman of the Committee – Member of the Board of Directors, Independent Director |
| 2. | Nurlan Tokobayev | Member of the Committee – Member of the Board of Directors, Independent Director |
| 3. | Elmira Ermekova | Member of the Committee – Member of the Board of Directors, Independent Director |

In 2023, 10 meetings of the Strategic Planning and Corporate Development Committee of the Bank’s Board of Directors were organized and held. The Committee considered 40 issues, on which decisions were made in person.

The Strategic Planning and Corporate Development Committee preliminarily reviewed: the report

of the Management Board on the Bank’s performance for 2022, the report on compliance/non-compliance with the principles and provisions of the Bank’s Corporate Governance Code for 2022, the report on the implementation of the Bank’s 2019–2023 Development Plan for 2022, the report on the Bank’s sustainable development for 2022 and the report

on the Bank’s 2023 Information Technology Development Strategy for 2022.

It was recommended to approve the adjusted 2023 Annual Budget of Otbasy Bank JSC, the Bank Annual

Budget Performance and Profitability Indicators Report.

It was recommended to approve amendments to the Bank’s Articles, Regulations of the Bank’s Branches.

HUMAN RESOURCES, REMUNERATION AND SOCIAL AFFAIRS COMMITTEE

The Committee was established to improve the efficiency and quality of work of the Board of Directors by means of in-depth development and monitoring of issues within the competence of the Board of Directors in the area of HR policy, appointment and remuneration system, as well as

evaluation of the performance of the members of the Board of Directors of the Bank, members of the Management Board of the Bank, succession planning for the Chairman and members of the Management Board and evaluation of the Corporate Secretary’s performance.

Состав комитета по состоянию на 1 января 2024 года

| Sr. No. | Full name | Position |
|---------|------------------|--|
| 1. | Elmira Ermekova | Chairman of the Committee – Member of the Board of Directors, Independent Director |
| 2. | Nurlan Tokobayev | Member of the Committee – Member of the Board of Directors, Independent Director |
| 3. | Ersain Khamitov | Member of the Committee – Member of the Board of Directors, Representative of the Sole Shareholder |

In 2023, 11 meetings of the Human Resources, Remuneration and Social Affairs Committee of the Bank’s Board of Directors were organized and held. The Committee considered 24 issues, on which decisions were made in person.

In the reporting period, the Human Resources, Remuneration and Social Affairs Committee of the Bank’s Board of Directors preliminarily reviewed: report on the key performance indicators of the Members of the Management Board of Otbasy Bank JSC for 2022, maps of key performance indicators and their target values for 2024, KPI maps of the Corporate Secretary, early termination of powers of Mr. Miras Beisembayev, Member of the Management Board, Deputy Chairman of the Management Board of Otbasy Bank JSC, election of Mr. Vladimir Savchenko to the position of Member of the Management Board of Otbasy Bank JSC, Deputy Chairman of the Management Board, salary schemes based on grades of the Chief Compliance Officer, Corporate Secretary of Otbasy Bank JSC.

It was recommended to amend the Rules for Remuneration and Bonuses, Performance Evaluation and Social Support of Employees of the Internal Audit Division, Chief Compliance Officer and Corporate Secretary, and to amend and supplement the Rules for Selection of Candidates for Vacant Positions of the Internal Audit Division, Chief Compliance Officer and Corporate Secretary.

Reports on the work of the Board of Directors, its Committees and the Corporate Secretary, management reporting and reports in accordance with the List of Reports to be submitted by the Management Board to the Board of Directors were pre-approved and recommended for approval on a quarterly basis.



RISK MANAGEMENT COMMITTEE

The Committee was established to improve the efficiency and quality of the work of the Bank's Board of Directors by making recommendations to the Board of Directors on monitoring the reliability and effectiveness of the internal control and risk management system, on monitoring the independence of the Compliance Service, compliance with the laws

of the Republic of Kazakhstan and internal documents, as well as to prepare recommendations to the Bank's Board of Directors on the issues of prioritizing areas of activity (development) and functioning of an adequate risk management system in the Bank, improvement and strengthening of the risk management system.

Composition of the Committee as of 01 January 2024

| Sr. No. | Full name | Position |
|---------|------------------|--|
| 1. | Nurlan Tokobayev | Chairman of the Committee – Member of the Board of Directors, Independent Director |
| 2. | Sanzhar Zhamalov | Member of the Committee – Member of the Board of Directors, Independent Director |

In 2023, 10 meetings of the Risk Management and Internal Control Committee of the Bank's Board of Directors were organized and held. The Committee considered 61 issues, on which decisions were made in person.

In the reporting period, the Risk Management and Internal Control Committee of the Bank's Board of Directors preliminarily reviewed: the Bank's risk management and internal control reports for 2022, the Bank's business continuity management reports for 2022, KPI maps of the Chief Compliance Officer. The Committee of the Board of Directors pre-approved and recommended the Bank's internal documents and brought them in line with the requirements set out in the Rules for Formation

of Risk Management and Internal Control System for Second-tier Banks approved by Resolution No. 188 dated 12 November 2019 of the Management Board of the National Bank of the Republic of Kazakhstan.

Reports on compliance risk control and compliance program (plan) implementation, management reporting and reports in accordance with the List of Reports to be submitted by the Bank's Management Board to the Board of Directors were pre-approved and recommended for approval on a quarterly basis.

Transactions with persons who have special relations with the Bank were pre-approved without providing preferential terms.

Attendance of meetings of the Bank's Board of Directors and Committees of the Bank's Board of Directors:

Quarter 1:

| Full name of the Member of the Board of Directors | BOD Meeting No. 1 | BOD Meeting No. 2 | BOD Meeting No. 3 | BOD Meeting No. 4 |
|---|-------------------|-------------------|-------------------|-------------------|
| Ersain Khamitov | ● | ● | ● | ○ |
| Sanzhar Zhamalov | ● | ● | ● | ● |
| Nurlan Tokobayev | ● | ● | ● | ● |
| Elmira Ermekova | ● | ● | ● | ● |
| Lyazzat Ibragimova | ● | ● | ● | ● |

| Full name of the Member of the BOD Committee | Meetings of (AC, HR, RSAC, RMC, SPCDC), No. 1 | Meetings of (AC, HR, RSAC, RMC) No. 2 | Meetings of (AC, HR, RSAC, RMC), No. 3, SPCDC, No. 2 |
|--|---|---------------------------------------|--|
| Ersain Khamitov | ● | ● | ○ |
| Sanzhar Zhamalov | ● | ● | ● |
| Nurlan Tokobayev | ● | ● | ● |
| Elmira Ermekova | ● | ● | ● |

Quarter 2:

| Full name of the Member of the Board of Directors | BOD Meeting No. 5 | BOD Meeting No. 6 | BOD Meeting No. 7 | BOD Meeting No. 8 | BOD Meeting No. 9 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Ersain Khamitov | ● | ● | ● | ● | ● |
| Sanzhar Zhamalov | ● | ● | ● | ● | ● |
| Nurlan Tokobayev | ● | ● | ● | ● | ● |
| Elmira Ermekova | ● | ● | ● | ● | ● |
| Lyazzat Ibragimova | ● | ● | ● | ● | ● |

| Full name of the Member of the BOD Committee | Meetings of AC, HR, RSAC, RMC, No. 4, SPCDC | Meetings of AC, HR, RSAC, RMC, No. 5, SPCDC No. 4 | Meetings of AC, HR, RSAC, RMC, No. 6, SPCDC No. 5 |
|--|---|---|---|
| Ersain Khamitov | ● | ● | ● |
| Sanzhar Zhamalov | ○ | ● | ● |
| Nurlan Tokobayev | ● | ● | ● |
| Elmira Ermekova | ● | ● | ● |

3 квартал:

| Full name of the Member of the Board of Directors | BOD meeting No. 10 | BOD meeting No. 11 | BOD meeting No. 12 |
|---|--------------------|--------------------|--------------------|
| Ersain Khamitov | ● | ● | ● |
| Sanzhar Zhamalov | ● | ● | ● |
| Nurlan Tokobayev | ● | ● | ● |
| Elmira Ermekova | ● | ● | ● |
| Lyazzat Ibragimova | ● | ● | ● |

| Full name of the Member of the BOD Committee | Meetings of AC, HR, RSAC, RM ICC, No. 7, SPCDC No. 6 | Meetings of AC, HR, RSAC, RM ICC, No. 7, SPCDC No. 6 |
|--|--|--|
| Ersain Khamitov | ● | ● |
| Sanzhar Zhamalov | ● | ● |
| Nurlan Tokobayev | ● | ● |
| Elmira Ermekova | ● | ● |

Quarter 4:

| Full name of the Member of the Board of Directors | BOD Meeting No. 13 | BOD Meeting No. 14 | BOD Meeting No.15 | BOD Meeting No.16 | BOD Meeting No.17 |
|---|--------------------|--------------------|-------------------|-------------------|-------------------|
| Ersain Khamitov | | | | | |
| Sanzhar Zhamalov | | | | | |
| Nurlan Tokobayev | | | | | |
| Elmira Ermekova | | | | | |
| Lyazzat Ibragimova | | | | | |

| Full name of the Member of the BOD Committee | Meetings of Audit Committee, HR, RSAC, RMCC, No. 9, SPCDC No. 8 | Meetings of Audit Com- mittee, HR, RSAC, RMCC, No. 10, SPCDC No. 9 | Meetings of Audit Com- mittee, HR, RSAC, RMCC, No. 11, SPCDC No.10 |
|--|---|--|--|
| Ersain Khamitov | | | |
| Sanzhar Zhamalov | | | |
| Nurlan Tokobayev | | | |
| Elmira Ermekova | | | |

Evaluation of the Performance of the Board of Directors

The performance of the Board of Directors and its Committees is evaluated on an annual basis. At the same time, at least once every three years, the evaluation is carried out with the involvement of an independent professional company.

The Board of Directors may conduct the Evaluation:

- by its own resources as required by the laws of the Republic of Kazakhstan or internal documents;
- with the involvement of independent consultants, professional associations and corporate governance rating organizations;
- in other ways.

In 2023, an internal evaluation of the performance of the Board of Directors, its Committees and Members was conducted by means of a closed questionnaire. The results of the internal evaluation were approved at a closed meeting of the Board of Directors on 26 April 2023.

Based on the results of the evaluation of the Board of Directors' performance, the following is noted:

- The Board of Directors of the Bank pays sufficient attention and when making decisions is focused on achieving the set goals and protecting the interests of the Bank and its Sole Shareholder;

- The Board of Directors has all necessary tools for proper control over the financial and economic activities of the Bank;
- The Board of Directors regularly monitors and evaluates the progress of strategic objectives; the composition of the Bank's Board of Directors does not meet the Bank's needs;
- The Board of Directors and the Executive Body pay due attention to the main risks that may have a significant impact on the Bank's operations;
- The Board of Directors has sufficient time and information to make important decisions regarding future goals, strategy, policies, and major investment projects in a balanced manner;
- The Chairman of the Board of Directors effectively manages the Board of Directors;
- The Chairman of the Board of Directors fulfils the duties of monitoring and developing the Bank's strategy at an appropriate level;
- Skills and qualifications should be represented in the Board of Directors of the Bank to a greater extent: analytical skills, knowledge of the legislation of Kazakhstan;
- Meetings of the Board of Directors are not always held in accordance with the Activity Plan of the Bank's Board of Directors;

- Reports during the Board of Directors' meetings do not always provide sufficiently clear information to make balanced decisions;
- At the meetings of the Board of Directors, sufficient time is given to discuss each issue;
- Members of the Board of Directors devote sufficient time to studying the Bank's activities

and its specifics in order to effectively fulfil their supervisory functions.

Based on the results of the evaluation of the Board of Directors' performance, the Members of the Board of Directors also highly appreciated the professional composition and work of the Committees.

Professional Development

By the Resolution of the Management Board of Baiterek NMH JSC dated 07 October 2020, amendments were made to the Regulations on the Board of Directors of the Bank, in accordance


with which the paragraphs providing for the allocation of funds for advanced training of members of the Board of Directors of the Bank were excluded.

Management Board

The Management Board of the Bank acts on the basis of the Regulations on the Management Board approved by the Board of Directors of the Bank and manages the day-to-day operations of the Bank. The establishment of the Management Board of the Bank, its powers, as well as early

termination of powers are decided by the Board of Directors of the Bank in accordance with the laws of the Republic of Kazakhstan and the Bank's Articles.

As at 1 January 2024, the Management Board of the Bank consists of 7 members.



Chairman of the Management Board of Otbasý Bank Housing Construction Savings Bank of Kazakhstan JSC (since 23.01.2017).

Born in 1972, citizen of the Republic of Kazakhstan.

Performs general management of the Bank's activities and supervises Advisors, Managing Directors, Press Service, HR and Procurement Departments. She is also the Chairman of the Human Resources Committee, Risk Committee, Asset and Liability Management Committee, as well as Banking Products, Processes and Service Quality Committee of the Bank.




Employment history:




Until 2017, she held managerial positions in Baiterek NMH JSC, Damu Entrepreneurship Development Fund JSC.

She is a citizen of the Republic of Kazakhstan.

Does not have shares (participation interests) of Otbasý Bank Housing Construction Savings Bank of Kazakhstan JSC and its affiliates, and does not own shares of suppliers and competitors of Otbasý Bank Housing Construction Savings Bank of Kazakhstan JSC.

Lyazzat Ibragimova

| | |
|---|---|
|  | <p>Deputy Chairman of the Management Board of Otbasys Bank Housing Construction Savings Bank of Kazakhstan JSC (since 18.09.2017).</p> <p>Born in 1976, citizen of the Republic of Kazakhstan.</p> <p>Supervises finance and reporting issues. She is also the Chairman of the Strategy and Corporate Development Committee, the Budget Committee and the Commission for Determination of Value and Consideration of Issues on Writing Off Fixed Assets, Intangible Assets and Overstocks.</p> <p>Employment history:</p> <p>Until 2017, she held managerial positions in Otbasys Bank JSC, Investment Fund of Kazakhstan JSC, Development Bank of Kazakhstan JSC.</p> <p><i>Does not have shares (participation interests) of Otbasys Bank Housing Construction Savings Bank of Kazakhstan JSC and its affiliates, and does not own shares of suppliers and competitors of Otbasys Bank Housing Construction Savings Bank of Kazakhstan JSC.</i></p> |
| Aliya Aidarbekova | |
|  | <p>Deputy Chairman of the Management Board of Otbasys Bank Housing Construction Savings Bank of Kazakhstan JSC (since 18.06.2018).</p> <p>Born in 1976, citizen of the Republic of Kazakhstan.</p> <p>Supervises business development issues.</p> <p>Employment history:</p> <p>Until 2018, he held managerial positions in Damu Entrepreneurship Development Fund JSC and ATF Bank JSC.</p> <p><i>Does not have shares (participation interests) of Otbasys Bank Housing Construction Savings Bank of Kazakhstan JSC and its affiliates, and does not own shares of suppliers and competitors of Otbasys Bank Housing Construction Savings Bank of Kazakhstan JSC.</i></p> |
| Nurlan Akshanov | |
|  | <p>Deputy Chairman of the Management Board of Otbasys Bank Housing Construction Savings Bank of Kazakhstan JSC (since 10.06.2021).</p> <p>Born in 1987, citizen of the Republic of Kazakhstan.</p> <p>Supervises issues related to operations, banking products and processes. He is also the Chairman of Loan Committee 2 of the Bank.</p> <p>Employment history:</p> <p>Until 2021 held positions in Otbasys Bank JSC, Ulagat Business Group LLP, BTA Ipoteka MC JSC.</p> <p><i>Does not have shares (participation interests) of Otbasys Bank Housing Construction Savings Bank of Kazakhstan JSC and its affiliates, and does not own shares of suppliers and competitors of Otbasys Bank Housing Construction Savings Bank of Kazakhstan JSC.</i></p> |
| Mukhtar Azimbekov | |

| | |
|---|--|
|  | <p>Deputy Chairman of the Management Board of Otbasys Bank Housing Construction Savings Bank of Kazakhstan JSC (since 17.01.2020).</p> <p>Born in 1979, citizen of the Republic of Kazakhstan.</p> <p>Supervises risk management and internal control issues. He is also the Head of Risk Management, Chairman of the Controlling Committee and Loan Committee 1 of the Bank.</p> <p>Employment history:</p> <p>Until 2020, he held managerial positions in Otbasys Bank JSC, Damu Entrepreneurship Development Fund JSC and Tsesna Bank JSC.</p> <p><i>Does not have shares (participation interests) of Otbasys Bank Housing Construction Savings Bank of Kazakhstan JSC and its affiliates, and does not own shares of suppliers and competitors of Otbasys Bank Housing Construction Savings Bank of Kazakhstan JSC.</i></p> |
| Islambek Kairbekov | |
|  | <p>Deputy Chairman of the Management Board of Otbasys Bank Housing Construction Savings Bank of Kazakhstan JSC (since 27.11.2020).</p> <p>Born in 1973, citizen of the Republic of Kazakhstan.</p> <p>Supervises issues on information technologies and digital transformation. She is also the Chairman of the Bank's Information Resources Committee.</p> <p>Employment history:</p> <p>Until 2020, she held managerial positions in Otbasys Bank JSC, Damu Entrepreneurship Development Fund JSC and Alfa Bank JSC.</p> <p><i>Does not have shares (participation interests) of Otbasys Bank Housing Construction Savings Bank of Kazakhstan JSC and its affiliates, and does not own shares of suppliers and competitors of Otbasys Bank Housing Construction Savings Bank of Kazakhstan JSC.</i></p> |
| Elmira Raspekova | |
|  | <p>Deputy Chairman of the Management Board of Otbasys Bank Housing Construction Savings Bank of Kazakhstan JSC (since 15.05.2023).</p> <p>Born in 1979, citizen of the Republic of Kazakhstan.</p> <p>Supervises the issues of the Bank's information security, legal support, security, implementation of government programs. He is also the Chairman of the Bank's Loan Committee.</p> <p>Employment history:</p> <p>Until 2023, he held managerial positions in Bereke bank JSC, Sberbank JSC, Bank CenterCredit OJSC.</p> <p><i>Does not have shares (participation interests) of Otbasys Bank Housing Construction Savings Bank of Kazakhstan JSC and its affiliates, and does not own shares of suppliers and competitors of Otbasys Bank Housing Construction Savings Bank of Kazakhstan JSC.</i></p> |
| Vladimir Savchenko | |



Committees Reporting to the Management Board

The Bank has 11 Committees reporting to its Management Board.

1. STRATEGY AND CORPORATE DEVELOPMENT COMMITTEE

The main objective of the Strategy and Corporate Development Committee is to guide the development and implementation of the Bank's development strategy.

The main tasks of the Strategy and Corporate Development Committee are:

- defining strategic principles, development goals and activities of the Bank;
- coordination and control over the implementation of the Bank's strategic development plan;

- improving the efficiency of the Bank's current management system.

In the reporting year, the Strategy and Corporate Development Committee reviewed the draft new strategy, strategy plans, development plans, balanced indicators, sustainable development plans, branch plans, financial model, product strategy, risk-based liquidity forecast, increase in the number of authorized shares, and monitoring of the implementation of planning documents.

2. ASSET AND LIABILITY MANAGEMENT COMMITTEE

The main tasks of the Asset and Liability Management Committee are:

- determination of rules and procedures for investing and borrowing in the domestic and foreign markets, and for operations with financial instruments;
- determination of benchmarks for asset diversification, liquidity, profitability of the Bank, adequacy of the Bank's own funds for lending purposes, within the limits of authority defined

by the Regulations on the Committee and other internal documents of the Bank.

In 2023, the Committee considered issues related to the management of the Bank's assets and liabilities, including issues related to raising and placing funds, issues related to setting limits on counterparties, reporting by the financial and credit risk division and units involved in the process of managing the Bank's assets and liabilities, as well as other issues within the scope of the Committee's authority in accordance with the Regulations on the Committee.

3. BANKING PRODUCTS, PROCESSES AND SERVICE QUALITY COMMITTEE

The main tasks of the Banking Products, Processes and Service Quality Committee are:

- review and approval of rates and tariffs for banking operations, limits of interest on deposits and loans, limits of amounts and terms of accepted deposits and granted loans, approval of terms and conditions of servicing tariff programs and lending that do not require approval of the Board of Directors in accordance with the laws of the Republic of Kazakhstan;
- consideration and approval of proposals of the Bank's employees and divisions aimed at solving urgent problems on optimization of existing processes and procedures, as well as proposals aimed at improving the quality of services provided.
- approval of individual terms and conditions for products, tariffs for individuals, if necessary, preliminary approval of changes in business processes for such terms and conditions with subsequent amendments to the relevant internal documents of the Bank, except for individual cases for loan applications or personalized individuals;
- execution and approval of cooperation agreements/ contracts/loan agreements and other transactions with legal entities within the framework of implementation of the Bank's mortgage programs for individuals.

4. LOAN COMMITTEE

The Bank's Loan Committee implements the Bank's internal loan and deposit policies, within the scope of its powers (since the beginning of 2019). The Committee structure includes (since 31.10.2023):

Committee 1, consisting of 5 (five) members in the following composition:

- Chairman of Committee 1, from among the members of the Management Board, whose job responsibilities include risk management and internal control;
- Deputy Chairman of Committee 1, from among the members of the Management Board, whose job responsibilities include business development;
- 3 (three) members of Committee 1, from among the heads of the Bank's structural units, such as: non-performing loans division, underwriting and collateral division, legal division, supervised by different members of the Management Board;

Committee 2, consisting of 3 (three) members in the following composition:

- Chairman of Committee 2, from among the members of the Management Board, whose job responsibilities include business development. In the absence of the Chairman of Committee 2, the duties of the Chairman of Committee 2 are assigned to a substitute Chairman of Committee 2, from among the members of the Management Board, whose job responsibilities include management of operational activities;
- 2 (two) members of Committee 2, from among the heads of the Bank's structural units, such as underwriting and collateral division, legal division, supervised by different members of the Management Board.

The main task of Committee 1 is to implement, within the scope of its powers, the provisions of the Rules on the Bank's Internal Credit and Deposit Policies and the decisions of the Asset and Liability Management Committee, provided that borrowing risks are minimized to the maximum extent possible and maximum income is obtained from the following banking operations: housing loan operations, bridging housing loans, preliminary housing loans (hereinafter, the loan products), as well as to consider and make decisions on issues related to management and/or recovery of funds on non-performing/overdue loans aimed at minimizing potential losses from the Bank's lending operations and reducing the share of non-performing loans in the Bank.

The main task of Committee 2 is to implement, the scope of its powers, the provisions of the Rules on the Bank's Internal Credit and Deposit Policies and decisions of the Asset and Liability Management Committee, provided that borrowing risks are minimized to the maximum extent possible and maximum income from operations on housing loans, bridging housing loans, preliminary housing loans (hereinafter, the loan products) is obtained, as well as to consider and make decisions on the release/ replacement of pledged property or part thereof, including preliminary decisions for persons who have special relations with the Bank, on the exclusion of the guarantor, when considering the release/ replacement of collateral, in cases where the pledgor is also the guarantor.



5. INFORMATION RESOURCES COMMITTEE

The main objective of the Committee is to provide recommendations to the Bank's Management Board on the implementation of the Bank's IT development strategy and information infrastructure development plan.

The main tasks of the Committee are:

- development, control and coordination of the information infrastructure;
- implementation of new and improvement of existing projects for the purpose of business development;
- improvement of processes for managing IT projects, changes and incidents.

6. BUDGET COMMITTEE

The main objective of the Committee is to ensure timely and quality development of the Bank's annual budget/Income and Expenditure Plan, Investment Plan, Procurement Plan/Long-Term Procurement Plan for the planned period, as well as proposals for their improvement, execution and control.

The main task of the Committee is to review financial and non-financial information to make an informed decision in accordance with the Bank's Development Strategy and Development Plan when drafting

7. CONTROLLING COMMITTEE

The main objective of the Committee is to assist the Bank's Management Board in performing controlling functions in terms of reviewing, planning and assessing key performance indicator maps of managers of structural units, managing directors and advisors to the Chairman of the Bank's Management Board.

- The tasks of the Committee are:
- support the work planning process to achieve the set goals in accordance with the Bank's Development Strategy.

control over the implementation of planned activities by the heads of structural units of the Bank's

In the reporting year, the Committee considered issues related to testing such systems as: multi-factor authentication systems, biometric identification and Liveness services, anti-fraud systems, AI-based auto gpt, a system for automating the process of analyzing the solvency of the Bank's customers, end-device management platforms, as well as issues related to the transition to microservices architecture in the implementation of online services, robotization, optimization of office printing infrastructure in the CO, implementation of Open Banking and Open API, introduction of a new mobile application, automation of business processes, etc.

the Bank's annual budget/Income and Expenditure Plan, Investment Plan and Procurement Plan/Long-Term Procurement Plan.

In the reporting year, the Committee reviewed issues related to the Budget, Investment Plan, Income and Expenditure Plan of the Central Office/Branches, needs of the Central Office/Branches, limits, reports thereon, report and analysis of the execution of the Procurement Plan for goods, works and services, etc.

Central Office, managing directors and advisors to the Chairman of the Bank's Management Board.

In the reporting year, the Committee reviewed issues related to approval, adjustment and monitoring of KPIs of managing directors, advisors to the Chairman of the Bank's Management Board and heads of structural units of the Bank's Head Office, as well as approval and adjustment of targets of the Bank's Branches.

8. HUMAN RESOURCES COMMITTEE

The main tasks of the Human Resources Committee are:

- implementation of the Bank's internal HR policy;
- coordination of the work on employee performance review, including in resolving disputes;
- consideration of candidates to form the Bank's talent pool;

- consideration of candidates for moral incentives;
- consideration of facts of violations by the Bank's employees of the requirements of the legislation of the Republic of Kazakhstan, internal documents of the Bank.

In the reporting year, the Committee reviewed issues related to the Bank's HR issues.

9. INFORMATION SECURITY COMMITTEE

The main tasks of the Information Security Committee are:

- ensuring compliance of the information security management system with the laws of the Republic of Kazakhstan;
- keeping the Bank's internal documents on information security up to date;
- ensuring minimization of the probability of information security incidents and their possible damage;

- complete and comprehensive analysis of information security issues submitted for consideration of the Bank's Management Board;
- keeping technical information security tools for the Bank up to date.

As part of its function, the Committee reviews issues related to the IT strategy, ISMS, the Bank's internal documents on IS issues, IS incidents, technical information security tools, reporting on IS and IT risks, the list of the Bank's critical information assets, etc.

10. COMMISSION FOR DETERMINATION OF VALUE AND CONSIDERATION OF ISSUES ON WRITING OFF FIXED ASSETS, INTANGIBLE ASSETS AND OVERSTOCKS

The main tasks of the Commission for Determination of Value and Consideration of Issues on Writing Off Fixed Assets, Intangible Assets and Overstocks are to consider issues and make decisions on:

- determining the value, regulatory and useful life of the Bank's fixed assets and intangible assets;
- writing off the Bank's property in accordance with the Bank's internal regulatory documents governing the disposal of the Bank's property;
- revaluation of the Bank's fixed assets (buildings, constructions) in accordance with the Accounting Policy of the Bank based on the opinion of an independent appraiser;

- impairment testing of property, plant and equipment and intangible assets.

In the reporting year, the Commission considered issues on sale and determination of starting and minimum prices of long-term assets, increase in the value of intangible assets, etc.

11. RISK COMMITTEE

The main tasks of the Risk Committee are:

- preparation of recommendations and proposals on organization and maintenance of an effective risk management system (hereinafter, the RMS) and internal control system (hereinafter, the ICS) for the Management Board of the Bank;
- development of processes designed to identify, assess, monitor and control the Bank’s risks;
- coordination of the risk management and internal control process by the Bank’s structural units and branches;

- ensuring the continuous exchange of information on the Bank’s risks and internal controls among Committee members and communicating such information to risk owners and risk factors in order to improve risk culture, transparency and efficiency of the RMS and ICS;
- decision-making on issues aimed at improving the quality of services provided, as part of the report on customer appeals (complaints).

In the reporting year, the Committee considered issues related to operational risks, information technology risks, information security and internal control, as well as other issues in accordance with the Regulations on the Risk Committee.

PERFORMANCE OF THE MANAGEMENT BOARD AND COMMITTEES REPORTING TO THE MANAGEMENT BOARD

The executive body of the Bank is the Management Board acting on the basis of the Regulations on the Management Board approved by the Board of Directors of the Bank. The Management Board of the Bank manages the Bank’s day-to-day operations.

The Management Board of the Bank acts on behalf of the Bank, including representing its interests, making transactions as required by the laws of the Republic of Kazakhstan and the Articles of the Bank, approving the staffing table, including of the Central Office and Branches, issuing decisions and giving instructions binding on all employees of the Bank.

In the reporting period, the Bank’s Management Board made decisions on all issues of the Bank’s activity that are not referred by the legislative acts of the Republic of Kazakhstan and the Articles of the Bank to the competence of the Sole Shareholder and the Board of Directors of the Bank.

The Bank’s Management Board held 195 meetings in 2023 (228 meetings in 2022).

The work of the Bank’s Management Board Committees is summarized in the table below.

| Sr. No. | Name of the committee | Number of meetings held | | Number of issues considered | |
|---------|---|-------------------------|------|-----------------------------|------|
| | | 2022 | 2023 | 2022 | 2023 |
| 1. | Strategy and Corporate Development Committee | 29 | 35 | 45 | 43 |
| 2. | Asset and Liability Management Committee | 63 | 46 | 219 | 197 |
| 3. | Banking Products, Processes and Service Quality Committee | 66 | 66 | 136 | 132 |
| 4. | Loan Committee: | 81 | 81 | 149 | 204 |
| | Committee 1 | 51 | 51 | 92 | 135 |
| | Committee 2 | 30 | 30 | 57 | 69 |
| 5. | Information Resources Committee | 32 | 46 | 94 | 129 |
| 6. | Budget Committee | 46 | 51 | 107 | 118 |
| 7. | Controlling Committee | 19 | 31 | 28 | 39 |
| 8. | Human Resources Committee | 19 | 18 | 56 | 74 |
| 9. | Information Security Committee | 30 | 29 | 121 | 110 |
| 10. | Commission for Determination of Value and Consideration of Issues on Writing Off Fixed Assets, Intangible Assets and Overstocks | 15 | 12 | 15 | 12 |
| 11. | Risk Committee | 40 | 45 | 91 | 95 |

ACHIEVEMENT OF KPIS BY MEMBERS OF THE MANAGEMENT BOARD

The performance of the Bank’s Management Board is evaluated based on the KPIs for 2023 approved by the Bank’s Board of Directors. The activity of the Bank’s Management Board in the reporting

period is generally characterized as positive. The target corporate KPIs and individual KPIs of Members of the Management Board for 2023 were achieved. Achievement of KPIs for 2023:

1. Lyazzat Ibragimova, Chairman of the Management Board – 95%,
2. Aliya Aidarbekova, Deputy Chairman of the Management Board – 99%,
3. Nurlan Akshanov, Deputy Chairman of the Management Board – 99%,
4. Mukhtar Azimbekov, Deputy Chairman of the Management Board – 104%,
5. Islambek Kairbekov, Deputy Chairman of the Management Board – 106%,
6. Elmira Raspekova, Deputy Chairman of the Management Board – 107%,
7. Vladimir Savchenko, Deputy Chairman of the Management Board – 104%.

Major transactions and Related Party Transactions

In the reporting year 2023, no major transactions (25% or more of the Bank’s assets) and transactions with persons who have special relations with the Bank were made.



Basic Principles of Remuneration of the Management Board and the Board of Directors members

The purpose of the remuneration and bonus policy for the Management Board members is to stimulate conscientious, efficient and high-quality labor, allowing for fair remuneration depending on the complexity and volume of work performed, the position held and personal contribution to the implementation of the Bank's tasks.

Remuneration based on annual performance results of the Management Board members is a remuneration intended to incentivize the performance of the Management Board members, paid depending on the results of achievement of strategic key performance indicators and performance evaluation results as decided by the Bank's Board of Directors.

The performance of the Management Board members is evaluated based on key performance indicators (hereinafter – KPIs), based on the results of which remuneration may be paid. The procedure for evaluating the performance of the Management Board members consists of the following stages:

1. selection of KPIs, setting of target values, coordination of KPI maps with the authorized collegial body of the Sole Shareholder;
2. approval of KPI maps;

3. calculation and coordination of actual performance with the authorized collegial body of the Sole Shareholder and the Internal Audit Department;
4. adoption by the Bank's Board of Directors of a decision on payment/non-payment of remuneration based on the performance results for the reporting year on the basis of the Committee's recommendations.

Remuneration and bonuses are not paid to the members of the Bank's Board of Directors – representatives of the Sole Shareholder – Baiterek NMH JSC. Independent Directors – members of the Bank's Board of Directors are remunerated in accordance with the Regulations on the Bank's Board of Directors.

The amount of remuneration is determined as provided for by the laws of the Republic of Kazakhstan and the Articles of the Bank, taking into account the experience and qualifications of an independent director.

In 2023, the remuneration paid to independent directors – members of the Board of Directors and the remuneration and bonuses paid to members of the Management Board of the Bank amounted to KZT 296.8 million.

Compliance with the Corporate Governance Code

The Bank has the Corporate Governance Code in place. The objectives of the Code are to improve corporate governance, ensure transparency of governance, and confirm commitment to the standards of good corporate governance.

The Report on the Bank's Compliance/Non-compliance with the Principles and Provisions of the Corporate Governance Code approved by the Board of Directors of the Bank is attached as an additional Appendix to this Annual Report.

The Board of Directors of the Bank declares that the Annual Report of the Bank, in general, gives a fair, balanced and understandable description and provides information necessary for shareholders to evaluate the Bank's performance.

Business Ethics

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

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

In 2023, amendments were made in terms of such important aspects as ethical standards, inadmissibility of accepting gifts, material rewards or services, inadmissibility of discrimination and harassment, involvement in political activities, employment policy for relatives and fair competition.

ETHICAL PRINCIPLES.

1. The Bank provides equal opportunities and under no circumstances discriminates on the basis of gender, age, race, political, religious or other similar grounds.

2. Recruitment and promotion of personnel is based solely on professional knowledge, experience and competences in accordance with the Bank's internal documents, excluding any manifestations of discrimination. Career promotion is based on objective evaluation of performance, qualifications and competences.
3. The Bank provides all workers/employees with equal opportunities for development, which depend on the results achieved, competence and qualifications. In turn, the Bank expects all team members to take initiative, strive to acquire new knowledge and be ready to share this knowledge with colleagues.
4. It is not allowed to grant any privileges and benefits to individual workers/employees of the Bank.
5. With regard to establishing a fair remuneration, the Bank is based on the recognition of work results and achievement of key performance indicators, level of qualifications and competences, complexity and quality of work performed.

The Bank has an ombudsman institute 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 Code's provisions and participate in their settlement.

Conflict of Interest

The Bank has approved the Corporate Conflicts and Conflicts of Interest Policy, 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 establishes the obligation of officials (members of the Board of Directors and the Management Board of the Bank) and employees of the Bank to act in the interests of the Bank and its Sole Shareholder, as well as defines their responsibility.

In accordance with the requirements of the Policy, in order to prevent a conflict of interest, officials and employees of the Bank are obliged to avoid any actions and relations 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 as required by the laws of the Republic of Kazakhstan and the Policy. To exclude a conflict of interest, the Bank's employees sign an undertaking to comply with the actions limiting the risk of a conflict of interest.



The Regulations on the Bank's Board of Directors also provide that the Chairman of the Board of Directors, in case of corporate conflicts, takes measures to resolve them and minimize their negative impact on the Bank's activities, and promptly inform the Sole Shareholder if it is impossible to resolve such situations by own efforts. The Bank confirms

that as of 01.01.2024 there are no appeals of the Sole Shareholder in connection with corporate conflict with the Bank and its officials in 2023.

In 2023, no facts of conflict of interests, including on the part of the Bank's officials, were identified.

Sustainable Development Management

The Bank recognizes the importance of its impact on the economy, environment and people to ensure sustainable development in the long term. As part of the implementation of this principle, the Bank approved the updated Sustainability Policy (hereinafter, the Policy) by the Resolution of the Bank's Board of Directors dated 28.12.2023 (the current Policy is available on the Bank's website, in the Sustainable Development/ESG Policies section).

The objectives of the Sustainability Policy are:

- to define the principles and directions of the Bank's activities in the field of sustainable development, including the creation of an efficient and transparent system of interaction with stakeholders;
- to establish the role, competence, responsibility of each body and all employees of the Bank for the implementation of the principles of sustainable development;
- to define the relationship between sustainable development and the Bank's key processes.

In addressing sustainable development objectives, the Bank relies on its mission, the provisions of the Bank's Development Strategy, and uses international norms of behavior and principles set out in international standards in the field of sustainable development. The Bank's mission is: Providing homes for Kazakhstani families and enhancing their sense of homeland. In this regard, the Bank supports the government's housing construction policy.

In accordance with the provisions of the Policy, the sustainable development management system clearly defines and enshrines the roles, competences, responsibilities of each body and all employees for the implementation of sustainable development principles and standards.

Strategic management and control over the implementation of sustainable development is exercised by the Bank's Board of Directors.

Sustainable development issues are also delegated to the Strategic Planning and Corporate Development Committee of the Bank's Board of Directors.

The Management Board ensures the formation of an appropriate sustainable development management system and its implementation, as well as forms an appropriate action plan.

The Bank's Strategy and Corporate Development Committee is responsible for coordinating sustainable development actions, reviewing and organizing ESG issues, preparing recommendations for the Bank's Management Board on approving strategic ESG Policy documents, defining KPIs and strategic ESG targets, the approval of which falls within the competence of the Management Body.

All employees and officials at all levels contribute to sustainable development. The head of the Bank's structural unit supervising the direction of actions in the field of sustainable development is responsible for ensuring the management of this Policy, as well as coordinating approaches to achieving the goals and KPIs of ESG initiatives and control over the implementation of corporate standards in the field of ESG, control over the preparation of the Sustainability Report.

The Bank's structural units implement an ESG action plan to ensure the achievement of sustainability KPIs set out in the Bank's Development Strategy, implement the ESG system, and identify ESG risks.

Sustainability reporting is submitted to the Bank's Board of Directors on an annual basis.

The main department coordinating the Bank's sustainable development issues is the Planning and Strategic Analysis Department, which performs the following work:

- plans sustainability activities – analyzing the internal and external situation, defining sustainability goals and targets, measures to improve and enhance the Bank's performance across the three sustainability pillars, responsible persons, required resources and deadlines;
- coordinates the activities of the Bank's structural units aimed at achieving the goals and objectives of this Policy;
- prepares a report on the implementation of the action plan and KPIs in the field of sustainable development;
- prepares the Bank's Annual Report including a section on sustainable development;
- prepares the Bank's Sustainability Report;
- together with the Human Resources and Organizational Management Department, holds training seminars for the Bank's employees in order to improve the qualifications of the Bank's officials and employees in the field of sustainable development with the involvement of external trainers or independently;

- interacts with the Bank's structural units on sustainable development issues, including coordination of the Bank's internal documents and action plans in the field of sustainable development;
- interacts with international organizations, institutions and agencies on sustainable development issues.

As part of its activities, the Bank implements 9 UN Sustainable Development Goals, information on which is provided in the Bank's Sustainability Report for the reporting year (the Report is available on the Bank's website in the Sustainable Development/ ESG Reporting section).





Internal Audit

The activities of the Bank's Internal Audit Department are based on the International Framework for the Professional Practice of Internal Auditing and are carried out in accordance with the principles of independence, impartiality, honesty, objectivity and professional competence.

The mission of the Internal Audit Department is to provide the services necessary to assist the Board of Directors and the Management Board of the Bank in fulfilling their responsibilities in achieving the Bank's strategic goals.

The main purpose of the Internal Audit Department is to provide the Board of Directors with independent reasonable assurance and advice aimed at improving the Bank's operations and enhancing the effectiveness of risk management, internal control and corporate governance.

The Internal Audit Department is an independent structural unit and functionally reports to the Board of Directors and administratively to the Management Board of the Bank. The activities of the Internal Audit Department are supervised by the Audit Committee of the Board of Directors. The Head and employees of the Internal Audit Department are appointed by the Board of Directors.

In 2023, the headcount of the Internal Audit Department was 13 people. The Head of the Internal Audit Department holds an international CIA (Certified Internal Auditor) internal audit certificate. Internal auditors on an ongoing basis carry out continuous professional development and hold the Diplomas of Certified Professional Internal Auditors issued by the UK Institute of Financial Managers (DipPIA and DiPCPIA).

The main tasks and functions of the Internal Audit Department are:

- assessing the reliability and efficiency of the internal control system and risk management system;
- assessing the efficiency of corporate governance and compliance with ethical standards and values;
- assessment of sufficiency and efficiency of actions taken by the Bank's structural units to achieve their tasks within the framework of the Bank's strategic goals;
- assessing the reliability of the functioning of the internal control system for the use of automated information systems;

- providing advice to the Executive Body, structural units of the Bank on improving internal control processes, risk management and corporate governance.

All planned audit tasks for 2023 were completed in full. Significant problems identified as a result of audits are related to the human factor, which resulted in the following key risks: incomplete compliance of the Bank's internal documents, processes and/or procedures with the requirements of regulatory legal acts of the Republic of Kazakhstan (hereinafter, the RLA), incomplete compliance with information security requirements, incorrect and/or untimely entry of data into information systems, incomplete compliance with the requirements of the Bank's internal documents.

The main actions taken by the Bank to minimize these risks and problems included automation of business processes and technical improvements to the Bank's information systems, bringing the Bank's internal documents into compliance with the requirements of the RLA, conducting briefings and training with the Bank's employees, as well as applying disciplinary measures to the Bank's employees.

On a regular basis, the Internal Audit Department performs audits of the Bank's information systems and information security. The approved Methodology for Diagnostics of the Bank's Corporate Governance provides for assessment of the Bank's ESG policies and practices. Annual risk-oriented audit plans are reviewed and approved by the Board of Directors.

In performing its functions, the Internal Audit Department has confirmed its independence to the Board of Directors.

External Audit

In accordance with the laws of the Republic of Kazakhstan, the determination of the audit organization auditing the Bank and the amount of payment for its services falls within the exclusive competence of the Board of Directors.

In accordance with the Rules for the Procurement of Goods, Works and Services of the Bank and the concluded agreement on long-term procurement of services for audit of financial statements for 2022–2023 dated 21 December 2021, based on the resolution of the Management Board of Baiterek NMH JSC, external audit for the Bank is performed by PricewaterhouseCoopers LLP. The term of the agreement is from 01 January 2022 to 30 March 2024. The amount of remuneration of the auditor for 2023 is KZT 63,280 thousand.

The Bank follows the principle of rotation of the project partner (having the main responsibility for the audit) in accordance with the Policy on Organization of External Audit in the Bank, which is not more than 7 years.

If the Bank receives non-audit services from an external auditor, the Bank reviews all services for the possibility (risk) of a conflict of interest (a situation where the external auditor's interest may influence its opinion on the reliability of the financial statements) affecting the external auditor's independence. During 2023, PricewaterhouseCoopers LLP provided non-audit consulting services (on obtaining ESG rating) in the amount of KZT 30,800 thousand.

Stakeholder Engagement

The Bank endeavors 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 of stakeholder engagement are formulated by the Corporate Governance Code and the Sustainability Policy.







The Stakeholder Map approved by the Bank determines the list of key stakeholders and the degree of their impact. The map allows the Bank to systematize and visualize information about the Bank's environment in order to build an adequate strategy for working with each stakeholder.

Identifying and working with stakeholders is one of the tools that allows improving the business reputation, the capitalization of the company, as well as establishing effective and balanced relations with all stakeholders.



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





| No. | Stakeholders | Interests/motives | Tools for impact | Engagement strategy |
|-----|--|---|---|---|
| 1 |  Sole Shareholder | Observance of interests of the Bank's sole shareholder, Baiterek NMH JSC | Laws of the Republic of Kazakhstan, Articles of Association, internal documents of the Bank | Ensuring the exercise of the Sole Shareholder's rights within the framework of corporate governance principles aimed at effective adoption of key decisions in accordance with the laws of the Republic of Kazakhstan |
| 2 |  Governance Body | General management of the Bank's activities, except for issues referred to the exclusive competence of the Sole Shareholder | Laws of the Republic of Kazakhstan, Articles of Association, internal documents of the Bank | Determination of the Bank's priority areas of activity and development strategy. |
| 3 |  Management | Decision-making on any issues of the Bank's activities not referred by the laws of the Republic of Kazakhstan and the Articles of the Bank to the competence of the Sole Shareholder and the Board of Directors | Laws of the Republic of Kazakhstan, Articles of Association, internal documents of the Bank | Execution of resolutions 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 performance of obligations under the employment contract | Labor Code, employment contract, internal documents of the Bank | Execution of official powers aimed at implementation of the Bank's tasks and functions. |
| 5 |  Government Authorities | Implementation of legislative functions stipulated in the laws of the Republic of Kazakhstan | Laws of the Republic of Kazakhstan | Control over compliance with the laws of the Republic of Kazakhstan. |
| 6 |  Investors | Making profit | Contractual relations under investment, cooperation/partnership agreements | Priority of payment of principal and interest on invested funds, exclusion of dependence on financing |

| No. | Stakeholders | Interests/motives | Tools for impact | Engagement strategy |
|-----|--|--|---|--|
| 7 |  Financial Institutions | Making profit | Contractual relations under investment, cooperation/partnership agreements | Priority of payment of principal and interest on 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 the organization of 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 relations. |
| 10 |  Clients, Consumers | Quality and availability of product lines and services in the housing savings market | Customer preferences and satisfaction | Improving the quality and availability of products and services in the housing savings market. In 2023, there were no active legal actions related to marketing and communication of financial product information to new and regular customers. |
| 11 |  Auditors | Provision of financial audit services | Contractual relations | Conclusion of contracts for audit services. Audit of financial statements, external audit. The Bank had no accounting investigations in 2023. |
| 12 |  Consulting Companies | Provision of consulting services | Contractual relations | Conclusion of contracts for consulting services. Business process improvement. Control over the execution of contractual relations. |



| No. | Stakeholders | Interests/motives | Tools for impact | Engagement strategy |
|-----|---|---|--|--|
| 13 |  Population | Quality and availability of product lines and services in the housing savings market | Public opinion. Appeals to higher and regulatory authorities, mass media. | Reputation audit, opinion polls, implementation of communication strategy. Publication of the Bank's financial and non-financial statements. Demonstration of practical commitment to social responsibility, operational transparency and sustainable development. Adoption of additional social commitments, solution of urgent social problems. Charitable activities. |
| 14 |  Public organizations | Various issues related to the activities of public and non-governmental organizations | Articles of Association, contractual relations | Compliance with the laws 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 made no cash contributions or expenditures to lobbyists or lobbying organizations, trade associations and other tax-exempt groups. The Bank does not finance political parties, public associations in order to gain or maintain an advantage in its activities. |

| No. | Stakeholders | Interests/motives | Tools for impact | Engagement strategy |
|-----|---|--|--|--|
| 15 |  Mass Media | Publications and information about the Bank's activities | Publications and information about the Bank's activities | Compliance with the laws 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 | Application of modern technologies, growth of the quality level 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: cooperation on terms that are unattractive to competitors; increasing the level of staff commitment to the Bank; expanding presence in the country; development and introduction of new product lines and services in the housing savings market; cooperation for mutually beneficial solutions to problems. |

The process of organizing the Bank's stakeholder engagement is based on the engagement principle, which implies taking into account the interests of stakeholders at all stages of the Bank's business management process and involving stakeholders in discussing significant topics and important issues, potential risks and boundaries of responsibility.

The Bank's strategy of engagement with each stakeholder, as well as tools for impact, are determined by the Bank's structural units independently depending on the specifics of their activities.

The Bank's mechanisms for receiving questions and/or complaints from stakeholders and how to respond to them in a timely manner, including grievance mechanisms and external communication mechanisms, are clearly presented on the Bank's website in the Sustainable Development/Corporate Responsibility section.

The Bank's employees responsible for stakeholder engagement are defined in the Bank's relevant operational documents and their contacts are posted on the Bank's website in the Sustainable Development/ESG Contacts section.



Customer Privacy

The Bank ensures the privacy of customers and protection of personal data in strict compliance with the laws of the Republic of Kazakhstan.

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 laws of the Republic of Kazakhstan, by the Bank's employees (consultants, agents working under an engagement agreement, a paid services agreement) directly using them for official purposes.

The Bank may not transfer processed personal data to third-party organizations and (or) third parties without the customer's consent, except for cases stipulated by the laws of the Republic of Kazakhstan.

Processing of publicly available personal data obtained from appeals and requests of organizations and individuals, biographical directories, telephone, address books, mass media, and in other cases stipulated by the laws of the Republic of Kazakhstan may be carried out without the customer's consent.

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

1. an undertaking of non-disclosure of information constituting a trade secret and other confidential information of the Bank is signed with all employees when concluding an employment contract, and with agents, consultants when concluding an engagement agreement or a paid services agreement;
2. employees, employees of structural units do not allow dissemination of personal data without the consent of the customers or their legal representative, or other legal basis. Customer personal data is disclosed to third parties only with their consent or their legal representative's consent, or other legal basis.

3. all structural units and employees, as well as agents and consultants of the Bank take measures aimed at timely detection and identification of facts of unauthorized access to personal data, namely notification of their immediate supervisor and internal control unit of all suspicious situations and violations in the work with customer personal data;
4. prevention of unauthorized access to personal data and (or) their disclosure to persons who have no right of access to such information by restricting access to electronic databases of personal data with a password, to paper versions of personal data – to persons having official access only;
5. other measures not provided for in this Procedure, but ensuring continuous control over ensuring the level of protection of personal data.

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

In 2023, 3 cases of disclosure of information related to bank secrecy were registered. The violations were committed by the Bank's workers/employees. In connection with the confirmed facts, as well as in order to prevent similar cases, the Bank took a number of necessary measures: terminated employment contracts with the relevant employees, implemented an audit trail of data, carried out relevant work, convened the Personnel Commission, imposed strict disciplinary measures on the Bank's employees vested with supervisory functions in customer relations.

There is no litigation related to customer privacy in 2023.

