



ANNUAL REPORT

2022



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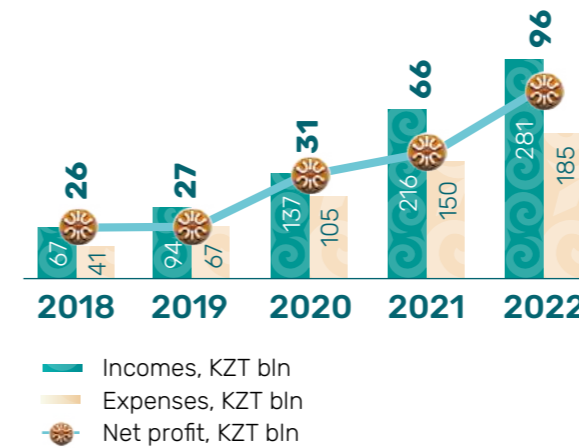


KEY INDICATORS

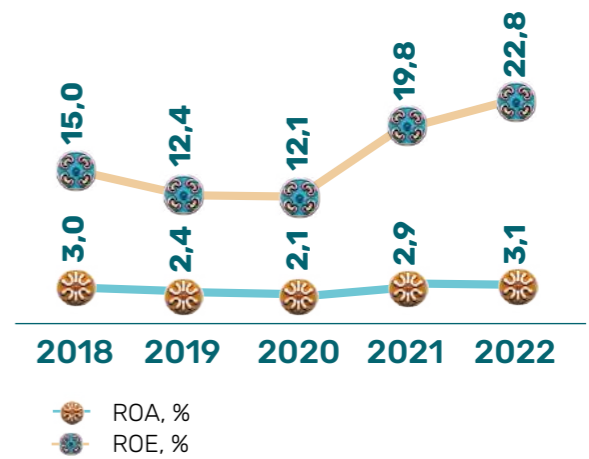


Otbasy bank JSC is the only one bank in the country implementing housing construction savings system. HCS is intended for improvement of housing conditions of people through attracting funds of depositors to housing construction deposits and granting them with housing loans.

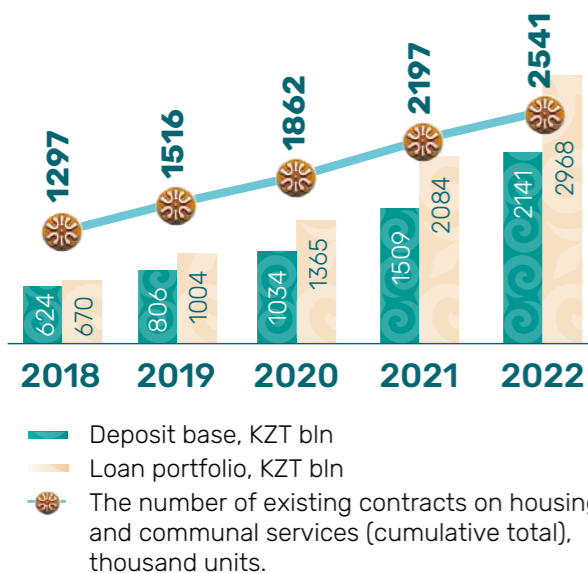
INCOMES, EXPENSES AND NET PROFIT



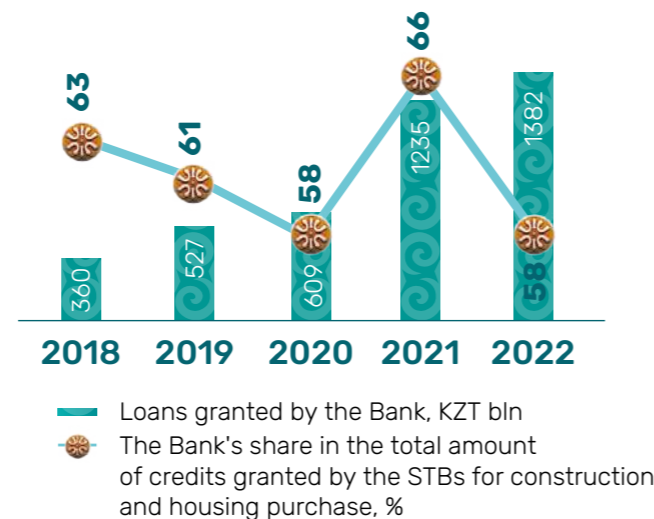
PROFITABILITY RATIOS



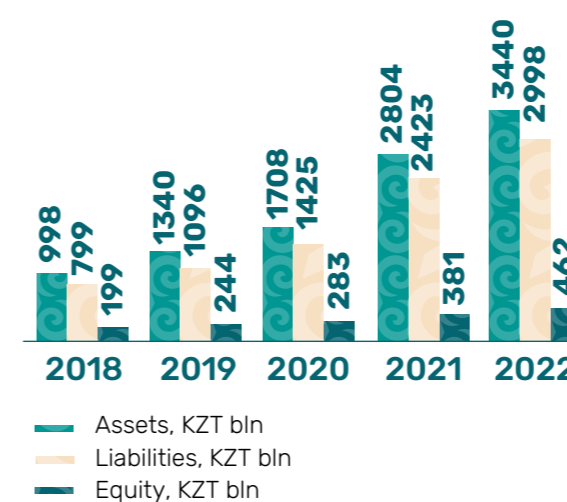
DEPOSIT AND LOAN PORTFOLIO



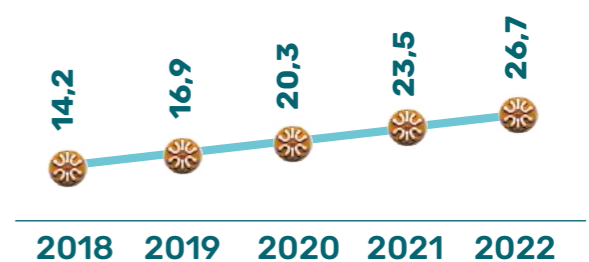
AMOUNT OF CREDITS ISSUED FOR CONSTRUCTION AND HOUSING PURCHASE



ASSETS, LIABILITIES AND EQUITY



SHARE OF PARTICIPANTS IN THE HOUSING CONSTRUCTION SAVINGS SYSTEM TO ECONOMICALLY ACTIVE POPULATION



ADDRESS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS



Kanat Sharlapaev
Chairman of the Board of Directors
Otbasy Bank JSC

DEAR CUSTOMERS AND PARTNERS!

I am pleased to present you the annual report of Otbasy Bank JSC, which discloses the main results of financial activities, as well as operational and social aspects of the bank's work.

Our Bank is the only bank in the country that implements a system of housing construction savings. For 19 years, we have helped Kazakhstanis buy houses at the most affordable prices. This time, 437,059 clients were able to celebrate obtaining of their houses with the help of Otbasy Bank. Taking into account the family rate, 1.6 million people in Kazakhstan have solved their housing problem with this opportunity.

By the end of 2022 there were 2 548 570 deposits in the Bank. Thrifty Kazakhstanis saved more than 2 trillion tenge in deposits.

Every day, about 2,000 new deposits were opened with the help of the bank's employees and remote channels, the owners of which, having saved up for the initial payment, get the opportunity to take a loan from Otbasy bank for the purchase of housing at rates from 3.5 percent to 11.5 percent per annum.

In 2022, 79 872 people took advantage of this opportunity.

The share of participants of the economically active population of the country in the system of housing construction savings is already 27.3%. This indicator once again confirms the fact that Kazakhstan is actively developing a culture of accumulation among citizens.

Fulfilling its social function, the Bank actively continues to implement the state program «Nurly zher». In total, 12,437 Kazakhstani families were granted preferential loans within the framework of its directions - «Baqytty otbasy» and «Shanyrak».

In the meantime, Otbasy Bank maintained the lowest level of NPL (loans with a delay of more than 90

days. During the reporting period, this indicator was 0.08%, with the average banking level of 3.68%.

In 2022, Moody's Investors Service confirmed the long-term rating on deposits in the national currency of Otbasy Bank at the level of «Baa2». The rating outlook is «stable». Fitch Ratings also affirmed Otbasy Bank's long-term issuer default rating in local currency at «BBB». The rating outlook is «stable». The Bank's ratings were at the country level.

Another important financial indicator of the Bank's operations is the revenue generated in 2022. It reached a record value for the entire history of the financial institution.

In general, the past year for Otbasy Bank was marked by a number of significant digital transformations aimed at improving processes and services to provide high-quality service to its depositors.

We will continue to introduce new and more complex digital tasks so that even more Kazakhstanis in need of housing can solve their housing problems.

Sincerely,
Kanat Sharlapaev

Were able to celebrate the housewarming

437 059

customers

ADDRESS OF THE CHAIRMAN OF THE MANAGEMENT BOARD

Moody's rating

Baa2



Lyazzat Ibragimova
Chairman of the Management Board
Otbasy Bank JSC

DEAR CUSTOMERS AND PARTNERS!

In 2022, 79,872 clients of Otbasy Bank celebrated housewarming. All of them utilized the housing construction savings system and, under favorable conditions, were able to acquire their own homes.

Another 618,422 new clients entrusted their savings to us and opened deposits at Otbasy Bank.

By the end of 2022, Otbasy Bank had a total of 2,548,570 savings accounts with a combined savings amount of 2.1 trillion tenge. The holders of these deposits will be able to purchase their own houses or apartments in the coming years by obtaining loans at affordable interest rates.

To maintain the main principle of the housing construction savings system, which is the balance between savings accumulation and loan disbursement, and to strengthen the foundations of the savings culture, we started applying differentiated interest rates to intermediate loans starting from October 2022. Depending on the value of the assessment indicator and the accumulation period, the interest rates for intermediate loans now range from 7% to 11.5% per annum.

The number of bank clients increases annually, so we are continuously working on the digitization of banking processes and transitioning them online. During 2022, our clients conducted 3.4 million operations through online channels. As a logical consequence, the number of visits to offline branches of Otbasy Bank decreased. The share of transactions conducted through remote service channels accounted for 72%, which, in turn, reduced the load on offline service channels.

We were among the first banking institutions in the country to implement Blockchain technology. With its help, our bank's clients can now remotely register a collateral agreement or release the collateral from encumbrance in case of early loan repayment in just a few minutes. To date, Blockchain has saved more than 780,000 hours for our clients, allowing them to access in-demand services remotely. This option was utilized by 34,277 people.

New technologies have helped us launch the Online Rental Subsidies Program within a short period of time. At the request of the President of the country, Kassym-Jomart Tokayev, Otbasy Bank was appointed as the operator of this project. For the convenience of citizens, the application process, verification for program eligibility, conclusion of contracts with landlords, and receipt of the entitled subsidy amounting to 50% of the rental cost, are all carried out on the digital platform otbasybank.kz. In 2022, 38,847 applications were processed.

The otbasybank.kz platform also allows for online mortgage applications. This service is available for those who want to purchase primary or secondary housing in the commercial market. 2,040 bank clients were able to obtain credit remotely.

Another highly popular request from our clients in 2022 was the application for deposit compensation. We made efforts to implement this option in the simplest and most convenient way possible. Otbasy Bank clients could submit compensation applications through the otbasybank.kz portal, mobile application, or by calling the number 300. This allowed for an even distribution of workload and reduced technical risks on the bank's systems. The bank also addressed the issue of compensation applications for our youngest clients - we implemented the option for consultants to visit homes to assist with the application process. Our agents also visited orphanages to collect applications from underage wards.

As a result, in 2022, 860,166 compensation applications were submitted, with a total amount of 116 billion tenge.

In 2022, Otbasy Bank became one of the founders and members of the ESG Club in Kazakhstan.

ESG principles are ingrained in our bank's mission. It is very simple - providing Kazakhstani families with their own homes and strengthening the sense of homeland. Otbasy Bank, implementing the principles of sustainable development, works with various categories of citizens, including those with very low incomes and no down payment for loans. At the same time, we help them acquire housing

under preferential conditions. Within the programs «Baqytty otbasy», «Shanyrak», «Nurly zher», 12,437 Kazakhstani families have celebrated housewarming.

Furthermore, the Bank promotes gender equality. We were the first in Central Asia to launch the women's credit program «Umai». Thanks to this program, 1,374 women in Kazakhstan were able to purchase affordable housing in 2022.

This year has been a breakthrough in launching youth housing programs in the regions. They have provided opportunities for young teachers, doctors, journalists, cultural and sports workers, social workers, employees of communal enterprises, police departments, and emergency services to access affordable loans for home purchases.

The total budget of local administrations and Otbasy Bank for the implementation of regional housing programs amounted to 64 billion tenge. In 2022, youth housing programs were launched in the Almaty, Atyrau, Karaganda, Kostanay, Zhambyl, West Kazakhstan, Aktobe, Zhetysay, and Abai regions.

Under the program «Zhana baspana» - formerly known as «Askeri baspana» - 2,400 defenders of the Homeland celebrated their housewarming.

In the final days of December 2022, Otbasy Bank announced the launch of «Green Mortgages» in Kazakhstan. From this moment, Kazakhstani citizens can obtain loans to purchase apartments in energy-efficient residential complexes built according to «green standards» and certified by OMIR, GOST R, BREEAM, and LEED.

In the coming year, we will continue to digitize banking processes, improve customer service, so that our clients can quickly and efficiently access all necessary services.

Best wishes,
Lyazzat Ibragimova

KEY EVENTS OF THE REPORTING YEAR

FitchRatings

- International rating agency Fitch Ratings affirmed the issuer's long-term local currency default ratings (IDRs) at 'BBB'. The outlook on the ratings is stable.

BASPANA

- A new option has been developed on the digital platform otbasybank.kz («Baspana Market» marketplace) for the purpose and implementation of payments under the mechanism for subsidizing rental payments.
- Applications for assignment of payments under the mechanism for subsidizing rental payments through the otbasybank digital platform were accepted online.
- The Bank was allocated 51 billion tenge from the national budget for the implementation of the «Baqtytty otbasy» direction of the «Nurly zher» program.



MOODY'S

- The Bank became one of the founders and a member of the ESG Club in Kazakhstan. A memorandum on the establishment of the National ESG Club was signed by 19 domestic companies.
- A joint housing program of the Bank with the Akimat of Karaganda region for young people was launched.
- A pilot project of the Bank together with the state corporation «Government for citizens» was launched to issue a mortgage agreement for rental housing online using Blockchain technology.
- The procedure for accepting applications for participation in the Nurly zher program in the direction of «Baqtytty otbasy» was developed on the real estate portal otbasybank.kz (previously conducted on the Bank's website).
- Applications for participation in the Nurly zher program in the direction of «Baqtytty otbasy» were accepted on the platform otbasybank.kz.

JANUARY

- Borrowers of the Bank affected by the introduction of a state of emergency in the Republic of Kazakhstan following the January events were given the opportunity to receive deferred repayment of loan payments.

FEBRUARY



- The composition of the Bank's Board of Directors was updated. Kanat Sharlapayev, Chairman of the Management Board of Baiterek NMH JSC, was elected Chairman of the Bank's Board of Directors. Adil Mukhamedzhanov and Sanzhar Zhamalov were also elected to the Board of Directors of Otbas Bank JSC. The composition of the Committees of the Bank's Board of Directors was also approved.
- New conditions have been adopted for the «Umai» mortgage - the threshold for the general family budget was raised to 640,000 tenge (with a monthly family income not exceeding 550,000 tenge, the initial payment will be from 15%, with an income from 550,001 tenge to 640,000 tenge, a loan can be obtained if there is at least 20% of the cost of housing).

MARCH

- Rules for assigning and making payments to Otbas Bank JSC to certain categories of citizens for housing rented in a private housing fund, designed to regulate the possibility of receiving subsidies for rented housing to those on the waiting list of local executive bodies, were approved.
- The terms of the program of concessional lending to young people of the Zhambyl region of the Republic of Kazakhstan for improving housing conditions «Aulieata Zhastary» were approved.
- A joint housing project of the Bank with the Karaganda Regional Akimat for miners and metallurgists was launched.



- Applications for the women's mortgage program «Umai» were accepted at the expense of the second tranche from the Asian Development Bank in the amount of 14 billion tenge.

APRIL

- International rating agency Moody's Investors Service confirmed the Bank's long-term and short-term risk ratings at Baa2/P-2. The long-term and short-term ratings on local currency deposits are also maintained at Baa2 / P-2.
- Chairman of the Management Board of the Bank Lyazzat Ibragimova took part in the press conference of the Central Communications Service on «Solving housing issues of certain categories of citizens».
- A meeting of the Public Council (hereinafter referred to as the PC) was held. The Bank's management presented the draft law on housing policy reform to the PC members.
- The Bank is allowed to delay the confirmation of the intended use of the loan in the event of the borrower's death.
- Ibragimova Lyazzat Yerkenovna was appointed for a new term as Chairman of the Management Board of the Bank from April 18, 2022 with a term of office until the end of the term of office of the Management Board of Otbas Bank JSC as a whole.

MAY

- Launch of a joint housing project of the Bank with the Akimat of Almaty «Almaty Zhastary».
- Acceptance of applications for rent subsidies were started. The Bank approved the first applications for subsidizing rental housing.
- The concept of a new product for lending to equity holders under agreements on equity participation in housing construction using an insurance instrument was approved.
- The product line of Otbas Bank JSC for Senimdi legal entities was approved.

JUNE

- A service for withdrawing real estate collateral online in the Otbas bank mobile application was introduced.
- A new equity lending product has been developed - property developer liability insurance, according to which the construction company will pay the insurance premium at its own expense, without creating an additional burden for the Bank's customers (the absence of commissioning of the object within the established period will be considered an insured event).
- The decision of the Bank's Management Board was made to terminate servicing of property owners' associations and simple partnerships in Otbas Bank JSC.
- Changes were made to the rules for assigning and making payments to certain categories of citizens for housing rented in a private housing fund in terms of confirming income and expanding the list of participants in the program.
- The Bank was allocated 3.3 billion tenge from the national budget to make payments under the mechanism for subsidizing rental payments.

KEY EVENTS OF THE REPORTING YEAR

- A joint housing program of the Bank with the Akimat of Zhambyl region for young people «Aulieata Zhastary» was launched.
- Launch a new joint program of the Bank with the construction company «Kanfar Building» in Shymkent, which allows you to purchase housing with a reduced initial payment of 30% at 7% per annum (ESP from 7.4%). The new loan program was presented at the real estate exhibition, which was attended by 12 construction companies in Shymkent.

- An agreement was signed between the Bank and the Mayor's Office of Uralsk on concessional lending to residents of Uralsk who are waiting in line for housing in the category «orphaned children left without parental care».

ZHAS SHANYRAK

- Within 3 months, an information campaign was held on the Rules for payment of compensation for deposits.
- A restriction was introduced on the possibility of Bank lending for the purchase of housing under construction without a guarantee from a single operator/object insurance/permission of local executive bodies secured by existing real estate. This restriction was introduced in order to comply with the Law of the Republic of Kazakhstan «On equity participation in housing construction in the Republic of Kazakhstan».

- An agreement was signed between the Bank and the Akimat of Almaty region on launching a new housing program for young people «Alatau Zhastary».
- An online service for assigning a deposit free of charge to a close relative was implemented in the Otbas bank mobile application.
- Members of the Asian Development Bank delegation visited Almaty and visited the participants of the women's mortgage program «Umai».

- The terms of lending in the direction «Implementation of social credit housing» within the framework of the Concept for the development of housing and communal infrastructure until 2026 were approved.
- The terms of lending under the regional program of lending to citizens in the framework of the social policy of local executive bodies were approved.

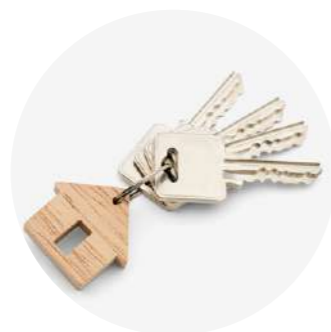
- The Bank jointly with the Akimat of Shymkent launched the «Qamqor» program for solving housing issues of Shymkent specialists without age restriction.
- A cooperation agreement was signed between the Bank and Petropavlovsk Electrotechnical Plant LLP within the framework of the «Armanga Zhol program to address housing issues of the plant's employees.
- The Bank and the akimat of Semey launched a joint housing program for young people «Abay Zhastary».
- A trilateral memorandum of understanding and cooperation was signed between the Bank, Akimat of Karaganda region and Eurasian Group (ERG) within the framework of the housing program for employees of Shubarkol Komir JSC.
- A memorandum of cooperation was signed between the Bank and the Akimat of Aktobe region for the implementation of the housing program for young people «Aktobe Zhastary».

JULY

- The Bank's branch in Semey was officially renamed Abay regional branch.
- Automatic cancellation of loan applications was introduced.
- The cost of arranging online loan issuance was reduced from 0.5% of the loan amount to 0.25 % of the loan amount.
- The Bank accepted the possibility of lending to depositors of the Bank under the «Svoy Dom» program for the purchase of housing in objects under construction using insurance mechanisms (for objects that do not have a single operator guarantee);
- The Bank's Regional program for lending to citizens of the Republic of Kazakhstan within the framework of the social policy of local executive bodies was approved. This program regulates the conditions and procedures for working with local executive bodies to provide preferential loans to certain categories of citizens in each region.
- The conditions for introducing the possibility of issuing an interim housing loan to existing borrowers of the Bank for home repairs secured by property rights were approved.

AUGUST

- A memorandum was signed between the Bank and the Akimat of Kostanay region on launching a new program for young people «Zhas shanyrak».
- Applications for participation in the Askeri Baspana program were accepted.



SEPTEMBER

- The possibility of replacing a co-borrower was approved.
- The procedure for payment of compensation for deposits in housing construction savings of individuals in Otbas Bank JSC was approved.
- New Rules for the sale of housing through the system of housing construction savings in Otbas Bank JSC were approved as part of the Concept for the Development of Housing and Communal Infrastructure until 2026.
- Conditions for applying differentiated interest rates for intermediate housing projects were approved.
- The concept of development of housing and communal infrastructure until 2026 was approved. The state program of housing and communal development «Nurly zher» for 2020-2025 in Otbas Bank JSC has lost its validity.

OCTOBER

- A memorandum of cooperation was signed between the Bank and Kazphosphat LLP to launch a special lending program for employees of Kazphosphat LLP within the Corporate product.



- An agreement was signed between the Bank and the Atyrau region Akimat to launch the Atyrau Zhastary youth program.
- Acceptance of applications for payment of compensation for deposits under the Program of protection of tenge deposits of the National Bank of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan started.
- Limits were approved for the category of participants in the Baqytty otbas direction - «Single-parent families». Starting from October 2022, it is possible to book housing on the portal for the category «Single-parent families».

NOVEMBER

GREEN MORTGAGE

- The terms of lending under the «Green Mortgage» program were approved.
- A memorandum of cooperation was signed between the Bank and the akimat of the Burlinsky district of West Kazakhstan region in the framework of implementing a housing program for residents of the area.
- The Bank received budget funds (the first tranche) in the amount of 5.1 billion tenge for crediting waiting lists at 5% per annum.

DECEMBER

- A memorandum of cooperation was signed between the Bank and the Mayor's Office of Taldykorgan for the implementation of the housing program for young people «Zhetisu Zhastary».
- The Bank launched the first green mortgage program in Kazakhstan, focused on protecting the health of citizens and the environment.
- The Law of the Republic of Kazakhstan «On Amendments and additions to certain legislative acts of the Republic of Kazakhstan on the implementation of certain instructions of the Head of State» was adopted, which introduced amendments and additions to some legislative acts in terms of protecting accounts intended for crediting payments and subsidies for payment for rented housing in private housing stock.
- Budget funds were received (the second tranche) in the amount of 5.1 billion tenge for crediting waiting lists at 5% per annum.
- Budget funds were received (the third tranche) in the amount of 5.1 billion tenge for crediting waiting lists at 5% per annum.



ABOUT THE BANK



OTBASY BANK JSC WAS ESTABLISHED IN 2003

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

THE MAIN ACTIVITIES OF THE BANK ARE:

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

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

The founder of the Bank is the Government of the Republic of Kazakhstan represented by the State Property and Privatization Committee of the Ministry of Finance of the Republic of Kazakhstan, which has the right to dispose of the state block of shares of the Bank. Since August 2013, the Bank's sole shareholder is Baiterek NMH JSC (hereinafter referred to as the Holding). The Bank is established in the legal form of a joint-stock company and has:

ABBREVIATED NAME:

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

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

FULL NAME:

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



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

RATINGS



Long-term local currency deposit rating:	Baa2
Short-term local currency deposit rating:	Prime-2
Base credit rating:	Ba2
Rating outlook:	stable



Long-term local currency issuer default rating	BBB
Short-term local currency issuer default rating:	F2
Rating outlook:	stable

STATE POLICY OF THE HOUSING SAVINGS SYSTEM

For Kazakhstan, one of the most important areas of social policy is to provide citizens with affordable and high-quality housing. Economic growth and social orientation of the state became the basis for the formation of the housing construction savings system (HCS), which is regulated by the Law of the Republic of Kazakhstan «On Housing construction savings in the Republic of Kazakhstan» dated December 7, 2000.

The HCS system is a closed system of financing, when measures to improve housing conditions are based on attracting depositors' money to housing construction savings and providing them with housing loans. The Kazakh model of the HCS system is based on the German model, which was also used in Eastern Europe at one time.

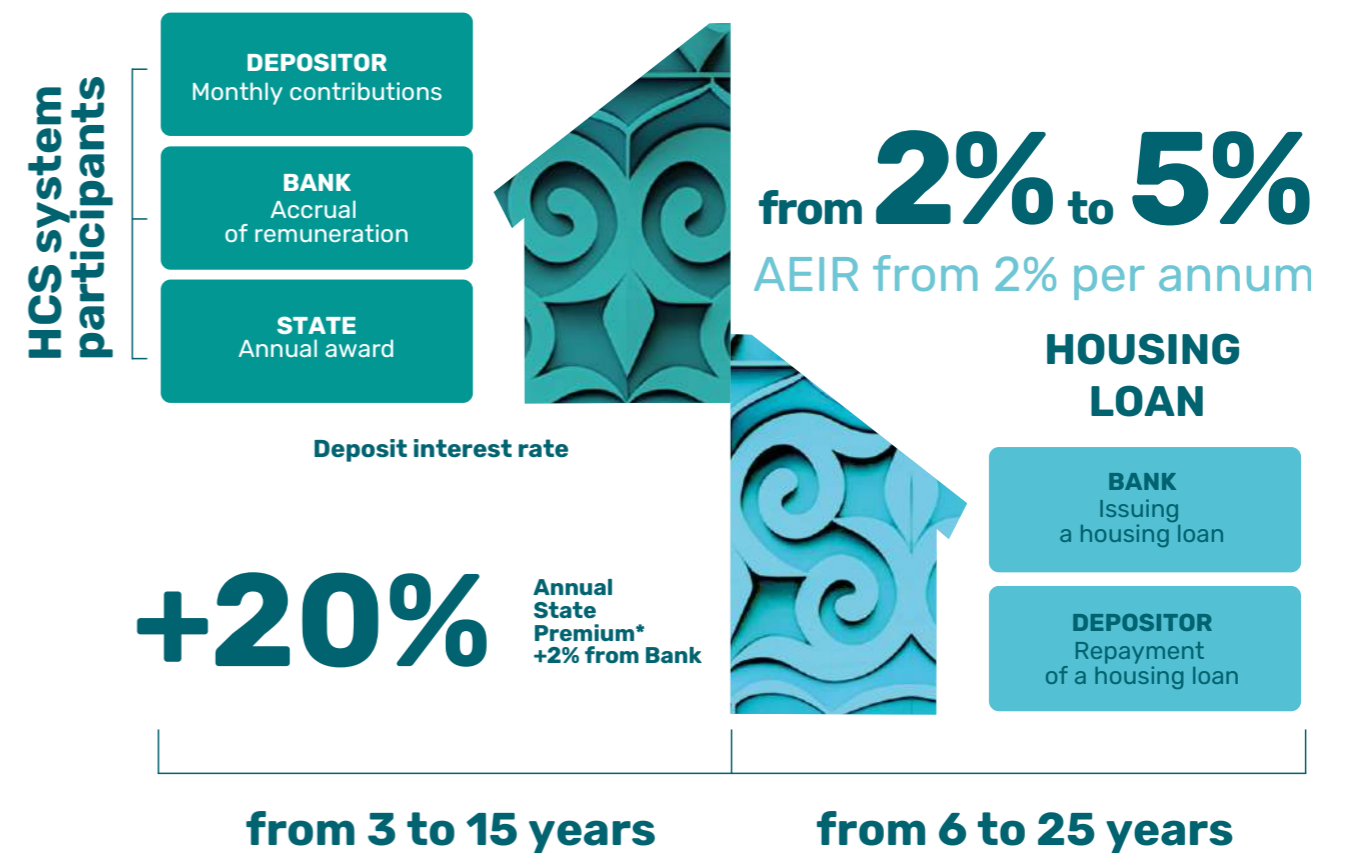
The HCS system was operating in Kazakhstan for 19 years, and it is becoming more and more popular among Kazakhstanis.

A special feature of the housing construction savings system is the preliminary accumulation of money in the Bank's savings accounts in order to obtain housing loans at low interest rates to improve housing conditions.

Public contributions are encouraged by a state bonus (20% of the deposit amount, the maximum amount of the encouraged contribution is up to 200 MCI) regardless of the form of ownership, according to the Law of the Republic of Kazakhstan «On housing construction savings in the Republic of Kazakhstan».

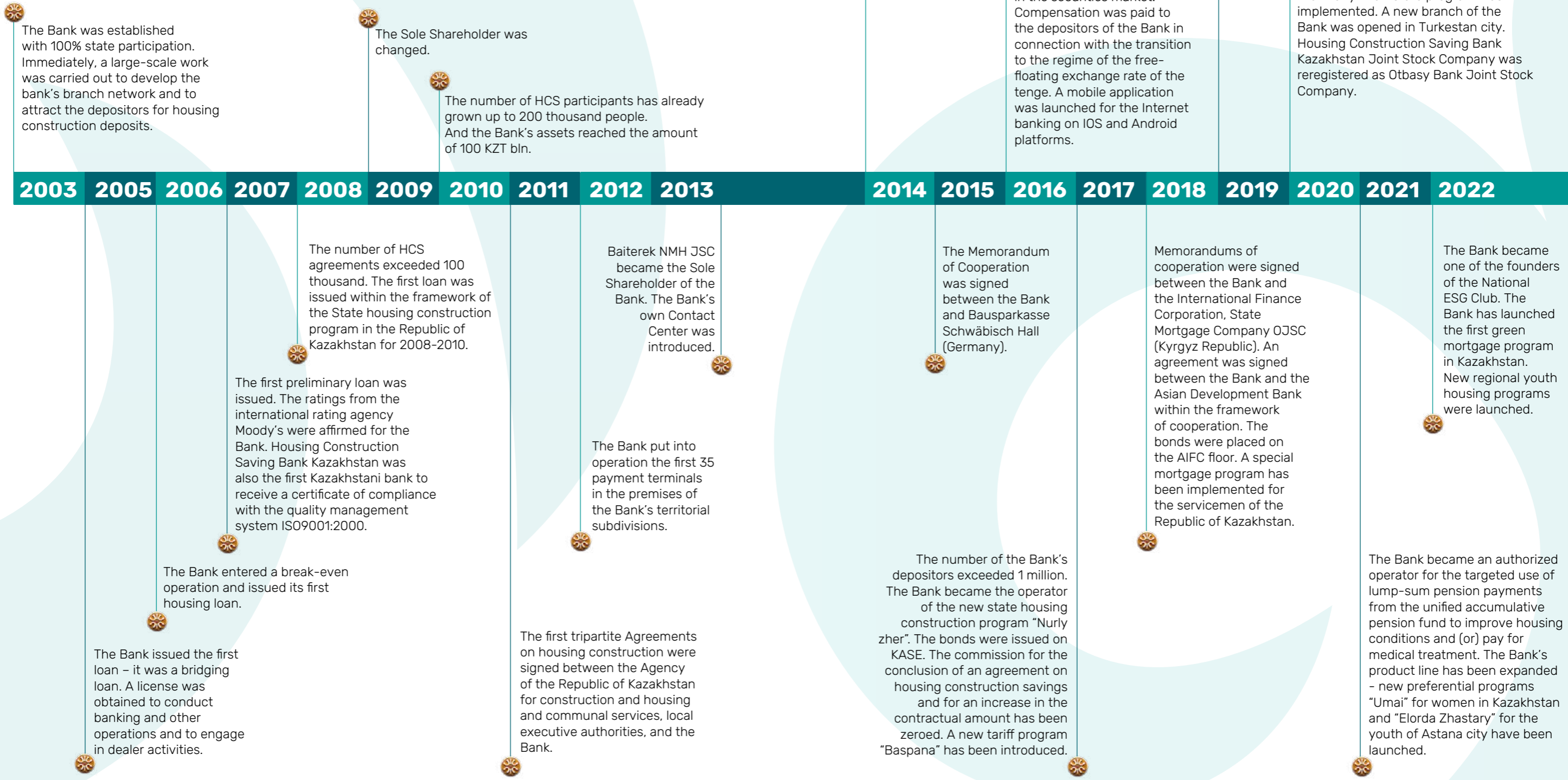
The depositor also has the opportunity to purchase housing within the framework of state, regional, and own housing construction programs.

HOUSE CONSTRUCTION SAVINGS SYSTEM



www.hosbk.kz

TIMELINE OF THE BANK'S DEVELOPMENT





MARKET PRESENCE

REGIONAL NETWORK

18 branches
3 service points across Kazakhstan

19 service centers

AGENCY NETWORK

1184 consultants

123 consulting centers

1 agent - legal entity
Kazpost JSC



CREDITING GOALS

The Bank provides its depositors with housing, interim and preliminary housing loans for the implementation of measures to improve housing conditions, namely:

- 1 Construction (including acquisition of a land plot), acquisition of a dwelling, including by exchanging it for the purpose of improvement.
- 2 Home renovation and modernization (including purchase of construction materials, payment for contract work).
- 3 Repayment of obligations that have appeared in connection with measures to improve housing conditions.
- 4 Making a down payment for obtaining a housing mortgage loan from banks and organizations that perform certain types of banking operations.
- 5 Major repairs of the shared property of the condominium object.

The Bank is constantly working to ensure equal access to its services for all Kazakhstan people in all regions of the country. The Bank strives to ensure that the branches are located as conveniently as possible for customers, in terms of their residence, place of study, work, taking into account the transport and social infrastructure.

Today, the Bank has a developed network of consultants (agent network) through which the

customers can receive consulting services on the Bank's products and services, open deposits online, submit an application for a loan, update certain types of details without visiting the Bank.

The Bank is constantly working on the development of remote service channels. In 2021, a pilot project was launched for the remote opening of deposits through "Video Service" with the use of biometric verification of the KCIBS NB RK.

JSC «NUH «Baiterek» owns

7 830 000

ordinary shares of the Bank

MEMBERSHIP IN INTERNATIONAL ORGANIZATIONS

European Federation of Building Societies (EFBS)

The EFBS is an association of credit and other institutions promoting and supporting housing finance. The Federation was founded on 29 August 1962 and is one of the first credit federations at the European level. As Europe moves towards political and economic integration, the Federation promotes the idea of home ownership, represents the interests of its members in the European Union, ensures that its members are informed about the progress in European unification and about the relevant measures taken by the European Union authorities. The Federation also supports and intensifies mutual information and exchange of experience among its members in the field of housing finance and housing policy. Today, the

association has 45 members throughout Europe and Asia. The full membership of Otbasy Bank in the EFBS represents a unique opportunity for the further development of Kazakhstan's housing construction savings system and for promoting the process of integration into the world community of building societies.


International Union for Housing Finance (IUHF)

In September 2014, the IUHF made a resolution to include Otbasy Bank as a member of the organization. This resolution came into force on 1 January 2015. The IUHF was founded in 1914 and is an organization that allows its members to keep abreast of the latest developments in the field of housing construction financing around the world.

MEMORANDUM OF COOPERATION

- Bauschparkasse Schwabisch Hall (Germany)
- State Mortgage Company JSC (Kyrgyz Republic)
- International Finance Corporation
- National ESG Club

 Schwäbisch Hall

 ГОСУДАРСТВЕННАЯ ИПОТЕЧНАЯ КОМПАНИЯ

 IFC | International Finance Corporation
WORLD BANK GROUP

 ESG

SOLE SHAREHOLDER

Baiterek NMH JSC is the Sole shareholder of the Bank with 100% ownership and use rights of the state block of shares. Since 2013, 7,830,000 ordinary shares of the Bank were owned by Baiterek NMH JSC.

The mission of NMH Baiterek JSC is the sustainable development of the Republic of Kazakhstan and achievement of the goals of «Strategy 2050».

One of the key tasks of NMH Baiterek JSC is to support the urbanization of the economy, which is solved within the framework of the strategic direction of Baiterek NMH JSC «Providing the population with housing». The activity of Baiterek NMH JSC on increasing housing affordability is implemented by a subsidiary organization - Otbasy Bank.



CENTRAL OFFICE STRUCTURE

Attachment No. to the Resolution of the Board of Directors of JSC «Otbasy Bank» dated August 26, 2022 (Protocol No. 10)

The organizational structure of the Bank contributes to the effective solution of the strategic goals and objectives set before the Bank. In the reporting year, no changes or additions were made to the organizational structure of the Bank.

THE ORGANIZATIONAL STRUCTURE OF JSC "OTBASY BANK"



www.otbasy.kz

The structure of the Central Office of the Bank is divided into the following blocks:

1

Business Development Block supervised by Deputy Chairman of the Management Board of the Bank – Akshanov N.S. This block includes 4 subdivisions of the Bank: Department of Sales and Regional Development, Director of the Department – Baltabayeva R.A.; Remote Service Department, Director of the Department – Cherniyazov A.A.; Marketing Department, Acting Director of the Department – Muratov M.M.; and the branches.

Division	Staffing	Actual number	Women	Men
Sales and Regional Development Department	17	17	12	5
Remote Service Department	39	37	26	11
Marketing Department	7	6	5	1
Branches	876	841	524	317

2

Finance and Reporting Block supervised by the Deputy Chairman of the Management Board – Aidarbekova A.K. This block includes 4 subdivisions of the Bank: Treasury Department, Director of the Department – Antonova Ye.V.; Accounting Department, Director of the Department – Kiltbayeva Zh.A.; Planning and Strategic Analysis Department, Director of the Department – Finogenova A.V.; Consolidated Reporting Department, Director in charge Sharipova A.T.

Division	Staffing	Actual strength	Women	Men
Treasury Department	8	8	6	2
Accounting Department	26	26	25	1
Planning and Strategic Analysis Department	17	17	15	2
Summary Reporting Department	13	11	11	0

3

Risk and Internal Control Block supervised by Deputy Chairman of the Management Board – Kairbekov I.U. This block includes 3 subdivisions of the Bank: Risk Management Department, Director of the Department – Matayev K.M.; Internal Control Department, Director of the Department – Dossybayeva G.Z.; Situation Monitoring Department, Director of the Department – Yeskarayeva A.Ye.

Division	Staffing	Actual strength	Women	Men
Department of Risk Management	43	43	28	15
Department of Internal Control	11	11	9	2
Department of Situational Monitoring	7	7	6	1

4

Information Technology and Digital Transformation Block supervised by the Deputy Chairman of the Management Board – Raspekova E.S. This block includes 3 subdivisions of the Bank: Information Technology Department, Director of the Department – Omarov Ye. A.; Information Systems Development and Support Department, Director of the Department – Bozzhanov N.S.; Digital Transformation Department, Director of the Department – Gertsen Ye. A.

Division	Staffing	Actual number	Women	Men
Information Technology Department	46	40	15	25
Information Systems Development and Support Department	43	41	1	40
Digital Transformation Department	41	40	11	29

5

Operating Activities Block supervised by Deputy Chairman of the Management Board – Azimbekov M.M. This block includes 4 subdivisions of the Bank: Legal Entities Department, Director of the Department – Datkayeva G.T.; Operations Department, Director of the Department – Misirova L.D.; Problem Loans Department, Director of the Department – Solovyov V.A.; First Housing Provision Center, Director of the Center – Taltusov R.A.

Division	Staffing	Actual number	Women	Men
Department of Legal Entities	9	8	7	2
Operational Department	85	85	63	22
Department of Problem Loans	7	7	0	7
Center for providing first housing	17	17	9	8

6

Information Security, Legal and Administrative Matters Block supervised by the Deputy Chairman of the Management Board – Beissembayev M.B. This block includes 4 subdivisions of the Bank: Information Security Department, Director of the Department – Suchkov D.N.; Administrative Department, Director of the Department – Nurov M.A.; Procurement Department, Director of the Department – Ismagulov G.K.; Legal Department, Director of the Department – Baktiyar A.

Division	Staffing	Actual number	Women	Men
Information Security Department	15	15	5	10
Administrative Department	10	10	4	6
Procurement Department	10	10	2	8
Legal Department	11	11	6	5

7

Block assigned to the Chairman of the Management Board – Ibragimova L.Ye. This block includes: Advisors – Alimova K.N., Imankulov R.Yu., Imanbayev D.A., Managing Director – Yakhiyev K.Ya., Managing Director – IT Architect – Mustakayev R.R., Press Service, the head – Masgutova Z.S.; Security Department, Director of the Department – Kalimzhanov A.K.; Personnel Department, Director of the Department – Aitkulov A.I., and Bank Products and Technologies Department, Director of the Department – Yendibayeva B.S.

Division	Staffing	Actual number	Women	Men
Advisor	3	3	1	2
Managing Director	1	1	0	1
Managing Director IT Architect	1	1	0	1
Press Office	4	4	4	0
Security Department	22	22	1	21
HR Department	17	17	14	3
Banking Products and Technology Department	31	31	23	8



STRATEGY



MISSION STATEMENT

Providing homes for Kazakhstani families and enhancing their sense of homeland.



VISION

By 2023, we aim to be a sustainable, high-tech, customer-oriented, and socially significant bank that upholds the principles of the housing construction savings system. We actively participate in the implementation of state programs and support the development of housing construction to provide homes for the general population.

VALUES

1 Development and innovation

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

2 Performance and Meritocracy

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

3 Team work and Respect

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

4 Initiative and Team Spirit

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

STRATEGIC DEVELOPMENT GOALS AND OBJECTIVES

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

- the share of the HCS system participants to economically active population up to 25%;
- Transfer of 100%¹ of customer service operations to online format through the introduction of advanced technologies and automation of the Bank's operations;
- Maintaining customer satisfaction index (CSI) at the level of 4.7.

Transfer

100%
of transactions online

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

Task 1.

Implementation of the state policy in the field of providing the population with affordable housing.

Strategic directions:

- transformation of the Bank into a full-fledged national development institution;
- implementation of state policies.

Task 2.

Providing the best customer service. Strategic directions:

- development of products/ services;
- development/ automation of business processes;
- development of sales/ service channels
- development of IT infrastructure;
- legislative initiatives.

Task 3.

Ensuring the Bank's sustainable development. Strategic directions:

- raising funds;
- balanced risk management;
- effective HR management system;
- maintaining financial stability.

PROGRESS MADE TOWARDS STRATEGIC OBJECTIVES IN 2022

Task 1. Implementation of the state policy in the field of providing the population with affordable housing.

During the reporting year, the Bank successfully implemented the strategic and socially significant tasks assigned to it, including active participation in the implementation of the "Nurly zher" state program and its directions – lending to people on the akimats' waiting list as part of the "Shanyrak" pilot project, lending to low-income families on the akimats' waiting list.

As part of the "Nurly zher" program, 5,157 loans were issued to Kazakhstanis in the amount of 38 billion tenge at a reduced rate of 5% per annum. The loans were issued at the expense of the balance of funds allocated in 2021 from the republican budget in the amount of 32 billion tenge, as well as at the expense of repayable funds. Additionally, the Bank was allocated 51 billion tenge from the republican budget in the direction of "Baqytty otbasy". In 2022, at the expense of these funds and the balance of funds allocated in 2021 in the amount of 70 billion tenge, 1,275 loans worth 14.7 billion tenge were issued to large and single-parent families, as well as families raising children with disabilities. Under the «Shanyrak program» in 2022, 6,005 loans were issued in the amount of 71.7 billion tenge at the expense of the balance of bond funds of the National Bank of the Republic of Kazakhstan received by the Bank in 2020-2021, own funds, budget funds in the amount of 15.3 billion tenge received in 2022, as well as repayable funds.

Implementation of a mechanism for assigning and making payments to certain categories of citizens for housing rented in private housing stock.

In April of the reporting year, the Bank implemented a mechanism for assigning and making payments to certain categories of citizens for housing rented in a private housing fund. In 2022, 50 billion tenge was provided for payments (40 billion tenge from the republican budget and 10 billion tenge from the budget

of local akimats). At the end of the reporting year, 2,335 applications were processed, benefiting large families, families raising children with disabilities, orphaned children, as well as individuals with disabilities in groups 1 and 2. The total amount of payments made was 449.8 million tenge.

Transformation of the Bank into a national development institute.

The transformation of the Bank into a national development institute is provided for by the draft Law of the Republic of Kazakhstan «On Amendments and Additions to Some Legislative Acts of the Republic of Kazakhstan on Housing Policy Reform» (hereinafter – the draft law). The main task of the Bank, as a national development institute, will be the development of housing relations to provide housing for the population. For these purposes, the Bank, in addition to its main banking activities, will be engaged in maintaining the priority of the population for housing, administering the process of housing issuance, subsidizing rental payments. In addition, the bill provides for the withdrawal of the Bank from the system of second-tier banks while maintaining partial regulation of activities by the National Bank of the Republic of Kazakhstan and the Agency for Regulation and Development of the Financial Market. At the same time, the Government of the Republic of Kazakhstan will determine the parameters of the Bank's financial stability and ensure the safety of deposits in housing construction savings. The draft law was submitted to the Majilis of the Parliament of the Republic of Kazakhstan by Resolution of the Government of the Republic of Kazakhstan No. 983 dated December 31, 2021 and is currently under consideration. After the draft law is approved, the Bank will maintain, monitor and update the Unified Republican Electronic Database of waiting lists.

Task 2. Providing the best customer service.

The Bank strives to create an infrastructure where a customer can use its products and services at a desirable time and location and i.e., in a convenient way.

To this end, the Bank has implemented the following service channels for its clients:

- bank branches (branches, service centers, service points, call centers);
- Bank consultants (consulting centers, on-site

service);

- legal agent – Kazpost JSC;
- video banking;
- online banking;
- Mobile banking app.
- Bank's partners (Kaspi.kz, E-Government of the Republic of Kazakhstan, Halyk Bank of Kazakhstan JSC, Bank CenterCredit JSC);

¹ From operations planned to be transferred online until 2023

- along with communication channels:
- The Bank’s corporate website.
- Quanysh chatbot (WhatsApp, Telegram, Instagram, Facebook, VKontakte messengers);
- the Bank’s official pages in social networks (Instagram, Facebook, VKontakte), etc.

In 2022, the Bank invested time and financial resources to actively develop its digital technologies and customer service methods.

According to the results of the reporting year, the Bank conducted 4,639,413 client operations, of which 72% (3,353,354 operations) were conducted through remote service channels. The share of operations performed

through remote channels as of 01.01.2023 is as follows:

- internet banking – 54% = 2,539,357 transactions;
- video banking – 6% = 278,887 transactions;
- agent network – 12% = 535,110 operations;

The Bank’s branches conducted 1,286,059 transactions (28% of all transactions). The level of customer satisfaction (CSI) with customer service in the Bank’s branches was 4,84 (taking into account that the rating system was implemented in May 2022).

For reference: The level of customer satisfaction (CSI) with service in the Bank’s branches is calculated in accordance with the Bank’s Methodology for working with CSI and NPS service indicators.

In 2022,



client transactions were carried out

Task 3. Ensuring the Bank’s sustainable development.

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

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

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

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

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

The financial stability of the Bank is maintained through financial management in order to achieve the strategic goals of the Bank. Due to the successful implementation of state programs and programs at the expense of the Bank’s own funds, over the past 5 years, there has been an annual increase in income, as well as in the Bank’s net profit.

The Bank also focuses its efforts on building a highly effective human resource management model and creating a team of like-minded people capable of achieving the Bank’s strategic goals and objectives. The Bank, in turn, provides employees with ample opportunities for training and development, improving their skills and competencies. In its operations, the Bank applies a modern system of recruitment, recruitment, training, career planning and effective motivation of staff using the assessment of key performance indicators (KPIs). The efficiency assessment system is implemented through a process of cascading key performance indicators from top management to administrative employees.

KEY PERFORMANCE INDICATORS

The Bank’s activities in the reporting period were carried out in accordance with the Bank’s Strategy of Development until 2023, the Bank’s Development Plan for 2019-2023, the Bank’s Articles Association and internal documents.

In accordance with the above-mentioned documents, the key indicators were set for 2022, the achievement of which is presented below:

KEY PERFORMANCE INDICATORS

Indicator name	Actual, 2020 year	Actual, 2021 year	Target, 2022 year	Actual 2022 year	Achievement, %
Share of participants in the housing savings system to the economically active population of the Republic of Kazakhstan, %	20,3	23,5	26,3	26,7	102
ROE, %	12,05	19,81	19,82	22,77	115
Agreements on housing construction savings, units	486 314	601 370	-	618 422	-
Amount of housing loans issued, KZT mln	609 414	1 235 168	1 017 431	1 381 599	136

The actual share of participants in the housing construction savings system in the economically active population at the end of 2022 was 26.7%. 2 520 thousand participate in HCS. With the target of 26.3%, 104% of the plan was achieved.

The return on equity at the end of the reporting period was 22.77%, which is a consequence of the receipt of positive retained earnings for the current period at the level of 96 billion tenge with the target of 84 billion tenge.





ACTIVITY RESULTS

IMPACT OF COVID-19

In 2022, COVID-19 ceased to be a source of serious strain on the country's economy, as in the first year of the pandemic, but its strains are still circulating and continue to mutate. For 2.5 years, humanity has faced six options-alpha, beta, gamma, delta, omicron, Cerberus.

Based on the experience of the pandemic, in 2022 no decision was made to introduce an emergency regime, as it was at the beginning of the pandemic. Taking into account the epidemiological situation, restrictive measures were revised, which were later partially lifted.

Despite the deterioration of the economic environment caused not only by the consequences of the spread of the COVID-19 pandemic, but also by the tragic events of January in Kazakhstan, the Bank continued to follow the plan for the implementation of its activities. The Bank's approach to this crisis was prepared due to its earlier systematic work to ensure financial stability. Sanitary and epidemiological requirements for

disinfection in all Bank offices are observed on a daily basis. In 2022, 133 COVID-19 infections were detected among the Bank's employees. As of 2023, 100% of the Bank's employees have recovered. The measures taken by the Bank to combat the spread of COVID-19 showed timeliness and effectiveness, the situation was brought under control, a serious decline in the main performance indicators, and even more so, there were no business stoppages or staff reductions, and salaries were paid to employees on time.

In 2022, a new share of the Bank's customers was served online, thanks to the Bank's transfer of 69% of customer service operations online.

Kazakhstan's foreign trade turnover in 2022 amounted to 134.4 billion US dollars, showing an increase of 32% compared to last year. In particular, exports increased by 40% to \$ 84.4 billion, while imports increased by 21% to \$ 50.0 billion.

The inflation rate in 2022 amounted 20.3%. Prices of food and non-food products continue to show the highest growth in annual inflation. Prices for food products increased by 25.3%, non-food products – by 19.4%, paid services – by 14.1%, according to the Bureau of National Statistics.

At the end of 2022, the tenge exchange rate weakened against the dollar by 7.1%. In 2022, the worsening geopolitical situation and unfavorable conditions in global financial markets had a negative impact on the dynamics of the national currency. According to the National Bank of the Republic of Kazakhstan, the average exchange rate of the US dollar to tenge in 2022 was 459.13 tenge per dollar, against 426.08 tenge per dollar in 2021.

ECONOMIC ENVIRONMENT

Macroeconomic indicators

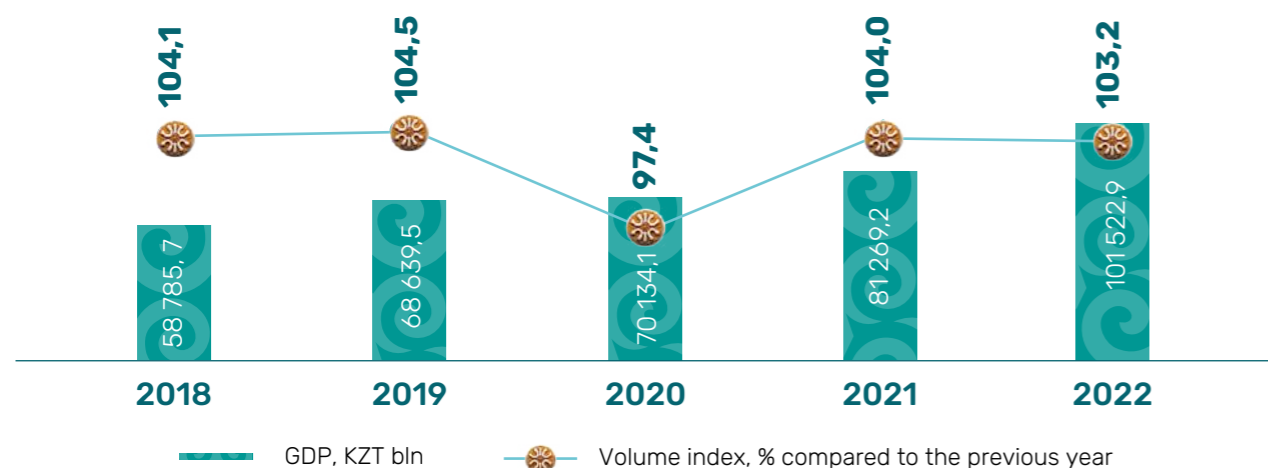
The year 2022 began with a conflict between Russia and Ukraine and brought with it many unprecedented economic and social challenges for a number of states, including Kazakhstan. Disruption of production, logistics and trade links amid geopolitical tensions led to a drop-in business activity and spurred a widespread increase in prices for goods and services.

Kazakhstan is closely connected with Russia and Ukraine by a common cultural space. But thanks to the Government's systematic actions, it was possible to significantly mitigate the impact of external shocks and create conditions for further economic growth.

As a result, Kazakhstan's energy sector grew by 3.2% in 2022. The gross domestic product (GDP) of Kazakhstan in 2022 in real terms increased by 3% compared to the previous year, amounting to 101.5 trillion tenge (In 2021, the country's GDP indicator increased by 4%).

Within industries, positive growth rates were recorded in the following areas: construction, agriculture, information and communication, manufacturing, trade, transport and warehousing. In the mining industry, the growth rate decreased by 1%.

DYNAMICS OF GROSS DOMESTIC PRODUCT OF THE REPUBLIC OF KAZAKHSTAN



Kazakhstan's foreign trade turnover for 2022 is



billion US dollars

The Ministry of National Economy of the Republic of Kazakhstan has developed three scenarios for 2023-2027, taking into account the prospects for the development of the global economy, the situation on the commodity and financial markets, as well as risks that may have a negative impact on the socio-economic development of the country.

The baseline scenario

provides for a gradual increase in the global economic growth rate, a decrease in the inflationary background, stabilization in the financial and commodity markets, as well as the epidemiological situation. In advanced economies (the US, the Euro area), business activity is expected to increase at a moderate growth rate. Developing countries will adapt to changes in global economic processes and build new economic and logistical links.

The best-case scenario

implies an improvement in the global economic development indicators. A favorable situation on global markets, reducing the risks of further spread of coronavirus and minimizing disruptions to global supply chains will lead to normalization and a rapid transition to the new realities of globalization. These processes will lead to a dynamic growth of economic activity in both developed and developing countries.

The worst-case scenario

is characterized by the onset of an unfavorable situation caused by a slowdown in the process of adaptation of developing countries to volatility and an aggravation of trade and sanctions confrontations. A shortage of goods, limited services and a critical level of uncertainty will push for a low-risk investment strategy, which will significantly restrain the growth of economic activity and recovery processes.

In the basic scenario of forecasting the macroeconomic parameters of Kazakhstan's economic development, the oil price is set at \$80 per barrel. Based on assumptions based on the input parameters of the forecast, the average annual economic growth will be 4.0%, the average growth rate of production of goods

will be 3.8%, services-4.0%, and the FFI of net taxes will grow by an average of 5.3% per year. Stable economic growth parameters will have an impact on the progressive increase in incomes. In 2023, revenues are expected to reach 11,940. 6 billion tenge, with an increase to 14,027. 6 billion tenge in 2025.

Key Banking Sector Figures

As of the end of 2022, there are 21 second-tier banks operating in Kazakhstan. The total assets of second tier banks last year increased by 19% last year and amounted to 44.6 trillion tenge.

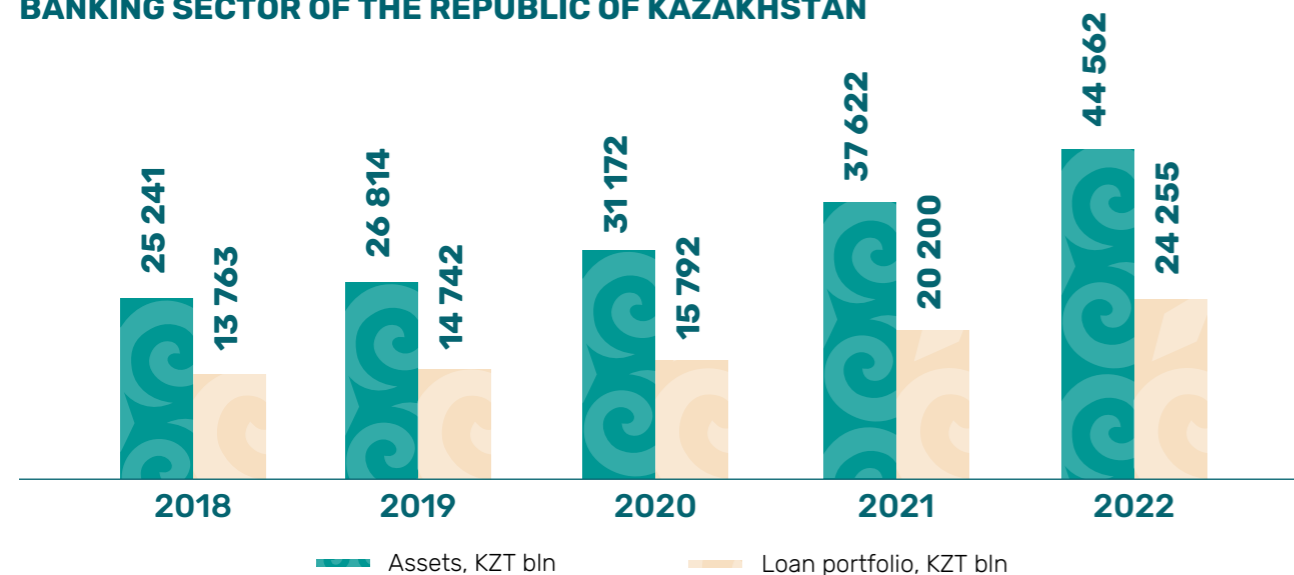
In the structure of total assets, the largest share is occupied by the loan portfolio – 54%. In 2022, the loan

portfolio of banks increased by 20% to 24.3 trillion tenge. The volume of loans for construction and purchase of housing increased by 40% and amounted to 4.9 trillion tenge. In the meantime, the volume of overdue loans for construction and purchase of housing significantly decreased – from 43.3 billion tenge in 2021 to 30.7 billion tenge at the end of 2022.

Total assets of STB in 2022



DYNAMICS OF ASSETS AND LOAN PORTFOLIO OF THE BANKING SECTOR OF THE REPUBLIC OF KAZAKHSTAN



STRUCTURE OF THE LOAN PORTFOLIO OF THE BANKING SECTOR OF THE REPUBLIC OF KAZAKHSTAN

	01.01.2022		01.01.2023		Growth, B %
	Amount, billion tenge	as % of total	Amount, billion tenge	as % of total	
Loan portfolio (principal debt)	20 200	100,0	24 255	100,0	120
Loans to banks	114	0,6	109,9	0,5	96
Loans to legal entities	3 709,9	18,4	4 354,0	18,0	117
Loans to individuals, including:	10 038,7	49,7	13 182,5	54,4	131
for construction and purchase of housing, including:	3 425,4	17,0	4 802,2	19,8	140
– residential mortgage loans	3 255,7	16,1	4 644,3	19,1	143
Consumer loans	6 063,5	30,0	7 686,8	31,7	127
Other loans	549,9	2,7	693,4	2,9	126
Loans to small and medium-size businesses (RK residents)	5 487,6	27,2	6 380,5	26,3	116
Reverse REPO	850,2	4,2	227,8	0,9	27

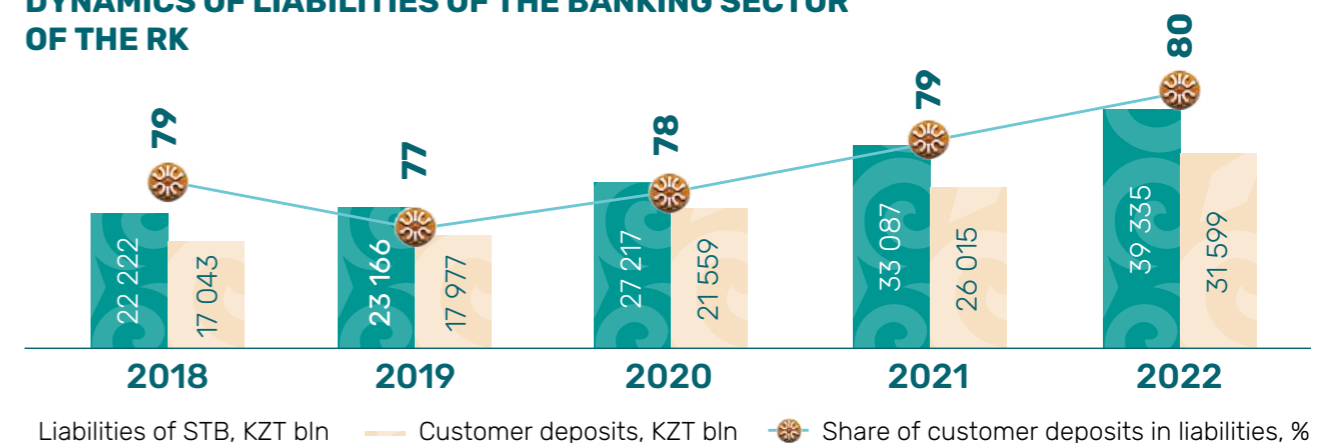
In fact, the only active participant in the mortgage market among second-tier banks in recent years is Otbasy Bank. The Bank's loan portfolio grew by 43% in 2022 from 22,1 trillion to almost 3 trillion tenge. For

the seventh year, about 60% of the volume of loans for construction and purchase of housing is issued annually by Otbasy Bank.

BANK'S SHARE IN TOTAL STB LENDING FOR THE CONSTRUCTION AND PURCHASE OF HOUSING, %



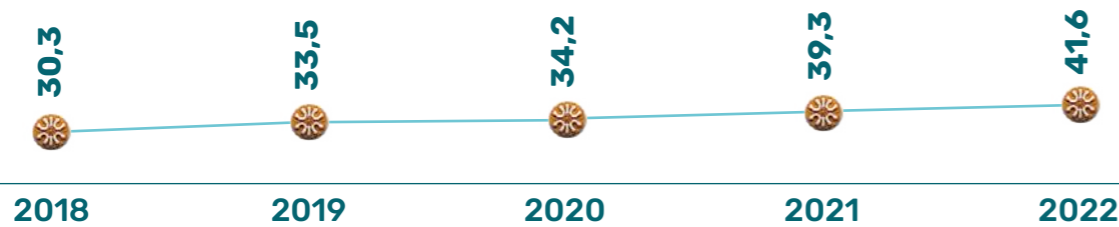
DYNAMICS OF LIABILITIES OF THE BANKING SECTOR OF THE RK



Household deposits in all second-tier banks in 2022 increased by 26% and amounted to 16,903 billion tenge, while the volume of deposits directly to Otbasy Bank increased by 4.2% (from 1,509 billion tenge as of 01.01.2022 to 2,141 billion tenge as of 01.01.2023). Otbasy Bank has been ranked 1st among all STBs

in terms of long-term deposits of the population in tenge for several years. As of 01.01.2023, the number of existing housing construction savings system contracts is about 2,549 thousand with savings in the amount of 2,141 billion tenge.

BANK'S SHARE IN THE LONG-TERM HOUSEHOLD DEPOSITS MARKET, %



The net profit of the banking sector in 2022 amounted to 1,466 billion tenge. ROA was 3.29% (3.76% in 2021), ROE – 28.04% (30.44% in 2021). Meanwhile, Otbasy Bank's profit in 2022 amounted to 96 billion tenge, as opposed to 15% which was the target. Otbasy Bank's strong performance in 2022 is supported by its competitive advantages, which allow the Bank to adhere to its successful development strategy.

A positive impact on the increase in Otbasy Bank's market share and the growing interest in housing construction savings was provided by a moderate increase in the activity of second-tier banks and mortgage companies in the market of lending to the population for construction and purchase of housing, the introduction of new state programs for construction and providing affordable housing to Kazakhstanis. There was a steady increase in the number of participants in the housing construction savings system, which, accordingly, led to an increase in the deposit base and the volume of lending to the population of the Bank.

Compared to other second-tier banks in the country, the following strengths and weaknesses can be identified:

Net profit of the banking sector



Strengths

1. Low interest rates on loans, state premium.
2. Significant customer base.
3. Developed agent network (network of consultants).
4. State interest in the Bank's equity. Financial agency status.
5. Participation of the Bank, as an operator, in the implementation of the state housing construction programs and other specialized projects.
6. Special tax benefits for participants of the Otbasy Bank system.
7. Steady growth of financial indicators.
8. High indicator of the degree of confidence.
9. Use of modern information technologies and platforms.
10. High credit rating among banks.

Weaknesses

1. Limited product line and operations.
2. Decrease in the purchasing power of the population.
3. Imperfection of the legal framework in terms of restrictions on possible services for implementation.
4. Lack of maneuverability/ flexibility (from purchasing to decision-making).
5. High sensitivity of the business model: the construction industry was significantly affected by the financial crisis.

In the long run, the Bank intends to use its strengths to improve its position in the market and to work on further elimination of existing weaknesses.

OPERATING PERFORMANCE

Acceptance of deposits

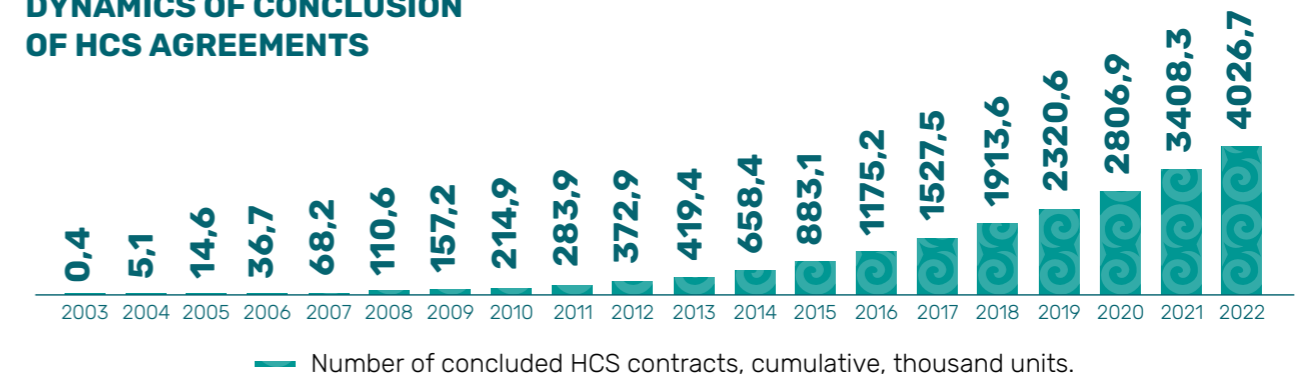
By the end of 2022, the Bank's deposit base reached 2,141 billion tenge, an increase of 42% compared to 2021.

The Bank has a single, customer-friendly tariff program "Baspana", which allows a depositor deciding for himself/herself how many years he/she will be accumulating, at what interest he/she wants to get a housing loan. It requires accumulating 50% of the contractual value. The rate of return on savings is 2%

per annum (AERR – up to 14% per annum (including government premium)).

The monthly amount of contributions is calculated so that if they are paid evenly over the accumulation period, the client will reach the required value of the estimated indicator at the end of the accumulation period. The value of the estimated indicator increases when the depositor makes early payments at the initial stage of accumulation.

DYNAMICS OF CONCLUSION OF HCS AGREEMENTS



The rate at which the Bank enters into contracts shows a rapid and consistent increase in public participation in the development of Kazakhstan's housing and construction savings system. For the entire period of the Bank's activity, the number of concluded

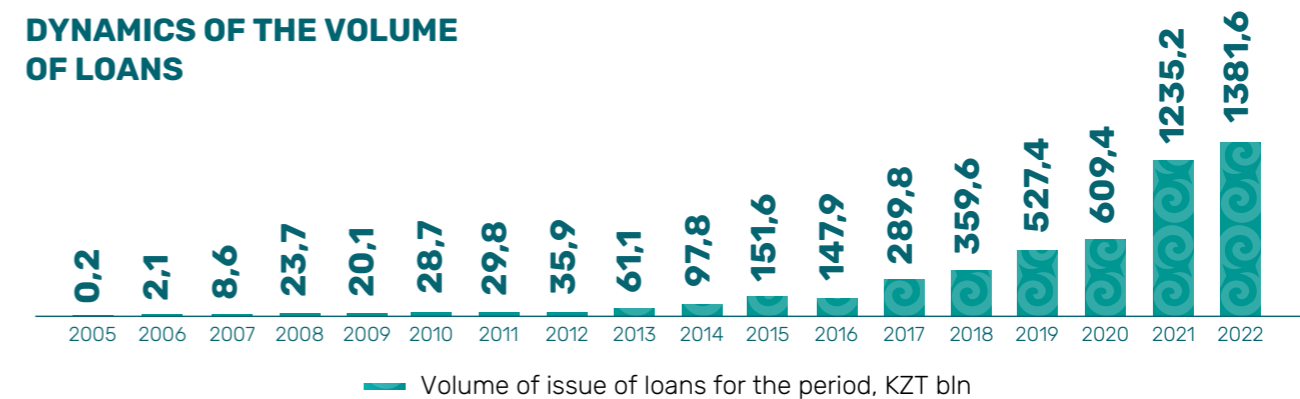
HCS agreements amounted to over 4.0 million, the contractual amount for them reached 14.2 trillion tenge. At the end of 2022, there are about 2.55 million housing and communal services contracts in force, which is 1.4% higher than in 2021.

Issue of loans

As of 01.01.2023, the Bank issued 437 thousand loans totaling 4.9 trillion tenge. In 2022 alone, 79.9 thousand loans totaling 1.4 trillion tenge were issued. The Bank's

loan portfolio grew by 43%, amounting to almost 3 trillion tenge.

DYNAMICS OF THE VOLUME OF LOANS



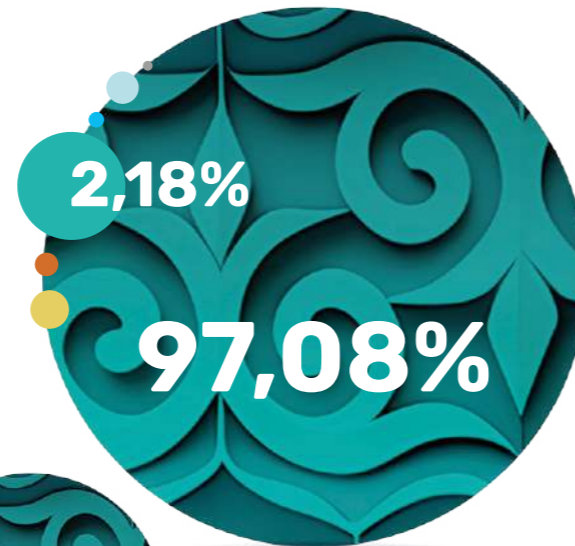
The Bank shows a steady growth in loan issuance throughout the entire period of its activity. The dynamic growth of the loan portfolio since 2021 is due in particular to lending to the population under the

state housing construction program «Nurly zher», the market program «Svoy Dom», the program for military personnel and other regional programs of the Bank.

LOAN STRUCTURE BROKEN DOWN BY PURPOSES

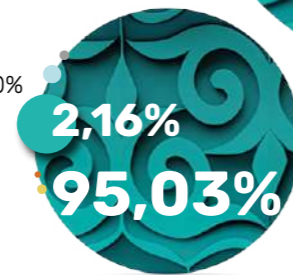
2022

- Making an initial payment - 0,01%
- Purchase of housing - 97,08%
- Purchase of housing under state programs - 0,32%
- Purchase of land plot - 0,02%
- Repair and modernization of housing - 2,18%
- Refinancing - 0,04%
- Construction - 0,36%



2021

- Making an initial payment - 0,49%
- Purchase of housing - 95,03%
- Purchase of housing under state programs - 1,70%
- Purchase of land plot - 0,00%
- Repair and modernization of housing - 2,16%
- Refinancing - 0,07%
- Construction - 0,54%



For reference. Credit products of the Bank

The Bank provides its depositors with housing, bridge and preliminary housing loans in order to take measures to improve the housing conditions.

Housing loan

is issued under the obligatory condition of accumulating the minimum required amount, observing the accumulation period (at least 3 years), reaching the minimum value of the estimated indicator set individually for the tariff program, confirming solvency and providing collateral sufficient to cover the amount of the loan issued. Lending term – from 6 months to 25 years, interest rates on the loan are from 2% to 5% per annum (AERR from 2.1% per annum).

Bridge housing loan

is issued subject to early accumulation or a one-time payment of the minimum required amount (at least 50% of the agreement value) with subsequent lending within the agreement value, as well as confirmation of the solvency and sufficiency of collateral. The term of the loan is up to 25 years, the interest rates on the loan are from 2% to 12% per annum (AERR from 2.1% per annum).

Preliminary housing loan

is issued within the framework of the state programs and the Program "Svoy Dom". During the period of using the preliminary housing loan, the borrower repays only the interest on the loan and at the same time makes contributions to his/her deposit until 50% of the contractual value is reached. After the expiration of the accumulation period, the accumulated savings and housing loan are paid, which are used to repay the preliminary housing loan. The maturity and simultaneous accumulation period for the preliminary housing loan is up to 8 years, the interest rates on the loan are from 2% to 8% per annum (AERR from 2.1% per annum).

The Bank receives most of its income from interest payments on loans issued (as of 01.01.2023, interest payments on loans account for 50% of total income).

The Bank's most profitable product is bridge loan. In 2022, the volume of bridging loans issued amounted to 90% of the total amount of loans issued.

Evaluation of planned indicators

ASSESSMENT OF THE BANK'S CORE BUSINESS RESULTS

Indicator name	Actual, 2019	Actual, 2020	Actual, 2021	Target, 2022	Actual, 2022	Achievement, %
Housing construction savings agreements, units	406 954	486 314	601 370	-	618 422	-
Volume of loans issued, mln tenge.	527 428	609 414	1 235 168	1 017 431	1 381 599	116

Analysis of the Bank's key indicators shows steady growth, which reflects the demand, competitiveness and flexibility of the Bank's products in the Kazakhstan financial market.

Social focus product

The Bank's activities and its product line have a significant social and economic impact. The Bank pays special attention to ensuring that the interests of all social groups are taken into account when developing the product line, and is constantly working on the development and adaptation of its offer.

In 2022, the Bank continued to implement the Umai Women's program. In 2022, new mortgage conditions were adopted – the total family budget threshold was increased to 640,000 tenge (if the monthly family income does not exceed 550,000 tenge, the initial payment will be from 15%, if the income is from 550,001 tenge to 640,000 tenge, the loan can be obtained if available from 20% of the cost of housing). In the reporting year, the Bank received the second tranche of loans from the Asian Development Bank in the amount of 14 billion tenge. Additionally, the Bank allocated its own funds for the implementation of the program. By the end of 2022, 2,300 loans were issued for a total amount of 25.3 billion tenge (including the Bank's own funds).

It should also be noted that 2022 was a breakthrough year for launching youth housing programs in the regions. Housing programs for young people were implemented in Almaty, Astana, Atyrau, Karaganda, Kostanay, Zhambyl, West Kazakhstan, Aktobe, Zhetysay, Abai regions. The programs enabled young teachers, doctors, journalists, cultural workers, sports workers, social workers, employees of public utilities, police departments, and emergency departments to get more favorable and affordable loans. The total budget of the Bank and akimats for the implementation of regional housing programs amounted to 63.98 billion tenge.

Additionally, as an operator of the Concept for the Development of Housing and Communal Infrastructure

until 2026, the Bank provides loans to socially vulnerable segments of the population who are on the waiting list for local executive bodies. Socially vulnerable segments of the population include large families and mothers, orphans or children left without parental care, and so on. Under these programs, the Bank issues preliminary housing loans at interest rates of 2% and 5% per annum, depending on the category of citizen.

Of these, the following companies were eligible for 2% p. a. payments:

- orphaned children, children left without parental care;
- mothers of many children who were awarded the pendants «Altyn alqa», «Kumis alqa» or who previously received the title «Mother-heroine», as well as those awarded the orders «Maternal Glory» of I and II degrees, large families. The total average monthly income of these categories of citizens must be less than 3.1 times the subsistence minimum established for the corresponding financial year by the law on the republican budget for the last twelve months before applying for housing for each family member;
- civil servants, employees of budgetary organizations, military personnel, candidates for cosmonauts, cosmonauts, employees of special state bodies and persons holding state elected positions;
- veterans equated in terms of benefits to veterans of the Great Patriotic War;
- veterans of military operations on the territory of other states;
- persons with disabilities of the first and second groups;
- families that have or are raising children with disabilities;

- persons suffering from severe forms of certain chronic diseases listed in the list of diseases approved by the authorized body in the field of healthcare;
- old-age pensioners;
- kandas;
- persons who have lost their homes as a result of environmental disasters, natural and man-made emergencies;
- families of persons who died (died) in the performance of state or public duties, military service, during the preparation or implementation of a flight into outer space, while saving human life, while protecting law and order;
- single-parent families.

Environmental focus product

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

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

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

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

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

The main condition for implementing the program is that the purchased housing meets the «green standard» certified according to one of the existing

All participants of the programs purchase housing built by local executive bodies at the expense of credit funds.

In the reporting year, the Bank also continued the implementation of its own socially oriented project «Zhana baspana» (previously known as «Askeri baspana»). The Bank has implemented a number of measures to protect special deposits. Today, the Bank is the only bank where special deposits have a special status and guarantee of inviolability. In general, 14.7 thousand loans worth 299.2 billion tenge were issued under the program.

systems in Kazakhstan (OMIR, GOST R, BREEAM, LEED), regardless of its certification level.

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

The mortgage terms and conditions are as follows:

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

In 2023, the Bank plans to expand its list of collaborations with developers who adhere to environmental construction standards, as well as attract new sustainable investments for program implementation.

Bank commissions

The Bank has the right to charge commissions and other fees, but adheres to the policy of minimum tariffs for its services. This approach is aimed at maximizing the attraction of new clients to the housing construction savings system and contributes to the expansion of the client base.

In 2022, there were the following changes in the tariff system in terms of:

- no commission is charged for transferring funds from the client's current account, for paying the state fee for removing encumbrances, and no commission is charged for external money transfer for recipients of payments for housing rented in a private housing fund;
- no commission is charged for reviewing the loan and a reduction in the commission for organizing the issuance of a loan issued within the framework «of the Mortgage Concierge Service»;
- setting the commission for replacing the co-borrower, changing the commission for excluding the

co-borrower, as well as excluding the minimum amount of commission for changing the terms of the bank loan agreement, pledge agreement, guarantee at the initiative of the borrower;

- increase of the maximum threshold for external money transfer fees from 5,000 tenge to 10,000 tenge;
- exceptions to commission fees for assessing solvency and issuing a notification by the Bank for participants of the State Housing Construction Program in the Republic of Kazakhstan for 2008-2010 and the Affordable Housing 2020 Program under the sub-direction «Housing for Young families», as well as commissions for transferring funds from the current account of recipients of payments to pay the state fee for registering a lease contract (rent) of a dwelling;
- extension of the promotion in terms of not charging a commission for reviewing the loan and reducing the commission for organizing the issuance of a loan issued within the framework of the «Mortgage Concierge Service» in the amount of 0.25% of the loan amount.

Improvement of service conditions and procedures

The Bank strives to create an infrastructure that allows the customer to use its products and services in a convenient way, i.e. at a convenient time and location.

To this end, the Bank has implemented the following service channels for its clients:

- bank branches (branches, service centers, service points, call centers);
 - consultants of the Bank (consulting centers, field service);
 - agent-a legal entity of Kazpost JSC;
 - video banking;
 - online banking;
 - The Bank's mobile app.
 - Bank's payment terminals;
 - Bank's partners (Kaspi.kz, E-Government of the Republic of Kazakhstan, Halyk Bank of Kazakhstan JSC, Bank CenterCredit JSC, First Heartland Susan Bank JSC, Eurasian Bank JSC);
- as well as communication channels:
- The Bank's corporate website.
 - Quanysh chatbot (WhatsApp, Telegram, Instagram, Facebook, VKontakte messengers);
 - the Bank's official pages in social networks (Instagram, Facebook, VKontakte), etc.

In 2022, the Bank invested time and financial resources to actively develop its digital technologies and customer service methods.

According to the results of the reporting year, the Bank conducted 4,639,413 client operations, of which 72% (3,353,354 operations) were conducted through remote service channels. The share of operations performed through remote channels as of 01.01.2023 is as follows:

- internet banking – 54% = 2,539,357 transactions.
- video banking – 6% = 278,887 transactions.
- agent network – 12% = 535,110 operations.

The Bank's branches conducted 1,286,059 transactions (28% of all transactions). The level of customer satisfaction (CSI) with service in the Bank's branches was 4.84 (taking into account that the rating system was implemented in May 2022).

Moreover, the Bank has created the following terms of service to take care of its customers, including those with limited mobility those with disabilities:

- It is organized in the county service by freelance consultants of the Bank. Using mobile tablets, the consultant can serve clients in any place convenient for the client.
- implemented the ability to serve deaf and hard-of-hearing clients using the surd translator service through the video-service.
- The Bank's branches are equipped with ramps, elevators, tactile paving with buttons for calling a Bank employee, etc.

In 2022, the Bank granted 166 loans to clients with disabilities, totaling 1.9 billion tenge.

Participation of the Bank in the implementation of state programs in the Republic of Kazakhstan

Implementation of State housing Construction Programs in 2005-2007, 2008-2010, 2011-2014 and the Affordable Housing 2020 program

In accordance with the State Housing Construction Programs 2005-2007, 2008-2010, 2011-2014 and "Affordable Housing 2020" program, the Bank was appointed to be the operator for their implementation. Today, the specified programs have expired.

Implementation of the Regional Development Program until 2020

As a part of the Program, the Bank's depositors were issued 1,405 loans in the amount of 4.0.9 billion tenge in 2022. Over the entire period, 1,561. 6 thousand square meters of housing were commissioned, or 24,709 apartments in the direction of «Housing for all categories of the population» and «Housing for young families. Also, in 2019, 1 residential building with the total area of 3.7 thousand square meters or 72 apartments were commissioned in the direction "Housing for all categories of the population".

Implementation of the State Infrastructure Development Program "Nurly Zhol" for 2015-2019

As part of the "Nurly Zhol" Program, the Bank was the operator selling the credit housing, which is being built by construction operators – local executive bodies and Baiterek Development JSC. The implementation of this program was launched in 2015 and continues under the State housing construction program "Nurly zher"

Implementation of the State Housing Construction Program «Nurly zher» for 2017-2021 with the transition to the Concept of Development of Housing and Communal Infrastructure until 2026

During the reporting year, the Bank has actively participated in the implementation of the state program of housing and communal development «Nurly zher» (hereinafter referred to as the «Nurly zher» program»)

for 2020-2025 and its areas – lending to waiting lists of akimats within the framework of the pilot project «Shanyrak», lending to low - income families from waiting lists of akimats. In September 2022», the «Nurly zher» program became invalid and the Concept for the Development of Housing and Communal Infrastructure until 2026 (hereinafter referred to as the Concept) was confirmed. The Bank acts as the operator of the Concept and provides loans to socially vulnerable segments of the population who are on the waiting list for local executive bodies. Under the program, the Bank issues preliminary housing loans at interest rates of 2% and 5% per annum, depending on the category of the citizen. Private owners of the program purchase housing built by local executive bodies at the expense of credit funds.

In 2022, 41 objects (3,254 apartments) with a total area of 203 thousand square meters were received for implementation under state programs in the amount of 34.1 billion tenge, including:

- with «Nurly zher» – 39 objects (3,099 apartments) with a total area of 192.9 thousand square meters, worth 32.4 billion tenge
- with «Shanyrak» – 1 object (144 apartments) with a total area of 9.4 thousand square meters in the amount of 1.5 billion tenge
- according to the Concept – 1 object (11 apartments) with a total area of 734 square meters in the amount of 147 million tenge.

In accordance with the terms of the Program, starting from 2017, the Bank was allocated budget funds in the amount of 384.8 billion tenge to provide preliminary and interim loans to Program participants. As of 01.01.2023, the Bank issued 73,110 loans in the amount of 708.4 billion tenge under the Nurly zher 708,4 program.

Raised funds

The Bank's raised funds include loans received from the Government of the Republic of Kazakhstan, «National Welfare Fund» Samruk-Kazyna JSC, «NMH «Baiterek» JSC, from the national and local budgets, as well as a loan received from the Asian Development Bank.

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

In 2022, for the implementation of the first women's mortgage program in Kazakhstan, the Bank attracted borrowed funds in the amount of 14 billion tenge from the Asian Development Bank, which were fully disbursed in the reporting period. As part of the program, 2.1 thousand loans were issued in the amount of 22.9 billion tenge.

2,3

thousand loans issued

INFORMATION DEVELOPMENT

In accordance with the Action Plan for 2021-2023 to implement the Bank's Development Strategy until 2023, during the reporting period the Bank worked to develop remote and alternative customer service channels, automate business processes, modernize the IT infrastructure and ensure fault tolerance of the Bank's information systems.

Development of remote and alternative service channels

In 2022, the following operations will be transferred to online banking:

1) Changing the client's banking details (mobile phone number, identity document data, and other personal data of the client). As of 01.01.2023, more than 460 thousand transactions were conducted through the Otbasy Bank mobile application.

2) Registration of termination of encumbrance of real estate (removal of encumbrance) through the mobile application «Otbasy bank» after successful early repayment of the loan.

3) The Bank's «Electronic and Digital documents» module has been implemented in the Otbasy bank mobile application, which allows you to display/download current Bank documents and documents generated by the user for further use (multi-certificate of prequalification, certificate of HCS deposit availability, updated loan payment schedule) in order to improve customer service through remote service channels.

4) Display of restrictions on clients' products with information references in the mobile application «Otbasy bank» (notifications and warning graphic marks about arrests on the client's account with a decoding of information about the initiator and reason for the arrest, about an overdue contribution to the deposit with the possibility of replenishment of the deposit, about overdue debt on the loan with the possibility of replenishment) was implemented in order to improve customer service via remote service channels.

5) Implemented an adaptive interface theme for the visually impaired with the ability to change the contrast level, increase/decrease the font size in the mobile application «Otbasy bank» in order to improve customer service through remote service channels.



More than

460,000

operations have been performed through the Otbasy Bank mobile application

6) The functionality of transfer operations in the mobile application «Otbasy bank» has been improved – the commission for external transfers has been set up (for the purpose of paying for the rental of housing/rental of housing with subsequent purchase of housing/repayment of monthly obligations under previously received mortgage housing loan from other second-tier banks) from a special account in accordance with the List of Bank tariffs, an input field has been implemented for entering the following data following the contract: numbers and dates of conclusion of a lease/ mortgage housing loan in other STB, notification text with the requirements of the Law of the Republic of Kazakhstan «On Housing Relations» has been implemented with an acknowledgement checkbox.

7) Payment of rights and obligations for the HCS deposit (free of charge) was implemented through the mobile application «Otbasy bank» and much more according to the list of completed works.

8) Loyalty program (displaying partner ads, cross-selling, etc.) in the Otbasy bank mobile app.

9) Card functionality has been expanded in the Otbasy bank mobile app.

10) Certificates and statements have been updated, including providing a certificate on the existence of an account/accounts and a certificate on the balance of loan debt of the borrower in these languages – Kazakh, Russian and English through the mobile application «Otbasy bank».

11) Acceptance of applications for compensation on HCS deposits have been implemented through the Otbasy Bank mobile app.

12) Closing of the current individual accounts has been implemented in the mobile application «Otbasy bank».

13) The function of booking an appointment at the bank branch in the mobile application «Otbasy bank» has been implemented.

In 2022, the Bank also made improvements to the Bank's video service in terms of implementing the distribution scheme for incoming video calls. Integration of the Bank's CRM system with the video call reception system has been completed (including setting up a service for transmitting the operator's status). Reporting was developed and a new dashboard for video calls was developed with the reflection of the list of employees depending on the telephony status, the ability to receive «Digital documents» for video service operations was implemented, functionality was implemented that allows you to administer operators' working time schedules (including the ability to place/edit the text of a notification about the Bank's video service performance, in case of technical work/failure). Implemented a service that allows you to make group video calls (connect the borrower, co-borrower (s)).

As a result, during the reporting period, the share of transactions carried out in remote channels (Internet banking, in particular the Otbasy bank mobile app, video-banking) amounted to 74.3%, in absolute figures, 3.1 million transactions were carried out through Internet banking, including the Otbasy Bank mobile app, and through video-banking – 0.33 million transactions. 100,125 contracts worth 15.2 billion tenge were converted through the Contact Center, 28,162 contracts worth 8.5 billion tenge were attracted through the agency network, and 139,717 post-deposit operations were performed. The total amount of inflows on deposits attracted through VIP-banking amounted to 23.7 billion tenge.

Automation of the Bank's activities (reorganization of IT infrastructure and ensuring the smooth operation of the Bank's information systems)

In 2022, as part of the modernization of the IT infrastructure and ensuring fault tolerance of the Bank's information systems, the following measures were implemented:

1) The Sparc T7 server (1 TB RAM) was replaced with a Sparc T8 server (2 TB RAM) and the Sparc T5 backup server (500 GB RAM) was replaced with a Sparc T8 server (2 TB RAM), which allowed for a 15% increase in security and performance.

2) 3 disk array shelves were purchased, which allowed us to ensure flexibility, reliability, cross-platform compatibility, and availability of an enterprise-class

system with high performance. The increase in disk space was 18%.

3) 1 server chassis, 4 computing modules (servers) and infrastructure management software were purchased as part of the composite chassis, which made it possible to ensure scalability of the composite server architecture with the ability to programmatically manage physical resources, as well as ensuring fault tolerance by duplicating the main components. The increase in computing resources was 8%.

4) A planned upgrade was carried out, in terms of the computer fleet by 22% and peripheral equipment by 22%.

Implementation of information systems

Implementation of RPA

Innovative technology of business processes robotization (Robotic Process Automation, RPA) is one of the most powerful tools for optimizing business processes today.

The intelligent robot helps robotize many of the Bank's business processes and frees specialists from routine work.

As part of the project, in 2022, the backup of productive virtual servers was configured, the function for creating accounts was implemented, as well as the function for processing, downloading and verifying data received from the State Revenue Committee.

Development of ABIS

The Bank's ABIS Colvir must comply with requirements of the legislation, the regulator, the Tax Committee, external/internal audit and business units of the Bank. In this regard, it is necessary to constantly develop ABIS Colvir – to refine, purchase new modules, integrate with external systems, etc., provide the ability to add additional computing power.

In 2022, the following works were carried out as part of the development of the Colvir ABIS:

- development of the module «Account processing 24/7», in terms of reflecting the balance on the accounts of the General Ledger 2204 in and internet-banking;
- development of the module «Remote banking services for legal entities», in terms of implementing / automating the process of opening savings accounts, changing the terms of deposits, automating the accrual and collection of commissions on transactions of legal entities;
- development of the module «Security Server», in terms of bringing it into compliance with the requirements of the legislation in the field of information security;
- encryption of MT messages between ABIS «Colvir» and SWIFT (LOU).

Effect:

- reduction of operational risks;
- process optimization;
- compliance with Information Security requirements.

Personal Data Encryption in Databases of Information System

As part of the implementation of the recommendation of the Information Security Committee of the Ministry of Digital Development, Innovation and Aerospace Industry of the Republic

of Kazakhstan, given based on the results of an unscheduled audit, the technology for encrypting databases (MS SQL) containing personal data of limited access was introduced, exactly in the industrial environment-9 servers, in the backup environment-18 servers and in the test environment – 9 servers. When encrypting databases (MS SQL) with restricted access, cryptographic information protection tools are used that have parameters not lower than the third security level according to the standard of the Republic of Kazakhstan ST RK 1073-2007 «Cryptographic information protection tools. General technical requirements». An agreement was signed to conduct work on encrypting Oracle databases, and Oracle Advanced Security and Oracle Advanced Security Processor Perpetual licenses were also purchased for this purpose.

Data backup

For the purpose of creation of a single repository of backup copies of critical information systems, in 2022 the Oracle DBMS database was connected to the Microfocus DataProtector backup system and Oracle DBMS backup scripts were configured.

Centralized backup and integrity control of archives has been implemented. System loads are minimized. The removal of backups without interruption of work is implemented. Disk space savings have been achieved due to data deduplication during backup.

System Center Development

In order to provide a stable basis for managing the Bank's IT processes, System Center Service Manager was updated to the latest version of the software product, Microsoft SQL Server DBMS was upgraded, 85.5% of the platform usage coverage was provided on end devices, and update Availability Servers (WSUS) were deployed in all divisions of the Bank.

Development of centralized IT monitoring systems

An agreement was signed to extend the subscription to AppDynamics licenses, which allowed continuing collecting data and monitoring servers, information systems and databases connected to AppDynamics. The number of connected information systems and databases to AppDynamics has been increased, including UAPF, CRM, and also let reconfiguring servers running through a load balancer to configure effective monitoring.

First House Provision Center (hereinafter referred to as the FHPC)

In 2022, work on automation of the FHPC continued, and the following works were carried out:

- Implementation of improvements in the «Employees and Roles»;
- Implementation of the section «Monitoring Errors in the State Database (hereinafter referred to as SDB»);
- Integration with SDB, the «e-Gov External Gateway»;
- Implementation of HTTPS;
- Implementation of two-factor authorization;
- Development of mechanisms of handling errors from the e-Gov External Gateway;
- Development of processes for waiting list applicants (inventory, registration, replacement, removal, recovery and updating of data);
- Implementation of the process of automatic distribution of citizens' applications;
- Creating and signing a protocol using an EDS key.
- Reports on waiting lists.

Consultants Social Network System Development

As part of the development of the «Consultants Social Network» system, the following works were carried out in the reporting year:

- Development of prequalification and lending processes (on the basis of LSPP, as part of the «Svoi Dom» program, as part of the «Umai» program, on the basis of «Zhas Otbas» , under Equity Participation Agreements, an increase in the number of co-borrowers, as part of the «Askeri Baspana» program);
- Development of deposit service processes (printed forms, changes in bank details with the «Kandas» sign, additional checks, etc.);
- Development of the general functionality (new roles, changes to the agent card, work schedule, adding parameters for accounting for assistants, consultant indicators, etc.);
- The process of selecting a goal when opening accounts (current account, special current account).
- Acceptance of the application-consent for compensation.
- Implementation of the «Remote application for opening the first deposit» process.

Unified platform for integration with PSHEP/HSE services

In the reporting year, the following events were held:

- Added authorization tokens to all methods and enabled the HTTPS protocol;

- Implemented connection to the following services:
 - Universal service for transmitting information about individuals via the IIN using a token.
 - A service, designed to search for information about an individual's family relationships using a security token.
 - Search service for birth certificate records using a token.
 - Service for searching for legal records of marriage annulment using a token.
 - Service for finding legal records of marriage with the use of a token;
 - A service for providing full registration information about a legal entity, branch, or representative office for BIN;
 - Service (with a token) for providing information about registered titles (encumbrances) to real estate and its technical characteristics for individuals;
 - Service (with a token) for providing information about the absence (presence) of an individual's real estate (without a history);
 - Service (with a token) for providing information about the absence (presence) of an individual's real estate (with a history);
 - Service (with a token) for providing information about registered and terminated rights to real estate for individuals;
 - Service for providing information on the technical characteristics of a secondary real estate object;
 - Service for providing historical address information of an individual.
 - Service for transmitting information about the information of persons receiving social benefits and the amount of benefits paid to them.
- Integration with the IP service «Unified National accounting System for Waiting Lists» (IS «Kezekte.kz»).

Appraiser's Cabinet System Development

As part of Appraiser's Cabinet System Development, the following measures were implemented:

- Implementation of the «Combining price zones» functionality;
- Automation of review of evaluation reports using RER NDB data;
- Improvements to interfaces, reports, etc.
- Integration of the Ad Database from krisha.kz and the Appraiser's Cabinet.
- Integration with Baspana Market;
- Implementation of a model for evaluating apartments in the Appraiser's Cabinet portal.

BUSINESS PROCESS DEVELOPMENT

In 2022, the Bank completed work on the development of the core of the applied BPM 2.0 software and started work as part of the phased transition of the electronic document management system to BPM 2.0 software. 2 processes have been developed (automation of the registration process and processing of incoming / outgoing documents and automation of the registration process and processing of requests received by the Bank).

In 2022, the development of analytics using Artificial Intelligence began. A pilot test was conducted on the basis of the Landau Core system of Landau company tasks: «Investigation of the possibility of building a machine learning model capable of predicting customer outflow (in terms of deposits) based on the data available to the Bank.» The analysis was carried out on depersonalized historical data on customers

and their transactions with a savings account. Analytical models have been implemented in the areas of «Video Banking», «Jabber (Calls)». Analyses and information panels on the CSI system were built, the ODS system was integrated with the CRM system, regulatory reports were finalized (the report on the Credit Register according to the new requirements of the regulator).

In 2022, as part of the development of business processes, the Bank carried out enhancements to the Colvir automated information system (hereinafter referred to as AIS) and the BPM software. These enhancements focused on automating banking products/processes, HR processes, accounting processes, risk management processes, operational risk processes, banking document workflow processes, IT processes, and IT security processes.

FINANCIAL RESULTS OF OPERATIONS

Balance Sheet Analysis

KEY BALANCE SHEET INDICATORS

Main balance sheet items, mln tenge	2020	2021	2022	Changes 2022/2021,%
Assets	1 707 388	2 804 120	3 440 022	123
Credits and advances to customers	1 319 681	1 999 327	2 877 314	144
Investment securities at fair value through other comprehensive income	-	-	-	-
Investment securities at fair value through other comprehensive income	127 383	102 855	56 032	54
Cash and cash equivalents	138 258	595 066	327 515	55
Investment securities held to maturity	-	-	-	-
Investment securities measured at amortized cost	104 829	84 024	82 293	98
Other assets	17 237	22 848	96 868	424
Liabilities	1 424 605	2 423 017	2 977 760	123
Payables to customers	1 097 659	1 898 429	2 300 445	121
Borrowings	67 614	78 910	108 543	138
Issued debt securities	113 680	191 456	193 469	101
Other liabilities	145 652	254 222	375 303	148
Equity	282 783	381 103	462 261	121

In 2022 the Bank's assets increased by 23% or 636 billion tenge and amounted to 3.4 trillion tenge. To a large extent, the growth in assets is due to an increase in the volume of loans issued to customers by KZT 878 billion, or 44%. As of January 1, 2023, the Bank has no concentration of loans. The loan portfolio is well diversified – the share of the top 10 borrowers of the bank in the portfolio is less than 10%. Meanwhile, the share of loans with overdue payments over 90 days

is 0.07% at the end of 2022 – the lowest rate in the Kazakhstani banking system.

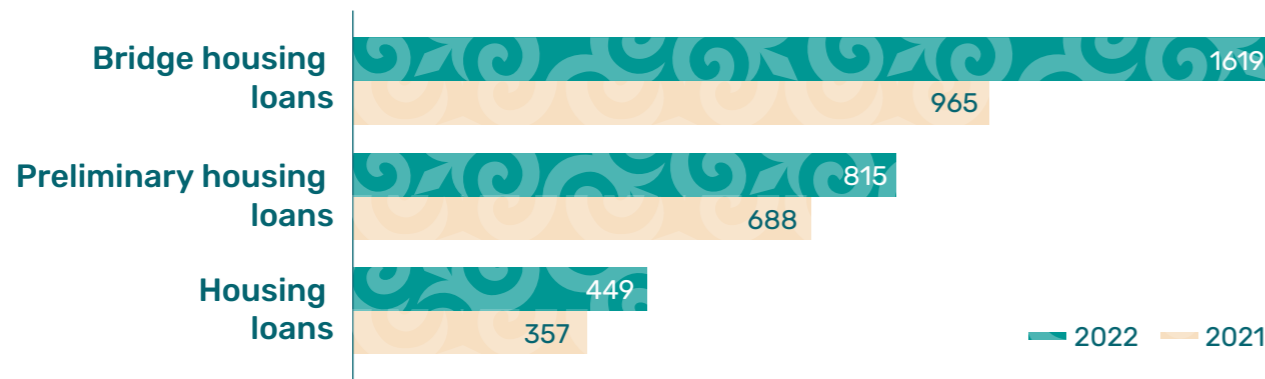
The Bank issues loans only to individuals. The bridge housing loans in 2022 increased by 68% to 1 619,2 billion tenge. Preliminary housing loans increased by 18%, and their volume at the end of the year reached 814.7 billion tenge. The volume of housing loans amounted to 449.3 billion tenge.

The Bank's operations are characterized by a low level of debt load. At the end of 2022, borrowed funds accounted for 4% of liabilities, the volume of issued securities – 6%.

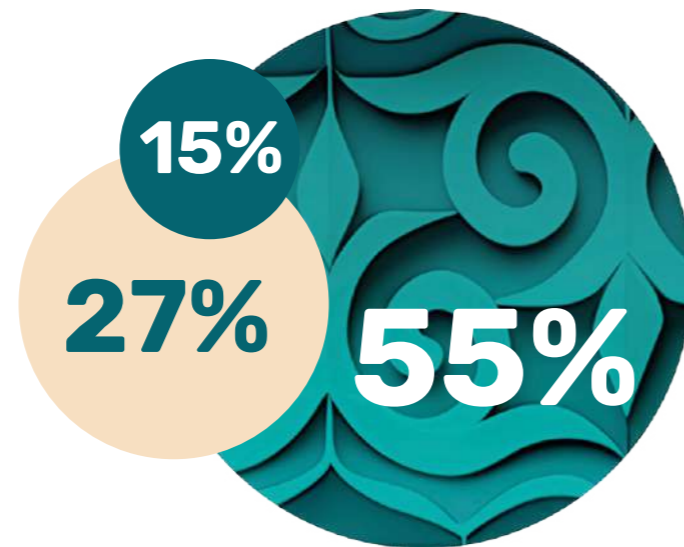
The volume of borrowed funds in 2022 increased by 29.6 billion tenge or 17%, primarily due to the provision of financing under state development programs from the Ministry of Finance of the Republic of Kazakhstan,

which accounts for 60% of borrowed funds. Also, in 2022, the Bank received the second tranche of funds from the Asian Development Bank in the amount of 14 billion tenge under the Loan Agreement for the implementation of women's mortgages.

DYNAMICS OF LOANS ISSUED, KZT BLN



LOANS STRUCTURE AT THE END OF 2021



- Bridge housing loans
- Preliminary housing loans
- Housing loans

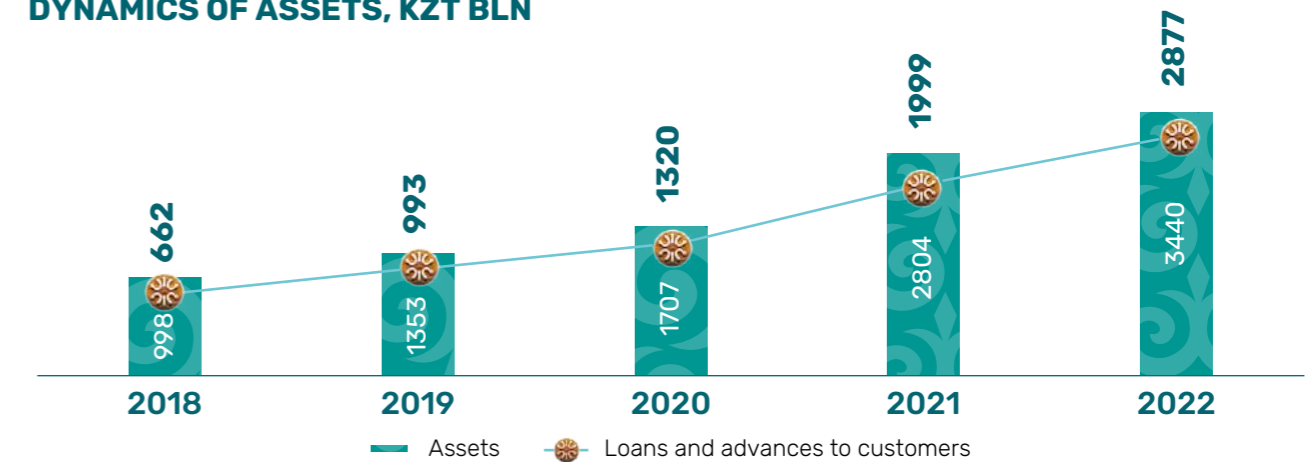
The Bank receives all its income in Kazakhstan. The Bank has no significant external clients in foreign countries. The Bank receives more than ten percent of its total revenue from the National Bank of the Republic of Kazakhstan, which amounts to 46 billion tenge in 2022 (2021: 3.9 billion tenge from the National Bank of the Republic of Kazakhstan – 39 billion).

The Bank's investments in securities account for 4% of its assets in 2022. The share of cash and cash equivalents is 10%. Investment activity is aimed at efficient management of available free funds in order to safeguard the Bank's assets. As of the end of 2022, the Bank's financial assets amounted to 458 billion tenge, including securities 212 billion tenge, reverse REPO – 16

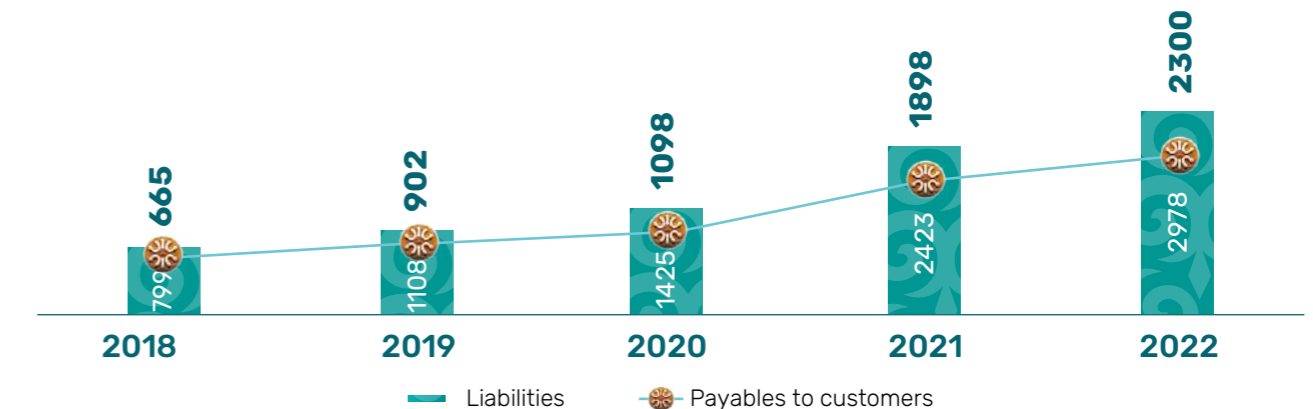
billion tenge, correspondent accounts-111 billion tenge. The share of government securities in the Bank's financial assets was 34%.

The Bank's liabilities at the end of 2022 increased by 23% or by 55 billion tenge and amounted to almost 3 trillion tenge. Customer funds account for 78% of the total liabilities. The volume of customer accounts in the past year increased by 21% or by 402 billion tenge, and amounted to 2,300 billion tenge at the end of the year. As of December 31, 2022, 190 billion tenge, or 5% of customer accounts, was due to the ten largest customers, of which 113 billion tenge was due to legal entities and 0.6 billion tenge was due to individuals.

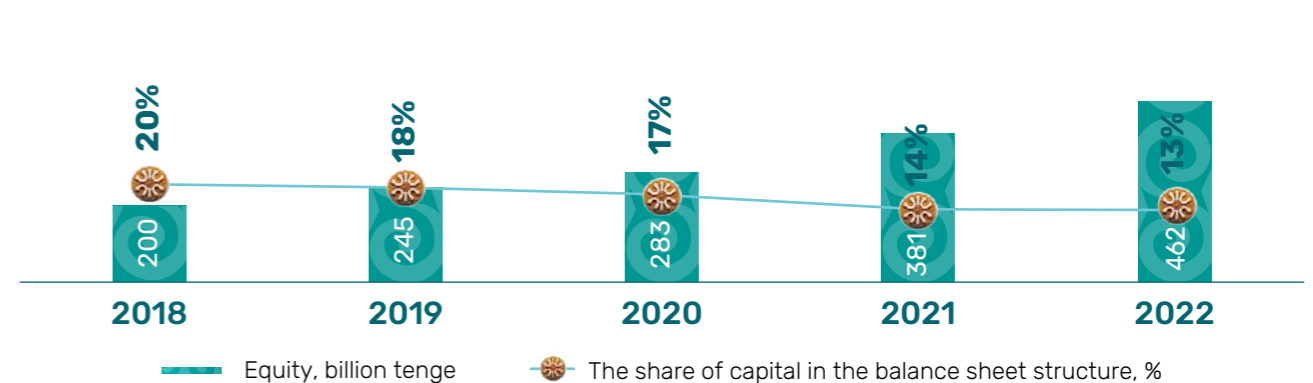
DYNAMICS OF ASSETS, KZT BLN



DYNAMICS OF LIABILITIES, KZT BLN



CAPITAL DYNAMICS



In 2022, the Bank's equity increased by 21% and reached 462 billion tenge. The increase in equity was associated with a 36% increase in retained earnings to 238 billion tenge. The share of capital in the Bank's balance sheet structure is 13%, which indicates a high financial stability and independence of the Bank's financial position.

The Bank continues to maintain a high level of liquidity and capital adequacy, which significantly exceeds the requirements of the regulator, which was the result of high-quality asset management work. Prudential capital adequacy ratios k1, k1-2, k2 in 2021 were formed at the level of 29%, almost four times higher than the regulatory values.

Key indicators	2020	2021	2022	Standard
k1 ratio	36,5%	34,6%	28,7%	not less than 5,5%
k1-2 ratio	36,5%	34,6%	28,7%	not less than 6,5%
k2 ratio	36,5%	34,6%	28,7%	not less than 8%

Analysis of the Income Statement

KEY INDICATORS OF THE INCOME STATEMENT

Main balance sheet items, million tenge	2020	2021	2022	Change, 2022/2021,%
Interest income	111 434	171 023	251 019	%
Interest expense	-35 885	-54 597	-86 245	158
Net interest income	75 549	116 426	164 695	141
Recovery / (creation) of reserve for loan impairment	-5 530	-2 406	-12 107	503
Net interest income after (creation)/recovery of reserve for loan portfolio impairment	70 019	114 020	152 588	134
Fee income	1 538	1 919	3 016	157
Fee expense	-6 637	-7 111	-7 212	101
Administrative and other operating expenses	-18 688	-22 100	-24 282	110
Other operating expenses	-13 217	-10 897	-14 542	133
Profit before tax	33 015	75 831	109 568	144
Income tax expense	-1 231	-10 076	-13 533	134
Profit for the year	31 784	65 755	96 035	146

The Bank's interest income in 2022 increased by 47% to 251 billion tenge. 69% of this amount is accounted for by interest on loans issued. Last year, interest income on loans reached 176 billion tenge, an increase of 56% compared to 2021. 16% of interest income is paid on investment securities.

The amount of interest expenses in 2022 increased by 158% and amounted to 86.2 billion tenge. The increase was mainly due to an increase in interest expenses

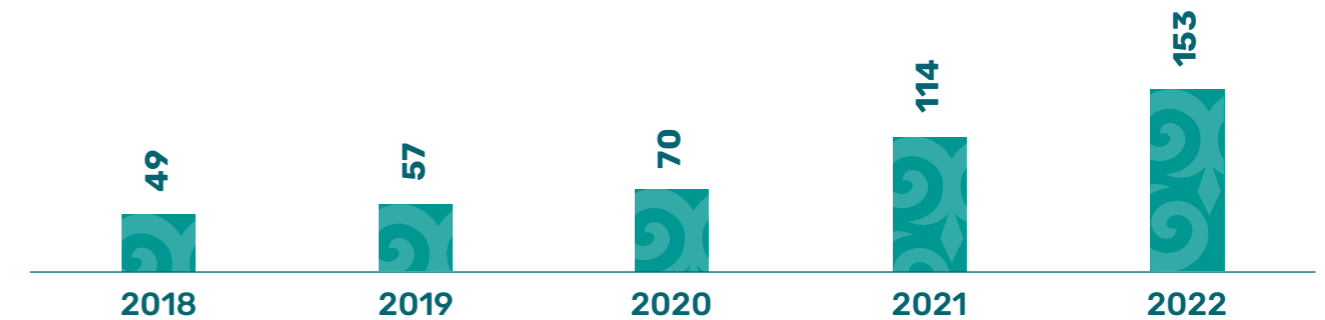
The Bank's profit for 2022 is

96,0
billion tenge

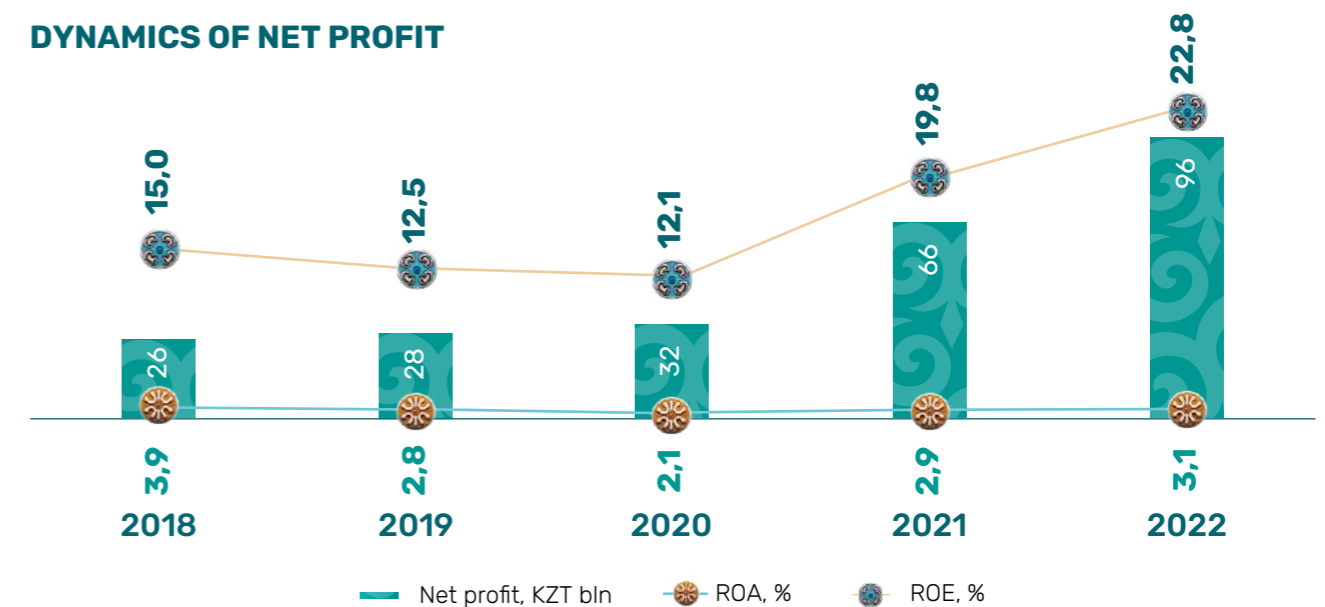
on customer accounts, which account for 62% of all interest expenses. Remuneration on customer accounts in 2022 amounted to 53 billion tenge, showing an increase of 77% by 2021. The remaining interest expense is primarily related to interest expense on issued bonds and borrowed funds.

The Bank's net interest income totaled 153 billion tenge in 2022 and increased by 34% compared to 2021. As a result, the Bank's profit for the year amounted to 96.0 billion tenge and increased by 146%. The Bank maintains sufficient profitability indicators. ROE in 2022 was 22.77%, ROA-3.08%.

NET INTEREST INCOME, KZT BLN



DYNAMICS OF NET PROFIT



Target-Actual Analysis

COMPARISON OF PLANNED AND ACTUAL VALUES OF THE MAIN INDICATORS

indicator	Unit of measurement	Actual, 2019	Actual, 2020	Actual, 2021	Target, 2022	Actual, 2022	Achievement, %
Assets	mln tenge	1 340 331	1 707 388	2 804 119	3 172 845	3 440 105	108
Equity	mln tenge	244 407	282 783	381 103	462 297	462 261	100
Liabilities	mln tenge	1 095 924	1 424 605	2 423 017	2 710 548	2 997 843	111
ROE	%	12,44	12,12	19,81	19,82	22,77	115
ROA	%	2,35	2,09	2,91	2,80	3,08	110
Deposit base	mln tenge	806 831	1 034 578	1 509 092	1 935 465	2 140 681	103
Loan portfolio	mln tenge	1 004 892	1 364 619	2 083 795	2 633 317	2 968 315	108

According to the results of 2022, the Bank demonstrates growth in all key performance indicators and exceeds the planned values. So, in particular, the deposit base exceeded the planned indicator by 3%, the loan portfolio-by 8%. This reflects the growing scale of the Bank's activities and the growing interest in the housing savings system on the part of the population. As a result, the Bank also continues to maintain high

profitability indicators, which remain above the planned values. The volume of assets and liabilities was also higher than planned.



KEY GOALS FOR 2022-2023

In accordance with the Bank's Strategy of Development until 2023 and the Bank's Plan of Development for 2019- 2023, the key indicators are identified and presented below.

Indicators	unit	2021T	2022A	2022T	2023T
Contribution of Otbas Bank to the construction of affordable housing in the Republic of Kazakhstan (for the year)	%	5,7	4,9	7,7	4,5
Share of the loan portfolio in the Bank's assets	%	74	75	86	74
Share of non-state sources of borrowing in the total borrowing structure for the reporting year	%	79	86,9	92,4	85,7
Return on assets (ROA)	%	2,91	2,80	3,08	2,71
Volume of loans issued for primary housing through the instruments of Otbas Bank JSC	KB.M	555 720	555 720	680 460	555 720
Share of participants in the housing and communal services system to the economically active population	%	23,5	26,3	26,7	27,5
Deposit base activity	%	30	32	28,4	33
Transition to servicing online	%	58	67	69	100
Staff engagement rate	rate	above average	above average	above average	above average

In 2023, the Bank also will focus on the following key tasks:

- 1) Effective personnel management system.
- 2) High confidence on the part of the population in the Bank's activities in general, as well as in the implementation of the social state programs;
- 3) Maintaining high financial stability of the HSS system implemented by the Bank and flexibility in responding to changes in market conditions by improving long-term management of financial flows and funding.
- 4) Consideration of the possibility of raising funds from alternative sources of funding.
- 5) Making amendments and additions to some legislative acts of the Republic of Kazakhstan on improving the legislative framework of activities in order to expand the opportunities and tools for solving housing issues of the population through the system of housing construction savings;
- 6) Development of remote service channels, 100% transition to online customer service.
- 7) Integration of the Bank's IT systems with the IT systems of Baiterek NMH JSC, etc.





SALES SYSTEM



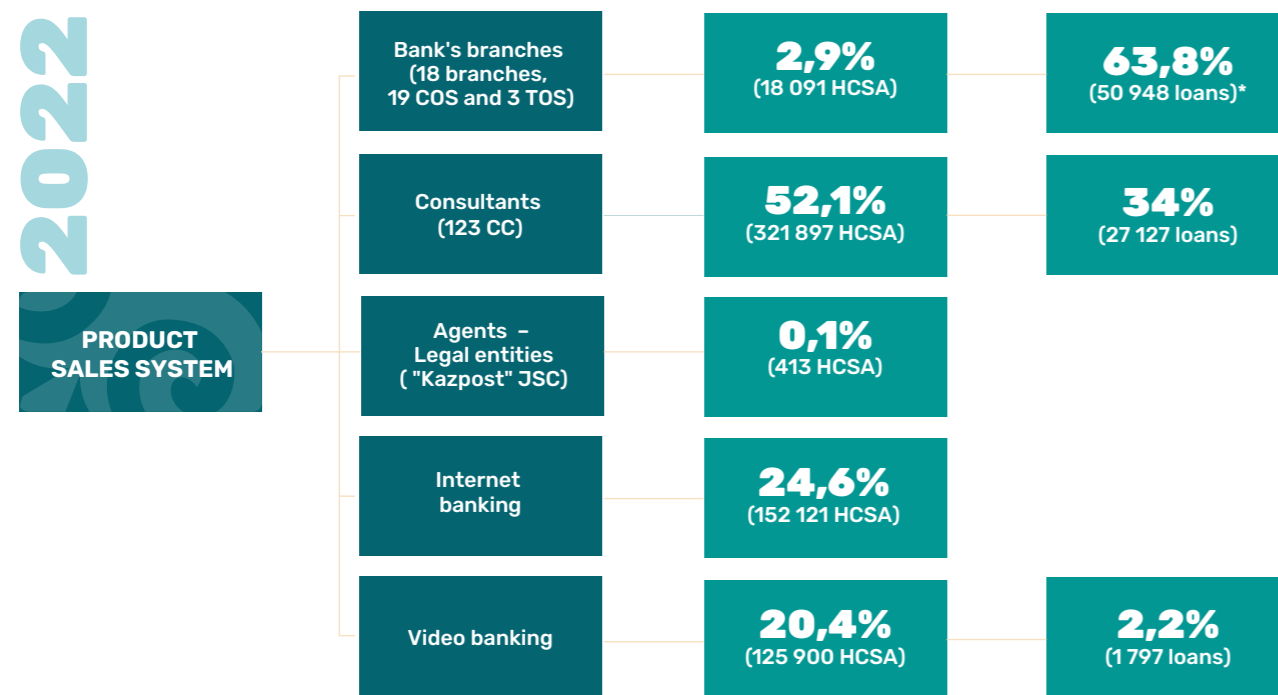
THE BANK'S ACTIVITIES

are characterized by rather high rate of development as evidenced by the growth of key indicators. Such dynamics is ensured to a large extent by the successful operation of the Bank's sales system, which includes branches, centers and service points, consultants and agents (organizations that provide agency services to the Bank under concluded agency agreements), the Internet banking and video banking.

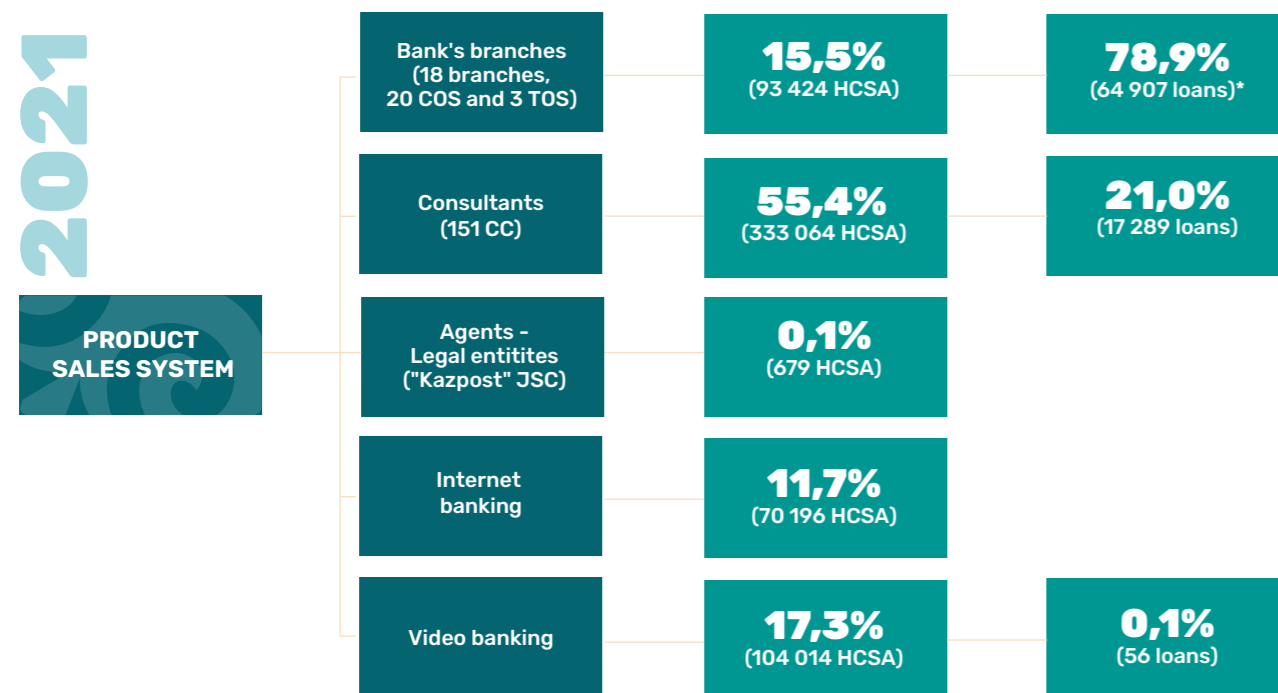
MAIN PARTICIPANTS IN THE PRODUCT SALES SYSTEM AND THE NUMBER OF HOUSINGS CONSTRUCTION SAVINGS AGREEMENTS CONCLUDED



2022



2021



* Loans excluding transfers
HCSA - housing construction savings agreements

Contact Center

The Bank pays great attention to receiving feedback from customers, striving for effective development in the interests of customers. The Bank receives feedback through written requests (received by courier, mail,

e-mail and Internet resource of the Bank) and verbal requests (received by phone and during a direct visit by the customer to the Bank). Requests, if any, are received on a daily basis.

Digital Communications Department

Since 2020, the Bank has been running the Quanysh chatbot hosted on two popular messengers – WhatsApp and Telegram. In July 2021, the Bank's CRM system was integrated with social networks, which made it possible to host the Quanysh chatbot on the official pages of the Bank on social networks such as Instagram, Facebook, VKontakte.

The Quanysh chatbot is also hosted in the Bank's mobile app, which is the second most popular communication channel after WhatsApp.

With the introduction of the chatbot, as of 01.01.2023, the Bank was able to transfer 37% of customers using voice channels to servicing via digital communication channels. At the same time, the Bank's call center short number 300 was also available to the Bank's customers. The short number of the Bank's call center 300 was also available to the Bank's customers. The average monthly number of requests to the chatbot amounted to 170,097, which increased by 423% compared to the initial data.

The chatbot advantages are that no chat will be lost under any load compared to voice communication channels. It is impossible not to accept the customer session, the customer will promptly use the service in any case and will not be left unanswered.

In 2022, more than 2 million chats and more than 59 thousand comments were processed. 31% of customers prefer to use a chatbot in the WhatsApp messenger, 23% use a chatbot in a mobile application, 4.7% log in via Telegram, and the remaining 1.6% are users of social networks.

Video Banking Management

In accordance with the implementation of strategic tasks in terms of integrated transition of the Bank's activities, business processes, competencies, corporate culture and business models to a digital Bank with the maximum use of digital technologies, the Bank is working on the development and implementation of innovative products using new technologies to form new experience. So, since 2020, the Bank has been operating a video banking service. In 2021, work was carried out to improve this service – a new remote customer service feature was launched-online deposit opening via video call. In addition, as part of the further availability of the Bank's products, an online mortgage scheme was implemented through a concierge service through video banking. This product combines the best practices of serving live communication and

The configured chatbot processed 91% of requests without transfer to the operator. Accordingly, only 9% of customers connected to the operator after consulting with the bot. This is an indicator of properly built robotics and the relevance of the posted content. of properly built robotization and the relevance of the posted content. As of today, more than 50 consultation scenarios on the Bank's products and services and 29 different banking services have been configured in the chatbot in two languages.

With the start of accepting applications for the use of lump-sum pension payments, the issue of checking the status of applications for the Unified Pension Payments (hereinafter – the UPP) has become relevant. To reduce the proportion of chats being transferred to an operator, we have implemented a feature to check UPP applications in the chat bot online.

In 2022, the average first response time did not exceed 20 seconds. While, operators process up to 21 chats simultaneously. The CSI level is 90%.

About 30 metrics have been developed to evaluate the chatbot performance, and based on these indicators, the content and functionality of the Quanysh chatbot are constantly being developed. Customer experience is constantly being studied to understand in which direction to improve digital services.

Additional functionality of the Digital Communications Management is to provide responses to citizens' requests. In 2022, "Feedback" processed more than 20 thousand official written requests, without a single complaint from users.

using digital channels-Phygital. The implementation of this functionality helped the Bank's clients to apply for mortgages remotely and reduce visits to Bank branches to a minimum, which was especially important in an epidemiological situation. In 2022, loan applications were issued for 46.4 billion tenge. Video calls helped save time for Bank customers and get services remotely for post-deposit operations. This feature was used 195 thousand times. As part of the UPP's customer support, more than 20 thousand special accounts for receiving pension funds were opened via video banking and more than 11 thousand via Internet banking. The total number of video calls served for the year was more than 344 thousand. Also, more than 3.5 million customers received audio services in 2022.

Telemarketing Department

In 2022, we continued to develop and expand the functionality of our marketing and operational campaigns. Within the framework of these events, new processes were developed that allow filling the client's card with data online.

During the year, more than 20 improvements to the CRM system were implemented to optimize the customer service process for remote service department operators (hereinafter referred to as SDO), visualize personal indicators/skill group indicators for operators/supervisors, and make improvements to the process of creating and launching marketing campaigns.

On a daily basis, the CRM system allows operators to process incoming and outgoing calls, provide feedback on requests left by the client on the Bank's official website, and provide support and support to the client. So, in 2022, DDO operators handled more than 929 thousand incoming calls, and more than 1.1 million outgoing calls were made as part of operational campaigns.

In April 2022, work was completed on the preparation and launch of a call-in campaign with an intelligent voice robot to replenish deposits of «sleeping customers» (where there are no deposits for the last 12 months), more than 6 thousand campaign participants replenished their deposits for a total of 3.1 billion tenge.

In addition, as part of the development of the intelligent robot, work was carried out to create new call scripts (CSI of the SDO operator, CSI of the Bank branch, Loans, State Bonus), train and develop the robot, develop reports on conducted calls, automate the CSI campaign of the SDO operator.

In order to meet the planned indicators for inflows and balances of the deposit portfolio of the SDO, the following were prepared and carried out:

- 17 regular marketing campaigns, inflows of which amounted to 5.7 billion tenge;
- 96 operational campaigns, during which more than 836 thousand calls were made to open a deposit;
- a large-scale UAPF omnichannel marketing campaign aimed at opening deposits, as well as replenishing deposits at the expense of UPP funds. Within the framework of the campaign, 15 thousand new deposits were opened, the total amount of inflows amounted to 11.6 billion tenge;
- in the 4th quarter of 2022, a large-scale campaign «State Award 2022» was held; inflows on deposits of campaign participants amounted to more than 131 billion tenge;
- a campaign was conducted to encourage the Bank's customers to apply for Compensation for deposits, the campaign resulted in more than 860 thousand submitted applications for a total amount of 116.1 billion tenge.

Alternative payment acceptance methods

According to the results of 2022, the number of non-cash payments made through alternative payment acceptance channels (deposit replenishment/loan repayment) amounted to 12,597 thousand in the amount of 1,857,333 million tenge.

Advertising and PR Activities of the Bank

The Bank is actively working to popularize the system of housing savings among the population and informing Kazakhstanis about the available opportunities offered by the Bank. The Bank holds major PR and marketing campaigns for this purpose. In total, the Bank prepared and published 100 press releases in the state and Russian languages on receiving the state award, on the use of unified pension payments by Kazakhstanis to improve housing conditions, implement state programs, digitalize processes, improve financial performance, benefits of implementing the housing construction savings system, and launch youth programs.

An interview with Lyazzat Ibragimova, Chairman of the Bank's Management Board, was prepared and posted on the Forbes portal about how the Bank's personnel policy is changing. The article was published under the headline «Why Otbasy Bank changed its managers 'clothes».

A video interview of Lyazzat Ibrahima on the results of 2022 was also published on the Forbes Kazakhstan YouTube channel.

Explanatory materials about the system of housing construction savings, as well as the history of the

Bank's depositors, were published in the republican newspapers "Karavan", "Vremya", "Kursiv", "Delovoy Kazakhstan", "Zhas Kazakh", "Kazakhstanskaya Pravda", "Yegemen Kazakhstan".

During the year, the Bank's representatives participated in the filming of economic, socio-political and housing programs on TV channels «Khabar», «Khabar 24», «Kazakhstan», «Almaty», «Channel 31», «inbusiness.kz», «First Channel Eurasia», etc.

Responses to requests were prepared, as a result of which explanatory materials about the Bank's products and the results of the implementation of the HCS system were published on the major information portals such as "Kursiv.kz", "Kapital.kz", "in business.kz", "Tengrinews.kz", "krisha.kz", "informburo.kz", etc. As a result, in 2022, more than 9,000 explanatory materials were published in the media with references to the Bank.

During the year, work was carried out to modernize the external site of the Bank. Updated the «Feedback» section. Landing pages were created for seven regional youth programs («Almaty Zhastary», «Alatau Zhastary», «Atyrau Zhastary», «Karaganda Zhastary», «Auleata Zhastary», «Aktobe Zhastary», «Zhetisu Zhastary»), for online mortgage and «green mortgage». The Bank Vacancy functionality has been developed and divided by region.

The results of a marketing study conducted at the end of 2022 showed that 88.1% of the total number of respondents trust the Bank. The Bank's recognition rate was 91.1%. Maintaining customer satisfaction is 96.9%.





CORPORATE GOVERNANCE

INFORMATION ABOUT SECURITIES

The Bank discloses all information necessary for the Sole Shareholder regarding the conditions and procedure for payment of dividends, the financial position of the Bank, etc. To pay dividends, the Bank follows the procedure for determining the amount of dividends paid by subsidiaries of the Holding as approved by the Sole Shareholder.

SHARE CAPITAL

(in thousands of Kazakhstani tenge, excluding the number of shares)	Shares (thousand units)	Common Shares	Total
At 1 January 2021	7,830	78,300,000	78,300,000
Issued	-	-	-
At 31 December 2021	7,830	78,300,000	78,300,000
At 1 January 2022	7,830	78,300,000	78,300,000
Issued	-	-	-
At 31 December 2022	7,830	78,300,000	78,300,000

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

The amount of dividends can be determined by the Sole Shareholder according to a special procedure

when considering the issue of approving the procedure for distributing profits for the relevant periods.

Based on the decision of the Sole Shareholder, the Bank paid dividends for 2021 in the amount of 32,877. 4 million tenge (for 2020, the Bank did not pay dividends by the decision of the Sole Shareholder, for 2019 in the amount of 8,292. 6 million tenge).

DESCRIPTION OF THE CORPORATE GOVERNANCE SYSTEM

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

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

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

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

- 1) the principle of delineation of powers;
- 2) the principle of protection of the rights and interests of the sole shareholder of the Bank as provided in

accordance with the civil and banking laws of the Republic of Kazakhstan, the legislation of the Republic of Kazakhstan concerning the joint-stock companies, and support for the enforcement of these rights and interests;

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 legislation of the Republic of Kazakhstan concerning the state regulation, control and supervision of the financial market and financial organizations, the legislation of the Republic of Kazakhstan concerning the foreign exchange regulation and currency control, payments and payment systems, securities market, laws on anti-money laundering and terrorism financing counteraction, and laws on joint-stock companies.

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;

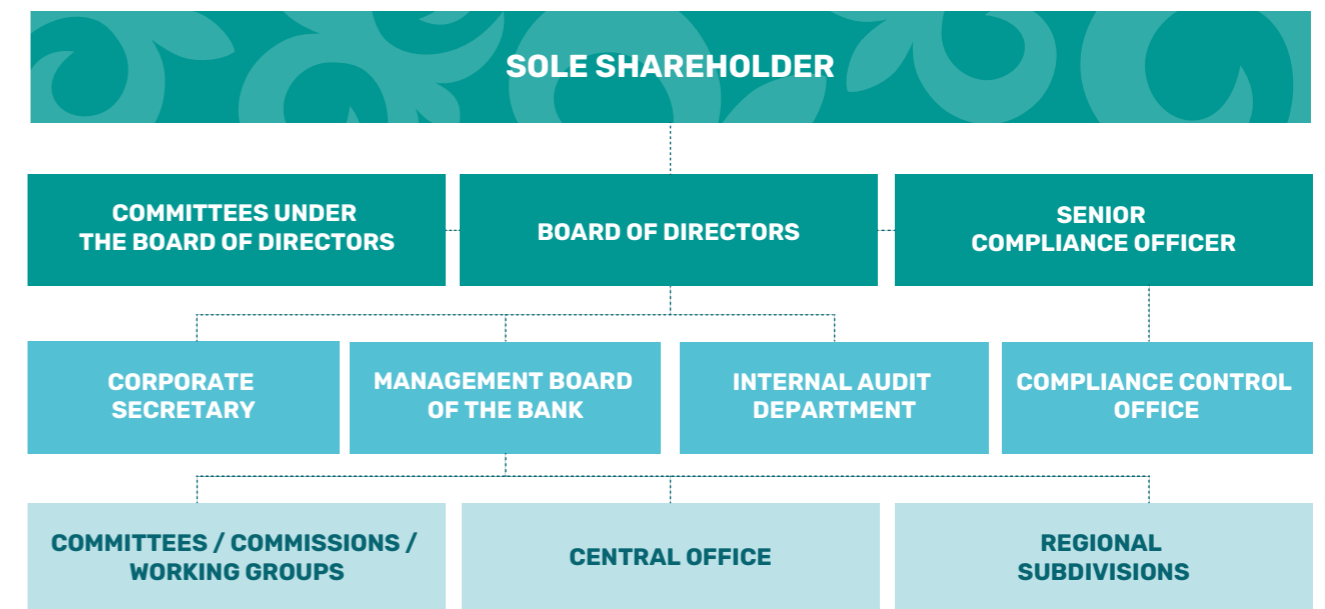
9) the principle of compliance with the scale and nature of the Bank's activities, its structure, risk profile, and the Bank's business model.

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

According to clause 3 of Article 182 of the Law of the Republic of Kazakhstan "On State Property", an independent assessment of corporate governance

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

CORPORATE GOVERNANCE STRUCTURE



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

- the supreme body – the Sole Shareholder;
- controlling body – the Board of Directors.
- executive body – the Management Board.

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

Transparency of the Bank and Efficiency of Information Disclosure Processes

In its activities, the Bank adheres to the principles of reliability, confidence and high quality in 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, income and expense 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 about the Bank's core business, the annual report, information about significant events in the Bank's life, the structure of

the Board of Directors and the Management Board, information about existing vacancies, the list and addresses of branches, the list of affiliated persons of the Bank, information about Bank a's shareholders and partners and its strategic development is posted.

To ensure the informational transparency of the Bank, raise its business reputation in society and form

BOARD OF DIRECTORS

The Board of Directors is the management body of the Bank that exercises general management of its activities and controls the activities of the Management Board, with the exception of resolving issues referred by the Law of the Republic of Kazakhstan «On Joint-Stock Companies» and/or the Bank's charter 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 Law of the Republic of Kazakhstan «On Joint-Stock Companies», other regulatory legal acts of the Republic of Kazakhstan, the Bank's Charter, the Bank's Corporate Governance Code, decisions of the Sole Shareholder, this Regulation, and other internal documents of the Bank. Decisions of the Board of Directors taken within its competence are binding on the Management Board, structural divisions, officials and employees of the Bank.

Members of the Bank's Board of Directors are elected by the Sole Shareholder with subsequent approval of their candidacies with the National Bank of the Republic of Kazakhstan in accordance with the procedure provided for by the legislation of the Republic of Kazakhstan and the Bank's Charter.

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

Selection for the position of an independent director of the Bank is carried out on a competitive basis for a period of no more than three years (in the future, subject to satisfactory results of the assessment of their activities, 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 factors are taken into account:

- 1) experience in executive positions;
- 2) experience as a member of the Board of Directors;
- 3) length of service;

a positive public opinion, the mass media regularly publish the press releases about the Bank's products, housing programs and promotions.

When posting the information, the Bank complies with the rules of the legislation on protection of banking, trade and other legally protected secrets.

- 4) education, specialty, including the availability of international certificates;
- 5) having at least 2 years of competencies/managerial experience in various areas and industries (industries may change depending on the portfolio of assets);
- 6) business reputation;
- 7) the presence of a direct or potential conflict of interest.

The Board of Directors is informed about the emergence of important financial and non-financial issues in the Bank through periodic reporting provided by the Bank's subdivisions (Internal Audit Department, Internal Control Department, Compliance Control Department, Treasury Department, Accounting Department, Planning and Strategic Analysis Department) for consideration by the Board Directors of the Bank. The list and deadlines for reporting were approved by the decision of the Board of Directors of the Bank dated 29.01.2021 (Minutes No. 1), it allows tracking all indicators and the level of risks in the Bank's work. In 2020, the Board of Directors was not notified of critical indicators in the work of the Bank through the periodic reporting of the Bank's subdivision. Plus, the head of risk management, in accordance with the fifth paragraph of clause 36 of Chapter 4 of the Resolution of the NBRK Board No. 188 dated 19.11.2019 "On Approval of the Rules for Forming a Risk Management and Internal Control System for Second-Tier Banks", informs the Board of Directors of the Bank about the presence of significant discrepancies between the opinion of the risk management subdivision and the decision of the Bank's Management Board regarding the level of risks accepted by the Bank.

In 2022, the Board of Directors was not notified about critical indicators in the Bank's performance through periodic reporting of the Bank's divisions.

Chairman of the Board of Directors

The Board of Directors of the Bank is headed by a chairman. The Chairman of the Board of Directors is elected in accordance with the Law of the Republic of Kazakhstan "On Joint Stock Companies".

The Chairman of the Board of Directors is responsible for the overall management of the Board of Directors, ensures the 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 defined by the Bank's charter.

Key functions of the Chairman of the Board of Directors:

- 1) planning meetings of the Board of Directors and setting the agenda;
- 2) ensuring timely receipt by members of the Board of Directors of complete and up-to-date information for decision-making;

3) ensuring that the Board of Directors focuses its attention on strategic issues and minimizes current (operational) issues that are subject to consideration by the Board of Directors;

4) ensuring maximum efficiency in holding meetings of the Board of Directors by allocating sufficient time for discussions, comprehensive and in-depth consideration of issues on the agenda, stimulating open discussions, and reaching agreed decisions;

5) ensuring monitoring and supervision of the proper implementation of decisions taken by the Board of Directors and the Sole Shareholder;

6) in the event of corporate conflicts, take measures to resolve them and minimize the negative impact on the Bank's activities, and promptly inform the sole shareholder if it is impossible to resolve such situations on their own.

7) building proper communication and interaction with the Sole Shareholder, including organizing consultations when making key strategic decisions.

Requirements for independent directors

A candidate for election as an independent director to the Board of Directors must:

1. Meet the definition of an independent director in accordance with the Law of the Republic of Kazakhstan «On Joint-Stock Companies».

2. Possess general information on key issues specific to an organization that is similar in scope and nature of the Bank's activities, and have international experience in a similar industry/have at least 2 (two) years of professional experience prior to the nomination, and demonstrate an understanding of:

- 1) legal requirements in relation to the Bank;
- 2) competitive environment in the national and international markets.

1.1.1. Be able to analyze and objectively evaluate the information provided and develop an independent position on the issue based on the principles of legality, fairness and equal treatment of all shareholders. Have the ability to express your own opinion and defend your point of view in a reasoned manner.

1.1.2. Know the principles of corporate governance and sustainable development.

1.1.3. Have an impeccable reputation/positive achievements in the business and/or industry

environment. The candidate's biography must contain no facts of committing a crime in the field of economic activity, as well as administrative offenses in entrepreneurial activity.

1.1.4. Have sufficient time to participate in the work of the Board of Directors not only during meetings of the Board of Directors, but also for proper study of materials for meetings of the Board of Directors.

1.1.5. Do not be a member of more than 3 (three) members of the Boards of directors of other companies.

1.1.6. Annually carry out the procedure for confirming independence and inform the company in case of loss of the status of an independent director.

COMPOSITION OF THE BOARD OF DIRECTORS

As of January 1, 2023, the Board of Directors consists of 7 members, including three independent directors.



SHARLAPAEV Kanat Bisimbayevich

Kanat Sharlapaev Bisimbayevich - Chairman of the Board of Directors of JSC «Housing Construction Savings Bank «Otbasy bank» (since 21.02.2022).

Born in 1981.
Citizen of the Republic of Kazakhstan

Education:

2003-Saratov Socio-Economic University: Accounting and Audit;

2006-Cranfield School of Management (Great Britain): Master of Finance and Management.

Work experience:

From 2022 - Chairman of the Management Board and member of the Board of Directors of JSC «National Managing Holding «Baiterek».

From 2020 to 2022 - Regional Director for Strategy, Planning, and Analysis in Emerging Markets of Africa, the Middle East, and Eastern Europe at the investment bank «Citi» (UAE).

From 2017 to 2020 - Chief Financial Officer for Russia, Ukraine, and Kazakhstan at the investment bank «Citi».

Over 16 years of work experience in various positions in the financial, management, and analytical sectors at «Citi» investment bank.

Other held positions:

Other held positions: Chairman of the Board of Directors at JSC «Industrial Development Fund», JSC «Development Bank of Kazakhstan», JSC «Kazakhstan Housing Company», JSC «Bereke Bank».

Does not own shares (stakes) in the joint-stock company «Housing Construction Savings Bank «Otbasy Bank,» affiliated companies, and also does not own shares in suppliers and competitors of the joint-stock company «Housing Construction Savings Bank «Otbasy Bank».



KHAMITOV Yersain Yerbulatovich

member of the Board of Directors - representative of the Sole Shareholder of JSC «Housing Construction Savings Bank «Otbasy bank» (since 21.02.2022).

Born in 1983.
Citizen of the Republic of Kazakhstan

Education:

Kostanay State University named after A.Baitursynov, Institute of Economics (2000, 2004). Specialty «Finance and credit».

Lomonosov Moscow State University (2018-2020). Master of Business Administration program.

Work experience:

Since May 2022 - Deputy Chairman of the Management Board of JSC «National Managing Holding «Baiterek».

From 2013 to 2022 - Managing Director - Board Member (Chief Financial Officer), Managing Director (Investments and Corporate Finance), Managing Director (Budget Planning and Accounting), Director of the Corporate Finance Department at JSC «National Managing Holding «Baiterek».

Over 19 years of work experience in various positions in the banking and financial sectors.

Membership in the Board Committees:

Member of the Audit Committee, the Committee on Personnel, Remuneration, and Social Payments.

Other held positions:

Member of the Board of Directors, representative of the Sole Shareholder at JSC «Development Bank of Kazakhstan,» JSC «Bereke Bank,» JSC «Investment Fund of Kazakhstan,» JSC «Kazyna Capital Management.»

Does not own shares (stakes) in the joint-stock company «Housing Construction Savings Bank «Otbasy Bank,» affiliated companies, and also does not own shares in suppliers and competitors of the JSC «Housing Construction Savings Bank «Otbasy Bank».



MUKHAMEDZHANOV Adil Bektasovich

member of the Board of Directors - representative of the Sole Shareholder of JSC «Housing Construction Savings Bank «Otbasy bank» (since 21.02.2022).

Born in 1981.
Citizen of the Republic of Kazakhstan

Education:

2000 – Ryskulov KazEU, speciality: International Economist;

2003 – University of Nottingham (Great Britain): Finance and Management, Bachelor in Finance;

2018 – Business School, Chicado Booth EMBA program, speciality: Master of Business Administration.

Work experience:

Since 2021 - Deputy Chairman of the Management Board of JSC «National Managing Holding «Baiterek».

From 2016 to 2021 - Chairman of the Management Board of JSC «IO «Kazakhstanskaya Ipoteka Kompaniya» (Kazakhstan Mortgage Company).

Over 19 years of work experience in various positions, including in the financial and banking sectors.

Membership in the Board Committees:

Member of the Risk Management Committee, the Strategic Planning and Corporate Development Committee.

Other held positions:

Chairman of the Board of Directors at JSC «Kazyna Capital Management,» Member of the Board of Directors, representative of the Sole Shareholder at JSC «FRP «Damu,» JSC «Export Insurance Company «KAZAKHEXPORT.»

Does not own shares (stakes) in the joint-stock company «Housing Construction Savings Bank «Otbasy Bank,» affiliated companies, and also does not own shares in suppliers and competitors of the joint-stock company «Housing Construction Savings Bank «Otbasy Bank.»



IBRAGIMOVA Lyazzat Yerkenovna

member of the Board of Directors - representative of the Sole Shareholder of JSC «Housing Construction Savings Bank «Otbasy bank» (since 21.02.2022).

Born in 1972.
Citizen of the Republic of Kazakhstan

Education:

Akmola Agricultural Institute. Specialty: Economics and management in agricultural sectors.

Eurasian Humanitarian Institute: Law.

Higher School of Business of AEO «Nazarbayev University».

Program: Executive MBA

Work experience:

Since 2017 - Chairman of the Management Board of JSC «Housing Construction Savings Bank «Otbasy bank».

From 2016 to 2017 - Deputy Chairman of the Management Board of JSC «National Managing Holding «Baiterek».

Over 25 years of work experience in various positions, including in the financial sector.

Other held positions: None.

Does not own shares (stakes) in the joint-stock company «Housing Construction Savings Bank «Otbasy bank,» affiliated companies, and also does not own shares in suppliers and competitors of the joint-stock company «Housing Construction Savings Bank «Otbasy bank.»



TOKOBAYEV Nurlan Tursunbekovich

Member of the Board of Directors - representative of the Sole Shareholder of JSC «Housing Construction Savings Bank «Otbasy bank» (since 21.02.2022).

Born in 1974.
Citizen of the Republic of Kazakhstan

Education:

Kazakh State Academy of Management, specialty «Finance and Credit», qualification «Economist»

Work experience:

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

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

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

Over 25 years of work experience in the financial and banking sectors.

Membership in the Board Committees:

Chairman of the Risk Management Committee, Member of the Audit Committee, the Committee on Personnel, Remuneration, and Social Payments, the Strategic Planning and Corporate Development Committee.

Other held positions:

None.
Does not own shares (stakes) in the joint-stock company «Housing Construction Savings Bank «Otbasy bank,» affiliated companies, and also does not own shares in suppliers and competitors of the joint-stock company «Housing Construction Savings Bank «Otbasy bank».



ZHAMALOV Sanzhar Yerkebayevich

Member of the Board of Directors - representative of the Sole Shareholder of JSC «Housing Construction Savings Bank «Otbasy bank» (since 21.02.2022).

Born in 1985.
Citizen of the Republic of Kazakhstan

Education:

2007 - Charles University (Czech Republic): Bachelor of Financial Mathematics;

2010 - University of Newcastle (UK): Master of International Financial Analysis;

2019 - CFA Institute: CFA Charter holder (Chartered Financial Analyst);

2022 - University of Cambridge (UK): Executive MBA.

Work experience:

Since August 2018 - Head of the Representation of ING Bank N.V. in the Republic of Kazakhstan.

In 2018 - Specialist in Structured Financing 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 of work experience in the financial and banking sectors.

Membership in the Board Committees:

Chairman of the Audit Committee, the Strategic Planning and Corporate Development Committee, Member of the Risk Management Committee.

Other held positions:

Chairman of the Board of Directors, Independent Director at «Bolashaq Investments,» Member of the Board of Directors, Independent Director at JSC «First Heartland Jusan bank» and JSC «Jusan Invest.»

Does not own shares (stakes) in the joint-stock company «Housing Construction Savings Bank «Otbasy bank,» affiliated companies, and also does not own shares in suppliers and competitors of the joint-stock company «Housing Construction Savings Bank «Otbasy bank».



YERMEKOVA Elmira Muslimovna

member of the Board of Directors - representative of the Sole Shareholder of JSC «Housing Construction Savings Bank «Otbasy bank» (since 21.02.2022).

Born in 1963.
Citizen of the Republic of Kazakhstan

Education:

Al-Farabi Kazakh National University (1985): Economist;
Teacher of Political Economy.

Work experience:

From 2019 to 2021 - Chairman of the Management Board of JSC «Training Center of the National Bank of the Republic of Kazakhstan».

Over 19 years of work experience in the financial and banking sectors.

Membership in the Board Committees:

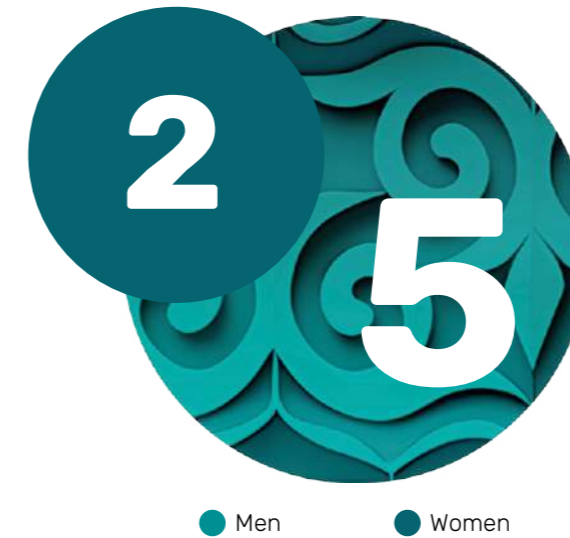
Chairman of the Committee on Personnel, Remuneration, and Social Payments, Member of the Strategic Planning and Corporate Development Committee.

Other held positions: None.

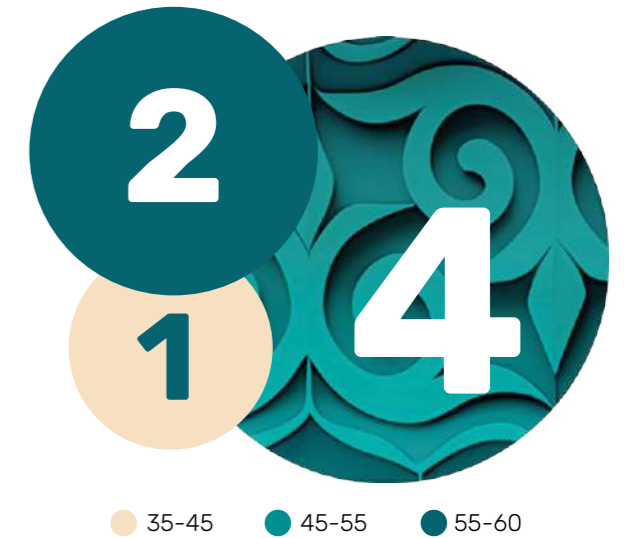
Does not own shares (stakes) in the joint-stock company «Housing Construction Savings Bank «Otbasy bank.» affiliated companies, and also does not own shares in suppliers and competitors of the joint-stock company «Housing Construction Savings Bank «Otbasy bank.»

COMPOSITION OF THE BOARD OF DIRECTORS

GENDER STRUCTURE OF THE BOARD OF DIRECTORS, NUMBER OF PEOPLE



STRUCTURE OF THE BOARD OF DIRECTORS BY AGE CATEGORIES, NUMBER OF PEOPLE



STRUCTURE OF THE BOARD OF DIRECTORS BY CATEGORIES, NUMBER OF PEOPLE



STRUCTURE OF THE BOARD OF DIRECTORS BY TERM OF SERVICE IN THE BOD, NUMBER OF PEOPLE



PERFORMANCE OF THE BOARD OF DIRECTORS AND COMMITTEES UNDER THE BOARD OF DIRECTORS

In 2021, 14 meetings of the Board of Directors of the Bank were arranged and held, 6 meetings of which were held by absentee voting, 7 meetings were held in person, and one meeting was held in a closed format. 157 issues were considered, on which decisions were made: on 71 issues – in person, on 85 issues – by absentee voting, on one issue – by closed voting

According to the Bank's internal documents, the Board of Directors annually draws up a Plan of its work with a meeting schedule for the upcoming year, based on the principle of rationality, efficiency and regularity. The activities of the Board of Directors Bank in 2022 were carried out in accordance with the Plan of Work of the Bank's Board of Directors for 2022 as approved by the resolution of the Bank's Board of Directors dated 3 December 2020.

The most important decisions taken by the Board of Directors of the Bank in the reporting period include the review and approval of the Bank's adjusted development plan for 2019-2023, the Bank's Development Strategy until 2023, amendments and additions to the Bank's Charter, amendments and

additions to the Regulation on the Bank's Board of Directors, the total number of employees of the Bank and the Bank's organizational structure, and an increase in liabilities the amount of ten percent or more of the Bank's equity capital, determination of the quantitative composition, term of office of the Management Board and election of members of the Management Board of the Bank, changes in the composition of the Board of Directors of the Bank and its Committees.

Transactions with persons connected with the Bank by special relations were approved without providing preferential terms.

The Annual Financial Statements, the Bank's Annual Report for 2011, amendments and additions to the Bank's Charter, and the Regulations on the Bank's Board of Directors were submitted for consideration by the Bank's Sole Shareholder and subsequently approved.

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

№	Name of the Committee	Number of meetings held		Number of issues considered	
		2021	2022	2021	2022
1.	Audit Committee of the Board of Directors	9	10	57	65
2.	Committee for Strategic Planning and Corporate Development of the Board of Directors	10	10	35	33
3.	Committee for Personnel, Remuneration and Social Payments of the Board of Directors	7	10	14	26
4.	Risk Management Committee of the Board of Directors	8	10	25	63

COMMITTEES UNDER THE BOARD OF DIRECTORS

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



Audit Committee



Committee for Personnel, Remuneration and Social Payments



Committee for Strategic Planning and Corporate Development



Risk Management Committee

Audit 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 establishing an effective system of control over the Bank's financial and economic activities (including the completeness and reliability of financial statements), compliance with the legislation of the Republic of Kazakhstan, internal documents, as well as priority areas of activity (development), and the functioning of an adequate risk management system of the Bank.

The Chairman of the Committee, along with professional competencies, must have organizational and leadership qualities, good communication skills for the effective organization of the activities of the Committee headed by him.

The Committee consists of members of the Bank's Board of Directors who have the necessary professional knowledge, competencies and skills to serve on the Committee.

The Committee consists of at least one member of the Bank's Board of Directors who has experience in auditing and / or accounting and financial reporting and/or risk management.

COMPOSITION OF THE COMMITTEE AS OF JANUARY 01, 2023

№	Full name	Position
1.	Sanzhar Yerkebayevich Zhamalov	Chairman of the Committee - Member of the Board of Directors, Independent Director
2.	Nurlan Tursunbekovich Tokobayev	Member of the Committee - Member of the Board of Directors, Independent Director
3.	Ersain Erbulatovich Khamitov	Member of the Committee - member of the Board of Directors, (Managing Director-member of the Management Board of Baiterek NMH JSC)

In 2022, 10 meetings of the Audit Committee of the Bank's Board of Directors were organized and held. 65 issues were considered, 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 2021

and recommendations to the Sole Shareholder on the distribution of net income for 2021, the results of an independent assessment of corporate governance, and other issues.

On a quarterly basis, reports of the Internal Audit Department were reviewed, personnel issues of the Department and issues of awarding its employees were resolved.

Strategic Planning and Corporate Development Committee

The Committee was established to improve the preparation of recommendations to the Board of Directors on the development of priority areas of activity (expansion), strategic goals (development strategy), corporate development issues, including issues related to the development of measures that contribute to improving the Bank's performance in the medium and long term, its profitable activities and sustainable development.

The Chairman of the Committee, along with professional competencies, must have organizational

and leadership qualities, good communication skills for the effective organization of the activities of the Committee headed by him.

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

COMMITTEE COMPOSITION AS OF JANUARY 01, 2023

No	Full name	Position
1.	Zhamalov Sanzhar Yerkebayevich	Chairman of the Committee-Member of the Board of Directors, Independent Director
2.	Tokobayev Nurlan Tursunbekovich	Member of the Committee – Member of the Board of Directors, Independent Director
3.	Ermekeva Elmira Muslimovna	Member of the Committee – member of the Board of Directors, Independent Director
4.	Mukhamedzhanov Adil Bektasovich	Member of the Committee – Member of the Board of Directors, (Deputy Chairman of the Management Board of Baiterek NMH JSC)

In 2022, 10 meetings of the Strategic Planning and Corporate Development Committee of the Bank's Board of Directors were organized and held. 33 issues were considered, on which decisions were made in person.

The most important decisions taken by the Strategic Planning Committee of the Bank's Board of Directors in the reporting period are the preliminary approval of the following: the report of the Management Board on the Bank's performance for 2021, certain types of standards and other administrative expenditure limits, the report on compliance/ non-compliance with the principles and provisions of the Bank's Corporate Governance Code for 2021, the report on the implementation of the Development Plan The Bank's Strategy for 2020-2023

for 2021, the Bank's Sustainable Development Report for 2021, the Bank's Development Strategy until 2023, and the Bank's Information Technology Development Strategy until 2023.

Preliminary approval was given to the annual budget for 2021, a report on the implementation of the Bank's annual budget and profitability indicators, and an increase in the Bank's liabilities by an amount exceeding 10% of its equity.

Amendments and additions to the Bank's Charter, Regulations on the Bank's Board of Directors, Regulations on the Management Board, and Regulations on the Bank's branches were approved in advance.

Committee for Personnel, Remuneration and Social Matters

The Committee was established to improve the efficiency and quality of the work of the Board of Directors through in-depth study and monitoring of issues related to the competence of the Board of Directors in the field of personnel policy, the system of appointments and remuneration, as well as

evaluating the overall and individual performance of members of the Bank's Board of Directors, members of the Bank's Management Board, succession planning of the Chairman and members of the Management Board, and performance evaluation Corporate secretary.

COMPOSITION OF THE COMMITTEE AS OF 01 JANUARY 2022

No	Full name	Position
1.	Yermekova Elmira Muslimovna	Chairman of the Committee-Member of the Board of Directors, Independent Director
2.	Tokobayev Nurlan Tursunbekovich	Member of the Committee – Member of the Board of Directors, Independent Director
3.	Khamitov Ersain Erbulatovich	Member of the Committee – member of the Board of Directors, (Managing Director-member of the Management Board of Baiterek NMH JSC)

In 2022, 10 meetings of the HR, Remuneration and Social Affairs Committee with the Board of Directors of the Bank were organized and held. 26 issues were considered, on which decisions were made in person.

The most important decisions taken by the Committee for Personnel, Remuneration and Social Matters of the Bank's Board of Directors in the reporting period were preliminarily approved: term of office of the Management Board, performance maps of corporate key performance indicators and performance maps of the Chairman of the Management Board and members of the Management Board based on the results of 2021, maps of key performance indicators of members of the Management Board and their target values for 2023, KPI cards of the Corporate Secretary, candidacy of the

Ombudsman and Corporate Secretary of the Bank.

Amendments to the Rules on the Internal Policy of Remuneration, Performance Evaluation and Remuneration of Senior Employees of the Bank and to the Rules on Remuneration and Bonuses, Performance Evaluation and Social Support for Employees of the Internal Audit Division, the Chief Compliance Officer and the Corporate Secretary who report to the Bank's Board of Directors were approved in advance.

On a quarterly basis, pre-approved reports on the work of the Board of Directors, its committees and the Corporate Secretary, management reports and reports in accordance with the List of reports provided by the Bank's Management Board to the Board of Directors.

Risk Management Committee

The Committee was established to improve the efficiency and quality of 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, monitoring the independence of the Compliance

Service, compliance with the legislation of the Republic of Kazakhstan, internal documents, and preparing recommendations to the Company's Board of Directors (development), and the functioning of an adequate risk management system in the Bank, improving and strengthening the risk management system.

COMPOSITION OF THE COMMITTEE AS OF 01 JANUARY 2022

No	Full name	Position
1.	Nurlan Tursunbekovich Tokobayev	Chairman of the Committee-Member of the Board of Directors, Independent Director
2.	Sanzhar Zhamalov	Yerkebayevich Member of the Committee – member of the Board of Directors, Independent Director
3.	Adil Bektasovich Mukhamedzhanov	Member of the Committee – member of the Board of Directors, (Deputy Chairman of the Management Board of Baiterek NMH JSC)

In 2022, 10 meetings of the Risk Management Committee of the Bank's Board of Directors were organized and held. 63 issues were considered, on which decisions were made in person.

The most important decisions taken by the Risk Management Committee of the Bank's Board of Directors in the reporting period were pre-approved: the Bank's risk and internal control reports for 2021, the Bank's business continuity management reports for 2021, and the Chief Compliance Controller's efficiency maps.

The Bank's Business Continuity Action Plan until 2025 has been preliminarily approved, and the Bank's internal documents were brought into compliance with

the requirements established by the Rules for Forming a Risk Management and Internal Control System for Second-Tier Banks, approved by Resolution No. 188 of the Board of the National Bank of the Republic of Kazakhstan dated 12.11.2019.

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

Pre-approved transactions with persons who have special relations with the Bank without providing preferential terms.

ASSESSMENT OF THE BOARD OF DIRECTORS

The performance of the Board of Directors and its Committees is evaluated on an annual basis. Meanwhile, the assessment is conducted at least once every three years with the involvement of an independent professional organization.

In 2022, an external assessment of the activities of the Board of Directors and its committees, the Chairman and members of the Board of Directors, and the Corporate Secretary of the Bank based on the results of 2021 was conducted with the involvement of an independent consultant – «Havernance & Sustainability Materials Kazakhstan & Central Age LLP.».

The results of the external evaluation were approved at a closed meeting of the Board of Directors on August 26, 2022.

The Corporate Secretary of the Bank has provided information to the Sole Shareholder of the Bank on the results of the assessment (in accordance with the Regulations on the Board of Directors of the Bank).

Based on the results of the assessment of the work of the Bank's Board of Directors, the following is noted:

- 1) The overall maturity level of the Bank's Board of Directors is 79.90%.
 - 2) Corresponds «to the Managed Development maturity level».
- The Bank has developed and approved Regulations on the Board of Directors and Regulations on Committees under the Board of Directors, which regulate the main functions and roles of the Board of Directors and its committees.
 - The Board of Directors consists of members of the Board of Directors who have significant experience in banking and lending.
 - The Bank has approved the Corporate Governance Code and evaluates compliance/non-compliance with the principles and provisions of the Code on an annual basis.
 - The Chairman of the Board of Directors ensures sufficient efficiency of the Board of Directors' activities, as well as ensures communication between the Sole Shareholder and the Board of Directors.
 - The Chairman of the Board of Directors ensures effective interaction with the Sole Shareholder in practice.
 - The Corporate Secretary performs the main functions related to the implementation of corporate governance principles in the Bank, playing a key role in the process of analyzing the Bank's compliance with legal provisions and established corporate governance principles.

- The Corporate Secretary provides organizational and protocol support for the activities of the Board of Directors.
- The Audit Committee consists of two independent directors and one member of the Board of Directors from the Sole Shareholder, and is headed by an expert with experience in finance, as well as a CFA certificate holder.
- The Audit Committee periodically reviews the preparation of the Bank's financial statements, including reports of external and internal auditors.
- In 2021, IAD of the Bank conducted an internal control system assessment and a risk management system assessment.
- Committee for Strategic Planning and Corporate Development periodically reviews reports on the implementation of the strategy and the implementation of development plans.
- Committee for Strategic Planning and Corporate Development includes all independent directors. The Committee is headed by an expert in the field of finance and banking in general, including those with international experience. Members of the Committee have experience in the field of strategy.
- Committee for Personnel, Remuneration and Social Matters considers a wide range of issues related to determining the qualification requirements for individual Bank officials, evaluating candidates for certain positions, evaluating performance, the remuneration system, and other issues. In particular, the HR, Remuneration and Social Affairs Committee evaluates the implementation of the Efficiency Map by members of the Bank's Executive Body, provides recommendations on determining the amount of official salaries and remuneration conditions for members of the Executive Body, the Corporate Secretary, employees of the Internal Audit Department and the Bank's risk management division.
- Committee is headed by a specialist with extensive experience in human resources management, including in the banking sector.
- Risk Management Committee considers the main issues related to the effectiveness of the risk management system and the internal control system.
- The Committee regularly reviews the Bank's compliance risks, reviews the reports of the Chief Compliance Officer, and recommends to the Board of Directors a decision on bonus payments based on the results of the period under review.

PROFESSIONAL DEVELOPMENT

In connection with quarantine measures in the Republic of Kazakhstan caused by the spread of coronavirus infection and measures to reduce the budget in quasi-public sector organizations, the decision of the Management Board of Baiterek NMH JSC No. 47/20

dated 07.10.2020 amended and supplemented the Regulations on the Bank's Board of Directors, according to which the items providing for the allocation of funds for professional development were excluded members of the Bank's Board of Directors.

GOVERNANCE

The Management Board of the Bank acts on the basis of the Regulation on the Management Board as approved by the Board of Directors of the Bank and manages the day-to-day operations of the Bank. The formation 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 legislation of the Republic of Kazakhstan and the Articles of Association of the Bank.

As of January 1, 2023 the Bank's Management Board consists of 7 members.

COMPOSITION OF THE MANAGEMENT BOARD



IBRAGIMOVA
Lyazzat Yerkenovna

Chairman of the Management Board of JSC «Housing Construction Savings Bank «Otbasy Bank» (since 23.01.2017)

Born in 1972, a citizen of the Republic of Kazakhstan.

Carries out general management of the Bank's activities and oversees advisers, managing directors, press service, security departments, HR, banking products and technologies. She is also the Chairman of the Committees on Personnel Issues, on Risks, on Asset and Liability Management and on banking products and processes, and the quality of service of the Bank.

Information about her work

Until 2017, she held senior positions in JSC «NUH «Baiterek», JSC «Entrepreneurship Development Fund «Damu».

She is a citizen of the Republic of Kazakhstan.

Has no shares (participation interests) of the joint-stock company «Housing Construction Savings Bank «Otbasy Bank», affiliated companies, and also does not own shares of suppliers and competitors of the joint-stock company «Housing Construction Savings Bank «Otbasy Bank».



AIDARBEKOVA
Aliya Karataevna

Deputy Chairman of the Board of JSC «Housing Construction Savings Bank «Otbasy Bank» (since 18.09.2017)

Born in 1976, a citizen of the Republic of Kazakhstan

Oversees finance and reporting issues. He is also the Chairman of the Strategy and Corporate Development Committee, the Budget Committee and the Commission for Determining the Value and Consideration of Issues Related to the Write-off of fixed assets, intangible assets and stale Inventories.

Information about employment::

Until 2017, she held senior positions in Otbasy Bank JSC, Investment Fund of Kazakhstan JSC, Development Bank of Kazakhstan JSC.

Has no shares (participation interests) of the joint-stock company «Housing Construction Savings Bank «Otbasy Bank», affiliated companies, and also does not own shares of suppliers and competitors of the joint-stock company «Housing Construction Savings Bank «Otbasy Bank».



AZIMBEKOV
Mukhtar Mirlanovich

Deputy Chairman of the Board of JSC «Housing Construction Savings Bank «Otbasy Bank» (since 06/10/2021)

Born in 1987, citizen of the Republic of Kazakhstan.

Supervises operational issues. And is also the Chairman of the Credit Committee of the Bank No.2.

Information about his work:

Until 2021, he held positions in Otbasy Bank JSC, Ulagat Business Group LLP, BTA Mortgage IO JSC.

Has no shares (participation interests) of the joint-stock company «Housing Construction Savings Bank «Otbasy Bank», affiliated companies, and also does not own shares of suppliers and competitors of the joint-stock company «Housing Construction Savings Bank «Otbasy Bank».



AKSHANOV
Nurlan Sagyndykovich

Deputy Chairman of the Board of JSC «Housing Construction Savings Bank «Otbasy Bank» (since 06/18/2018)

Born in 1976, citizen of the Republic of Kazakhstan.

Supervises business development issues.

Employment information:

Until 2018, he held senior positions in Damu Entrepreneurship Development Fund JSC, ATF Bank JSC.

Has no shares (participation interests) of the joint-stock company «Housing Construction Savings Bank «Otbasy Bank», affiliated companies, and also does not own shares of suppliers and competitors of the joint-stock company «Housing Construction Savings Bank «Otbasy Bank».



BEISEMBAYEV
Miras Berikovich

Deputy Chairman of the Board of JSC «Housing Construction Savings Bank «Otbasy Bank» (since 11.09.2017)

Born in 1980, citizen of the Republic of Kazakhstan.

Supervises issues on information security, legal and administrative issues. He is also the Chairman of the Information Security Committee of the Bank.

Information about work activity:

Until 2017, he held positions in JSC «Entrepreneurship Development Fund «Damu», JSC «Kazpost».

Has no shares (participation interests) of the joint-stock company «Housing Construction Savings Bank «Otbasy Bank», affiliated companies, and also does not own shares of suppliers and competitors of the joint-stock company «Housing Construction Savings Bank «Otbasy Bank».



KAIRBEKOV
Islambek Urumbaevich

Deputy Chairman of the Board of JSC «Housing Construction Savings Bank «Otbasy Bank» (since 17.01.2020)

Born in 1979, citizen of the Republic of Kazakhstan.

Oversees risk management and internal control issues. He is also the Chairman of the Controlling Committee and the Credit Committee of Bank No. 1.

Employment information:

Until 2020, he held senior positions in Otbasy Bank JSC, Damu Entrepreneurship Development Fund JSC, Tsesna-Bank JSC.

Has no shares (participation interests) of the joint-stock company «Housing Construction Savings Bank «Otbasy Bank», affiliated companies, and also does not own shares of suppliers and competitors of the joint-stock company «Housing Construction Savings Bank «Otbasy Bank».



RASPEKOVA
Elmira Sabyrzhanovna

Deputy Chairman of the Board of JSC «Housing Construction Savings Bank «Otbasy Bank» (since 11/27/2020)

Born in 1973, a citizen of the Republic of Kazakhstan.

Supervises issues on information technology and digital transformation. He is also the Chairman of the Information Resources Committee of the Bank.

Employment information:

Until 2020, she held senior positions in Otbasy Bank JSC, Damu Entrepreneurship Development Fund JSC, Alfa-Bank JSC.

Has no shares (participation interests) of the joint-stock company «Housing Construction Savings Bank «Otbasy Bank», affiliated companies, and also does not own shares of suppliers and competitors of the joint-stock company «Housing Construction Savings Bank «Otbasy Bank».

COMMITTEES REPORTING TO THE MANAGEMENT BOARD

11 Committees reporting to the Management Board of the Bank operate in the Bank.

1. Committee for Strategy and Corporate Development

The main purpose of activities of the Committee for Strategy and Corporate Development (CSCD) is to control the development and implementation of the Bank's development strategy, as well as to consider the issues related to project management.

The main tasks of the CSCD:

- determination of the Bank's strategic principles, development goals and activities;
- coordination and control of the implementation of the Bank's strategic development plan;
- improving the efficiency of the Bank's current management system;

- coordination and control of the Bank's project portfolio;
- organization and improvement of project management efficiency in the Bank.
- In the reporting year, CSCD considered issues related to plans for strategy, development, balanced indicators, sustainable development, branches, financial models, product strategy, risk-based liquidity forecast, increasing the number of announced shares, and monitoring the implementation of planning documents.

2. Committee for Asset and Liability Management

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

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

In 2022, the Committee considered issues related to the management of the Bank's assets and liabilities, including issues related to raising and placing money, issues related to setting limits on counterparties, reporting by the risk management division and divisions involved in the management of the Bank's assets and liabilities, and other issues within the scope of the Committee's powers in accordance with the Regulations on the Committee.

3. Committee for Banking Products, Processes and Quality of Service

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

- consideration and approval of rates and tariffs for banking operations, limits on interest rates on deposits and loans, limits on the amounts and terms of deposits accepted and loans granted, approval of service conditions for tariff programs and loans that do not require approval by the Board of Directors in

accordance with the legislation of the Republic of Kazakhstan;

- consideration and approval of proposals from employees and subdivisions of the Bank aimed at solving urgent problems to optimize existing processes and procedures, as well as proposals aimed at improving the quality of services provided.

4. Credit Committee

The Bank's Credit Committee implements the internal credit and deposit policy of the Bank, within the scope of its powers. The Committee's structure includes (since the beginning of 2019):

Committee 1, consisting of the Chairman of Committee 1, the Vice-Chairman of Committee 1 and 5 (five) members of Committee 1;

Committee 2, consisting of the Chairman of Committee 2, the Deputy Chairman of Committee 2 and 1 (one) member of Committee 2. Committee 2 is formed from among the members of the Bank's Management Board.

The main task of Committee 1 is to implement, within its powers, the provisions of the Rules on the internal credit and deposit policy of the Bank and the

resolutions of the Committee for Asset and Liability Management, subject to the maximum reduction of borrowing risks and earning the maximum income from the following banking operations: granting housing loans, bridge housing loans, preliminary housing loans (hereinafter referred to as the credit products), as well as consideration and adoption of resolutions on the issues related to the management and/or recovery of funds on problem/overdue loans aimed at minimizing possible losses from the Bank's credit operations and reducing the share of problem loans in the Bank. The

main task of Committee 2 is to implement, within 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 maximally reduced and maximum income is obtained from operations involving the provision of housing loans, intermediate housing loans, preliminary housing loans (hereinafter referred to as credit products), review and make decisions on issues related to credit products and overdue / non-performing loans.

5. Committee for Information Resources

The main purpose of the Committee's activities is to provide recommendations to the Bank's Management Board on implementation of the strategy for development of information technologies and the plan for development of the information infrastructure of the Bank.

The main tasks of the Committee:

- development, control and coordination of information infrastructure;
- implementation of new and improvement of

existing projects for business development;

- improvement of processes for managing IT projects, changes and incidents.

In the reporting year, the Committee considered issues related to artificial intelligence and robotics, modernization of the IT infrastructure and ensuring fault tolerance of the Bank's information systems, implementation and development of software aimed at remote customer service (Front & Middle), customer service (Back), etc.

6. Budget Committee

The main purpose of the Committee is to ensure timely and high-quality development of the annual budget/ Plan of incomes and expenses, Investment plan, Procurement plan/Long-term procurement plan of the Bank for the planned period, as well as proposals for improvement, implementation and control thereof.

The main task of the Committee is to consider financial and non-financial information in order to make an informed decision in accordance with the Development Strategy and Development Plan of the Bank when drafting the annual Budget / Plan of incomes and

expenses, Investment Plan and Procurement plan / Long-term procurement plan of the Bank.

In the reporting year, the Committee considered issues related to the Budget, Investment Plan, Income and Expenditure Plan of the Central Office/branches, needs of the departments of the Central Office/branches, limits, reports on them, accounting and analysis of the implementation of the Procurement Plan for Goods, Works and services, etc.

The main purpose of the Committee's activities

7. Controlling Committee

is to assist the Management Board of the Bank in performance of the controlling functions in terms of considering, planning and evaluating the charts of key performance indicators of the heads of structural subdivisions, managing directors and advisers to the Chairman of the Management Board of the Bank.

The Committee's tasks:

- support the process of planning work to achieve the set goals in accordance with the Bank's Development Strategy.
- organization of control over the implementation of

planned activities by the heads of structural divisions of the Central Office of the Bank, managing directors and advisers to the Chairman of the Management Board of the Bank.

In the reporting year, the Committee considered issues related to the approval, adjustment and monitoring of the efficiency of Managing Directors, advisers to the Chairman of the Management Board of the Bank and heads of structural divisions of the Central Office of the Bank, approval and adjustment of planned indicators of the Bank's branches.

8. Committee for Personnel Issues

The main tasks of the Committee for Personnel Issues:

- implementation of the internal personnel policy of the Bank
- coordination of work on certification of employees, including when resolving disputed issues;
- consideration of candidates for forming the Bank's personnel reserve;

- 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 considered issues related to the Bank's personnel issues.

9. Information Security Committee

The main tasks of the Information Security Committee:

- ensuring compliance of the information security management system with the legislation of the Republic of Kazakhstan;
- maintaining the Bank's internal documents on information security issues 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 by the Bank's Management Board;

- maintaining up-to-date technical information security tools for the Bank.

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

10. Commission for Determining the Cost and Write-off of Fixed Assets, Intangible Assets and Unsalable Inventories

The main tasks of the Commission for Determining the Cost and Write-off of Fixed Assets, Intangible Assets and Unsalable Inventories are to consider issues and make decisions on:

- determination of the value, terms of standard and useful service life of fixed assets and intangible assets of the Bank;
- write-off of the Bank's property in accordance with the Bank's internal regulatory documents regulating the disposal of the Bank's property;

- revaluation of the Bank's fixed assets (buildings, structures) in accordance with the Bank's Accounting Policy based on an independent appraiser's opinion;

- performing an impairment test for property, plant and equipment and intangible assets.

In the reporting year, the Commission considered issues related to the sale and determination of starting and minimum prices of long-term assets, increasing the value of intangible assets, etc.

11. Risk Committee

The main tasks of the Risk Committee:

- preparation of recommendations and proposals on organizing and maintaining 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 divisions and branches;
- ensuring constant exchange of information on risks and internal control of the Bank between

the Committee members and communicating such information to the owners of risks and risk factors in order to increase the risk culture, transparency and effectiveness of the RMS, ICS;

- making decisions on issues aimed at improving the quality of services provided, as part of the report on customer requests (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 Regulation on the Management Board as approved by the Board of Directors of the Bank. The Management Board of the Bank is in charge of the day-to-day operations of the Bank.

The Management Board of the Bank acts on behalf of the Bank, including representing its interests, settling transactions in accordance with the procedure established by the legislation of the Republic of Kazakhstan and the Articles of Association of the Bank, approving the staff list, including the Central Office,

branches, representative offices, issuing resolutions and giving instructions binding on all employees of the Bank.

During the reporting period, the Bank's Management Board made decisions on all issues of the Bank's activities that were not assigned by the legislative acts of the Republic of Kazakhstan and the Bank's Charter to the competence of the Sole Shareholder, the Bank's Board of Directors.

The Bank's Management Board held 228 meetings in 2022 (2021: 214 meetings).

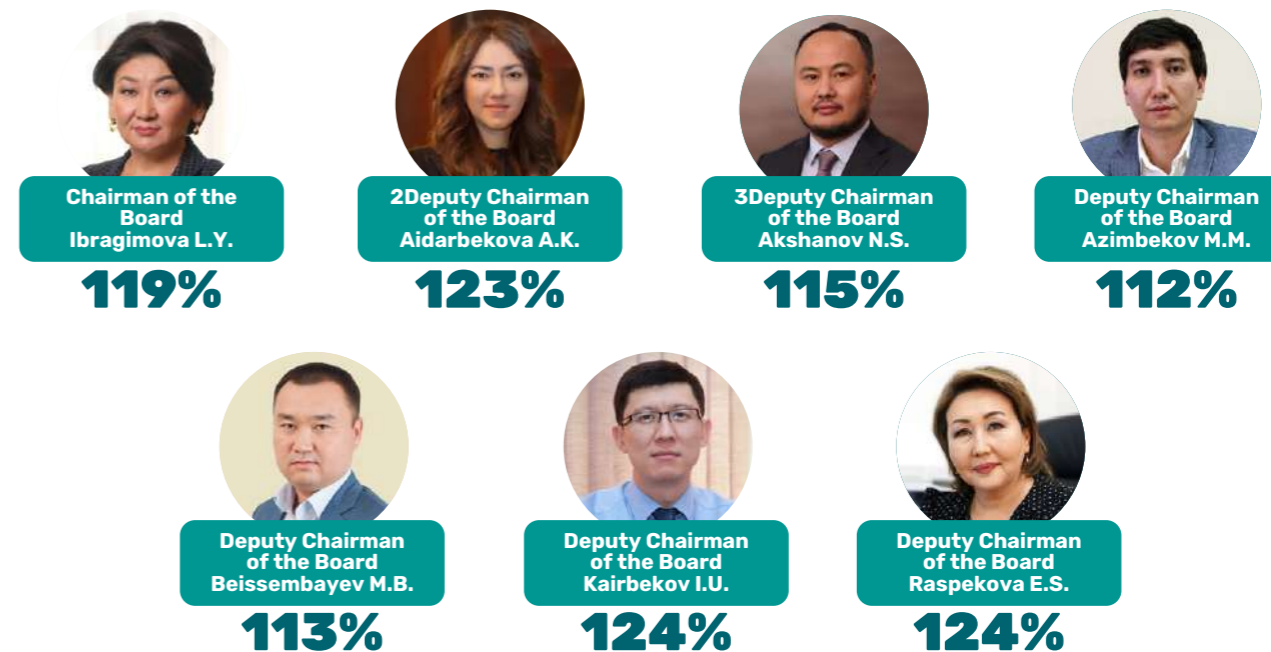
THE WORK OF THE BANK'S MANAGEMENT BOARD COMMITTEES IS PRESENTED IN THE TABLE BELOW.

№	Name of the committee	Number of meetings held		Number of issues considered	
		2021	2022	2021	2022
1.	Committee for Strategy and Corporate Development	24	29	43	45
2.	Committee for Asset and Liability Management	44	63	182	219
3.	Committee for Banking Products, Processes and Quality of	46	66	118	136
4.	Credit Committee:	69	81	134	149
	Committee 1	50	51	111	92
	Committee 2	19	30	23	57
5.	Committee on Information Resources	28	32	85	94
6.	Budget Committee	47	46	191	107
7.	Controlling Committee	23	19	31	28
8.	Committee for Personnel Issues	28	19	70	56
9.	Information Security Committee	26	30	101	121
10.	Commission for Determining the Cost and Write-off of Fixed Assets, Intangible Assets and Unsalable Inventories	14	15	35	15
11.	Risk Committee	36	40	83	91

Achievement of KPI by Members of the Management Board

Performance of the Management Board of the Bank is assessed based on the KPIs for 2021 approved by the Board of Directors of the Bank. Activities of the Management Board of the Bank in the reporting period are generally characterized as positive. The planned

level of corporate key performance indicators (KPIs) and individual KPIs of the members of the Management Board of 2022 has been achieved. Achievement of the key performance indicators for 2022 is:



MAJOR TRANSACTIONS AND RELATED PARTY TRANSACTIONS

In the reporting year 2022, there were no major transactions (25% or more of the Bank's assets) and transactions with persons related to the Bank by special relations.

BASIC PRINCIPLES OF REMUNERATING MEMBERS OF THE MANAGEMENT BOARD AND THE BOARD OF DIRECTORS

The purpose of the policy of remuneration and bonuses of the members of the Management Board is to stimulate conscientious, efficient and high-quality work, which allows providing 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.

Annual performance remuneration of the members of the Management Board is a remuneration designed to stimulate the performance of the members of the Management Board to be paid depending on the results of achieving strategic key performance indicators and the results of performance evaluation by the resolution of the Board of Directors of the Bank.

The members of the Board of Directors of the Bank

– representatives of the Sole Shareholder – Baiterek NMH JSC – are not paid remuneration and bonuses. For the independent directors – the members of the Board of Directors of the Bank, the remuneration is established in accordance with the Regulation on the Board of Directors of the Bank. The amount of remuneration is determined in the manner prescribed by the legislation of the Republic of Kazakhstan and the Articles of Association of the Bank taking into account the experience and qualifications of an independent director.

In 2022, the remunerations paid to independent directors – the members of the Board of Directors – and the remunerations and bonuses paid to the members of the Management Board of the Bank amounted to 284,6 million tenge.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

The report on compliance/non-compliance with the principles and provisions of the Bank's Code of Corporate Governance 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 generally provides an objective, balanced and understandable description along with information necessary for shareholders to assess the Bank's performance.

BUSINESS ETHICS

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

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

Ethical principles:

1

Equal opportunity and prohibition of discrimination. The Bank provides equal opportunities and under no circumstances will discriminate on the basis of gender, age, race, political, religious or other similar grounds.

2

The personnel are selected and promoted solely on the basis of professional knowledge, experience and competencies in accordance with the Bank's internal documents, excluding any manifestations of discrimination. Career advancement is based on an objective assessment of performance, qualifications, and competence.

3

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

4

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

The Bank has an ombudsman institution to collect information on non-compliance with the Code of Business Ethics, consult employees on the provisions

of the Code, initiate consideration of disputes on violation of the provisions of the Code and participate in settlement thereof.

GENDER POLICY

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

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

The Bank collaborates with several international and foreign organizations whose experience demonstrates that the application of gender-sensitive approaches is of great importance and contributes to the sustainable development of the country's economy. Moreover, many financial institutions today declare their readiness to support organizations, such as the European Investment Bank and many others.

The Bank commits to take into account, analyze, and address gender issues in the planning, implementation, and evaluation of internal documents, projects, and research with the aim of achieving the following objectives:

- 1) Promoting equality between women and men;
- 2) Collecting quality information, taking into account gender-disaggregated data;
- 3) Creating a social, physical, and psychological environment that promotes equal and fair treatment of men and women.

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

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

NON-DISCRIMINATION

The Bank provides its employees with equal opportunities to realize their potential in the course of their work, as well as an unbiased and fair assessment of their results.

The Bank's Personnel Policy, Sustainable Development Policy, and Code of Business Ethics govern the prevention of discrimination based on gender, age, race, political, religious, and other similar grounds. Recruitment and promotion of personnel implements the principle of equal opportunities and is based solely on an objective assessment of professional knowledge and experience in accordance with the qualification requirements for the position, excluding any manifestations of discrimination and violations of employees' rights.

Senior and middle-level managers of the Bank in their relations with subordinates should take measures aimed at protecting labor and health, creating safe and necessary conditions for effective operation, as well as creating a favorable moral and psychological atmosphere that excludes any forms of discrimination and attacks on the honor and dignity of employees/employees.

In order to resolve individual labor disputes, the Bank has established a Conciliatory Commission for the consideration of individual labor disputes. The Commission consists of an equal number of representatives of the employer and employees of the Bank, elected at the general meeting of the labor collective. The Commission is a permanent body dealing with individual labor disputes. A labor dispute is subject to consideration by the Commission if the employee independently or with the participation of a representative did not settle the differences in direct negotiations with the employer or its authorized representative.

In 2022, the Reconciliation Committee received one application from a Bank employee related to reimbursement of training expenses. The decision regarding this matter was made in favor of the employee.

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

CONFLICT OF INTEREST

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

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

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

shall sign an undertaking to comply with actions that limit the risk of a conflict of interest.

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

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

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

SUSTAINABLE DEVELOPMENT MANAGEMENT

The Bank is aware of the importance of its influence on the economy, ecology and society to ensure sustainable development in the long run. As part of implementation of this principle, the Bank approved the Sustainable Development Policy (hereinafter – the Policy) by the decision of the Board of Directors of the Bank dated 04.06.2019 (Decision No. 7) (the current Policy is available on the Bank's website in the section "The Bank's Approach to Sustainable Development").

The tasks of the Sustainable Development Policy:

- determine the principles and directions of the Bank's activities in the field of sustainable development, including in terms of creating an effective and transparent system of interaction with stakeholders;
- fix the roles, competencies, and responsibilities of each body and all employees of the Bank for implementing the principles of sustainable development;
- determine the relationship between sustainable development and key processes of the Bank.

When solving problems in the field of sustainable development, the Bank relies on its mission, the provisions of the Bank's Development Strategy, and

also uses international norms of behavior and principles of international standards in the field of sustainable development. The mission of Otbasy Bank is provision own housing for Kazakhstani families and increasing the sense of Homeland. The Bank supports the government's housing policy in this regard.

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

Strategic management and control over the implementation of sustainable development is carried out by the Board of Directors of the Bank.

Also, sustainable development issues are delegated to the competences of the Committee for Strategic Planning and Corporate Development of the Board of Directors of the Bank. The Board ensures formation of an appropriate system and an action plan in the field of sustainable development and their implementation. All employees and officials at all levels contribute to sustainable development. Sustainability reporting is annually submitted to the Bank's Board of Directors.

- planning activities in the field of sustainable development;
- coordination of activities of the Bank's departments aimed at achieving the goals and objectives in the field of sustainable development;
- reporting on the implementation of the action plan and KPI in the field of sustainable development;
- preparing the Bank's annual report including a section on sustainable development;

INTERNAL AUDIT

Activities of the Internal Audit Department of Otbasy Bank JSC are based on the international frameworks of professional practice of internal audit and are carried out in compliance with the principles of independence, impartiality, honesty, objectivity and professional competence.

Mission of the Internal Audit Department is to provide the necessary assistance to the Board of Directors and the Management Board of the Bank in fulfilling their responsibilities to achieve the strategic goals of the Bank.

The main purpose of the Internal Audit Department is to provide the Board of Directors with independent reasonable guarantees and consultations aimed at improving the Bank's activities and increasing the efficiency of risk management, internal control and corporate governance. The Internal Audit Department is an independent structural unit and is functionally accountable to the Board of Directors and administratively – to the Bank's Management Board.

The Internal Audit Department is 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 2022, the Internal Audit Department staffed 13 persons. Internal auditors carry out continuous professional development on an ongoing basis and hold the Diplomas of Certified Professional Internal Auditors issued by the Institute of Professional Financial Managers of the United Kingdom (DipPIA and DiPCPIA), as well as Certificates of Professional Accountants (CPA)

- training workshops for the Bank's employees to improve the skills of officials and employees in the field of sustainable development with the involvement of external trainers or independently;
- interaction with international organizations, institutions, agencies and departments of the Bank on sustainable development issues.

The Sustainable Cities and Communities targets, which are part of the Sustainable Development Goals of the UN Global Compact, provide for universal access to sufficient, safe and affordable housing for the population. The Bank, as part of its activities, makes a great contribution to solving this issue.

In addition, the Bank annually approves an action plan in the field of sustainable development. In 2022, all the measures envisaged in the Bank's Sustainable Development Action Plan for 2022 were implemented.

The main tasks and functions of the Internal Audit Department:

- assessment of the reliability and effectiveness of the internal control and risk management system;
- assessment of the effectiveness of corporate governance and compliance with ethical standards and values;
- assessment of sufficiency and effectiveness of the measures taken by the structural subdivisions of the Bank to achieve the tasks assigned to them within the framework of the strategic goals of the Bank;
- assessment of the reliability of the internal control system over the use of automated information systems;
- providing advice to the Bank's Executive Body and structural divisions on improving internal control, risk management and corporate governance processes.

Annual risk-based audit plans are reviewed and approved by the Board of Directors. All planned audit tasks for 2022 were completed in full.

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

EXTERNAL AUDIT

In accordance with the Bank's Rules for procurement of goods, works and services and the concluded agreement on long-term procurement of services for the audit of financial statements for 2022-2023 dated December 21, 2021, 9, based on the resolution of the Management Board of the Holding, the external audit

for the Bank is performed by the Auditing Company – PricewaterhouseCoopers LLP. The term of the agreement is from January 01, 2022 to March 30, 2024. The amount of the auditor's remuneration for 2022 is 62,160 thousand tenge.

ENGAGEMENT WITH STAKEHOLDERS

The Bank is committed to maintaining quality and sustainable relationships with the key stakeholders and takes their interests into account when making key decisions and carrying out operating activities.

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

The Bank has approved Stakeholders' Chart, which defines the list of key stakeholders and the degree of their influence. The chart allows systematizing and visualizing information about the Bank's environment in order to build an adequate strategy for working with each of the stakeholders. Identification of stakeholders and work with them is one of the tools that allows us to improve the business reputation of the business, the capitalization of the company, to establish effective and balanced relationships with all stakeholders.

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

No	Stakeholders	"Interests/motives"	Tools of influence	Interaction strategy
1	Sole Shareholder	Observance of the interests of the sole shareholder of the Bank Baiterek NMH JSC	Legislation of the Republic of Kazakhstan, the Charter, internal documents of the Bank	Ensuring the implementation of the rights of the Sole Shareholder within the framework of corporate governance principles aimed at effective key decision-making in accordance with the legislation of the Republic of Kazakhstan
2	Governing Body	General management of the Bank's activities, except for issues referred to the exclusive competence of the Sole Shareholder	Legislation of the Republic of Kazakhstan, the Charter, internal documents of the Bank	Determination of priority areas of activity, development strategies of the Bank.
3	Management	Making decisions on any issues of the Bank's activities that are not referred by the legislation of the Republic of Kazakhstan and the Bank's Articles of Association to the competence of the Sole Shareholder and the Board of Directors	Legislation of the Republic of Kazakhstan, the Charter, internal documents of the Bank	Execution of decisions of the Sole Shareholder, the Board of Directors of the Bank. Preparation and implementation of development plans and other issues related to the Bank's activities.
4	Personnel	Labor relations with the employer, direct fulfillment of obligations under an employment agreement	Labor Code, employment agreement, internal documents of the Bank	Execution of official powers aimed at implementation of the tasks and functions of the Bank
5	State Bodies	Implementation of legislative functions stipulated in the legislation of the Republic of Kazakhstan	Legislation of the Republic of Kazakhstan	Control over compliance with the legislation of the Republic of Kazakhstan.
6	Investors	Making profit	Contractual relations within the framework of investment, cooperation/partnership agreements	Priority of payment of principal and remuneration for invested funds, exclusion of dependence on financing
7	Financial institutions	Making profit	Contractual relations within the framework of investment, cooperation/partnership agreements	Priority of payment of principal and remuneration for invested funds, exclusion of dependence on financing
8	Suppliers	Making profit, increasing the level of competitiveness	Contractual relations of the supply of goods, performance of works, provision of services	Compliance with the requirements for organizing the procurement process

9	Partners	Commercial interests	Contractual relations	<p>Conclusion of contracts and agreements on mutually beneficial cooperation and mutual understanding.</p> <p>Improvement of business processes and their automation.</p> <p>Control over the execution of contractual relationships.</p>
10	Customers, consumers	Quality and availability of product lines and services in the housing savings market	Preferences and customer satisfaction	Improving the quality and availability of products and services in the housing savings market.
11	Auditors	Provision of financial audit services	Contractual relationships	<p>Conclusion of contracts for the provision of audit services.</p> <p>Audit of financial statements, external audit.</p>
12	Consulting organizations	Provision of consulting services	Contractual relations	<p>Conclusion of contracts for the provision of consulting services. Improving business processes.</p> <p>Control over the execution of contractual relationships.</p>
13	Population	Quality and availability of product lines and services in the housing construction savings market	<p>Public opinion.</p> <p>Appeals to higher-level and regulatory authorities, mass media.</p>	<p>Reputation audit, public opinion polls, implementation of communication strategy.</p> <p>Publication of the Bank's financial and non-financial statements.</p> <p>Demonstration of practical commitment to the principles of social responsibility, transparency and sustainable development.</p> <p>Acceptance of additional social commitments, solving current social problems.</p> <p>Charitable activities.</p>
14	Public organizations	Various issues related to the activities of public and non-governmental organizations	Publications and information about the activities of the Bank	Compliance with the legislation of the Republic of Kazakhstan, support of local public activities, charity, provision, care for the environment. Employment, social responsibility

15	Mass media	Publications and information about the Bank	Publications and information about the activities of the Bank	Compliance with the legislation of the Republic of Kazakhstan, development of bilateral and multilateral relations with the media.
16	Competitors	Increasing the market share of household deposits, mortgage lending for the construction and purchase of housing, mortgage lending	Use of modern technologies, increasing the quality of services and products provided in the financial market, active advertising campaign, development and introduction of new lines of products and services in the market of household deposits	<p>Strategy to reduce the level of competition from competitors:</p> <p>cooperation on terms that are unattractive to competitors;</p> <p>increasing staff commitment to the Bank;</p> <p>expanding its presence in the country;</p> <p>developing and implementing new lines of products and services in the housing construction savings market;</p> <p>cooperation for mutually beneficial solutions to problems.</p>

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

The strategy of interaction of the Bank with each stakeholder, as well as the tools of influence, are determined by the structural divisions of the Bank independently, depending on the specifics of the activity.



RISK MANAGEMENT POLICY

AND INTERNAL CONTROL SYSTEM

The Bank's internal control system is formed in accordance with the requirements of the legislation of the Republic of Kazakhstan, the Basel Committee on Banking Supervision, and the best international practices.

The Bank applies the concept of the «Integrated COSO Model» developed in 2013 to build its internal control system.

The Bank's Internal Control System (hereinafter referred to as the ICS) is a process integrated into the day – to-day activities carried out by the Board of Directors, collegial bodies, structural divisions and all employees of the Bank in the performance of their duties.

The Bank's Board of Directors and Risk Management

Committee monitor the Bank's activities in order to identify and eliminate internal control deficiencies, violations and errors. On a quarterly basis, the Bank's Board of Directors and the Risk Management Committee review reports on operational risks, information technology and information security risks and internal control, and make appropriate decisions on them. Meanwhile, the Board of Directors reviews and approves the main internal documents regulating the internal control system in the Bank.

The the Bank's ICS is multi-level and includes all divisions of the Bank. Participants in the internal control process are identified on the basis of three lines of defense.

The first line of defense

is provided by all structural subdivisions of the Bank and represents controls designed to ensure the correct execution of daily operations in the processes. Controls are developed by business units and are an integral part of the business processes to minimize risks and comply with the requirements of the internal documents, as well as to comply with external, regulatory requirements. Control management and monitoring are carried out by the subdivisions themselves, which implies the ability of business units to identify risks, weaknesses in business processes, possible unforeseen events and respond to them in a timely manner.

The second line of defense

is provided by the internal control subdivision that monitors, coordinates and documents the ICS, and the subdivisions that identify and assess the risks in certain areas of the Bank's activities, including: risk management subdivision, Senior Compliance Controller and compliance control subdivision, situation monitoring subdivision, personnel subdivision, legal subdivision, security subdivision, information security subdivision, and information technology risk management subdivision.

The third line of defense

is provided by the internal audit subdivision in the form of an independent assessment of the effectiveness of the Bank's ICS using the results of audits or in the form of a separate assessment of the effectiveness of the ICS.

The internal control subdivision provides consulting assistance to the Bank's employees on internal control issues in accordance with the Bank's internal regulations, the regulations of Baiterek NMH JSC, the regulations of the National Bank of the Republic of Kazakhstan and the legislation of the Republic of Kazakhstan to ensure the effective functioning of the ICS in the Bank.

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

As part of monitoring and documenting the Internal Control System, the internal control unit conducts spot

checks of the Bank's business processes in accordance with the work plan/on behalf of management, including diagnostics of the adequacy of the design of internal controls that prevent or detect identified risks in the processes. In 2022, the division performed diagnostics of 6 processes, including:

- «Currency control»;
- «Personnel management»;
- «Interaction and coordination of work with credit bureaus»;
- «Bank's software acquisition «»;
- «Remote customer service via video communication and organization of work with consulting operators»;
- «Working procedure in the module» Secondary Housing «on the Baspana Real estate Portal».

Based on the results of diagnostics, such key risks were identified in the processes as: the risk of non-compliance with the requirements of the

legislation of the Republic of Kazakhstan, internal documents of the Bank, the risk of reducing the responsibility of performers, the risk of human factors, the risk of exceeding authority, the risk of lack of interchangeability, as well as such significant problems as: the need to optimize processes, controls with partially-effective / non-effective design, the presence of a significant proportion of manual controls in processes.

In order to minimize these risks and problems, recommendations were developed for process owners on detection/controls with inefficient or partially effective design, including recommendations on how to eliminate violations and improve regulation/ automation/optimization of processes.

The Bank's Risk Committee reviewed the audit reports and approved corrective action plans to address the identified deficiencies, which contain 115 corrective actions. Responsible structural divisions of the Bank carry out work to eliminate violations, implement measures of corrective action plans.

RISK MANAGEMENT

In accordance with the Bank's Risk Management Policy, the Bank's Board of Directors ensures that a risk management system is in place that is appropriate to the selected business model, scale of operations, types and complexity of operations, and ensures an appropriate process for identifying, measuring and evaluating, monitoring, controlling and minimizing significant risks to ensure the Bank's financial stability and stable functioning.

A key factor in the Bank's high risk management culture is to regularly inform the Bank's authorized collegial bodies, including the Bank's Board of Directors, on issues related to risks, including risk management policies and procedures. The exclusive competence of the Bank's Board of Directors in terms of risk management includes the powers regulated by the Bank's Charter, internal documents of the Bank, as well as the Regulations on the Bank's Board of Directors. The Bank's Board of Directors, in order to effectively perform its assigned duties, monitors and controls risk management, internal audit, compliance with the requirements of the legislation of the Republic of Kazakhstan and internal documents of the Bank through interaction with authorized collegial bodies under the Bank's Board of Directors, the Bank's Management Board and the Head of Risk Management. The Risk Management Committee of the Bank's Board of Directors operates within the framework of the Regulations defining its powers, competence, and principles of its work. The Risk Management Committee of the Bank's Board of Directors regularly receives data and reports from risk management departments and other responsible departments on the Bank's current risk level, risk appetite levels, and risk mitigation mechanisms, if necessary.

Structural divisions-participants in all lines of defense-owners of business processes annually identify risks in their processes and self-assess the adequacy of the design of internal controls that mitigate the identified risks. The results of self-assessment are presented in the Matrix of Business Processes, Risks and Controls of the Bank (hereinafter referred to as the Matrix). The matrix for the upcoming reporting year, which contains a self-assessment of business owners/an assessment of the internal control unit, is updated by process owners with the coordination and methodological support of the internal control unit and approved annually by the Board of Directors. If necessary, business process owners develop and approve the Management Board action plans to eliminate deficiencies/inefficiencies in internal control in the processes. Further monitoring of the implementation of corrective action plans for internal control is carried out by the internal control unit on a quarterly basis, with submission of information on execution to the Risk Committee or to the Bank's Management Board.

The Bank's Board of Directors has developed and approved the Bank's Risk Appetite Strategy, which sets clear limits on the volume of accepted risks inherent in the Bank's activities within the framework of implementing the Bank's overall strategy, and also defines the Bank's risk profile in order to prevent the implementation of risks or minimize their negative impact on the Bank's financial position.

In accordance with the Risk Appetite Strategy, the Bank's Board of Directors approves the Bank's Risk Appetite Statement. As part of the Risk Appetite Statement, a set of quantitative and qualitative indicators of risk appetite levels is approved for each significant risk of the Bank, taking into account the Bank's adopted business model. Monitoring of compliance with risk appetite levels in accordance with the Bank's Risk Appetite Statement is carried out on a periodic basis, information on the results of which is sent for consideration to the Bank's authorized bodies, including the Bank's Board of Directors, as part of management risk reporting.

The main financial risks inherent in the Bank's activities include market risk (currency risk, interest rate risk), liquidity risk and credit risk.

INFORMATION ON COMPLIANCE WITH AGGREGATED RISK APPETITE LEVELS AS OF 01.01.2023

Name of the risk	Risk appetite level as of 01.01.23.	Approved risk appetite level for 2022	Sufficiency of the risk appetite level
1	2	3	4 = 3 - 2
Credit risk	23 117	78 863	55 746
loan portfolio	5 867	74 970	69 102
interbank deposits	16 233	1 231	-15 002*
non-government securities	1 016	2 662	1 646
Market risk	6 350	30 648	24 298
Interest	6 340	30 066	23 725
Currency	8	571	562
Price	2	12	10
Liquidity risk	2 593	21 766	19 173
Aggregate risk level	32 061	131 277	99 217

The current aggregate level of risk on credit, market and liquidity risk as of 01.01.2023 is 32 billion tenge and is within the approved level of risk appetite, which is 24% of the approved level of risk appetite for 2022.

For the purposes of capital adequacy assessment, the Bank has developed and implemented the Regulation on the Internal Capital Sufficiency Assessment Process (ICSAP), approved by the Bank's

Board of Directors. Within the framework of ICSAP, the Bank identifies, evaluates and controls significant types of risks inherent in the Bank's activities, as well as capital planning based on the Bank's strategy, the results of a comprehensive assessment of significant risks, stress testing of the Bank's financial stability in relation to internal and external risk factors, as well as requirements for the adequacy of the Bank's equity.

ASSESSMENT OF THE IMPACT OF THE BANK'S CURRENT RISKS² ON THE LEVEL OF EQUITY CAPITAL SUFFICIENCY

Regulator standard	Actual 01.01.23	Subject to current risk level	Deviations from actual
1			
k1-1 (min. 0,055)	0,287	0,267	-0,020
k1-2 (min. 0,065)	0,287	0,267	-0,020
k2 (min. 0,080)	0,287	0,267	-0,020

*credit, market and liquidity risk

Capital sufficiency, taking into account the current total risk level, is going to decrease by -0.020 for all coefficients, however, its value will be higher than the

minimum requirements set by the regulator due to a significant amount of equity (455 billion tenge).

Currency risk.

The Bank's exposure to currency risk is minimal given the specifics of the Bank's business model. The Bank does not conduct operations with foreign currency,

except for the acquisition of foreign currency as part of the fulfillment of obligations under the concluded business and administrative agreements

Interest rate risk.

The Bank's interest rate risk is the risk of losses due to adverse changes in interest rates and also includes:

- 1) the risk of financial losses due to a discrepancy between the terms of return and repayment of placed interest-bearing assets and attracted interest-bearing liabilities;
- 2) the risk of losses resulting from applying different types of interest rates (floating or fixed) on interest-bearing assets, on the one hand, and interest-bearing liabilities, on the other.

The main measures to minimize interest rate risk, taking into account the specifics of the Bank's business model, are:

- 1) ensuring an effective ratio of interest income and

interest expenses, taking into account profitability levels, interest rate risks and changes in the market environment;

- 2) maximizing the value of interest rate spread at an acceptable level of risk;
- 3) ensuring a balance between sensitive assets and sensitive liabilities in terms of volumes and maturities, taking into account the revaluation.

As part of interest rate risk management, the Bank analyzes sensitive assets and liabilities, the yield and value of which is determined by the interest rate. To control its exposure to interest rate risk, the Bank uses the interest rate gap analysis tool, which aims to determine the time interval over which interest rate exposure is formed due to changes in the interest rate.

Liquidity risk.

For the purposes of assessing the Bank's liquidity adequacy, the Bank has developed and implemented a Regulation on the Internal Process of Assessing the Bank's liquidity Adequacy, approved by the Bank's Board of Directors. The Bank performs an effective process of identification, assessment, monitoring and control of liquidity risk, which includes forecasting cash flows for assets, liabilities and off-balance sheet instruments at different time intervals. The Bank evaluates all balance sheet and off-balance sheet items that affect the level of liquidity risk, as well as the level of liquidity in the market, to cover the Bank's need to attract funding in order to regulate liquidity risk, if necessary.

Considering the specifics of the Bank's business model, the Bank's stable funding base largely consists of budgetary funds as part of the implementation of government programs to provide the population with affordable housing and housing construction savings for individuals.

The Bank's exposure to liquidity risk is assessed in the event of non-compliance with the maturity dates of its obligations under assets and liabilities, as well as insufficient volume of liquid assets and sources of funding, including taking into account the situation on the financial market.

The main purpose of the Bank's liquidity risk management is to determine the evaluation methods and procedures for maintaining a sufficient level of liquidity. The Bank's liquidity risk is managed by analyzing the level of liquid assets required to settle liabilities as they fall due; ensuring access to various sources of funding, plans in place in case of problems with funding and monitoring compliance with legal liquidity requirements.

The main measures to minimize liquidity risk, taking into account the specifics of the Bank's business model:

- monitoring compliance with the limits set by the regulator and the Bank's internal liquidity risk limits;
- control of the Bank's daily (intraday) liquidity position;
- conducting a time-based gap analysis of the Bank's assets and liabilities, the purpose of which is to determine at what time interval the liquidity risk exposure is formed, and to assess the impact of the current liquidity imbalance in a certain time interval on the Bank's ability to meet its obligations;
- regularly conduct stress testing on liquidity risk under various scenarios.

THE LIQUIDITY GAP AS OF 01.01.2023, MILLION TENGE

	On demand	[0-7D]	[1W - 1M]	[1M- 3M]	[3M- 6M]	[6M- 12M]	[1Y-2Y]	[2Y-3Y]	[>3Y]	Total as per balance sheet
Assets	146 922	125 234	111 472	23 425	34 323	76 059	239 635	194 377	2 488 659	3 440 105
Liabilities	155 139	5 656	45 337	10 808	10 995	40 113	292 604	250 595	2 166 598	2 977 844
Contingent liabilities			3 261	6 522	9 783	13 044				32 611
GAP	-8 217	119 578	62 874	6 095	13 545	22 902	-52 969	-56 218	322 061	429 650
Cumulative GAP	-8 217	111 361	174 235	180 330	193 875	216 777	163 808	107 590	429 650	
Cumulative GAP / Assets	-0,2%	3,2%	5,1%	5,2%	5,6%	6,3%	4,8%	3,1%	12,5%	

The following assumptions were used to calculate the liquidity gap:

- all assets and liabilities are distributed over time intervals depending on the maturity dates.
- contingent liabilities are distributed on the basis of monthly housing loans issued (excluding previously issued preliminary and interim loans).

The minimum value of the cumulative GAP to total assets ratio falls on the demand interval and is -0.2%. The Bank complies with the approved internal limits for 2022 in the amount of at least -2 % of the Bank's assets. The resulting negative gaps in the net GAP are due to an increase in accumulated customer funds on «demand» maturities of 113 billion tenge (due to subsidiaries of Baiterek NMH JSC on current accounts), «from 1 to 2 years» - 215 billion tenge and «from 2 to 3 years» - 250 billion tenge.

Credit risks

As part of the "Implementation of a decision-making system" project, the following activities were carried out:

- integration of the decision-making system with the "Pre-qualification" process was developed and implemented;
- new scoring cards for preliminary and housing loans were developed and are currently being tested.
- expanded primary reporting on the results of scoring decisions;
- implemented CPR verification for people tied with the bank by special relations.
- 20 large loans were 0.07% of the Bank's loan portfolio, which indicates that there is no risk of loan portfolio concentration. In the structure of collateral, the share of real estate amounted to 81.04% of the total collateral. The overall weighted average K/Z ratio (loan/collateral) is 40.93%, which indicates a conservative collateral policy.

In 2022, the Appraiser's Office Portal (hereinafter referred to as the portal) carried out work on:

- revision of the price zone reference book in connection with the formation of new regions;
- revision of templates for evaluation reports in connection with changes to regulatory legal acts in the field of evaluation activities, as well as on proposals from

appraisers and chambers of appraisers:

- converting the list of appraisers to a map by location for the convenience of clients,
- optimization of the mortgage examination procedure, which also includes the development of a reference book on residential complexes, replenishment of reference books on objects to be demolished, at the addresses of objects located near cemeteries that do not correspond to sanitary regulations standards and so on.

In 2022, 133 appraisers are registered in the portal, with a total of more than 500 appraisers working in the portal.

In 2022, 40,593 applications were reviewed by employees of the risk management division including: 28,197 applications were approved, 1,766 applications were rejected and 10,630 applications were returned for revision. AutoRAC approved 52,582 applications.

For comparison, at the end of 2011, the share of provisions created in accordance with IFRS was 0.50% of the loan portfolio, while the share of 20 large loans of the Bank was 0.10% of the Bank's loan portfolio, which indicates that there is no risk of loan portfolio concentration. In the structure of collateral, the share of real estate amounted to 81.04% of the total collateral. The overall weighted average K/Z ratio (loan/collateral) is 43.55%, which indicates a conservative collateral policy.

Operational risks

The operational risk management system (ORMS) in the Bank is formed in accordance with the requirements of the legislation of the Republic of Kazakhstan, the recommendations of the Basel Committee on Banking Supervision, generally accepted principles and banking risk management practices, and generally accepted international practices.

The ORMS objectives are achieved under a systematic, integrated approach, which implies the solution of the following tasks:

- improvement of operational risk management procedures and mechanisms to which the Bank is exposed;
- inadmissibility of operations and other actions leading to significant changes in the level of operational risk;
- limiting losses when the Bank settles transactions due to realization of operational risks;
- identification and analysis of operational risk arising in the course of the Bank's activities;
- obtaining operational and objective information about the state and exposure of operational risk;
- development of measures aimed at reducing and preventing the Bank's operational risk;
- improving the system of internal control over operational risk;
- development of a risk culture at all levels of the Bank's management

Infrastructure of the Bank's ORMS includes:

1) identification of operational risks: analysis of both existing and implemented internal procedures and systems, as well as products and services provided by the Bank;

2) operational risk assessment: measurement of operational risks in order to determine trends in the level of their changes;

3) strategic management of operational risks: development of principles for continuous operational risk management in the Bank;

4) continuous management of operational risks, which is carried out by all structural subdivisions of the Bank and includes a decrease in the level of exposure to operational risk and elimination of the negative effects of operational risk events in all structural subdivisions of the Bank;

5) monitoring and reporting on operational risks: the Bank regularly monitors the level of operational risk and adheres to acceptable levels of risk. To monitor operational risk, the Bank uses a management reporting system for the management and collegial bodies involved in risk management processes, regularly assesses the risks affecting the achievement of goals, changing circumstances and conditions, and gives recommendations on risk management. Information on management reporting is provided to the Board of Directors/Management Board of the Bank on a quarterly monthly basis;

6) prevention/mitigation (control): taking a set of measures aimed at preventing/reducing the likelihood of events or circumstances leading to operational losses, or at reducing the amount of potential losses.

In 2022, measures were taken to improve the database for collecting and analyzing internal data on operational risk events.

Management of Information Security Risks and Information Technology Risks

To ensure the effective functioning of information security and information technology (hereinafter - IS and IT) risk management systems, in accordance with the requirements of the legislation of the Republic of Kazakhstan, the following documents were developed and are kept updated:

- IT and IS Risk Management Policies
- IT Risk Management Rules
- IS Risk Management Methodology
- Methodology for Determining the Potential Loss under Information Security Risks

In 2022, the working group on the formation of a list of critical information assets under the leadership of the internal control subdivision took measures to classify

the Bank's information assets and approved the list of the Bank's critical information assets.

The internal control subdivision periodically submits reports on IT and IS risks to the Information Security Committee, the Management Board and the Board of Directors of the Bank.

The Internal Control Unit provides periodic reports on IT and information security risks to the Information Security Committee, the Management Board and the Board of Directors of the Bank.

Going Concern Management

The Bank's going concern management aims to ensure that the Bank is sustainable against any incidents by eliminating or minimizing downtime and quickly recovering key business processes and minimizing losses. For these purposes, the following have been developed, approved and kept up to date:

- Policy for managing a going concern of the Bank;
- Rules for managing a going concern of the Bank;
- Plans for ensuring a going concern of the Bank;

The following events are held annually in this area:

- training of the Bank's personnel on business going concern issues;
- analysis of the impact on the Bank's critical processes and activities;
- testing and analysis of the Bank's plans for ensuring a going concern;
- analysis of the risks of unforeseen circumstances for which a plan of measures to respond to risks has been drawn up.

Compliance risk

In a broad sense, compliance control is a management and control system in an organization that deals with the risks of non-compliance with the requirements of legislation, regulatory documents, rules and standards of supervisory authorities, codes of conduct, and other regulatory documentation of the organization.

Compliance control is an integral part of the internal control function, the purpose of which is to protect the interests of investors, banks and their clients by monitoring compliance of the Bank's employees with the provisions of the legislation, requirements of supervisory authorities, and internal documents of the Bank regulating the procedure for providing services by the Bank and conducting operations in the financial market.

Effective compliance risk management system and its maintenance in an appropriate state allow management to timely identify all significant risks of incomplete implementation of the Bank's business goals.

Responsibility for compliance with the established standards is based on the Bank's compliance culture, which is reflected in 3 lines of defense:

1) The first line of defense manages the compliance risk within its competence and in accordance with the Bank's internal documents on compliance risk management (first level control). The participants are employees of the Bank, heads of structural subdivisions of the Bank.

2) The second line of defense manages the compliance risk and compliance control (second level control). The participants are the Senior Compliance Controller and compliance control subdivision.

3) The third line of defense carries out an independent assessment of the effectiveness of the compliance risk management system (third level control). The participant is the internal audit subdivision.

All participants in the compliance risk management system, within their competence and responsibility, manage the compliance risk with strict and rigorous observance of the requirements of the legislation of the Republic of Kazakhstan, the legislation of foreign states that affects the activities of the Bank and recognized by the Republic of Kazakhstan, internal rules and procedures of the Bank, and generally accepted codes of conduct.

The main goal of compliance risk management is to minimize and/or maintain at an acceptable level of compliance risks, such as the occurrence of financial losses of the Bank and the imposition of legal sanctions on it due to non-compliance with the requirements of the legislation of the Republic of Kazakhstan, regulatory legal acts of the authorized body, internal documents and procedures of the Bank, as well as the legislation of foreign states affecting the activities of the Bank and recognized by the Republic of Kazakhstan.

To effectively manage the compliance risk, the compliance control subdivision works to identify and assess the reasons for the occurrence of the compliance risk:

- collection and analysis of compliance risk realization events are carried out on a regular basis. For this purpose, the results of audits and a single internal database of operating losses and events are used;
- internal checks of internal documents and processes of the Bank are carried out on a regular basis for compliance with the requirements of the legislation of the Republic of Kazakhstan (in 2022, the compliance control subdivision conducted 5 checks:)
- the principle "Know Your Customer" has been implemented
- a register of compliance risks is maintained with the preparation of a compliance risk map;
- as part of strengthening the compliance culture, the Bank conducts training workshops.

To ensure the compliance of the Bank's activities with the legislation of the Republic of Kazakhstan, the compliance control subdivision monitors amendments and alterations to the legislation of the Republic of Kazakhstan on an ongoing basis with further giving recommendations on the development of new internal documents, making appropriate amendments/alterations to the internal documents and procedures of the Bank.

As part of compliance with the requirements of the legislation on anti-money laundering and combating financing of terrorism (hereinafter – AML/CFT), a financial monitoring system is operated by the Bank.

The main goal of the financial monitoring system is to minimize the risks arising when settling bank transactions subject to financial monitoring and

other transactions with money or property related to money laundering, terrorism financing and financing of the proliferation of weapons of mass destruction, by ensuring compliance with the requirements of the legislation of the Republic of Kazakhstan in the field of AML/CFT, preventing the Bank's involvement in money laundering and terrorism financing and financing the proliferation of weapons of mass destruction, maintaining the effectiveness of the Bank's internal control system at a level sufficient to manage the risks.

The Bank implements the 'Know your customer' principle, when establishing business relations, due diligence procedures are performed, completeness and timeliness of submission to the authorized body in charge of financial monitoring of the information on transactions subject to financial monitoring is ensured.





SOCIAL RESPONSIBILITY

THE BANK IS AWARE OF ITS RESPONSIBILITY

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

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

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

EMPLOYMENT

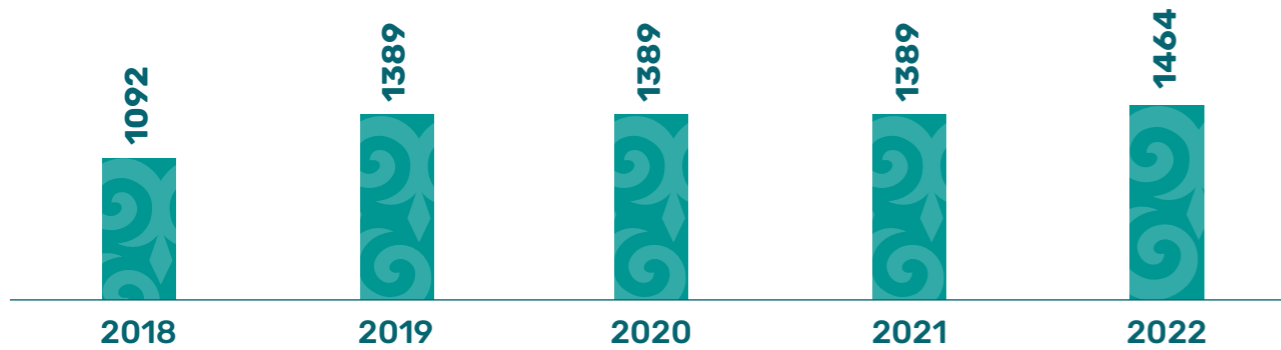
One of the priority tasks of the Bank is the formation and maintenance of a staff that meets the qualification requirements of the Bank aimed at achieving strategic goals and solving the problems the Bank faces. The

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

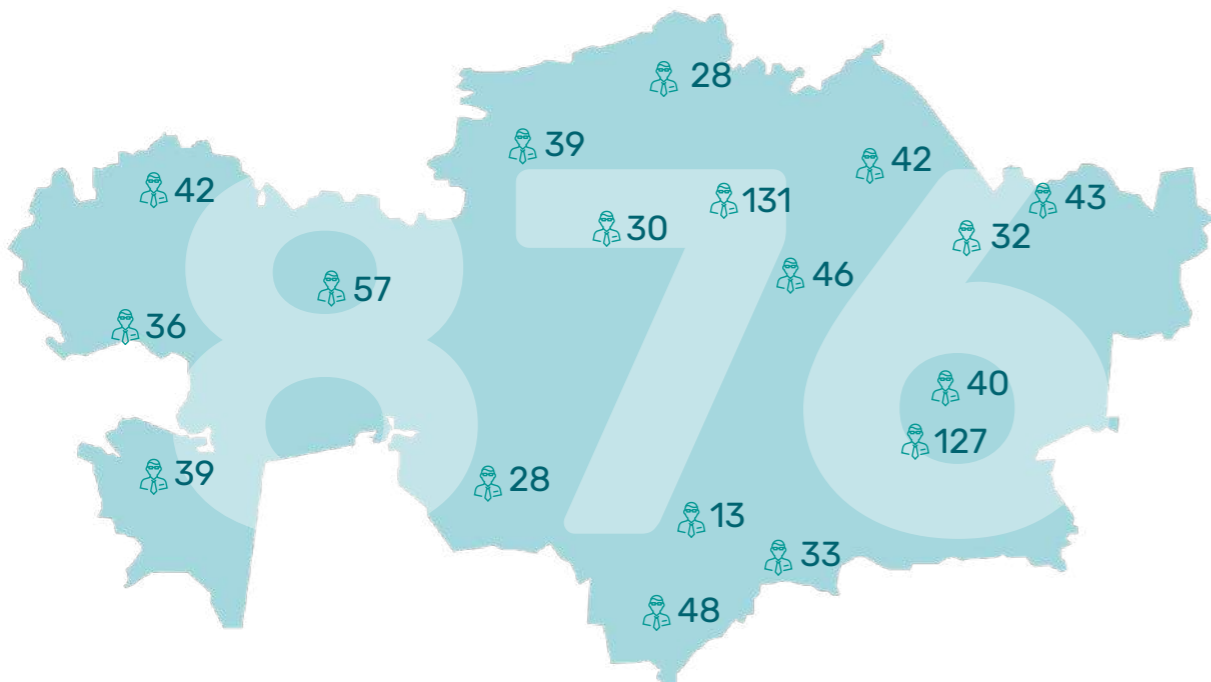
COMPOSITION AND STRUCTURE OF PERSONNEL

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

MANNING LEVEL, PEOPLE



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



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

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

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

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

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

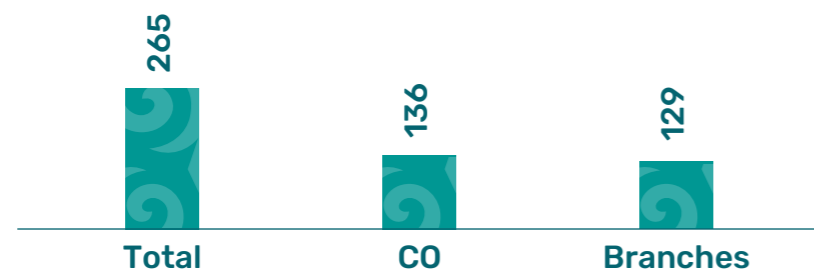
structural subdivisions of the Bank. The total number of freelance employees as of 01.01.2023 is 148 people (in 2021 - 133 people).

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

PERSONNEL BREAKDOWN BY GENDER AND AGE GROUP IN 2022.

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

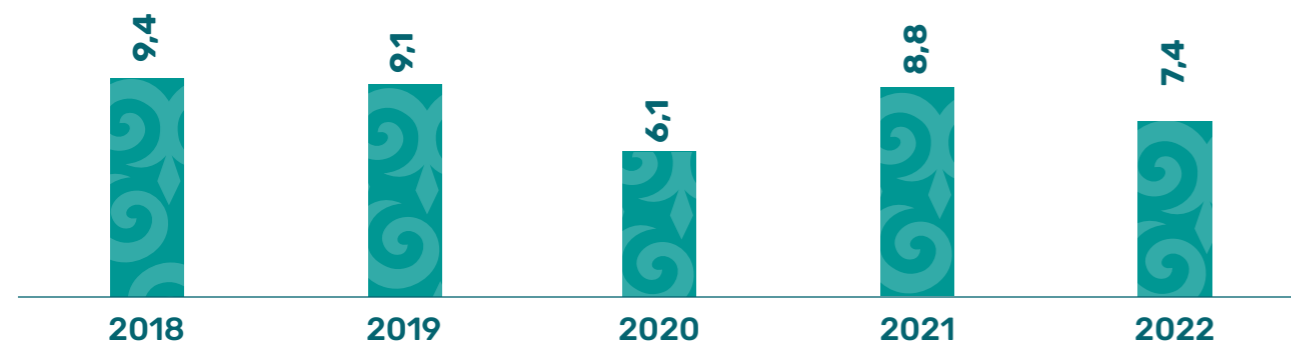
EMPLOYEES HIRED IN 2022, PEOPLE



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

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

STAFF TURNOVER, %



LABOR RELATIONS PRACTICE

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

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

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

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

EMPLOYEE-MANAGEMENT RELATIONS

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

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

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

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

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

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

TRAINING AND EDUCATION

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

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

to improve their professional qualifications and get certificated.

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

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

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

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

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

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

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

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

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

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

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

PERSONNEL RESERVE

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

their professional and career growth

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

CERTIFICATION OF BANK EMPLOYEES

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

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

TESTING FRONT-OFFICE EMPLOYEES

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

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

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

REMUNERATION OF BANK EMPLOYEES

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

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

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

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

The total number of hours of training is

15526

for 2022

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

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

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

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

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

INCENTIVIZATION OF THE BANK'S EMPLOYEES

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

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

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

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

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

SOCIAL PROTECTION

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

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

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

Financial assistance;

Financial assistance is paid to employees in the following cases:

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

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

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

Voluntary Health Insurance Program (Health Insurance);

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

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

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

Compensation payments;

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

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

Assistance in solving housing issues.

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

DIVERSITY AND EQUAL OPPORTUNITIES

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

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

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

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

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

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

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

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

ENSURING OCCUPATIONAL SAFETY AND HEALTH, CIVIL DEFENSE AND FIRE SAFETY

The Bank annually takes a set of measures aimed at:

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

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

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

Safety and Labor Protection.

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

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

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

The following activities were carried out in 2022:

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

Health and safety in the Workplace.

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

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

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

Civil defense.

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

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

Fire safety.

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

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

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

Military registration.

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

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

Security policy.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SPONSORSHIP AND CHARITY WORK

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

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

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

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

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

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

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

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

CORRUPTION COUNTERACTION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

COMPLIANCE WITH LEGAL REQUIREMENTS

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

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

CUSTOMER PRIVACY

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

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

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

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

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

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

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

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

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

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

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

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

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

ECONOMIC PERFORMANCE

DISTRIBUTION OF ECONOMIC VALUE, MLN TENGE

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

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

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

ENVIRONMENTAL FRIENDLINESS

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

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

ENERGY CONSUMPTION AND ENERGY EFFICIENCY

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

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

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

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

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

WATER CONSUMPTION

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

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

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

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

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

WASTE MANAGEMENT

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

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

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

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

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

ENVIRONMENTAL PROTECTION

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

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

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

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

EMISSIONS OF GREENHOUSE GASES AND OTHER POLLUTANTS INTO THE ATMOSPHERE

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

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

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

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

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

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

PROCUREMENT

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

Procurement is based on the following principles:

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

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

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

The total amount of concluded contracts is

13 319 309

thousand tenge

CLIMATE CHANGE CLIMATE CHANGE MANAGEMENT

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

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

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

STRATEGIC DIRECTION

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

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

RISK MANAGEMENT

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

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

INDICATORS AND TARGET VALUES

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

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





APPENDIX

APPENDIX 1. ABOUT THE REPORT

This annual report of Otbasyl Bank JSC includes financial and non-financial information on the Bank's activities for the period from January 1 to December 31, 2022, as well as data from previous periods and a number of forward-looking statements. The Bank has been preparing reports on an annual basis since 2004. The current 2021 Annual Report was not externally certified.

This is the fourth Annual Report of the Bank, which includes information on sustainable development, disclosed in accordance with the international non-financial reporting standards GRI Standards («Basic Compliance Option»).

When preparing the Annual Report, the Bank followed the principles of determining the content of the GRI Standards report:

- 1 Stakeholder Engagement –** the content of the report was determined based on the interests of key stakeholder groups.
- 2 Sustainable Development Context –** the Bank's activities in this report are presented in a broader socio-economic context.
- 3 Materiality –** the report covers only those issues in respect of which the Bank exerts great influence on the decisions of stakeholders.
- 4 Completeness –** the Bank tried to cover the essential topics of its activities as fully as possible and provide all the necessary information.

The principles of "materiality" and "stakeholder engagement" have been applied to define sustainable development topics that will be reflected in the Report.

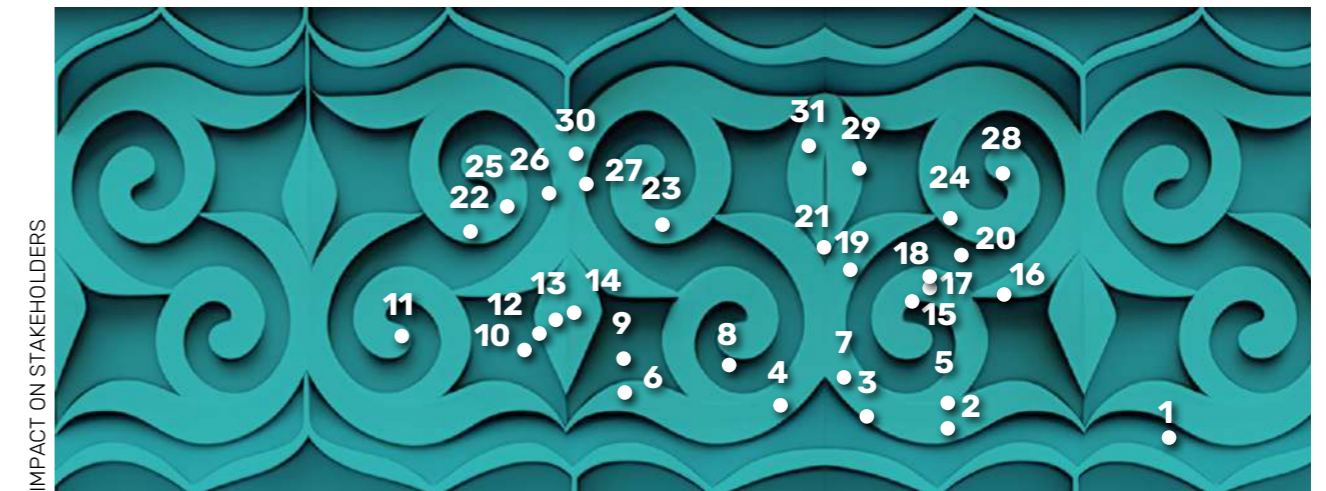
The principles of the "sustainable development context" and "completeness" were applied in collecting information and disclosing it on selected topics.

DETERMINING THE REPORT CONTENT

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

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

MATERIALITY MATRIX



IMPACT ON THE COMPANY

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

APPENDIX 2. FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

<i>(thousands of Kazakhstani tenge)</i>	Note:	December 31, 2022	December 31, 2021
ASSETS			
Cash and cash equivalents	7	327,515,241	595,066,321
Funds in financial institutions	8	75,434,625	17,000
Investments in debt securities	9	138,325,012	186,877,167
Investments in equity securities		1,747	1,747
Loans and advances to customers	10	2,877,313,730	1,999,326,511
Other financial assets	11	8,851,935	11,450,453
Other assets	11	331,252	354,054
Intangible assets	12	6,711,795	5,566,033
Fixed assets and right-of-use assets	12	5,286,760	5,188,019
Long-term assets held for sale		249,493	272,678
TOTAL ASSETS		3,440,021,590	2,804,119,983
OBLIGATIONS			
Payables to customers	13	2,300,445,036	1,898,429,002
Borrowed funds	14	193,469,370	191,456,190
Issued debt securities	15	108,542,872	78,910,328
Government subsidies	16	76,739,163	-
Deferred tax liability	17	4,536,445	4,349,852
Current income tax liabilities		387,342	92,900
Other financial liabilities	24	29,022,900	25,114,446
Other liabilities	17	3,127,732	2,681,864
Payables to customers	18	261,489,488	221,981,940
TOTAL LIABILITIES		2,977,760,348	2,423,016,522
CAPITAL			
Share capital	19	78,300,000	78,300,000
Additional paid-in capital		148,298,334	127,470,774
Revaluation fund for investment securities measured at fair value through other comprehensive income		(4,530,906)	(1,703,462)
Retained earnings		237,910,479	174,752,814
TOTAL EQUITY		462,261,242	381,103,461
TOTAL LIABILITIES AND EQUITY		3,440,021,590	2,804,119,983

* Hereafter, in the financial statements of Otbasy Bank JSC and in the notes thereto, December 31 of any given year means 24.00 Almaty time on December 31 of the corresponding year.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

<i>(thousands of Kazakhstani tenge)</i>	Notes	December 31, 2022	December 31, 2021
Interest income calculated using the effective interest method	20	251,018,805	171,023,329
Interest and similar expenses	20	(86,323,652)	(54,597,033)
Net interest margin and similar income		164,695,153	116,426,296
116,426,296 Credit loss expense	7,9,10	(12,106,771)	(2,406,247)
Net interest margin and similar income after provision after credit losses		152,588,382	114,020,049
Government subsidy income	18	11,623,720	32,375,919
Fee income	21	3,016,032	1,918,666
Fee expense	21	(7,212,054)	(7,111,094)
Expenses less income arising from the initial recognition of financial instruments at below market rates	4	(23,915,177)	(41,393,980)
Expenses from modifying financial assets measured at amortized cost that do not result in derecognition		8,763	-
Income less expenses on debt securities at fair value through other comprehensive income		808	19,587
Income less expenses from operations with foreign currency		37,159	9,181
Other operating expenses less gains	22	(2,298,436)	(1,907,488)
Administrative expenses	23	(24,281,537)	(22,100,237)
Profit before tax		109,567,660	75,830,603
Income tax expense	24	(13,532,530)	(10,075,780)
Net profit		96,035,130	65,754,823
Other comprehensive income/(loss):			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Income less expenses on debt securities at fair value through other comprehensive income		(2,826,636)	490,500
Income/(expenses) less (expenses)/income on debt securities measured at fair value through other comprehensive income transferred to the statement on profit and loss upon disposal		(808)	10,384
Other comprehensive (loss)/income		(2,827,444)	500,884
Total comprehensive income for the period		93,207,686	66,255,707
Basic and diluted earnings per share for earnings attributable to a Shareholder of the Bank (Kazakhstani tenge per share)	32	12,265	8,398

STATEMENT OF CHANGES IN EQUITY

<i>(thousands of Kazakhstani tenge)</i>	Notes	Share capital	Additional paid-in capital/ A provision in a business combination	Reserve on revaluation of securities at fair value through other comprehensive income	Other reserves	Retained earnings	Total equity
Balance at 1 Jan 2021	19	78,300,000	95,406,389	(2,204,346)	2,283,335	108,997,942	282,783,320
Profit for the year		-	-	-	-	65,754,823	65,754,823
Other comprehensive income		-	-	500,884	-	-	500,884
Total comprehensive income reflected for the period		-	-	500,884	-	65,754,823	66,255,707
Recognition of discount on loans from the Government of the Republic of Kazakhstan less deferred tax effect in the amount of 8,016,096 thousand tenge	4	-	32,064,385	-	-	-	32,064,385
Refund payment		-	-	-	-	49	49
Balance at December 31, 2021		78,300,000	127,470,774	(1,703,462)	2,283,335	174,752,814	381,103,461
Balance at 1 January 2022		78,300,000	127,470,774	(1,703,462)	2,283,335	174,752,814	381,103,461
Profit for the year		-	-	-	-	96,035,130	96,035,130
Other comprehensive loss		-	-	(2,827,444)	-	-	(2,827,444)
Total comprehensive income for the year		-	-	(2,827,444)	-	96,035,130	93,207,686
Recognition of discount on loans from local executive bodies of the Republic of Kazakhstan and on deposits raised from a subsidiary of the Parent Company, net of deferred tax effect in the amount of KZT 7,362,018 thousand	4	-	29,448,072	-	-	-	29,448,072
Recognition of the discount on deposits placed in a subsidiary of the Parent Company, except for net of deferred tax effect in the amount of KZT 2,155,128 thousand	4	-	(8,620,512)	-	-	-	(8,620,512)
Dividends declared		-	-	-	-	(32,877,465)	(32,877,465)
Balance at 31 December 2022	19	78,300,000	148,298,334	(4,530,906)	2,283,335	237,910,479	462,261,242

CASH FLOW STATEMENT

Note:	December 31, 2022	December 31, 2021
Cash flows from operating activities		
Interest income received using the effective interest method	236,361,380	162,437,761
Interest paid using the effective interest method	(76,776,355)	(46,463,874)
Fees received	3,016,022	1,918,666
Fees paid	(7,329,937)	(6,835,045)
Personnel maintenance expenses paid	(12,878,360)	(11,481,835)
Administrative and other operating expenses paid	(10,249,521)	(9,513,594)
Net cash flows from operating activities before income tax	132,143,229	90,062,079
Income tax paid	(14,536,524)	(11,013,404)
Cash received from operating activities before changes in operating assets and liabilities	117,606,705	79,048,675
Net (decrease/increase) in:		
due from financial institutions	(100,011,000)	-
- loans and advances to customers	(884,664,771)	(715,349,144)
- other financial assets	3,441	(1,545,676)
- other assets	(23,406)	(42,560)
Net increase/(decrease) in:		
- payables to customers	404,710,665	796,448,384
- payables to financial institutions	80,000,000	-
- other financial liabilities	419,901	578,075
- other liabilities	8,618	38,834
Net cash from operating activities	(381,949,847)	159,176,588
Cash from investing activities		
Acquisition of fixed	(1,218,545)	(691,113)
Acquisition of intangible assets	(2,542,681)	(1,181,183)
Sale of fixed assets	73,481	89
Acquisition of debt securities at fair value through other comprehensive income	-	(12,766,458)
Acquisition of investments in debt securities carried at amortized cost	(34,866,152)	(44,733,251)
Proceeds from disposal of debt securities at fair value through other comprehensive income	42,636,088	38,337,016
Proceeds from repayment of debt securities carried at amortised cost	36,917,160	65,600,000

Net cash received from/ (used in) investing activities		40,999,351	44,565,100
Cash from financing activities			
Obtaining loans from the Government of the Republic of Kazakhstan	15	66,300,000	102,000,000
Obtainig of loans from the Government of the Republic of Kazakhstan			
Loans from local executive bodies of the Republic of Kazakhstan	15	26,333,536	18,048,000
Repayment of loans from local executive bodies of the Republic of Kazakhstan	15	(2,000)	(2,000)
Repayment of loan from NWF Samruk-Kazyna JSC	15	-	(15,163,000)
Obtaining loans from the Asian Development Bank	15	14,000,000	8,400,000
Obtaining loans from other organizations	15	116,000	120,000
Repayment of loans from other organizations		-	(9,100)
Proceeds from the issuance of debt securities	14	-	140,000,000
Dividends paid to the Shareholder	19	(32,877,465)	-
Long-term lease	17	(506,756)	(337,134)
Net cash generated from financing activities	13	73,363,315	253,056,766
Effect of exchange rate changes on cash and cash equivalents		36,101	9,975
Net increase (outflow) in cash and cash equivalents		(267,551,080)	456,808,429
Cash and cash equivalents at the beginning of the period	7	595,066,321	138,257,892
Cash and cash equivalents at the end of the period		327,515,241	595,066,321

Full package of the Bank's financial statements, including the auditor's report, is available on our corporate website hcsbk.kz in the "About Bank"/"Reporting" section.

APPENDIX 3. REPORT ON COMPLIANCE/ NON-COMPLIANCE WITH THE PRINCIPLES AND PROVISIONS OF THE CORPORATE GOVERNANCE CODE JSC «HOUSING CONSTRUCTION SAVINGS BANK OF KAZAKHSTAN» FOR 2022

No	Principles and provisions of the Corporate Management Code of the joint-stock company «Housing Construction Savings Bank of Kazakhstan»	Compliance/ Non-compliance	Measures taken to implement the principles and provisions of the Corporate Governance Code of JSC «Housing Construction Savings Bank of Kazakhstan»
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1. General provisions

1.1.	The Code of Corporate Governance (hereinafter – the Code) of JSC «Housing Construction Savings Bank of Kazakhstan» (hereinafter – the Bank) is a set of rules and recommendations that the Bank follows in its operations to ensure efficiency, transparency, accountability, and a high level of business ethics in relations within the Fund and with other stakeholders. Control over the Bank's implementation of this Code shall be entrusted to the Board of Directors of the Bank. Corporate Secretary monitors and advises the Board of Directors and the executive authority of the Bank for the proper observance of this Code, prepare an annual compliance/non-compliance report and provisions. The report is then submitted to the relevant committee of the Board of Directors, approved by the Board of Directors and incorporated into the Bank's annual report.	Compliance	The Bank Code was approved by the decision of the Board of JSC «National Managing Holding «Baiterek» on January 12, 2018 (Protocol 01/18). The Bank's operations are carried out in accordance with the requirements of the Laws of the Republic of Kazakhstan «On joint-stock companies», «On banks and banking operations», the Bank's Charter, the Corporate Governance Code, as well as other internal documents, approved by the Sole Shareholder – JSC «National Managing Holding «Baiterek», the Board of Directors and the Management Board of the Bank. On an annual basis, the Corporate Secretary of the Bank prepares the Report on compliance/ non-compliance with the principles and provisions of the Code (hereinafter referred to as the Report) and submits it for preliminary consideration to the Committee on Strategic Planning and Corporate Development, further to the Board of Directors of the Bank. In 2022, the Strategic Planning and Corporate Development Committee of the Board of Directors provisionally reviewed the Report for 2021 and recommended for approval (meeting of 27 June 2022 4). The Report for 2021 was approved by the decision of the Board of Directors of June 29, 2022 (Protocols 7).
1.2.	The objectives of this Code are to improve corporate governance at the Fund, to ensure transparency and efficiency in governance, and to confirm the Bank's commitment to follow the standards of good corporate governance. In particular: 1) the Bank is managed to maximize the value of the Bank and other benefits for the sole shareholder in compliance with legal principles, clear and appropriate distribution of responsibilities and powers, accountability and efficiency; 2) disclosure of information and transparency, including careful assessment, disclosure and periodic review of the	Compliance	The management of the Bank operates in compliance with the principle of legality and an appropriate level of responsibility, a clear delineation of powers, accountability and efficiency. The bank has a clear distribution of powers between the governing authority – the Board of Directors and the executive authority – the Management Board. In 2022, changes and additions were made to the Regulations on the Board of Directors of the Bank by the decision of the Sole Shareholder, issued on August 17, 2022 (Protocols No. 33/22). Disclosure of information, transparency of the Bank's operations is ensured through open publications in the media, on the Kazakhstan

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	objectives that justify state participation in the Fund; 3) risk management and internal control systems are properly in process; 4) the risk of a conflict of interest, which may lead to decisions other than decisions based on the best interests of the Fund and the general public, is minimized. This Code has been developed in accordance with the provisions of the legislation and by taking into account the developing corporate governance practices in the Republic of Kazakhstan and in the world The Bank in its operations is obliged to strictly comply with the provisions of the Code. In case of non-compliance, indicate in the annual report an explanation of the reasons for non-compliance with each of the provisions, periodically (at least once every two years) conduct an assessment (if necessary, an independent assessment) of corporate governance and post the relevant results on the Bank's Internet resource a		Stock Exchange, the AIFC, in the Financial Statements Depository, on the Bank's external website. The risk management and internal control systems has been established and effectively operates at the Bank. The risk of a conflict of interest that could lead to decisions different from decisions based on the interests of the Bank and the general public has been minimized.
1.3.	Officials and employees of the Bank assume the obligations given by this Code, including on the basis of relevant agreements with the Bank, and undertake to comply with its provisions in the Bank. Control over the Bank's implementation of this Code is assigned to the Board of Directors of the Bank. The Corporate Secretary monitors and advises the Board of Directors and the executive authority of the Bank on issues of proper compliance with this Code, and prepares an annual report on compliance/ non-compliance with its principles and provisions. Subsequently, this report is submitted for consideration by the relevant committee of the Board of Directors, approved by the Board of Directors and included in the annual report of the Bank. Cases of non-compliance with the provisions of this Code are considered at meetings of the relevant committee of the Board of Directors and the board of directors with the adoption of appropriate decisions aimed at further improving corporate governance in the Bank.	Compliance	Article 13 of the Bank's Charter determines the responsibility of the Bank's officials. According to subparagraph 17) of paragraph 19 of the Regulations on the Management Board of the Bank, the Chairman and members of the Management Board are obliged not to disclose any confidential information about the Bank known to the members of the Management Board. The obligation to maintain confidentiality by a member of the Management Board remains in force for 5 (five) years after the expiration of the term of official duties. According to subparagraph 6) of paragraph 9 of the Regulations on the Board of Directors of the Bank, members of the Board of Directors should conscientiously fulfill their duties, including not to disclose or use confidential information about the Bank for personal interests or in the interests of third parties during the official term of a member of the Board of Directors and within 5 (five) years after the end of the the term of official duties of a member of the Board of Directors, unless a longer period is given by other internal documents of the Bank. According to subparagraph 12) of paragraph 8 of the Regulations on the Committee for Strategic Planning and Corporate Development of the Board of Directors, the competence of the Committee includes consideration on an annual basis of a report on compliance / non-compliance with the principles and provisions of the corporate governance code, with the formation in cases presence of non-compliance with relevant recommendations aimed at further improvement of corporate governance and their submission to the Board of Directors. In 2022, the Bank sent a letter No. 09/1-12-26/11257 issued on July 11, 2022 to the Sole Shareholder on a report on compliance/non-compliance with the principles and provisions of the Corporate Governance Code of the Joint Stock Company «Housing Construction Savings Bank of Kazakhstan» for 2021, approved by the decision of the Board of Directors of the Bank (Protocols of the meeting No.7 from 06/29/2022)

No	Principles and provisions of the Corporate Management Code of the joint-stock company «Housing Construction Savings Bank of Kazakhstan»	Compliance/ Non-compliance	Measures taken to implement the principles and provisions of the Corporate Governance Code of JSC «Housing Construction Savings Bank of Kazakhstan»
2. Power-sharing principle			
2.1.	Rights, duties and competences of the sole shareholder, board of directors and top management are determined and assigned in accordance with the current legislation of the Republic of Kazakhstan, and internal regulations.	Compliance	<p>The rights, obligations and competencies of the Sole Shareholder represented by JSC «National Managing Holding «Baiterek» (hereinafter referred to as the Sole Shareholder), the Board of Directors and the Management Board of the Bank are determined by the legislation of the Republic of Kazakhstan and the Charter of the Bank.</p> <p>According to paragraph 7.1. Art. 7 of the Charter of JSC «Housing Building Savings Bank» Otbasy Bank «(hereinafter - the Charter), approved by the decision of the Board of JSC» National Managing Holding «Baiterek « (hereinafter - the Holding) No. 41/14 issued on December 24, 2014, the authorities of the Bank are :</p> <ol style="list-style-type: none"> 1) Supreme authority - the Sole Shareholder; 2) Governing authority - the Board of Directors; 3) Executive authority - the Management Board; 4) the authority exercising control over the financial and economic operations of the Bank - the Internal Audit Unit; 5) other permanent collegiate authorities of the Bank, created in accordance with the legislation of the Republic of Kazakhstan and internal documents of the Bank for the implementation of various areas of the Bank's operations. <p>It is not allowed to transfer issues, the adoption of decisions on which is referred to the exclusive competence of the Sole Shareholder of the Bank, to the competence of other authorities- the Board of Directors, the Management Board, officials and employees of the Bank, unless otherwise provided by the Law of the Republic of Kazakhstan «On Joint Stock Companies» and other legislative acts of the Republic Kazakhstan.</p> <p>Issues related to the exclusive competence of the Board of Directors of the Bank cannot be transferred for decision to the Management Board of the Bank.</p> <p>The Board of Directors of the Bank is not entitled to make decisions on issues that, in accordance with this Charter, are assigned to the exclusive competence of the Management Board of the Bank, as well as make decisions that contradict the decisions of the Sole Shareholder of the Bank.</p>

3. The principle of protecting the rights and interests of the Sole Shareholder

3.1.	Corporate governance in the Bank functions to ensure the protection, respect for the rights and legitimate interests of the Sole Shareholder and is aimed at contributing to the efficient operation of the Bank and at achieving breakeven of its operations.	Compliance	<p>The exclusive competence of the Sole Shareholder, given in Art. 14 of the Law of the Republic of Kazakhstan "On Joint Stock Companies", the Charter of the Bank is complied with.</p> <p>The decisions of the Board of the Sole Shareholder approved the followings:</p> <ul style="list-style-type: none"> - Charter of the Bank (issued on December 24, 2014 (Protocols No. 41/14); - Corporate Governance Code of the Bank (issued on January 12, 2018 (Protocols No. 01/18); - Regulations on the Board of Directors of the Bank (issued on November 28, 2018 (Protocols No. 53/18); - Regulations on the interaction of the Holding with subsidiaries (issued on December 20, 2017 (Protocols No. 52/17). <p>As of 01/01/2022, the members of the Board of Directors - representatives of the Sole Shareholder were: Omarkhodzhaev A.S. and Khamitov E.E.</p> <p>As of December 31, 2022, the members of the Board of Directors - representatives of</p>
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No	Principles and provisions of the Corporate Management Code of the joint-stock company «Housing Construction Savings Bank of Kazakhstan»	Compliance/ Non-compliance	Measures taken to implement the principles and provisions of the Corporate Governance Code of JSC «Housing Construction Savings Bank of Kazakhstan»
			<p>the Sole Shareholder were: Sharlapaev K.B., Mukhamedzhanov A.B. and Khamitov E.E.</p> <p>Materials on issues submitted for consideration by the Bank's Sole Shareholder are prepared and sent within the time limits established by the Bank's internal documents and contain information to the extent necessary for making informed decisions on issues.</p> <p>In order to comply with this principle, in accordance with the decision of the Sole Shareholder issued on August 28, 2019 (Protocols No. 42/19),»On approval of the list, forms and frequency of reporting to the Holdingsubsidiaries, the Bank regularly provides the Sole Shareholder with information on the results of financial and economic operations, management and financial reporting in accordance with the approved forms of the reporting package, as well as in accordance with the Rules for the formation of a risk management and internal control system for second-tier banks, approved by a resolution of the Board of the National Bank of the Republic of Kazakhstan No. 188 issued on November 12, 2019.</p>
3.2.	The sole shareholder must have access to information regarding the conditions and procedure for paying dividends, as well as be provided with reliable information about the financial position of the Bank when paying dividends. For these purposes, the Sole Shareholder approves the dividend policy. The Dividend Policy defines the principles by which the Board of Directors (Supervisory Board and/or executive authority) is guided when preparing proposals for the Sole Shareholder on the distribution of the Bank's and/or its subsidiary's net income for the past financial year. The dividend policy is based on the following principles:	Compliance	<p>Payment of dividends by subsidiaries of the Holding regulated by the Procedure for determining the amount of dividends paid by subsidiaries of the Holding, approved by the protocols of the Board of the Holding issued on May 11, 2014 (Protocols No. 14/14).</p> <p>The amount of dividends accrued by the Bank in favor of the Holding is determined depending on the financial and economic condition and on the basis of financial stability and liquidity indicators of the Bank.</p> <p>In accordance with the legislation of the Republic of Kazakhstan, the above Procedure for determining the amount of dividends paid by the Holding's subsidiaries and the Charter of the Bank, the authorized bodies of the Bank prepare proposals on the procedure for distributing the Bank's net income for the past financial year and the amount of dividends for the year per one ordinary share of the Bank.</p> <p>The final decision on the amount of dividends is established by the decision of the Sole Shareholder of the Bank.</p> <p>The Board of Directors of the Bank (Protocols No. 5 issued on April 26, 2023) decided:</p> <ol style="list-style-type: none"> 1. Preliminarily approve the audited annual financial statements of JSC «Otbasy Bank» for 2022, with subsequent submission for consideration by the Sole Shareholder of JSC «Otbasy Bank» - JSC "National Managing Holding "Baiterek", in accordance with Appendix No. 5 to this protocol. 2. Recommend to the Sole Shareholder of JSC «Otbasy Bank» - JSC "National Managing Holding "Baiterek" to take the following decisions: on approval of the following procedure for the distribution of net income of JSC «Otbasy Bank» received at the end of the 2022 reporting financial year in the amount of 96,035,129,578.28 (ninety-six billion thirty-five million one hundred and twenty-nine thousand five hundred and seventy-eight) tenge 28 tiyn : - 67,224,699,900.00 (sixty-seven billion two hundred twenty-four million six hundred ninety-nine thousand nine hundred) tenge 00 tiyn from net income, to allocate to the payment of dividends to the Sole Shareholder, at the rate of 70% of the amount of net income attributable

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			<p>to one share (total 7,830,000 shares), which is 8,585.53 (eight thousand five hundred and eighty five) tenge 53 tiyn of net income per share;</p> <p>- 28,810,429,678.28 (twenty eight billion eight hundred ten million four hundred twenty nine thousand six hundred seventy eight) tenge 28 tiyn from net income, to be left at the disposal of JSC «Otbasy Bank»;</p> <p>on approval of the amount of dividends per one ordinary share of JSC «Otbasy Bank» 8,585.53 (eight thousand five hundred and eighty five) tenge 53 tiyn;</p> <p>determine the start date for the payment of dividends - from the date of the decision by the Sole Shareholder;</p> <p>pay dividends to the bank account of the Sole Shareholder of JSC «Otbasy Bank» in cash by bank transfer from the moment the decision to pay dividends on ordinary shares is made, no later than 90 (ninety) days from the moment the decision is made by the Sole Shareholder;</p> <p>take into account the information on the amount and structure of the remuneration of the members of the Board of Directors and the Management Board of JSC «Otbasy Bank» paid in 2022;</p> <p>take into account the information about the absence of appeals from the Sole Shareholder to the actions of JSC «Otbasy Bank» and its officials in 2022.</p>

4. The principle of effective management of the Bank by the Board of Directors and the Management Board

4.1.	The Board of Directors is a management authority providing strategic management of the Bank and control over the operations of the Management Board. At the same time, the Board of Directors pays special attention to the following issues: 1) definition of the Development Strategy (directions and results); 2) setting and monitoring KPIs established in the Development Strategy and/or Development Plan; 3) organization and supervision of the effective functioning of the risk management, internal control and internal audit system; 4) approval and monitoring of the effective implementation of large investment projects and other key strategic projects within the competence of the Board of Directors; 5) election (re-election), remuneration, succession planning and supervision over the operations of the head and members of the executive authority; 6) corporate governance; 7) compliance in the Bank with the provisions of this Code and corporate standards of the Bank in the field of business ethics (Code of Business Ethics).	Compliance	<p>According to paragraph 7.1. Art. 7 of the Bank's Charter, the governing authority is the Board of Directors. The exclusive competence of the Board of Directors, given by the Law of the Republic of Kazakhstan "On Joint Stock Companies", is observed by the Charter of the Bank.</p> <p>The Report on the implementation of the Bank's Development Strategy until 2023 was approved by the decision of the Board of Directors issued on May 31, 2022 (Protocols No. 6).;</p> <p>The Report on the results of assessing the effectiveness of the risk management system of JSC «Otbasy Bank» was approved by the decision of the Board of Directors issued on December 26, 2022 (Protocols No. 17).;</p> <p>The report on the operations of the Internal Audit Department for 2022 was approved by the decision of the Board of Directors issued on February 24, 2023 (Protocols No. 2);</p> <p>By the decision of the Board of Directors issued on May 31, 2022 (Protocols No. 6), it was decided to pay remuneration to the Chairman of the Management Board and members of the Management Board based on the results of work for 2021.</p> <p>The Report on compliance/non-compliance with the principles and provisions of the Bank's Corporate Governance Code for 2021 was approved by the decision of the Board of Directors issued on June 29, 2022 (Protocols No.7).</p>
4.2.	The amount of members of the Board of Directors is determined by the Sole Shareholder. The member of the Board of Directors is established individually, taking into account the scope of operations, current tasks, development strategy and/or development plan, and financial capabilities. The amount of members of the Board of Directors must be balanced, which means	Compliance	The official term of the Board of Directors is established by the Sole Shareholder. The official term of members of the Board of Directors coincides with the official term of the entire Board of Directors, unless otherwise determined by the decision of the Sole Shareholder, and expires at the time the Sole Shareholder decides to elect a new member of the Board of Directors. As of 01/01/2022, the members of the Board of Directors:

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	a combination of members of the Board of Directors (representatives of the Sole Shareholder, independent directors, head of the executive authority), ensuring decision-making in the interests of the Holding and the tasks set for it to develop the economy. The presence and participation of independent directors is mandatory in the amount of members of the Board of Directors. The number of members of the Board of Directors must be at least three. At least one third of the members of the Board of Directors of the Bank must be independent directors. At the same time, the number of independent directors should be sufficient to ensure the independence of decisions made. The recommended number of independent directors in the C Board of Directors of the Bank is up to fifty percent of the total number of members of the Board of Directors.		<p>Chairman of the Board of Directors - Uskenbaev K.A., representative of the Sole Shareholder.</p> <p>Members of the Board of Directors: - Khamitov E.E., representative of the Sole Shareholder; - Omarkhodzhaev A.S., representative of the Sole Shareholder; - Ibragimova L.E., Chairman of the Management Board of the Bank. - Kydyrbaev D.Kh., independent director; - Ermekova E.M., independent director; - Tokobaev N.T., independent director.</p> <p>By the decision of the Holding issued on February 16, 2022 (Protocols No. 09/22), the amount of members of the Board of Directors is determined in the amount of 7 (seven) people, with a official term of 3 (three) years.</p> <p>As of December 31, 2022, the member of the Board of Directors: Chairman of the Board of Directors - Kanat Bisimbayevich Sharlapaev, representative of the Sole Shareholder.</p> <p>Members of the Board of Directors: - Khamitov YersainYerbulatovich, representative of the Sole Shareholder; - Mukhamedzhanov Adil Bektasovich, representative of the Sole Shareholder; - Ibragimova Lyazzat Yerkenovna, Chairman of the Board of the Bank. - Zhamalov Sanzhar Yerkebayevich, independent director; - Ermekova Elmira Muslimovna, independent director; - Tokobaev Nurlan Tursunbekovich, independent director.</p>
4.3.	Relations between independent directors and the Bank are formalized by agreements subject to the requirements of the legislation of the Republic of Kazakhstan, the provisions of this Code and internal documents of the Bank. The agreements must specify the rights, obligations, liability of the parties and other essential conditions, as well as the obligations of the independent directors of the Board of Directors to comply with the provisions of this Code, including devoting sufficient time to perform their functions, not to disclose internal information about the Bank after the termination its operations for a period established by the Board of Directors and additional obligations due to the requirements for the status and functions of independent directors (in terms of a timely declaration of loss of independence and others). Contracts may set terms for members of the Board of Directors to perform certain duties.	Compliance	<p>Agreements have been signed between the Bank and the Independent Directors, in accordance with which the Independent Director undertakes to perform the duties of a member of the Board of Directors of the Bank / an independent director - a member of the Board of Directors of the Bank, determined by the regulatory legal acts of the Republic of Kazakhstan, the charter and other internal documents of the Bank, and the Bank undertakes to timely and fully in the amount to pay remuneration to the Director and compensate for expenses related to the performance of the duties of a member of the Board of Directors in the manner prescribed by the Agreement.</p> <p>Before signing the Agreement, the Bank shall provide the Independent Director with a copy of the Charter of the Bank and internal documents of the Bank regulating the operations of members of the Board of Directors of the Bank, in accordance with the annex to the Agreement. During the term of the Agreement, the Bank notifies the Director of making changes to the relevant internal documents of the Bank in accordance with the annex to the Agreement and the adoption of new internal documents of the Bank within 15 (fifteen) calendar days from the date of such changes.</p>
4.4.	The Bank needs to ensure that succession plans for members of the Board of Directors are in place to maintain business continuity and renew the member of the Board of Directors. The Board of Directors approves the induction program for newly elected members of the Board of Directors and the professional development program, if necessary. The corporate secretary ensures the	Compliance partially	The succession plan for members of the Board of Directors has not been developed. Program for members of the Board of Directors has not been developed. The induction program is not developed as a separate document. Paragraph 35 of the Regulations on the Board of Directors of the Bank describes the process of induction of members of the Board of Directors.

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	implementation of this program. Members of the Board of Directors elected for the first time, after their appointment, undergo an induction program. During the induction process, members of the Board of Directors become familiar with their rights and obligations, key aspects of the Bank's and its subsidiaries' operations and documents, including those associated with the greatest risks.		
4.5.	<p>The level of remuneration of members of the Board of Directors is recommended to be set at an amount sufficient to attract and motivate each member of the Board of Directors of the level required for the successful management of the Bank. The Human Resources, Remuneration and Social Affairs Committee of the Board of Directors of the Bank makes proposals on the amount of remuneration of candidates for independent directors.</p> <p>No person should be involved in decisions related to their own remuneration.</p> <p>The remuneration should fairly reflect the expected contribution of a member of the Board of Directors to improving the efficiency of the entire Board of Directors and the Bank's operations.</p> <p>When setting the amount of remuneration for a member of the Board of Directors, the responsibilities of members of the Board of Directors, the scale of the Bank's operations, long-term goals and objectives determined by the development strategy, the complexity of issues considered by the Board of Directors and, if necessary, the level of remuneration in similar private sector companies (benchmarking , review rewards).</p> <p>Members of the Board of Directors are paid a fixed annual remuneration, as well as additional remuneration for participation and chairmanship in committees of the Board of Directors. The remuneration of a member of the Board of Directors shall not include options or other elements related to the performance of the Bank.</p> <p>At the same time, members of the Board of Directors of the Bank who are civil servants and/or representatives of a shareholder, as well as the Chairman of the Management Board (in case of his membership in the Board of Directors), are not paid remuneration for membership in the Board of Directors.</p> <p>The sole shareholder of the Bank determines the amount and terms of payment of remuneration and compensation of expenses to members of the Board of Directors of the Bank. At the same time, the terms of remuneration of directors are reflected in the agreements signed with them, and/or, if necessary, in the internal document of the Bank.</p>	Compliance	<p>The following types of remuneration to independent directors of the Bank are determined according to paragraph 24 of Chapter 5 of the Regulations on the Board of Directors of the Bank:</p> <ul style="list-style-type: none"> - fixed annual remuneration for membership in the Board of Directors of the Bank ; - a fixed annual remuneration for participation in the meetings of the Committee of the Board of Directors of the Bank as the Chairman of the Committee; - a fixed annual remuneration for participation in meetings of the committee of the Bank's Board of Directors as a member of the committee. <p>By internal documents of the Holding, members of the Board of Directors of the Bank - representatives of the Sole Shareholder in the Board of Directors of the Bank, as well as the Chairman of the Board of the Bank, are not paid remuneration for membership in the Board of Directors.</p> <p>In accordance with the Regulations on the Board of Directors of the Bank, agreements with the Independent Directors of the Board of Directors of the Bank have been signed.</p>
4.6.	<p>The Chairman of the Board of Directors is responsible for the overall governance of the Board of Directors, ensures the 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.</p> <p>The Chairman of the Board of Directors should strive to create a unified team of professionals</p>	Compliance	<p>In accordance with paragraph 31 of the Regulation on the Board of Directors of the Bank, the Chairman of the Board of Directors is responsible for the overall governance of the Board of Directors, ensures the full and effective implementation of 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 Board of the Bank.</p> <p>The Chairman of the Board of Directors organizes the work of the Board of Directors, conducts its</p>

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	who are committed to achieving profitability and sustainable development of the Bank, who are able to respond to internal and external challenges in a timely manner and at the proper professional level. The roles and functions of the Chairman of the Board of Directors and the Chairman of the Management Board of the Bank should be clearly separated and fixed in the internal documents of the Bank. The Chairman of the Management Board cannot be elected as the Chairman of the Board of Directors of the Bank. The key functions of the Chairman of the Board of Directors include:		
	<ol style="list-style-type: none"> 1) planning meetings of the Board of Directors and setting the agenda; 2) ensuring timely receipt by members of the Board of Directors of complete and up-to-date information for decision-making; 3) ensuring that the attention of the Board of Directors is focused on consideration of strategic issues and minimizing issues of a current (operational) nature subject to consideration by the Board of Directors; 4) ensuring maximum effectiveness of the meetings of the Board of Directors by allocating sufficient time for discussions, comprehensive and in-depth consideration of agenda items, stimulating open discussions, reaching agreed decisions; 5) ensuring monitoring and supervision of the proper execution of the adopted decisions of the Board of Directors and the sole shareholder; 6) in the event of corporate conflicts, taking measures to resolve them and minimize the negative impact on the Bank's operations, and timely informing the sole shareholder, if it is impossible to resolve such situations on their own. 7) building proper communication and interaction with the Sole Shareholder, including the organization of consultations when making key strategic decisions. 		<p>meetings, and also performs other functions determined by the Charter of the Bank.</p> <p>The key functions of the Chairman of the Board of Directors are the followings:</p> <ol style="list-style-type: none"> 1) planning meetings of the Board of Directors and setting the agenda; 2) ensuring timely receipt complete and up-to-date information for decision-making by members of the Board of Directors; 3) ensuring that the attention of the Board of Directors is focused on consideration of strategic issues and minimizing issues of a current (operational) nature subject to consideration by the Board of Directors; 4) ensuring maximum effectiveness of the meetings of the Board of Directors by allocating sufficient time for discussions, comprehensive and in-depth consideration of agenda items, stimulating open discussions, reaching agreed decisions; 5) ensuring monitoring and supervision of the proper execution of the adopted decisions of the Board of Directors and the sole shareholder; 6) in the event of corporate conflicts, taking measures to resolve them and minimize the negative impact on the Bank's operations, and timely informing the sole shareholder, if it is impossible to resolve such situations on their own. 7) building proper communication and interaction with the Sole Shareholder, including the organization of consultations when making key strategic decisions. <p>The Chairman of the Board of Directors adheres to the principle of freedom of expression of the point of view of the members of the Board of Directors on the issues under discussion, promotes the search for an agreed decision, the achievement of consensus by the members of the Board of Directors, and the adoption of decisions in the interests of the sole shareholder and the Bank. The Chairman of the Board of Directors promotes effective leadership in order to create conditions for the members of the Board of Directors to work as a single team.</p> <p>The Chairman of the Board of Directors is recommended to maintain constant contacts with other authorities and officials of the Bank. Such contacts should be aimed not only at timely obtaining the most complete and reliable information necessary for the Board of Directors to make decisions, but also at ensuring, where possible, effective interaction between these authorities and officials among themselves and with third parties.</p> <p>According to paragraph 10.8. of the Bank's Charter - the Chairman of the Board of Directors approves the Agenda;</p> <p>In accordance with paragraph 46 of the Code and paragraph 31 of the Regulations on the Board of Directors - forms the agenda;</p> <p>At the same time, according to paragraph 67 of the Regulations on the Board of Directors of the Bank, when making a decision on the agenda item of the meeting of the Board of Directors, each member of the Board of Directors has one vote.</p> <p>In practice, the agenda is formed by the Corporate Secretary, agreed with the Chairman of the Board of Directors and approved by the decision of the Board of Directors.</p> <p>In accordance with paragraph 36 of the Regulations on the Board of Directors of the Bank, the Board of Directors of the Bank draws</p>

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			<p>up a plan of its meeting with a schedule of meetings for the previous year. The work plan of the Board of Directors is approved by the decision of the Board of Directors. In practice, the Corporate Secretary forms the Work Plan of the Board of Directors on the basis of proposals from the Bank's structural divisions and submits it to the Board of Directors for approval.</p> <p>According to subparagraph 3) of paragraph 10.8 of the Charter of the Bank, the Chairman of the Board of Directors of the Bank organizes the keeping of protocols at meetings of the Board of Directors, in the manner prescribed by the legislation of the Republic of Kazakhstan. In accordance with subparagraph 11) of paragraph 17 of the Regulations on the Corporate Secretary, the Corporate Secretary ensures that the protocols of the meeting of the Board of Directors, Committees are kept, which reflects the time and place of the meeting, the names of the meeting participants, the agenda, quorum and decisions taken, and also ensures the timely signing by the members of the Board of Directors and committee protocols of meetings.</p>																								
4.7.	<p>Committees have been established under the Board of Directors, whose competence includes consideration of issues related to strategic planning, audit, personnel, remuneration and social issues, risks and internal control. In order to improve the efficiency of investment decision-making, the strategic planning committee preliminary considers issues related to investment operations, the consideration of which is within the competence of the board of directors. Committees are created to conduct a detailed analysis and develop recommendations on a range of the most important issues prior to their consideration at a meeting of the Board of Directors. The final decision on issues considered by committees is made by the board of directors.</p> <p>To organize the work of the committee, the committee or the board of directors, the secretary of the committee appoints a corporate secretary or an employee of the corporate secretary service (if any). The Board of Directors decides on the creation of committees, determines the members of committees, terms and powers.</p> <p>The committees consist of members of the Board of Directors who have the necessary professional knowledge, competencies and skills to work on the committee. When forming the members of the committees, the presence of potential conflicts of interest is taken into account. Committee chairmen, along with professional competencies, should have organizational and leadership qualities, good communication skills to effectively organize the committee's operations.</p>	Compliance	<p>By the decision of the Board of Directors of the Bank issued on August 25, 2021 (Decision No. 8), the following were approved:</p> <ul style="list-style-type: none"> - Regulations on the Audit Committee of the Board of Directors of the Bank; - Regulations on the Committee for Personnel, Remuneration and Social Payments of the Board of Directors of the Bank ; - Regulations on the Committee for Strategic Planning and Corporate Development of the Board of Directors of the Bank; - Regulations on the Risk Management Committee of the Board of Directors of the Bank (hereinafter collectively referred to as the Committees). <p>In 2022, 40 meetings of the Committees of the Board of Directors were organized and held, during which 182 issues were considered. The Bank has not created the Corporate Secretary Service. The functions of the Secretary of the 4 Committees are performed by the Corporate Secretary of the Bank. February 21, 2022, the decision of the Board of Directors of the Bank (Protocols of the meeting No. 1) determined the members of the Committees of the Board of Directors of the Bank.</p> <p>1.Audit Committee:</p> <table border="1"> <thead> <tr> <th>No</th> <th>FULL NAME.</th> <th>Position</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Zhamalov Sanzhar Erkebaevich</td> <td>Chairman of the Committee - member of the Board of Directors, independent director</td> </tr> <tr> <td>2.</td> <td>Tokobaev Nurlan Tursunbekovich</td> <td>Member of the Committee - member of the Board of Directors, independent director</td> </tr> <tr> <td>3.</td> <td>Khamitov Ersain Erbulatovich</td> <td>Member of the Committee - Member of the Board of Directors (Deputy Chairman of the Board of the Holding).</td> </tr> </tbody> </table> <p>2. Risk Management Committee:</p> <table border="1"> <thead> <tr> <th>No</th> <th>FULL NAME.</th> <th>Position</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Tokobaev Nurlan Tursunbekovich</td> <td>Chairman of the Committee - member of the Board of Directors, independent director</td> </tr> <tr> <td>2.</td> <td>Zhamalov Sanzhar Erkebaevich</td> <td>Member of the Committee - member of the Board of Directors, independent director</td> </tr> <tr> <td>3.</td> <td>Mukhamedzhanov Adil Bektasovich</td> <td>Member of the Committee - member of the Board of Directors (Deputy Chairman of the Management Board of the Holding).</td> </tr> </tbody> </table>	No	FULL NAME.	Position	1.	Zhamalov Sanzhar Erkebaevich	Chairman of the Committee - member of the Board of Directors, independent director	2.	Tokobaev Nurlan Tursunbekovich	Member of the Committee - member of the Board of Directors, independent director	3.	Khamitov Ersain Erbulatovich	Member of the Committee - Member of the Board of Directors (Deputy Chairman of the Board of the Holding).	No	FULL NAME.	Position	1.	Tokobaev Nurlan Tursunbekovich	Chairman of the Committee - member of the Board of Directors, independent director	2.	Zhamalov Sanzhar Erkebaevich	Member of the Committee - member of the Board of Directors, independent director	3.	Mukhamedzhanov Adil Bektasovich	Member of the Committee - member of the Board of Directors (Deputy Chairman of the Management Board of the Holding).
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4.8.	<p>The Chairman of the Strategic Planning Committee is elected from among the independent members of the Board of Directors for the term of the Board of Directors exercising its powers at one of the first meetings of the Board of Directors. The decision on election is taken by a simple majority of votes of the total number of members of the Board of Directors. If necessary, experts with relevant experience and competence may be involved in the Strategic Planning Committee. Committee members who are not members of the Board of Directors are appointed by the Board of Directors on the proposal of the Chairman of the Committee.</p> <p>The main functions of the Strategic Planning Committee are the development and submission to the Board of Directors of the Bank of recommendations on the development of priority areas of the Bank's operations and its development strategy, including issues on the development of measures that enhance the efficiency of the Bank's operations, its profitability and sustainable development. Detailed goals and objectives of the committee are provided by the regulations on the committee.</p>	Compliance	<p>Zhamalov S.Ye., an independent director, was elected Chairman of the Committee for Strategic Planning and Corporate Development. members of the Committee: Mukhamedzhanov A.B. – representative of the Holding , Ermezkova E.M. – independent director, Tokobaev N.T. – independent director.</p> <p>Experts were not involved in the work of the Committee.</p> <p>The Committee is a consultative and advisory authority of the Board of Directors of the Bank and it is created to consider the most important issues. All proposals developed by the Committee are recommendations that are submitted for consideration to the Board of Directors of the Bank.</p> <p>The Committee is established to facilitate the effective performance of the control functions of the Board of Directors of the Bank, and prepares recommendations on the development of priority areas of activity and strategic goals, as well as develop measures to improve the efficiency of the Bank's operations. (Items 3. 4 of the Regulations on the Committee for Strategic Planning and Strategic Planning of the Board of Directors of the Bank.</p>																											
4.9.	<p>The Audit Committee consists of independent directors with the necessary knowledge and practical experience in the field of accounting and auditing, risk management, and internal control. The Chairman of the Audit Committee is an independent director. The main functions of the Audit Committee include issues of internal and external audit, financial reporting, internal control and risk management, compliance with the legislation of the Republic of Kazakhstan, internal documents and other issues on behalf of the Board of Directors. In addition, the Audit Committee evaluates</p>	Compliance	<p>Independent director Zhamalov S.E. was elected as the Chairman of the Audit Committee, members of the Committee: Khamitov E.E. – representative of the Holding, Tokobaev N.T. – independent director.</p> <p>Experts were not involved in the work of the Committee.</p> <p>The Committee is a consultative and advisory authority of the Board of Directors of the Bank and is created to consider the most important issues. All proposals developed by the Committee are recommendations that are submitted for consideration to the Board of Directors of the Bank.</p>																											

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	<p>candidates for the Bank's external auditors, and also preliminarily analyzes the opinion of the audit organization before submitting it to the Board of Directors and the Holding .</p> <p>A member of the Board of Directors, who is not independent, may be elected to the committee if the Board of Directors, on an exceptional basis, decides that the membership of this person in the audit committee is necessary in the interests of the Holding and the Bank. In the event of such an appointment, the Board of Directors should disclose the nature of the dependency of this person and justify such a decision.</p>		<p>The Committee is established to facilitate the effective performance of the control functions of the Board of Directors of the Bank. The Committee controls the preparation of the Bank's financial statements and ensures the reliability and completeness of the Bank's financial statements, ensures control over the independence of internal and external audit. (Items 3, 4 of the Regulation on the Audit Committee of the Board of Directors of the Bank.</p>
4.10.	<p>The HR, Remuneration and Social Affairs Committee includes a majority of independent directors in order to develop objective and independent decisions and prevent the influence of interested parties (representatives of the Sole Shareholder, the head of the board, employees and other persons) on the opinions of the committee members.</p> <p>Committee members should have the necessary knowledge and practical experience in the field of personnel management and evaluation of its performance, as well as in the field of corporate governance. The chairman of the committee is an independent director.</p> <p>The Human Resources, Remuneration and Social Affairs Committee determines the criteria for selecting candidates for members of the Board of Directors, candidates for top managers, develops the Bank's policy in the field of remuneration of these persons, and regularly evaluates the performance of members of the Board of Directors and top managers.</p> <p>The main functions of the Committee include issues of appointment (election), setting motivational KPIs, performance evaluation, remuneration and succession planning of the Chairman and members of the Management Board, issues of appointment and remuneration of the Corporate Secretary, as well as participation in the consideration of these issues in relation to the members of the Board of Directors itself, in cases of such powers by the Sole Shareholder. In this case, members of the Human Resources, Remuneration and Social Affairs Committee are advised not to allow a situation of conflict of interest to arise and not to take part in the consideration of issues of their own appointment and / or remuneration.</p>	Compliance	<p>Ermekova E.M., an independent director, was elected as the Chairman of the Committee for Human Resources, Remuneration and Social Benefits, members of the Committee: Khamitov E.E., representative of the Holding, Tokobaev N.T. - independent director.</p> <p>Experts were not involved in the work of the Committee.</p> <p>The Committee is a consultative and advisory authority of the Board of Directors of the Bank and is created to consider the most important issues. All proposals developed by the Committee are recommendations that are submitted for consideration to the Board of Directors of the Bank.</p> <p>The Committee is established in order to facilitate the effective performance of the control functions of the Board of Directors of the Bank, prepare recommendations on personnel policy, election (appointment), remuneration of the Bank's executives, employees of the Bank, whose appointment is within the competence of the Board of Directors of the Bank, as well as to improve the efficiency of the Bank's management social issues. (Items 3, 4 of the Regulations on the Human Resources and Remuneration Committee of the Board of Directors of the Bank .</p>
4.11.	<p>Risk management committee consists of independent directors with the necessary knowledge and practical experience in the field of risk management and internal control. The Chairman of the Risk and Internal Control Committee is an independent director.</p> <p>If necessary, experts with relevant experience and competence may be involved in the Risk and Internal Control Committee. Committee members who are not members of the Board of Directors are appointed by the Board of Directors on the proposal of the committee chairman.</p> <p>The main functions of the Risk and Internal Control Committee include issues on risk management and internal control, compliance with the laws of the Republic of Kazakhstan,</p>	Compliance	<p>An independent director Tokobaev N.T. was elected as the Chairman of the Risk Management Committee, members of the Committee: Mukhamedzhanov A.B. - representative of the Holding , Zhamalov S.E. - independent director.</p> <p>Experts were not involved in the work of the Committee.</p> <p>The Committee is a consultative and advisory authority of the Board of Directors of the Bank and is created to consider the most important issues. All proposals developed by the Committee are recommendations that are submitted for consideration to the Board of Directors of the Bank.</p> <p>The Committee is established to facilitate the effective performance of the control functions of the Board of Directors of the Bank. The Committee</p>

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	<p>internal documents and other issues on behalf of the Board of Directors.</p>		<p>ensures the reliability and efficiency of risk management, as well as coordinates operations and provides methodological support on internal control issues. (Items 3, 4 of the Regulations on the Committee for Risks and Internal Control of the Board of Directors of the Bank.</p>
4.12.	<p>Preparing and holding meetings of the Board of Directors should contribute to the maximum effectiveness of its operations.</p> <p>The recommended frequency of meetings of the Board of Directors is at least six meetings per year. An even distribution of the number of issues planned for consideration during the year is recommended to ensure a thorough and meaningful discussion and the adoption of timely and high-quality decisions.</p> <p>The Board of Directors should follow the procedures established by the Bank's documents for preparing and holding meetings of the Board of Directors.</p> <p>Meetings of the Board of Directors are held in accordance with the work plan approved by the Board of Directors prior to the beginning of the calendar year, which includes a list of issues under consideration and a schedule of meetings with dates.</p> <p>Meetings of the Board of Directors and its committees are carried out through in-person or absentee voting, while the number of meetings with absentee voting must be minimized. Consideration and adoption of decisions on issues of an important and strategic nature is carried out only at meetings of the Board of Directors with in-person voting.</p> <p>A member of the Board of Directors who has an interest in an issue submitted for consideration by the Board of Directors does not participate in the discussion and voting on this issue, which is recorded in the protocols of the meeting of the Board of Directors.</p>	Compliance	<p>In 2022, 17 meetings of the Board of Directors of the Bank were organized and held, of which 5 meetings were held by absentee voting, 11 meetings were held in person, and 1 meeting was closed . 155 issues were considered : 116 in person , 38 in absentia, and 1 in closed voting .</p> <p>The procedures, procedure for organizing the preparation, holding meetings/absentee voting of the Board of Directors of the Bank are determined by the Regulations on the Board of Directors of the Bank, the Regulations for the interaction of the Holding with subsidiaries.</p> <p>The work plan of the Bank's Board of Directors for 2022 was approved by decision of the Board of Directors No. 14 issued on December 24, 2021.</p> <p>Absentee meetings held in 2022 : 5 Face-to-face meetings held in 2022 : 11 Closed meeting in 2022 held: 1</p> <p>In 2022, the Board of Directors submitted 11 issues for consideration regarding the conclusion of transactions with persons related to the Bank by special relations. According to the signed protocols, the interested persons did not take part in the voting in respect of themselves, their close relatives and spouse.</p>
4.13.	<p>The Board of Directors, committees and members of the Board of Directors are evaluated on an annual basis, if the Chairman of the Board of Directors of the Bank initiates an appropriate evaluation. At the same time, at least once every three years, the assessment is carried out with the involvement of an independent professional organization.</p> <p>The assessment makes it possible to determine the contribution of the Board of Directors and each of its members in achieving the strategic objectives of the Bank's development, as well as to identify areas and recommend measures for improvement. The results of the assessment are taken into account when re-election or early termination of powers of members of the Board of Directors.</p> <p>Evaluation is one of the main tools for improving the professionalism of the Board of Directors and its individual members. Evaluation is mandatory for both independent directors and representatives of the Sole Shareholder.</p> <p>The assessment is carried out according to the principles such as regularity, comprehensiveness, continuity, realism, confidentiality.</p> <p>The assessment includes, but it is not limited to, consideration of the following issues:</p>	Compliance	<p>In 2022, an external assessment of the operations of the Board of Directors and its committees, the Chairman and members of the Board of Directors, the Corporate Secretary based on the results of 2021 (hereinafter referred to as the Evaluation) was carried out with the involvement of an independent consultant - LLP Gaverance and Sustainability Matrix Kazakhstan and Central Asia. According to the results of the Assessment, the overall assessment of the operations of the Board of Directors in 2021 amounted to 79.90%.</p> <p>The results of the Assessment were considered at a closed meeting of the Board of Directors of the Bank issued on August 26, 2022 (ProtocolsNo. 11).</p> <p>Decision of the Board of Directors issued on August 26, 2022 (Protocols No. 11) on the agenda item "On consideration of the report on the results of an external assessment of the operations of the Board of Directors and its committees, the Chairman and members of the Board of Directors, the Corporate Secretary of JSC «Otbasy Bank» based on the results of 2021" :</p> <p>1. Take note of the report on the results of the external assessment of the operations of the Board of Directors, its committees, the Chairman and members of the Board of Directors, the Corporate Secretary of JSC «Otbasy Bank» based on the results of 2021, in accordance with Appendix No. 1 to this Protocol.</p>

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	<p>1) the optimal amount of members of the Board of Directors (balance of skills, experience, diversity of members, objectivity) in the context of the tasks facing the Bank;</p> <p>2) clarity of understanding of the vision, strategy, main tasks, problems and values of the Bank;</p> <p>3) succession and development plans;</p> <p>4) functioning of the Board of Directors as a single authority, the role of the Board of Directors and the head of the Management Board in the operations of the Bank;</p> <p>5) the effectiveness of the interaction of the Board of Directors with the Sole Shareholder, the Board and officials of the Bank;</p> <p>6) efficiency of each member of the Board of Directors;</p> <p>7) performance efficiency of the committees of the Board of Directors and their interaction with the Board of Directors, members of the Management Board;</p> <p>8) quality of information and documents provided to the Board of Directors;</p> <p>9) the quality of discussions at the Board of Directors, in committees;</p> <p>10) performance of the corporate secretary;</p> <p>11) clarity in understanding processes and competencies;</p> <p>12) the process of identifying and assessing risks;</p> <p>13) interaction with the Sole Shareholder and other interested parties.</p> <p>Methods of assessment are self-assessment or the involvement of an independent consultant to improve the quality of the assessment. An independent external consultant is engaged at least once every three years.</p> <p>The results of the assessment may serve as a basis for re-election of the entire Board of Directors or its individual member, revision of the members of the Board of Directors and the amount of remuneration to members of the Board of Directors. In the event of serious shortcomings in the performance of individual members of the Board of Directors, the Chairman of the Board of Directors consults with the Sole Shareholder.</p> <p>The sole shareholder may evaluate the Board of Directors independently or with the involvement of an independent consultant. The results of the assessment carried out independently by the Board of Directors, the results of the Bank's operations, the achievement of KPIs and other factors are taken into account.</p>		<p>2. Approve the Plan for improving the operations of the Board of Directors of JSC «Otbasy Bank», in accordance with Appendix No. 2 to this protocol. In accordance with the requirements of the Regulations on the Board of Directors of the Bank, the results of the assessment and the Plan for improving the operations of the Board of Directors were sent to Baiterek Holding JSC by letter No. 09/1-12-26/14625 issued on September 8, 2022.</p>
4.14.	<p>In order to effectively organize the operations of the Board of Directors and the interaction of the Board with the sole shareholder, the Board of Directors appoints the Corporate Secretary.</p> <p>The Board of Directors decides on the appointment of the corporate secretary, determines the term of its powers, functions and procedures, the amount of the official salary and remuneration conditions, decides on the establishment of the service (secretariat) of the corporate secretary (if necessary) and determines the budget for this service. The Corporate Secretary is accountable to the Board of Directors and is independent of the Bank's Management Board. The main duties of the corporate secretary include timely and high-quality assistance for corporate decisions by the</p>	Compliance	<p>In accordance with the Charter of the Bank, the Corporate Secretary is appointed to the position by the decision of the Board of Directors of the Bank.</p> <p>According to the Regulations on the Board of Directors of the Bank, the Corporate Secretary is accountable to the Board of Directors and is independent of the Management Board of the Bank.</p> <p>In 2022, the Corporate and Secretaries of the Bank were:</p> <p>- Pogrebnaya E.D. (from January 1, 2022 to March 24, 2022);</p> <p>- Mendybaev M.B. (from March 24, 2022 to April 29, 2022);</p> <p>- Tolkimbekova M.U. (from May 3, 2022 to present).</p> <p>By the decision of the Board of Directors issued on</p>

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	<p>Board of Directors, the sole shareholder, acting as an Advisor to members of the Board of Directors on all issues of their operations and application of the provisions of this Code, as well as monitoring the implementation of this Code and participating in the improvement corporate governance in the Bank and subsidiaries. The Corporate Secretary also prepares a report on compliance with the principles and provisions of this Code, which is included in the annual report of the Bank. This report should reflect the list of principles and provisions of the Code that are not observed, with appropriate explanations.</p> <p>A person with a higher legal or economic education with at least 5 years of experience and practical knowledge in the field of corporate governance and corporate law is appointed to the position of the Corporate Secretary.</p> <p>The Corporate Secretary operates on the basis of a regulation approved by the Board of Directors, which specifies the functions, rights and obligations, the procedure for interaction with the Bank's bodies, qualification requirements and other information.</p> <p>To perform its functions, the Corporate Secretary is vested with the following powers:</p> <p>1) request and receive from the bodies, officials and employees of the Bank documents and information necessary for making decisions at meetings of the Board of Directors and decisions of the Sole Shareholder;</p> <p>2) take measures to organize meetings of the Board of Directors and to bring to the attention of the Bank's officials information on the decisions taken by the Board of Directors and the Sole Shareholder, as well as subsequent control over their implementation;</p> <p>3) interact directly with the Chairman and members of the Board of Directors, the first manager and members of the Management Board, employees of the Bank, the Sole Shareholder.</p> <p>The Management Board of the Bank provides the Corporate Secretary with comprehensive assistance in the performance of his powers.</p>		<p>March 30, 2018 (Protocols No. 3), the Regulations on the Corporate Secretary were approved, according to which the following qualification requirements were approved for the position of the Bank's Corporate Secretary:</p> <p>1) have a higher legal or economic education;</p> <p>2) have at least 5 (five) years of work experience and practical knowledge in the field of corporate governance and corporate law;</p> <p>3) have knowledge of the legislation of the Republic of Kazakhstan;</p> <p>4) be able to negotiate and regulate conflicts between participants in corporate relations;</p> <p>5) have organizational and analytical skills;</p> <p>6) be proficient in the state language, as well as in English if there are persons on the board of directors who do not speak the state language and/or Russian.</p> <p>The Regulations on the Corporate Secretary of the Bank approved by the decision of the Board of Directors of the Bank issued on March 30, 2018 (Protocols No. 3) determine the status of the Corporate Secretary in the organizational structure and corporate governance system of the Bank, the procedure for appointing and early dismissal of the Corporate Secretary, his tasks, functions, rights and duties, powers and responsibilities, organizational and technical support of operations.</p>
4.15.	<p>The Bank is developing a program of induction and succession planning for the Corporate Secretary. The appointment of the Corporate Secretary is carried out on the basis of open and transparent procedures set out in the Bank's internal documents.</p> <p>Depending on the size of the Bank and the scope of its operations, a Corporate Secretary Service may be established.</p>	Not respected	<p>No induction and succession planning program has been developed for the Corporate Secretary at the Bank.</p> <p>The Bank has not created the Corporate Secretary Service.</p>
4.16.	<p>In order to comply with the principles of business ethics, optimal regulation of social and labor disputes arising in the Bank, an Ombudsman is appointed from among the employees of the Bank.</p> <p>A candidate for the position of Ombudsman should have an impeccable business reputation, high authority, and the ability to make impartial decisions.</p> <p>The Ombudsman is appointed by the Board</p>	Compliance	<p>By the decision of the Board of Directors of the Bank issued on June 29, 2022 (Protocols No. 7), the Head of the Office was appointed as the Ombudsman of the Bankholding Akrachkova Dina Viktorovna, with an official term for two years.</p>

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	of Directors of the Bank and is subject to re-election every two years. The role of the Ombudsman is to consult employees, participants in labor disputes, conflicts and assist them in developing a mutually acceptable, constructive and feasible solution, taking into account compliance with the norms of the legislation of the Republic of Kazakhstan (including confidentiality, if necessary), assisting in solving problematic social and labor issues of both employees and the Bank. The Ombudsman submits for consideration of the relevant authorities and officials of the Bank the problematic issues identified by him, which are of a systemic nature and require the adoption of appropriate decisions (comprehensive measures), puts forward constructive proposals for their solution.		
4.17.	The Ombudsman at least once a year submits a report on the results of his work to the Committee for Personnel, Remuneration and Social Affairs, and the Audit Committee of the Board of Directors of the Bank, which evaluate the results of his operations. The Board of Directors of the Bank evaluates the performance of the Ombudsman and decides on the extension or termination of the powers of the person holding the position of the Ombudsman.	Compliance	The report on the work of the Ombudsman of JSC «Otbasy Bank» for 2022 was considered during the meeting of the Committee for Personnel, Remuneration and Social Payments of the Board of Directors of the Bank issued on February 23, 2023 No. 2 Also considered during the absentee meeting of the Board of Directors of the Bank issued on February 24, 2023 No. 3.
4.18.	To carry out internal audit as an activity providing independent and objective guarantees and consultations aimed at improving the work of the Bank, the Internal Audit Service has been established and is functioning. The Board of Directors of the Bank determines the amount of members and official term of the Internal Audit Service, appoints its head and employees, and terminates their powers ahead of schedule, determines the procedure for its work, the amount and terms of remuneration and bonuses for employees of the Internal Audit Service, as well as the budget of the Internal Audit Service. Employees of the Internal Audit Service cannot be elected to the Board of Directors and the Management Board of the Bank. The Internal Audit Service (hereafter - IAS) reports directly to the Bank's Board of Directors and is independent of the Bank's Management Board. The tasks and functions of the Internal Audit Service, its rights and responsibilities are determined by the regulation on the Internal Audit Service approved by the Board of Directors of the Bank. The key responsibilities of the Internal Audit Service include assessing the quality of the Bank's internal control, risk management and corporate governance systems and bringing to the attention of the Board of Directors information on the sufficiency and effectiveness of these systems. The main task of the Internal Audit Service is to contribute to the improvement of the Bank's performance. The regulation on the Internal Audit Service defines and fixes the following: 1) adherence to the principles and regulations adopted by the international Institute of Internal Auditors (The Institute of Internal Auditors);	Compliance	According to paragraphs . 4) Paragraph 7.1 of the Bank's Charter, the internal audit division is the authority exercising control over the financial and economic operations of the Bank. In accordance with paragraph 12) paragraph 10.2 of the Charter of the Bank, the exclusive competence of the Board of Directors of the Bank includes determining the amount of members and official term of the internal audit unit, appointing its head and employees, as well as early termination of their powers, determining the procedure for the work of the Internal Audit Service (hereafter - IAS), the amount of official salaries and conditions of remuneration, bonuses for employees of the IAS, provision of social support, as well as decision-making on bonuses for the head and employees of the IAS. Also, the Board of Directors annually approves the budget of the IAS (separately or as part of the overall budget of the Bank). Based on the decision of the Board of Directors issued on February 25, 2020 No. 1, in 2022, the actual data on the IAS are as follows: <ul style="list-style-type: none"> regular number of employees of IAS - 13 units, a 3-year official term of the IAS was determined from February 10, 2020 to February 09, 2023, operations were carried out by appointed employees of the IAS, including the director of the IAS, the remuneration of labor to the employees of the IAS was carried out in accordance with certain sizes of official salaries and established grades . By the decision of the Board of Directors of December 26, 2022 No. 17, a 3-year official term of the IAS was determined from February 10, 2023 to February 09, 2026, and the salary scheme for employees of the IAS was approved. The annual audit plan of the IAS for 2022 (AAP), the Budget of the IAS for 2022, as well as the Plan for the professional training of IAS employees for 2022 were approved by the decision of the Board of Directors of December 24, 2021 No. 14.

No	Principles and provisions of the Corporate Management Code of the joint-stock company «Housing Construction Savings Bank of Kazakhstan»	Compliance/ Non-compliance	Measures taken to implement the principles and provisions of the Corporate Governance Code of JSC «Housing Construction Savings Bank of Kazakhstan»
	2) status, goals and objectives of the Bank's internal audit; 3) the conditions for ensuring the independence, objectivity and professionalism of the Internal Audit Service, in order to achieve the goals and objectives of internal audit and the effective performance by the Internal Audit Service of its functions and duties; 4) qualification requirements for the head and employees of the Internal Audit Service; 5) scope and content of internal audit operations; 6) the right to access documentation, employees and tangible assets in the performance of relevant tasks; 7) the procedure for interaction of the Internal Audit Service with the Board of Directors and the Management Board of the Bank and reporting to the Audit Committee and the Board of Directors of the Bank. The regulation on the Internal Audit Service also provides for the following tasks and functions: 1) assistance to the Management Board and employees of the Bank in developing and monitoring the implementation of procedures and measures to improve risk management, internal control and corporate governance systems; 2) coordination of operations with the external auditor of the Bank, as well as persons providing consulting services in the field of risk management, internal control and corporate governance; 3) conducting, within the established procedure, internal audit of subsidiaries that do not have their own internal audit services / functions, as well as the conditions and procedure for interaction with the internal audit services of subsidiaries on the collection and submission of the necessary information to the Board of Directors of the Bank and on the development / improvement of operations internal audit services of subsidiaries as a whole; 4) preparation and submission to the Board of Directors and the Audit Committee of periodic reports on the results of the operations of the internal audit service and the implementation of the (annual) audit plan (including information on significant risks, shortcomings, results and effectiveness of the implementation of measures to eliminate the identified shortcomings, the results of the assessment the actual state, reliability and efficiency of the risk management, internal control and corporate governance system); 5) verification of compliance by members of the Management Board of the Bank and its employees with the provisions of the legislation of the Republic of Kazakhstan and internal documents related to insider information and the fight against corruption, compliance with ethical requirements; 6) monitoring the implementation of the recommendations of the external auditor; 7) providing advice within the framework of the work plan approved by the Board of Directors on the organization and improvement of internal control, risk management, corporate governance and		In 2022, all IAS employees supported professional development, and also received training in accordance with the vocational training plan for IAS employees for 2022: 1) the director of the IAS passed the CIA part 3 exam and received the international professional certificate Certified Internal auditor ; 2) the head of the Business Process Audit Department of the IAS passed the CIA Part 1 exam; 3) the auditor of the Business Process Audit Department of the IAS received an international professional certificate DipIFR . According to paragraph 12.6 of the Bank's Articles of Association, employees of the IAS cannot be elected to the Board of Directors and the Management Board of the Bank. In 2022, IAS employees were not elected to the Board of Directors and the Management Board of the Bank. According to paragraphs 8, 10 of the Regulations on the IAS, approved by the decision of the Board of Directors issued on March 30, 2018 No. 3, the DVA is directly organizationally subordinate and functionally accountable to the Board of Directors and administratively subordinate to the Management Board of the Bank. At the same time, the Board of the Bank should not use administrative oversight to influence the independence and objectivity of the IAS. In accordance with paragraphs 16, 17 of the Regulations on the IAS, the IAS must be independent of the influence of the members of the Board and other persons in order to properly perform the tasks and functions assigned to it, to ensure objective and impartial judgments. Members of the Management Board and other persons are not allowed to interfere in the processes of determining participants (subjects), subjects (objects), volumes and periods of the audit, planning and executing audit tasks, generating and submitting reports on the results of their operations. In 2022, before the start of the audits, all IAS employees, including directors, confirmed their independence by signing a declaration of independence. In 2022, there were no facts of influencing the independence and objectivity of the IAS, as well as the operations of the IAS and the submission of reports of the IAS on the results of their operations. In 2022, IAS did not make management decisions. The tasks and functions, rights and responsibilities of the IAS are determined by the Regulations on the IAS, approved by the decision of the Board of Directors (Protocols No. 3) issued on 30.03.2018. In accordance with the Regulations on the IAS, the key responsibilities of the IAS include assessing the effectiveness of the internal control systems (ICS), risk management (RMS) and corporate governance (CGS) in the Bank , as well as IT and IS audits. Evaluation of the effectiveness of the ICS, RMS and CGS is carried out by IAS periodically in accordance with the requirements of the legislation of the Republic of Kazakhstan, but at least once every two years. IT and IS audits are carried out by IAS on an annual basis. Reports on the results of the assessment of the effectiveness of the ICS, RMS, I&C, as well as reports on the results of IT and IS audits are submitted for approval to the Board of Directors after prior approval by the Audit Committee. The mission of the IAS is to provide the necessary assistance to the Board of Directors and the Management Board in fulfilling their responsibilities in achieving the strategic goals of the Bank. The main purpose of the operations of the IAS is to provide the Board of Directors with independent reasonable guarantees and consultations aimed at improving the Bank's operations and increasing the efficiency of the

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	<p>organization of internal audit, as well as on other issues within the competence of the Internal Audit Service.</p> <p>Evaluation of the effectiveness of the operations of the Internal Audit Service, its head and employees is carried out by the Board of Directors on the basis of consideration of the reports of the Internal Audit Service, compliance with the deadlines for the implementation of the (annual) audit plan and reporting, assessment of the compliance of reports with the requirements of standards and internal regulatory documents of the Internal Audit Service.</p> <p>To carry out internal audit as an activity to provide independent and objective guarantees and consultations aimed at improving the work of the Bank, the Internal Audit Service has been established and is functioning.</p> <p>The Board of Directors of the Bank determines the amount of members and official term of the Internal Audit Service, appoints its head and employees, and terminates their powers ahead of schedule, determines the procedure for its work, the amount and terms of remuneration and bonuses for employees of the Internal Audit Service, as well as the budget of the Internal Audit Service.</p> <p>Employees of the Internal Audit Service cannot be elected to the Board of Directors and the Management Board of the Bank.</p> <p>The Internal Audit Service reports directly to the Bank's Board of Directors and is independent of the Bank's Management Board. The tasks and functions of the Internal Audit Service, its rights and responsibilities are determined by the regulation on the Internal Audit Service approved by the Board of Directors of the Bank.</p> <p>The key responsibilities of the Internal Audit Service include assessing the quality of the Bank's internal control, risk management and corporate governance systems and bringing to the attention of the Board of Directors information on the sufficiency and effectiveness of these systems. The main task of the Internal Audit Service is to contribute to the improvement of the Bank's performance.</p> <p>The regulation on the Internal Audit Service defines and fixes the following:</p> <p>1) adherence to the principles and regulations adopted by the international Institute of Internal Auditors (TheInstituteofInternalauditors);</p> <p>2) status, goals and objectives of the Bank's internal audit;</p> <p>3) the conditions for ensuring the independence, objectivity and professionalism of the Internal Audit Service, in order to achieve the goals and objectives of internal audit and the effective performance by the Internal Audit Service of its functions and duties;</p> <p>4) qualification requirements for the head and employees of the Internal Audit Service;</p> <p>5) scope and content of internal audit operations;</p> <p>6) the right to access documentation, employees and tangible assets in the performance of relevant tasks;</p> <p>7) the procedure for interaction of the Internal Audit Service with the Board of Directors</p>	<p>Bank's management.</p> <p>The Regulation on IAS defines and fixes the following:</p> <p>1) In accordance with paragraph 4 of the Regulations, in carrying out its operations, the IAS is guided by the International Basics of the Professional Practice of Internal Audit, the constituent elements of which are the definition, mission, basic principles of the professional practice of internal audit, the code of ethics of internal auditors (hereinafter referred to as the Code of Ethics), international professional standards for internal audit, as well as practical guidelines and guidelines for them;</p> <p>2) the organizational status, goals and objectives of the IAS are regulated by Chapters 2-4 of the Regulations;</p> <p>3) the conditions for ensuring the independence, objectivity and professionalism of the IAS, in order to achieve the goals and objectives of internal audit and the effective performance of the IAS s of their functions and duties, incl . by limiting the participation of auditors in the audit of processes carried out by them during the period that is subject to audit, the inadmissibility of interference in the operations of the IAS, the establishment of qualification requirements for the employees of the IAS, continuous professional development, etc.;</p> <p>4) qualification requirements for the head and employees of the IAS are provided in the standard forms of job descriptions, which are appendices 1-5 to the Regulation on the IAS;</p> <p>5) the scope and content of internal audit operations, which include the performance of audit assignments / consulting services in accordance with the approved Annual Audit Plan, monitoring the implementation of recommendations of internal / external audit of other authorized bodies, development of internal regulatory documents of the Bank regulating the operations of the IAS, etc. d.;</p> <p>6) in accordance with paragraph 25 of the Regulations, in order to ensure the fulfillment of the main tasks and functions, the IAS has the right to have unhindered and full access to any assets, to all documents, accounting records and any other information about the operations of the Bank, including confidential information, as well as have unhindered and full access to information databases, software in a passive viewing mode, without the right to enter and correct data;</p> <p>7) the procedure for interaction of IAS s with the Board of Directors and the Management Board of the Bank and reporting to the Audit Committee and the Board of Directors of the Bank is given in Chapters 8 and 9 of the Regulations.</p> <p>The Regulations on IAS also provide for the following tasks and functions:</p> <p>1) in accordance with paragraph 12) of paragraph 20 of the Regulations, the IAS provides advice to the Management Board on the issues of improving the processes of internal control, risk management and corporate governance. Consulting services are provided by IAS based on the results of control procedures while maintaining the independence and objectivity of TDOs, excluding the adoption of management decisions by TDOs;</p> <p>2) in accordance with subparagraph 6) of paragraph 20 of the Regulations, the IAS interacts with the Sole Shareholder, external auditors and government authorities within the competence of the IAS, and, if necessary, participates in the processes of audit, evaluation, analysis conducted by external auditors, independent appraisers and / or consultants;</p> <p>3) the structure of the Bank does not provide for subsidiaries, and therefore there is no need to create a separate internal audit service and conduct an internal audit of subsidiaries ;</p>	

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	<p>and the Management Board of the Bank and reporting to the Audit Committee and the Board of Directors of the Bank.</p> <p>The regulation on the Internal Audit Service also provides for the following tasks and functions:</p> <p>1) assistance to the Management Board and employees of the Bank in developing and monitoring the implementation of procedures and measures to improve risk management, internal control and corporate governance systems;</p> <p>2) coordination of operations with the external auditor of the Bank, as well as persons providing consulting services in the field of risk management, internal control and corporate governance;</p> <p>3) conducting, within the established procedure, internal audit of subsidiaries that do not have their own internal audit services / functions, as well as the conditions and procedure for interaction with the internal audit services of subsidiaries on the collection and submission of the necessary information to the Board of Directors of the Bank and on the development / improvement of operations internal audit services of subsidiaries as a whole;</p> <p>4) preparation and submission to the Board of Directors and the Audit Committee of periodic reports on the results of the operations of the internal audit service and the implementation of the (annual) audit plan (including information on significant risks, shortcomings, results and effectiveness of the implementation of measures to eliminate the identified shortcomings, the results of the assessment the actual state, reliability and efficiency of the risk management, internal control and corporate governance system);</p> <p>5) verification of compliance by members of the Management Board of the Bank and its employees with the provisions of the legislation of the Republic of Kazakhstan and internal documents related to insider information and the fight against corruption, compliance with ethical requirements;</p> <p>6) monitoring the implementation of the recommendations of the external auditor;</p> <p>7) providing advice within the framework of the work plan approved by the Board of Directors on the organization and improvement of internal control, risk management, corporate governance and organization of internal audit, as well as on other issues within the competence of the Internal Audit Service.</p> <p>Evaluation of the effectiveness of the operations of the Internal Audit Service, its head and employees is carried out by the Board of Directors on the basis of consideration of the reports of the Internal Audit Service, compliance with the deadlines for the implementation of the (annual) audit plan and reporting, assessment of the compliance of reports with the requirements of standards and internal regulatory documents of the Internal Audit Service.</p>		<p>4) in accordance with subparagraph 3) of paragraph 20 of the Regulations, the IAS regularly, following the results of the reporting period (quarter, year), submits for consideration and approval by the Board of Directors a report on the operations of the IAS, previously reviewed by the Audit Committee. The reports contain information on significant risks, deficiencies, results and effectiveness of the implementation of measures to eliminate the identified deficiencies, the results of assessing the actual state, reliability and efficiency of the risk management system, internal control and corporate governance;</p> <p>5) in accordance with paragraphs 7, 8, 10, paragraph 19 of the Regulations, one of the main tasks of the IAS is to comply with the requirements of the legislation of the Republic of Kazakhstan, internal policies and other documents of the Bank, as well as the effectiveness of systems and procedures created and applied to ensure compliance with these requirements (compliance control), implementation of decisions of the Bank's authorities and instructions (proposals) of authorized (supervisory) state bodies, the effectiveness of the corporate governance system and the process of its improvement, compliance with the accepted principles of corporate governance, relevant ethical standards and values. Also, in accordance with paragraph 8 of paragraph 20 of the Regulations, it assesses the risks of committing fraud and how the Bank manages the risk of fraud;</p> <p>6) in accordance with subparagraph 4) of paragraph 20 of the Regulations, the IAS monitors the implementation by the Bank of the recommendations / orders of the external auditor and other auditing state authorities adopted in the prescribed manner, and also provides the Board of Directors with information on the progress and quality of implementation within the framework of periodic reports corrective actions;</p> <p>7) in accordance with paragraphs 12, 13, 16 of paragraph 20 of the Regulations, the IAS provides advice to the Board on improving the processes of internal control, risk management and corporate governance and performs other functions within the competence of the IAS.</p> <p>In 2022, all audit reports based on the results of the audits planned in the approved PAO for 2022 (Board Decision No. 14 issued on December 24, 2021) were completed in a timely manner, reviewed by the Bank's Management Board and preliminarily approved by the Audit Committee. In 2022, the Board of Directors of the bank approved periodic reports on the results of the operations of the IAS, containing information on significant risks, shortcomings, the results and effectiveness of the implementation of measures to eliminate the identified shortcomings , the results of assessing the actual state, reliability and effectiveness of the risk management system, internal control and corporate governance:</p> <p>1) for the 4th quarter of 2021 (03/11/2022 No. 3)</p> <p>2) annual report for 2021 (03/11/2022 No. 3).</p> <p>3) for the 1st-3rd quarters of 2022 (04.29.2022 No. 5, 07.14.2022 No. 9, 10.27.2022 No. 14).</p> <p>4) The annual report on the operations of the IAS for 2022 was approved by the decision of the Board of Directors issued on February 24, 2023 (Protocols No. 2).</p> <p>Periodic reports on the results of the operations of the IAS in 2022 also contain information on the implementation of the AAP for 2022, the budget for 2022 and the Vocational Training Plan for 2022, as well as the results of monitoring the implementation of recommendations issued as a</p>

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			<p>result of internal and external audits.</p> <p>In 2022, IAS provided advisory services to the Bank as part of its daily operations. Separate consulting assignments were not carried out.</p> <p>In 2022, no corporate governance assessment of the Bank was carried out.</p> <p>In 2022, the BD approved the results of 4 audits performed by IAS:</p> <p>1) evaluation of the effectiveness of the RMS - decision of the Board of Directors issued on December 26, 2022 No. 17;</p> <p>2) assessment of the effectiveness of the ICS - decision of the Board of Directors issued on January 25, 2023 No. 1.</p> <p>3) audit of information systems (IT audit) - decision of the Board of Directors issued on July 14, 2022 No. 09;</p> <p>4) information security audit - decision of the Board of Directors issued on October 27, 2022 No. 14.</p> <p>DVA provides regular (internal and external) assessment of the effectiveness and quality of its operations, which is submitted for approval to the Board of Directors, while:</p> <ul style="list-style-type: none"> internal evaluation (self-assessment) is carried out on an ongoing basis (according to the results of the reporting year) by the IAS independently, which is approved by the Board of Directors simultaneously with the annual report on the results of the operations of the IAS. During the period of external evaluation, internal evaluation based on the results of the corresponding period is not carried out; an external assessment is carried out at least once every five years by an external auditor selected in accordance with the established procedure by the decision of the Board of Directors of the Bank, the results of which are submitted to the Board of Directors for consideration. <p>In 2022, an external independent assessment of the operations of the IAS of KPMG Tax and Advisory LLP was carried out. According to the results of the external assessment, the activity of the IAS complies with the definition of internal audit and the Code of Ethics of the Institute of Internal Audit (hereinafter referred to as the IIA), as well as the requirements of 95% of the international basics of the professional practice of internal audit (decision of the Board of Directors issued on 01.12.2022 No. 15).</p> <p>As part of a comprehensive assessment of the performance of IAS employees based on the results of 2022, an assessment was made of the personal and business competencies (hereinafter referred to as PBC) of IAS employees, as well as the calculation of the average actual KPI performance based on the results of the reporting quarters of 2022, followed by an analysis of the level of the final actual performance of employees IAS for 2022 and the level of development of personal and business competencies. According to the results of a comprehensive assessment of the performance of the employees of the IAS at the end of 2022, all employees of the IAS corresponded to level IX - the best employee. The results of the assessments of the IAS and the employees of the IAS are presented in the IAS Annual Report for 2022.</p> <p>The results of the assessment based on the results of operations for 2022 were approved by the decision of the Board of Directors issued on February 24, 2023 (Protocols No. 2).</p>
4.19.	Management of the current activity of the Bank is carried out by the Management Board. The Chairman and members of the Management Board have high professional and personal characteristics, good business reputation and adhere to ethical standards.	Compliance	The Chairman and members of the Management Board in 2022 were: Chairman of the Board - Lyazzat Yerkenovna Ibragimova since January 2017. In April 2022, she was elected for a new term as the Chairman of the Management Board of the Bank with a

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	The Chairman of the Management Board has high organizational skills, works in active interaction with the Sole Shareholder and constructively builds a dialogue with the Board of Directors, employees and other interested parties.		<p>official term until the expiration of the powers of the Management Board of the Bank as a whole.</p> <p>Aidarbekova Aliya Karataevna - Deputy Chairman of the Management Board of the Bank since September 2017. Responsible for financial and reporting matters.</p> <p>Akshanov Nurlan Sagyndykovich - Deputy Chairman of the Management Board of the Bank since June 2018. Responsible for business development issues.</p> <p>Beisembaev Miras Berikovich - Deputy Chairman of the Management Board of the Bank since September 2017. Supervises issues of information security, legal and administrative issues.</p> <p>Raspekova Elmira Sabyrzhannovna - Deputy Chairman of the Management Board of the Bank since November 2020. Supervises issues of information technology and digital transformation.</p> <p>Kairbekov Islambek Urumbayevich - Deputy Chairman of the Management Board of the Bank since January 2020. Supervises issues of risk management and internal control.</p> <p>Azimbekov Mukhtar Mirlanovich - Deputy Chairman of the Management Board of the Bank since June 2021. Supervises operational issues.</p> <p>Qualification requirements are approved by the Regulations on the Management Board of the Bank. The current Chairman and members of the Management Board of the Bank meet the following qualification requirements:</p> <ul style="list-style-type: none"> the presence of higher education; availability of work experience established by the Law of the Republic of Kazakhstan «On Banks and Banking Operations in the Republic of Kazakhstan» in international financial organizations, the list of which is established by the authorized body and (or) work experience in the provision and (or) regulation of financial services and (or) services for conducting an audit of financial organizations; at least 3 (three) years of work experience in managerial positions; an impeccable business reputation; other requirements for the Bank's executives in accordance with the banking legislation of the Republic of Kazakhstan.
4.20.	The Management Board is accountable to the Board of Directors and manages the daily operations of the Bank, and it is responsible for the implementation of the development strategy and / or development plan and decisions made by the Board of Directors and the Sole Shareholder.	Compliance	According to paragraph 11.1. and 11.2, Article 11 of the Charter of the Bank The Management Board of the Bank manages the day-to-day operations of the Bank. The Board of the Bank is obliged to execute the decisions of the Sole Shareholder and the Board of Directors of the Bank.
4.21.	The Board of Directors elects members of the Management Board (with the exception of the Chairman of the Management Board), determines the official term, the amount of the official salary, the terms of payment for their work and bonuses. The Human Resources, Remuneration and Social Affairs Committee of the Board of Directors of the Bank plays a key role in the process of searching for and selecting candidates for the Management Board and determining their remuneration.	Compliance	<p>According to paragraph 17) paragraph 9.2. Art. 9 of the Charter of the Bank, the election of the Chairman of the Board of the Bank, as well as the early termination of his powers, is the exclusive competence of the Sole Shareholder.</p> <p>According to paragraph 11.3. of the Bank's Charter, the Management Board consists of its members consisting of at least three people, including: the Chairman of the Management Board, his deputies (s) and (or) other members of the Management Board of the Bank, elected by the Board of Directors of the Bank for a period of five years.</p> <p>By the decision of the Board of Directors of the Bank (Protocols No. 3) issued on March 11, 2022, the amount of members of the Management Board is determined in the amount of 7 (seven) units.</p>

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4.22.	The Board of Directors may at any time terminate the official term of members of the Management Board (except for the Chairman of the Management Board).	Compliance	In 2022, the members of the Management Board did not terminate their the official term.
4.23.	It is recommended to elect members of the Bank's Management Board for up to three years. The terms of office of the Chairman and members of the Management Board coincide with the official term of the Management Board as a whole. To increase the transparency of the processes of appointment and remuneration of members of the Bank's Management Board, the Board of Directors is also recommended to approve the rules for the appointment, remuneration, evaluation and succession of members of the Bank's Management Board.	Compliance	The official term of the current Management Board of the Bank is 5 years, from April 17, 2022, by the decision of the Board of Directors of the Bank (Protocols No.3) issued on March 11, 2022. By Decision of the Board of Directors of the Bank No. 11 issued on October 7, 2019, the Rules on the internal policy on remuneration, accrual of monetary remuneration, as well as other types of material incentives for the Bank's executives were approved .
4.24.	The Chairman and members of the Management Board may hold positions in other organizations only with the approval of the Board of Directors. The Chairman of the Board can not hold the position of the head of the board of another legal entity.	Compliance	According to subparagraph 11.4. of the Bank's Charter, a member of the Management Board may hold a position in other organizations or in the authorities of other organizations only with the consent of the Board of Directors of the Bank. In 2022, the members of the Management Board of the Bank did not hold positions in other authorities.
4.25.	The Management Board ensures the creation of an optimal organizational structure of the Bank. The organizational structure should focus on: 1) decision-making efficiency; 2) increasing the productivity of the Bank; 3) efficiency of decision-making; 4) organizational flexibility.	Compliance	Organizational structure of the Bank in accordance with the requirements of the Charter, paragraph 30. paragraph 10.2. Art. 10 is approved by the Board of Directors. In 2022, decisions to change the organizational structure were made by decisions of the Board of Directors issued on April 11, 2022 (Protocols No. 4) and August 26, 2022 (Protocols No. 10).
4.26.	The selection of candidates for vacant positions of the Bank is carried out on the basis of open and transparent competitive procedures. Career advancement, financial incentives for the Bank's employees are carried out in accordance with the principles of meritocracy, taking into account the level of knowledge, competencies, work experience and achievement of the set goals. The Bank is forming a pool of personnel reserve employees, from which appointments can subsequently be made to senior positions of middle and top management. Employees undergo a comprehensive performance assessment on an annual basis. Personnel selection procedures are implemented according to the following requirements: preference for the development of the internal resources of the Bank and subsidiaries, and in the absence of such an opportunity, openness and lack of restrictions on holding positions for a wide range of people, ensuring the principle of equal opportunities that contribute to increased competition and selection of worthy applicants who meet the requirements of professionalism and competence; impartial selection of personnel and the complete absence of protectionism, the patronage system of admission (based on the principle of loyalty, ethnicity, family ties and personal friendship); legal regulation, including in matters of fixing the principles and criteria for evaluating candidates, excluding conditions for subjectivity in making a decision.	Compliance	In 2022, 60 employees of the Bank were transferred from a lower position to a higher position . The procedure for the formation of a personnel reserve for the management and managerial staff of personnel has been carried out in the Bank since 2008 in accordance with the Regulation on the formation and organization of work with the personnel reserve of the Bank by identifying high-potential employees and organizing their professional and career growth. The Regulation on the Talent Pool was approved by the decision of the Management Board of the Bank No. 10 issued on September 18, 2020. As of the end of 2022, the Bank's Talent Pool consists of 71 people, of which 24 people are employees of the Central Office and 47 people are employees of the Bank's branches. Starting from 2009, the Bank conducts employee appraisal to determine the extent to which employees meet the requirements for their positions and make the necessary management decisions regarding further labor relations with the Bank's employees based on the results of the appraisal. The frequency of certification is not more than once every three years; in case of unsatisfactory results of the performance assessment operations (efficiency below 75%), certification is carried out no more than once a year. Certification stages - analysis of qualification requirements, testing, meeting of the Certification Commission. At the end of 2022, 98.2% of the total number of employees of the Bank (567 employees) passed the certification, the average performance among employees was 90%. Of these, 53% are women (301 employees), 47% are men (266 employees). And also out of 567 employees who passed certification - 19 heads of structural divisions (3.3%) and 548 chief managers, specialists (96.7%).

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4.27.	The Chairman and members of the Management Board are evaluated by the Board of Directors. The main evaluation criterion is the achievement of the set KPIs. Motivational KPIs of the Chairman and members of the Management Board are approved by the Board of Directors of the Bank. Proposals regarding motivational KPIs of members of the Management Board are submitted to the Board of Directors for consideration by the Chairman of the Management Board. The results of the assessment have an impact on the amount of remuneration, promotion, re-election (appointment) or early termination of powers. The remuneration of the Chairman and members of the Management Board consists of a fixed and a variable part. When setting the official salary, the complexity of the tasks performed, the employee's personal competencies and his competitiveness in the market, the contribution made by this person to the development of the Bank, the level of official salaries in similar companies, and the economic situation in the Bank are taken into account. In case of early termination of the employment contract, remuneration is paid in accordance with internal documents approved by the Board of Directors of the Bank.	Compliance	The KPI cards of the Chairman and members of the Management Board of the Bank for 2022 were approved by the Board of Directors of the Bank on December 24, 2021 (Protocols No. 14). The performance of the Management Board of the Bank is assessed based on the approved KPI maps for 2022. The operations of the Bank's Management Board in the reporting period are generally characterized as positive. The planned level of corporate key performance indicators (KPI) and individual KPI of members of the Management Board for 2022 was achieved. The performance of key performance indicators for 2022 is: 1) Chairman of the Board Ibragimova L.E. - 118%, 2) Deputy Chairman of the Board Aidarbekova A.K. - 123%, 3) Deputy Chairman of the Board Akshanov N.S. - 114%, 4) Deputy Chairman of the Board Azimbekov M.M. - 112%, 5) Deputy Chairman of the Board Beisembayev M.B. - 113%, 6) Deputy Chairman of the Board Kairbekov I.U. - 124%, 7) Deputy Chairman of the Management Board Raspekova E.S. - 124%.
5. The principle of sustainable development			
5.1.	The Bank and its subsidiaries are aware of the importance of their impact on the economy, the environment and society to ensure sustainable development in the long term, while maintaining a balance of interests of stakeholders. A responsible, thoughtful and rational approach to stakeholder engagement will contribute to the sustainable development of the Bank and its subsidiaries.	Compliance	The Bank is aware of the importance of its impact on the economy, environment and society to ensure sustainable development in the long term. As part of the implementation of this principle, the Bank approved the Sustainable Development Policy (hereinafter referred to as the Policy) by the decision of the Board of Directors of the Bank issued on June 04, 2019 (Decision No. 7). In accordance with the provisions of the Policy, the roles, competencies, responsibilities of each authority and all employees for the implementation of the principles, standards and plans in the field of sustainable development are clearly defined and fixed in the sustainable development management system. The Board of Directors of the Bank carries out strategic management and control over the implementation of sustainable development, the Board of the Bank forms an appropriate action plan. In 2022, all operations envisaged in the Bank's Action Plan for Sustainable Development for 2022 were implemented.
5.2.	The Bank strives for profitability, ensures sustainable development, and maintains a balance of interests of stakeholders. The Bank in the course of its operations influences or is influenced by stakeholders. Operations in the field of sustainable development meet the best international standards. Stakeholders can have both a positive and a negative impact on the operations of the Bank and its subsidiaries, namely on the achievement of profitability, sustainable development, reputation and image, create or reduce risks. The Bank and its subsidiaries attach great importance to proper stakeholder engagement.	Compliance	The Bank has analyzed all the topics of sustainable development proposed by the GRI Standards . Topics were rated according to their importance to the Bank, taking into account its development strategy, and according to their importance to stakeholders, which was determined in the course of interaction with them during the year. The Bank determines a complete list of stakeholders with whom it interacts in the course of its operations, with a description of the contribution of stakeholders and their interests. When assessing the significance of stakeholders, the stakeholders are ranked in terms of their importance for the Bank according to two factors: the strength of the stakeholder's influence on the Bank and the degree of stakeholder's interest in the Bank's operations. Interested parties (stakeholders) of the Bank are customers, the public, employees of the Bank,

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			the Sole Shareholder, the Board of Directors, the Management Board, government agencies, competitors, investors, strategic partners, financial institutions, auditors, consulting organizations, suppliers, international organizations, the media and public, non-governmental bodies.
5.3.	<p>The Bank ensures the alignment of its economic, environmental and social goals for sustainable development in the long term. Sustainable development in the Bank and its subsidiaries consists of three components: economic, environmental and social.</p> <p>The economic component directs the Bank's operations to the profitability of their operations, ensuring the interests of shareholders and investors, increasing the efficiency of processes, increasing investment in the creation and development of more advanced technologies, and increasing labor productivity.</p> <p>The environmental component contributes to minimizing the impact on biological and physical natural systems, the optimal use of limited resources, the use of environmentally friendly, energy and material-saving technologies.</p> <p>The social component is focused on the principles of social responsibility, which, among other things, include ensuring labor safety and maintaining the health of employees, fair remuneration and respect for the rights of employees, individual development of personnel, implementation of social programs for personnel, creation of new jobs, sponsorship and charity, environmental and educational promotions.</p> <p>The Bank selects employees on the basis of transparent competitive procedures in accordance with the Bank's internal documents.</p> <p>The Bank conducts an analysis of its operations and risks in these three aspects, and also seeks to prevent or reduce the negative impact of its results on stakeholders.</p>	Compliance	<p>In accordance with the approved Development Strategy until 2023, the Bank's mission is to provide Kazakhstani families with their own housing and strengthen the feeling of the Motherland. In this regard, the Bank supports the government's policy in the field of housing construction.</p> <p>As part of its operations, the Bank has a significant impact on the development of regions, in connection with which the Bank periodically assesses the multiplier effect on related industries and the economy as a whole.</p> <p>Due to the nature of its operations, the Bank does not have a direct significant impact on the environment. The main resources consumed by the Bank, as mentioned above, are electricity, heat and water. The Bank applies the principles and methods of rational use of resources that best ensure the prevention of adverse environmental impacts.</p> <p>during the year, and there are no penalties.</p> <p>One of the priority tasks of the Bank is the formation and maintenance of a staff of employees that meets the qualification requirements of the Bank, aimed at achieving strategic goals and solving the problems facing the Bank. Labor relations are regulated by the Rules of labor relations and internal labor regulations of the Bank in accordance with the legislation of the Republic of Kazakhstan.</p> <p>Considering that personnel development is one of the components of the success of any organization, the Bank annually plans funds for personnel training and development.</p>

6. The principle of risk management, internal control and internal audit

6.1.	<p>The Bank has an effectively functioning risk management and internal control system aimed at providing reasonable assurance that the Bank will achieve its strategic and operational goals, and which is a set of organizational policies, procedures, standards of conduct and actions, methods and management mechanisms created by the Board of Directors and the Management Board Bank to ensure:</p> <ol style="list-style-type: none"> 1) the optimal balance between the profitability of the Bank's operations, strategic goals and the associated risks; 2) efficiency of financial and economic activity and achievement of financial stability of the Bank; 3) safety of assets and efficient use of the Bank's resources; 4) completeness, reliability and reliability of financial and management reporting; 5) compliance with the requirements of the 	Compliance	<p>According to the Bank's Risk Management Policy (approved by the decision of the Board of Directors No. 9 of September 24, 2020, as amended by the Board of Directors No. 4 of March 28, 2023);</p> <p>The Board of Directors of the Bank ensures that a risk management system is in place that corresponds to the chosen business model, scale of activity, types and complexity of operations and ensures the proper process for identifying, measuring and evaluating, monitoring, controlling and minimizing the Bank's significant risks in order to determine the Bank's equity capital and liquidity, necessary to cover significant risks inherent in the Bank's operations.</p> <p>The Bank's risk management system is a set of components that provides a mechanism for the interaction of internal procedures, processes, policies, structural divisions of the Bank developed and regulated by the Bank in order to timely identify, measure, control and monitor the Bank's risks, as well as minimize them to ensure its financial stability and stable operation.</p>
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			legislation of the Republic of Kazakhstan and internal documents of the Bank;
			6) proper internal controls to prevent fraud and provide effective support for the functioning of the main and auxiliary business processes and analysis of performance results.
			The risk management system ensures:
			<ol style="list-style-type: none"> 1) the optimal ratio between the profitability of the Bank's main operations and the level of accepted risks, based on the choice of a viable and sustainable business model, an effective strategy and budget planning process, taking into account the risk appetite strategy; 2) an objective assessment of the size of the Bank's risks, the completeness and documentation of risk management processes, their preventive identification, measurement and assessment, monitoring and control, minimization of significant types of risks at each level of the organizational structure with the optimal use of financial resources, personnel and information systems in order to maintain sufficient the amount of the Bank's equity capital and liquidity; 3) coverage of all types of the Bank's operations subject to significant risks at all levels of the organizational structure, the completeness of the assessment of certain significant types of risks, their mutual influence in order to determine the risk profile of the Bank and build a risk appetite strategy; 4) availability of risk appetite levels for all types of significant risks and an algorithm of actions in cases of violation of the established levels, including responsibility for accepting risks, the level of which is determined as high, procedures for informing the Board of Directors of the Bank, CIAC and the Management Board as part of the risk appetite strategy; 5) awareness of the authorized collegial authorities of the Bank, which make decisions that carry risks, by building an effective corporate governance system, the availability of complete, reliable and timely management information about the significant risks inherent in the Bank's operations; 6) rational decision-making and action in the interests of the Bank based on a comprehensive assessment of the information provided in good faith, with due diligence and diligence (dutyofcare). The obligation to exercise due diligence and diligence does not extend to errors in the process of making business decisions, unless the employees and officials of the bank have shown gross negligence in doing so; 7) making decisions by employees and officials of the Bank and acting in good faith in the interests of the Bank, not taking into account personal benefits, the interests of persons related to the bank by special relations, to the detriment of the interests of the bank (dutyofloyalty); 8) clear distribution of functions, duties and powers of risk management between all structural divisions and employees of the Bank, and their responsibilities, taking into account minimization of conflicts of interest; 9) separating the function of risk management and internal control from the Bank's operations by building a system of three lines of defense; 10) availability of documents developed in order to regulate the operations of the Bank, create and operate effective risk management and internal control systems in the Bank and comply with the strategy, organizational structure, risk profile of the Bank and the requirements of the civil, tax, banking legislation of the Republic of Kazakhstan, the legislation of the Republic of Kazakhstan on state regulation, control and supervision of the financial market and financial organizations, the legislation of the Republic of Kazakhstan on currency

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			<p>regulation and currency control, on payments and payment systems, on pension provision, on the securities market, on accounting and financial reporting, on credit bureaus and the formation of credit histories, on collection operations, on mandatory deposit guarantees, on countering the legalization (laundering) of proceeds from crime and the financing of terrorism, on joint-stock companies, as well as their periodic review and updating;</p> <p>11) compliance with the requirements of the civil, tax, banking legislation of the Republic of Kazakhstan, the legislation of the Republic of Kazakhstan on state regulation, control and supervision of the financial market and financial organizations, the legislation of the Republic of Kazakhstan on currency regulation and currency control, on payments and payment systems, on pensions, on the securities market, on accounting and financial reporting, on credit bureaus and the formation of credit histories, on collection operations, on mandatory guaranteeing of deposits, on countering the legalization (laundering) of proceeds from crime and the financing of terrorism, on joint-stock companies;</p> <p>12) compliance with existing procedures, processes, policies and other internal documents of the Bank for risk management through the construction of an effective internal control system.</p> <p>The financial and credit risk management system of the Bank is regulated by the following documents:</p> <ul style="list-style-type: none"> - Risk management policy of the Bank (SD No. 9 issued on September 24, 2020, as amended by SD No. 4 issued on March 28, 2023); - Risk Appetite Strategy of the Bank (SD No. 9 issued on September 24, 2020, as amended by SD No. 4 issued on March 28, 2023); - Funding, investment and hedging strategy of the Bank (SD No. 10 issued on September 30, 2020, as amended by SD No. 4 issued on June 3, 2022); - Regulations on the internal process for assessing the capital adequacy of the Bank (SD No. 6 of 06/19/2020, as amended by DS No. 4 of 03/28/2023); - Regulations on the internal process for assessing the Bank's liquidity adequacy (SD No. 9 issued on September 24, 2020, as amended by SD No. 4 issued on March 28, 2023); - Market risk management policy of the Bank (SD No. 17 of December 22, 2017, as amended by SD No. 4 of March 28, 2023); - Capital management policy of the Bank (BD No. 19 issued on 12/25/2014, as amended by BD No. 7 issued on 06/03/2022); - Financing plan for contingency of the Bank (SD No. 19 issued on 12/25/2014, as amended by BD No. 0 6 issued on 05/31/2022 ; - Methodology for determining the reserve for stress losses of the Bank (GD No. 146 of 09/06/2021); - Methodology for assessing the business risk of the Bank (GD No. 148 issued on July 30, 2015, as amended by GD No. 112 issued on July 9, 2021); - Stress testing methodology in the Bank (RP No. 39 of 07/26/2018, as amended by RP No. 43 of 03/10/2023); - Methodology for creating provisions (reserves) in the Bank for securities (including REPO transactions) and receivables in accordance with IFRS 9, regulatory provisions» (GD No. 46 issued

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			<p>on November 23, 2017, as amended by GD No. 201 issued on November 29, 2022);</p> <ul style="list-style-type: none"> - Methodology for calculating and determining the aggregate levels of the Bank's risk appetite (RP No. 91 of 08/26/2020, as amended by RP No. 55 of 03/31/2023); - Rules for managing liquidity risk in the Bank (PP No. 351 of December 31, 2014, as amended by RP No. 140 issued on August 27, 2022); - Rules for managing the market risk of the Bank (GD No. 363 issued on December 31, 2014, as amended by GD No. 62 issued on April 11, 2023); - Collateral policy of the Bank (SD No. 3 issued on May 15, 2020, as amended by SD No. 7 issued on June 9, 2021); - Credit risk management policy of JSC «Otbasy Bank» (BoD No. 8 issued on September 21, 2020, as amended by BoD No. 7 issued on June 9, 2021); - Rules on the internal credit policy of the Bank (Credit Policy) (SD No. 10 issued on September 30, 2020, as amended by SD No. 06 issued on May 31, 2022); - General requirements for collateral accepted by the Bank (RP No. 26 issued on 29.06.2017, as amended by RP No. 53 issued on 30.03.2023); - Methodology for calculating provisions (reserves) of the Bank (RP No. 40 of 08/01/2018, as amended by RP No. 50 of 03/27/2023); - Methodology for managing credit risk in the Bank (RP No. 77 issued on 07/27/2020, as amended by RP No. 1 issued on 01/12/2022); - Instructions on monitoring the collateral for loans granted by the Bank (RP No. 69 issued on 13.07.2020, as amended by RP No. 109 issued on 03.07.2021); - Regulations of the Credit Committee «Decision Making Center» of the Bank (RP No. 43 of 09.11.2017, as amended by RP No. 54 of 31.03.2023); - Methodology for analyzing the creditworthiness (solvency) of individuals in the Bank (RP No. 127 of 10/29/2020, as amended by RP No. 209 of 12/08/2022). <p>Internal documents in terms of managing financial and credit risks comply with the requirements of the law, including Resolution of the NBK No. 188 issued on November 12, 2019 «On Approval of the Rules for Forming a Risk Management and Internal Control System for Second-Tier Banks, Branches of Non-Resident Banks of the Republic of Kazakhstan «.</p> <p>The management system for operational risks, information security and information technology risks of the Bank is regulated by the following documents:</p> <ul style="list-style-type: none"> - Operational risk management policy of the Bank (SD No. 5 issued on June 17, 2020, as amended by SD No. 2 issued on March 5, 2022); - Operational risk management rules of the Bank (RP No. 85 issued on 08/12/2020, as amended by RP No. 91 issued on 06/17/2022); -Methodology of capital reservation for operational risks in Bank (GD No. 145 issued on 07/30/2015, as amended by RP No. 50 issued on 04/05/2021); -Instruction for the application of key indicators of the Bank's operational risk (GD No. 167 issued on August 19, 2015, as amended by GD No. 218 issued on December 21, 2022); - Instructions for collecting and maintaining a database of losses and operational risk events in the Bank (GD No. 261 issued on November 25, 2015, as amended);

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			<p>- Instruction for self-assessment of operational risks Bank (GD No. 1 of 01/06/2017, as amended by RP No. 151 of 09/13/2021)</p> <p>- Information security risk management policy Bank (SD No. 6 issued on 06/19/2020, as amended by SD No. 3 issued on 03/31/2021)</p> <p>- Information technology risk management policy of the Bank (SD No. 6 issued on June 19, 2020, as amended by SD No. 3 issued on March 31, 2021)</p> <p>- Business continuity management policy of the Bank (SD No. 17 issued on December 22, 2017, as amended by SD No. 3 issued on March 31, 2021);</p> <p>- Bank's Business Continuity Management Rules (RP No. 66 issued on 10/19/2018, as amended by RP No. 35 issued on February 28, 2023);</p> <p>- Information technology risk management rules of JSC «Otbasy Bank» (RP No. 103 of 06/29/2021, as amended by RP No. 184 of 11/15/2021);</p> <p>- Methodology for determining the potential loss on information security risks of JSC «Otbasy Bank» (RP No. 69 issued on April 30, 2021);</p> <p>- Methodology for assessing information security risks of JSC «Otbasy Bank» (RP No. 54 of 04/15/2021, as amended by RP No. 125 of 08/09/2022).</p> <p>Internal documents in terms of managing operational risks, information security and information technology risks comply with the requirements of the law, including Resolution of the NBK No. 188 issued on November 12, 2019 «On approval of the Rules for the formation of a risk management and internal control system for second-tier banks, branches of banks- non-residents R K «.</p> <p>Internal documents in terms of internal control, including the Internal Control Policy of JSC «Housing Construction Savings Bank» (SD No. 17 issued on November 28, 2014), comply with the requirements of the law, including the NBRK Resolution No. 188 issued on November 12, 2019 «On Approval of the Rules formation of a risk management and internal control system for second-tier banks, branches of non-resident banks of the Republic of Kazakhstan».</p>
6.2.	<p>The Board of Directors of the Bank approves internal documents that define the principles and approaches to the organization of the risk management and internal control system, based on the objectives of this system.</p> <p>The organization of an effective risk management and internal control system in the Bank is aimed at building a management system that can ensure that employees, management, authorities of the Bank understand the reasonableness and acceptability of the level of risks when they make decisions, quickly respond to risks, exercise control over the main and auxiliary business processes and day-to-day operations, and to promptly inform the appropriate level of management of any significant deficiencies.</p> <p>The principles and approaches to organizing an effective risk management and internal control system provide for:</p> <p>1) determination of the goals and objectives of the risk management and internal control system;</p> <p>2) the organizational structure of the risk management and internal control system, covering all levels of decision-making and</p>	Compliance	<p>The Bank has an effectively functioning risk management, internal control and internal audit system aimed at providing reasonable assurance that the Bank will achieve its strategic and operational goals, which is a set of organizational policies, procedures, standards of conduct and actions, methods and management mechanisms created by the Board of Directors and the Management Board of the Bank.</p> <p>The internal regulatory documents of the Bank stipulate the responsibility of the Board of Directors and the Management Board of the Bank for organizing and ensuring the effective functioning of the risk management and internal control system on a consolidated basis.</p> <p>The organizational structure of the Bank within the framework of the risk management system corresponds to the chosen business model, scale of activity, types and complexity of operations, minimizes conflicts of interest and distributes risk management powers between collegial authorities and structural divisions, and includes:</p> <p>1) Board of Directors of the Bank;</p> <p>2) Risk Management Committee of the Board of Directors of the Bank;</p> <p>3) Strategic Planning Committee of the Board of</p>

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			<p>taking into account the role of the relevant level in the process of developing, approving, applying and evaluating the risk management and internal control system;</p> <p>3) basic requirements for organizing the risk management process (approaches to identifying risks, the procedure for identifying and assessing risks, determining response methods, monitoring, and others);</p> <p>4) requirements for the organization of the internal control system and the conduct of control procedures (characteristics of the key areas and main components of the internal control system, the procedure for assessing the effectiveness and reporting in the field of internal control, and others).</p> <p>The internal regulatory documents of the Bank establish the responsibility of the Board of Directors and the Management Board of the Bank for organizing and ensuring the effective functioning of the risk management and internal control system on a consolidated basis.</p>
			<p>Directors of the Bank;</p> <p>4) Audit Committee of the Board of Directors of the Bank;</p> <p>5) Committee for Human Resources, Remuneration and Social Issues of the Board of Directors of the Bank;</p> <p>6) the Board of the Bank;</p> <p>7) Compliance control division ;</p> <p>8) Internal Audit Division;</p> <p>9) Structural subdivisions of the Bank providing the second line of defense.</p> <p>10) Structural subdivisions of the Bank providing the first line of defense.</p> <p>Risk management procedures ensure a rapid response to new risks, their clear identification and identification of risk owners.</p> <p>For a holistic and clear understanding of the inherent risks, the Bank annually identifies and assesses risks, which are reflected in the risk register, risk map, action plan for responding to risks (improvement of processes, minimization strategies), list of significant risks, Statement of risk appetite for previous year approved by the Board of Directors.</p> <p>Approaches to identifying risks, the procedure for identifying and assessing risks, determining response methods, and monitoring are given by internal documents as part of the risk management system.</p> <p>Risk reports are submitted to meetings of the Board of Directors on a quarterly basis, to a meeting of the Management Board on a monthly basis, if necessary, corrective measures are taken (as part of the consideration of these reports).</p> <p>The Bank's employees annually, as well as when they are hired, undergo training / introductory briefing to familiarize themselves with the adopted risk management and internal control system.</p> <p>The Bank ensures the existence of an internal control system that corresponds to the current market situation, strategy, volume of assets, level of complexity of the Bank's operations.</p> <p>The internal control policy functioning in the Bank provides that the internal control system (hereinafter referred to as the ICS) is a process built into the daily operations carried out by the Board of Directors, authorized collegial authorities of the Bank, structural divisions and all employees of the Bank in the performance of their duties, and aimed at ensuring the efficiency of the Bank's operations, including the effectiveness of managing banking risks, assets and liabilities, and ensuring the safety of assets.</p>
6.3.	<p>Each officer of the Bank ensures that risks are properly considered when making decisions. The Management Board of the Bank ensures the implementation of risk management procedures by employees with appropriate qualifications and experience.</p> <p>Governing authority:</p> <p>1) ensures the development and implementation of internal documents approved by the Board of Directors in the field of risk management and internal control;</p> <p>2) ensures the creation and effective functioning of the risk management and internal control system through the practical implementation and continuous</p>	Compliance	<p>The internal regulatory documents of the Bank stipulate the responsibility of the Board of Directors and the Management Board of the Bank for organizing and ensuring the effective functioning of the risk management and internal control system on a consolidated basis.</p> <p>The Bank ensures the implementation of risk management procedures by employees with appropriate qualifications and experience. The Bank provides for an approved list of qualification requirements for the Bank's employees. Also, in order to determine the degree of compliance of the Bank's employees with the requirements for their positions and make the necessary management decisions, the Bank conducts an annual assessment.</p>

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	<p>implementation of the principles and procedures for risk management and internal control assigned to it;</p> <p>3) is responsible for the implementation of decisions of the Board of Directors and recommendations of the Audit Committee in the field of organization of the risk management and internal control system;</p> <p>4) monitors the risk management and internal control system in accordance with the requirements of internal documents;</p> <p>5) ensures the improvement of processes and procedures for risk management and internal control, taking into account changes in the external and internal business environment.</p> <p>In order to implement the principles of internal control and ensure the effectiveness of the risk management and internal control system, the Management Board of the Bank distributes the powers, duties and responsibilities for specific risk management and internal control procedures between the managers of the lower level and / or heads of structural divisions / owners of business processes.</p> <p>The heads of structural divisions, in accordance with their functional duties, are responsible for the development, documentation, implementation, monitoring and development of the risk management and internal control system in the functional areas of the Bank's operations entrusted to them.</p>		<p>The Management Board of the Bank manages the current operations of the Bank in accordance with the chosen business model, scope of operations, types and complexity of operations, risk profile, and internal documents approved by the Board of Directors of the Bank.</p> <p>The Management Board of the Bank is responsible for:</p> <p>1) development of the Risk Management Policy for further submission for approval by the Board of Directors and monitors compliance by the Bank with the approved document;</p> <p>2) proper performance of duties delegated to collegiate authorities or employees of the Bank within the approved organizational structure of the Bank.</p> <p>The Management Board of the Bank is responsible for providing the Board of Directors of the Bank with information on the state of internal control, in terms of timely detection of incorrect, incomplete or unauthorized transactions, shortcomings in the operations to ensure the safety of assets, errors in the preparation of financial and regulatory reporting, violations of the bank's internal documents, civil, tax, banking legislation of the Republic of Kazakhstan, the legislation of the Republic of Kazakhstan on state regulation, control and supervision of the financial market and financial organizations, the legislation of the Republic of Kazakhstan on currency regulation and currency control, on payments and payment systems, on pension provision, on the securities market, on accounting accounting and financial reporting, on credit bureaus and the formation of credit histories, on collection operations, on mandatory guaranteeing of deposits, on countering the legalization (laundering) of proceeds from crime and the financing of terrorism, on joint-stock companies, as well as the exclusion of conflicts of interest and internal abuse and fraud, including against persons associated with the bank by special relations.</p> <p>Management reporting on risks is generated in accordance with internal documents, including Rules for organizing the reporting system in the Bank (RP No. 291 issued on 12/23/2015, as amended by RP No. 71 issued on May 20, 2022), List of reporting provided by the Management Board of the Bank to the Board of Directors of the Bank (SD No. 1 issued on January 29, 2021, with as amended by SD No. 11 issued on 05.11.2021).</p>
6.4.	<p>The organizational structure of the risk management and internal control system in the Bank provides for the presence of a structural unit responsible for risk management and control issues, whose tasks include:</p> <p>1) overall coordination of risk management and control processes;</p> <p>2) development of methodological documents in the field of risk management and control and provision of methodological support to business process owners and employees in the process of identifying, documenting risks, implementing, monitoring and improving control procedures, developing action plans to respond to risks and action plans to improve the management system risks and internal control, reports on their execution;</p> <p>3) organization of training of employees in the field of risk management and control;</p> <p>4) analysis of the risk portfolio and</p>	Compliance	<p>In order to implement the principles of internal control and ensure the effectiveness of the risk management and internal control system, the Management Board of the Bank distributed powers, duties and responsibilities for specific risk management and internal control procedures between the heads and/or heads of structural divisions.</p> <p>The organizational structure of the risk management and internal control system provides for the presence of structural divisions for risk management (a division that manages credit and financial risks, a division that manages operational risks), as well as divisions that manage risks in areas of activity (a division for compliance control, a legal Division, Internal Control Division, Planning and Strategic Analysis Division, Advertising and Public Relations Division, Accounting and Reporting Division, Security Division, Human Resources Division).</p> <p>Risk management units perform, but are not</p>

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	<p>development of proposals for a response strategy and redistribution of resources in relation to the management of relevant risks;</p> <p>5) formation of consolidated reporting on risks;</p> <p>6) implementation of operational control over the process of risk management by structural units;</p> <p>7) preparation and informing the Board of Directors and/or the Management Board of the Bank about the status of the risk management system, existing threats and proposals for their prevention/levelling.</p> <p>The manager in charge of the risk management and control function is not the owner of the risk, which ensures his independence and objectivity. It is impossible to combine risk management and control functions with functions related to economic planning, corporate finance, treasury, and investment decision making. Combination with other functions is allowed if there is no significant conflict of interest.</p>		<p>limited to, the following functions:</p> <p>1) development of a risk management system, including risk management policies and procedures, risk appetite strategy and determination of risk appetite levels;</p> <p>2) identification of significant current and potential risks inherent in the operations of the Bank;</p> <p>3) risk assessment and determination of the aggregated (aggregated) level(s) of risk appetite;</p> <p>4) development of risk appetite levels for subsequent submission to the Risk Management Committee and approval by the Board of Directors of the Bank, monitoring compliance with risk appetite levels;</p> <p>5) development of early warning systems and triggers aimed at identifying violations of risk appetite levels;</p> <p>6) provision of management reporting to the Management Board, the Risk Management Committee of the Board of Directors of the Bank, the Authorized collegial authority under the Management Board.</p> <p>The Bank's subdivisions that manage risk by line of business, if necessary, develop internal documents describing risk management procedures by line of business, including the statement of risk appetite, to provide information as part of management reporting by line of business.</p> <p>Risk management procedures ensure a rapid response to new risks, their clear identification and identification of risk owners.</p> <p>For a holistic and clear understanding of the inherent risks, the Bank annually identifies and assesses risks, which are reflected in the risk register, risk map, action plan for responding to risks (improvement of processes, minimization strategies), list of significant risks, Statement of risk appetite for previous year approved by the Board of Directors.</p> <p>The Bank's employees annually, as well as when they are hired, undergo training / introductory briefing to familiarize themselves with the adopted risk management and internal control system.</p>
6.5.	<p>The risk management and internal control system provides for a procedure for identifying, assessing and monitoring all significant risks, as well as taking timely and adequate measures to reduce the level of risks.</p> <p>Risk management procedures ensure a rapid response to new risks, their clear identification and identification of risk owners.</p> <p>In the event of any unforeseen changes in the competitive or economic environment of the Bank, the risk map is reassessed and aligned with the risk appetite.</p> <p>The Board of Directors approves the general level of risk appetite and the level of tolerance for key risks, which are fixed by the Bank's internal documents.</p> <p>Tolerance levels for key risks are reviewed in the event of significant events. Limits are set to limit risks in day-to-day operations.</p> <p>For a holistic and clear understanding of inherent risks, the Bank, at least on an annual</p>	Compliance	<p>the Bank's Risk Map and Register, a list of significant risks, and the Risk Appetite Statement for 2023 were approved by decision of the Board of Directors issued on October 27, 2022 (Protocols No. 14).</p> <p>The Bank's Risk Map reflects information on risks requiring attention and offers recommendations for further risk minimization and management measures.</p> <p>The risk register consists of 16 names of risk factors provided by the Bank's structural subdivisions.</p> <p>According to the results of the analysis, 37 types of risk factors have a low probability of occurrence and (or) do not have a significant impact on the financial viability of the Bank, respectively, are located in the «green zone» of the Risk Map. There are also 5 names of risk factors located in the «yellow zone». There are no risk factors located in the «red zone» of the Risk Map.</p> <p>The list of significant risks contains a list of</p>

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			risks identified by the Bank's Risk Committee as significant (8 risks). The risk appetite statement includes levels of risk appetite for all types of significant risks in the form of quantitative and qualitative indicators. Risk reports are submitted to meetings of the Board of Directors on a quarterly basis, to a meeting of the Management Board on a monthly basis, if necessary, corrective measures are taken (as part of the consideration of these reports).
6.6.	<p>The Bank has introduced transparent principles and approaches in the field of risk management and control, the practice of training employees and officials about the risk management system, as well as the process of documenting and timely bringing the necessary information to the attention of officials.</p> <p>The Bank's employees annually, as well as when they are hired, undergo training / introductory briefing to familiarize themselves with the adopted risk management and internal control system. Based on the results of such training, knowledge testing is carried out.</p> <p>As part of the risk management and control system, the Bank has organized a safe, confidential and accessible way (hotline) to inform the Board of Directors (Audit Committee) and the internal audit unit about the facts of violations of the legislation of the Republic of Kazakhstan, internal procedures, the Code of Business Ethics by any employee and official Jar.</p>	Compliance	<p>The Bank's employees annually, as well as when they are hired, undergo training / introductory briefing to familiarize themselves with the adopted risk management and internal control system.</p> <p>In 2022, the Bank's employees completed training on the topic «Operational risk and business continuity management system». According to the results of training, as well as re-training for those who did not pass, 99% of employees were tested. Also in 2022, the Bank's employees were trained on the Internal Control Policy, and 97% of employees were tested based on the results of the training.</p> <p>As part of the risk management and control system, the Bank has organized a safe, confidential and accessible way to inform the Board of Directors and the internal audit unit about the facts of violations of the legislation of the Republic of Kazakhstan, internal procedures, the Code of Business Ethics by any employee and official of the Bank, by placing boxes for relevant correspondence. And:</p> <p>In accordance with the organization's anti-fraud and corruption measures, the Bank has introduced a Fraud and Corruption Hotline (hereinafter referred to as the Hotline). The hotline is a means to confidentially receive alerts about suspicions, violations, and facts of fraud and corruption.</p> <p>The Bank's hotline consists of the following communication channels available for use by all employees of the Bank, as well as for third parties who wish to draw the attention of the Bank's management to known intentions, suspicions or cases of fraud and corruption:</p> <p>Internal communication channels via the Hotline for employees, employees and consultants of the Bank:</p> <p>telephone line 8(727) 3309482, through which information about such suspicions/doubts, known intentions to commit and/or facts of violations/fraud and corruption is reported;</p> <p>e-mail box antifraud@hcsbk.kz, where electronic messages and information about such suspicions/doubts, known intent to commit and/or facts of violation/fraud and corruption are received.</p> <p>External communication channels via the Hotline for the Bank's clients:</p> <p>- telephone line 8(727) 3309482, through which information about such suspicions/doubts, known intentions to commit and/or facts of violations/fraud and corruption is reported;</p> <p>electronic mailbox antifraud@hcsbk.kz, where</p>

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			electronic messages and information about such suspicions/doubts, known intentions to commit and/or facts of violation/fraud and corruption are received; - postal address: Republic of Kazakhstan, A05A2X0, Almaty city, Almaly district, Abylai Khan avenue, 91, to the head of the security unit (marked «in person»).
6.7.	<p>The Bank has established an Internal Audit Service to systematically assess the reliability and effectiveness of the risk management and internal control system and corporate governance practices.</p> <p>In subsidiaries that are part of the Bank's group, separate authorities are also created - internal audit services. In subsidiaries in the form of a limited liability partnership, the functions of internal audit are assigned to the Audit Commission / Auditor, functionally accountable to the Supervisory Board; at the same time, the goals, functions and tasks of the Audit Commission/auditor, the procedure for their interaction with the authorities of the organization are established taking into account the principles applicable to the Internal Audit Service set forth in the Code.</p>	Compliance	<p>The Bank has established an Internal Audit Department, whose main tasks are to conduct analysis and evaluation as part of audit assignments and consultations, including:</p> <ol style="list-style-type: none"> 1) reliability and efficiency of the internal control system; 2) reliability and efficiency of the risk management system (including compliance risks) ; 3) the effectiveness of information technology and information security systems, including monitoring the integrity of databases and their protection from unauthorized access and (or) use, taking into account the measures taken in case of non-standard and emergency situations in accordance with the action plan aimed at ensuring business continuity and (or) restoration of the Bank's operations in case of non-standard and emergency situations; 4) reliability, completeness, objectivity of the accounting system and reliability of financial reporting, regulatory and management reporting, capital adequacy and liquidity, and other information of the Bank, as well as evaluation of the rules (principles, methods) used to identify, measure, classify and present such information (plans and reporting) to internal and external users, evaluation of capital and liquidity stress testing processes; 5) the effectiveness of the corporate governance system and the process of its improvement, compliance with the accepted principles of corporate governance, relevant ethical standards and values; 6) reliability and efficiency of the accounting system and information and financial and regulatory reporting compiled on their basis, including the processes of interaction between the structural divisions of the Bank. <p>The structure of the Bank does not provide for subsidiaries, and therefore there is no need to create a separate internal audit service.</p>
6.8.	<p>The Internal Audit Service operates on the basis of a risk-oriented (annual) audit work plan approved by the Board of Directors of the Bank. The results of the audit reports, key findings and related recommendations are presented to the Board of Directors on a quarterly basis.</p> <p>The Head of the Internal Audit Service takes into account the risk management concept adopted by the Bank, and also applies his own risk judgment, formed after consultations with the Management Board of the Bank and the Audit Committee.</p>	Compliance	<p>The AIA carries out its operations on the basis of a risk-based annual audit plan (hereinafter referred to as AAP) annually developed by the head of the AIA and approved by the decision of the Board of Directors. The results of audits, reflecting key findings and provided recommendations, are quarterly submitted for consideration by the Board of Directors as part of management reports.</p> <p>The preliminary procedures preceding the development of a risk-based PAG are:</p> <ol style="list-style-type: none"> 1) drawing up / updating the Map of audit areas based on the approved Matrix of business processes, risks and controls; 2) analysis of the approved Card and the Bank's risk register.

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6.9.	<p>In carrying out its operations, the Internal Audit Service evaluates the effectiveness of internal control, risk management and corporate governance systems using generally accepted standards of activity in the field of internal audit and corporate standards, in accordance with the methods approved by the Board of Directors.</p> <p>Evaluation of the effectiveness of the internal control system includes:</p> <p>1) analysis of the conformity of the goals of business processes, projects and structural units with the goals of the Bank, verification of ensuring the reliability and integrity of business processes (operations) and information systems, including the reliability of procedures for combating illegal actions, abuse and corruption;</p> <p>2) checking the reliability of accounting (financial), statistical, managerial and other reporting, identifying the results of business processes and structural divisions for compliance with the set goals;</p> <p>3) determination of the adequacy of the criteria established by the Management Board of the Bank for the analysis of the degree of fulfillment (achievement) of the set goals;</p> <p>4) identification of deficiencies in the internal control system that did not allow (do not allow) to achieve the goals set;</p> <p>5) evaluation of the results of the introduction (implementation) of measures to eliminate violations, shortcomings and improve the internal control system implemented at all levels of management;</p> <p>6) verification of the effectiveness and expediency of the use of resources;</p> <p>7) checking the safety of the Bank's assets;</p> <p>8) verification of compliance with the requirements of the legislation of the Republic of Kazakhstan, the Charter and internal documents of the Bank.</p> <p>Evaluation of the effectiveness of the risk management system includes:</p> <p>1) verification of the sufficiency and maturity of the elements of the risk management system for effective risk management (goals and objectives, infrastructure, organization of processes, regulatory and methodological support, interaction of structural units within the risk management system, reporting);</p> <p>2) verification of the completeness of identification and correctness of risk assessment by the executive authority at all levels of its management;</p> <p>3) verification of the effectiveness of control procedures and other risk management activities, including the efficiency of the use of resources allocated for these purposes;</p> <p>4) analysis of information on realized risks (violations identified as a result of internal audits, facts of failure to achieve goals, facts of litigation).</p> <p>The corporate governance assessment includes checking:</p> <p>1) compliance with ethical principles and corporate values of the Bank;</p> <p>2) the procedure for setting goals, monitoring and controlling their achievement;</p> <p>3) the level of regulatory support and procedures for information exchange</p>	Compliance	<p>The effectiveness of the internal control, risk management and corporate governance systems is assessed by the TBA using generally accepted standards of activity in the field of internal audit and corporate standards, in accordance with the methods that are annexes to the Rules for the organization of internal audit in the Bank, approved by the decision of the Board of Directors issued on May 22, 2018 . (protocol No. 5).</p> <p>Evaluation of the effectiveness of the internal control system includes:</p> <p>1) analysis and evaluation as part of audit engagements and consultations:</p> <ul style="list-style-type: none"> - reliability and efficiency of the internal control system; - the reliability of the functioning of the internal control system over the use of automated information systems, including monitoring the integrity of databases and their protection against unauthorized access and (or) use, taking into account the measures taken in case of non-standard and emergency situations in accordance with the action plan aimed at ensuring continuity operations and (or) restoration of the Bank's operations in case of non-standard and emergency situations - sufficiency and/or efficiency of business processes carried out by the structural units of the Bank, measures to achieve the tasks set for them within the framework of the strategic goals of the Bank; - the effectiveness of the system of measures to combat fraud and corruption ; <p>2) analysis of the reliability, completeness, objectivity of the accounting system and reliability of financial reporting, regulatory and management reporting, capital adequacy and liquidity, and other information of the Bank, as well as evaluation of the rules (principles, methods) used to identify, measure, classify and presentation of such information (plans and reporting) to internal and external users, assessment of the processes of stress testing the level of capital and liquidity, the reliability and efficiency of the accounting system and information and financial and regulatory reporting compiled on their basis, including the processes of interaction between the structural divisions of the Bank ;</p> <p>3) assessment of the extent to which the goals formalized in regulations, policies, etc. or identified by the owner of the process correspond to the Bank's development strategy and the general rules of goal setting; criteria used by management to determine the effectiveness and efficiency of business processes; compliance of the current system of motivation of the owner and participants of the business process with the goals of the business process / sub-process . If the goals of the business process are not formalized, and the process owner also finds it difficult to formulate them clearly, internal auditors should, based on their own theoretical and practical knowledge and skills (including based on benchmarking), propose goals for this process and indicators for measuring them and coordinate them with the owner of the process;</p> <p>4) testing the reliability of the ICS to determine the probability of achieving the goal of the control procedure, with the help of which the owner of the analyzed risk can effectively manage this risk;</p> <p>5) evaluation of the results of the introduction (implementation) of measures to eliminate</p>

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	<p>(including on internal control and risk management) at all levels of management, including interaction with stakeholders;</p> <p>4) ensuring the rights of the Sole Shareholder, including subsidiaries, and the effectiveness of relationships with stakeholders;</p> <p>5) procedures for disclosing information about the operations of the Bank and its subsidiaries.</p>		<p>violations, shortcomings and improve the internal control system, implemented at all levels of management by monitoring the implementation by the Bank of the recommendations of the TAA, issued and accepted in the prescribed manner, as well as within the framework of periodic reports;</p> <p>6) checking the rationality and efficiency of the use of resources;</p> <p>7) analysis of the methods (methods) used to ensure the safety of property (assets);</p> <p>8) verification of compliance with the requirements of the legislation of the Republic of Kazakhstan, internal policies and other documents of the Bank, as well as the effectiveness of systems and procedures created and applied to ensure compliance with these requirements (compliance control).</p> <p>Evaluation of the effectiveness of the risk management system includes:</p> <p>1) verification of the sufficiency and maturity of the elements of the risk management system for effective risk management (goals and objectives, infrastructure, organization of processes, regulatory and methodological support, interaction of structural units within the risk management system, reporting) in accordance with the approved RMS Assessment Methodology;</p> <p>2) verification of the completeness of identification and correctness of risk assessment by the executive authority at all levels of its management by analyzing business processes and control procedures, management reporting, information from the Database on realized risks, the availability of approved levels of risk appetite / limits and timely monitoring of compliance with established limits, Action plans to minimize risks, etc.;</p> <p>3) verification of the effectiveness of control procedures and other risk management activities, including the efficiency of the use of resources allocated for these purposes by analyzing business processes, approved regulations, action plans to minimize risks, management reporting, etc.;</p> <p>4) analysis of information on realized risks (violations identified as a result of internal audits, facts of failure to achieve set goals, facts of litigation) by analyzing information from the Database on realized risks, the results of internal investigations, inspections conducted by DVK, CCM, internal and external audits.</p> <p>The corporate governance assessment includes checking:</p> <p>1) the effectiveness of the corporate governance system and the process of its improvement, compliance with the accepted principles of corporate governance, relevant ethical standards and values;</p> <p>2) sufficiency and/or efficiency of the business processes carried out by the structural units of the Bank, measures to achieve the tasks assigned to them within the framework of the strategic goals of the Bank, monitoring and control of the achievement of strategic goals;</p> <p>3) availability and compliance with the approved regulations, information interaction between the structural divisions and authorities of the Bank (including on issues of internal control and risk management) at all levels of management, including interaction with external stakeholders,</p>

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			incl . for reporting; 4) ensuring the rights of the Sole Shareholder, incl . when paying dividends, providing management reporting, and the effectiveness of relationships with stakeholders (ministries, departments and other authorized bodies); 5) procedures for disclosing financial and non-financial information about the operations of the Bank, incl . by posting on the Bank's website and other public sources.
6.10.	The Bank conducts an annual audit of financial statements by engaging an independent and qualified auditor, who, as a third party, provides an objective opinion to interested parties on the reliability of financial statements and their compliance with IFRS. The norms regarding the annual audit are applied if the audit of the annual financial statements is given by the legislation of the Republic of Kazakhstan and/or internal documents of the Bank. The selection of the external auditor is carried out on the basis of a competition. An important role in the selection process is played by the Audit Committee of the Board of Directors of the Bank, which agrees on the qualification requirements and/or technical specifications developed for the purpose of the competition.	Compliance	In accordance with paragraph 3 of Article 76 of the Law of the Republic of Kazakhstan "On Joint Stock Companies" (hereinafter referred to as the JSC Law), annual financial statements are subject to prior approval by the Board of Directors no later than thirty days before the date of the annual general meeting of shareholders, final approval of the annual financial statements Bank a is made at the annual general meeting of shareholders. According to subparagraph 5) of paragraph 2 of Article 53 of the JSC Law, subparagraphs 5), 33) of paragraph 10.2 of Article 10 of the Charter of the Bank, the exclusive competence of the Board of Directors of the Bank includes preliminary approval of the annual financial statements of the Bank, preparation of recommendations to the Sole Shareholder regarding the procedure for distributing the Bank's net income for the past financial year. In accordance with subparagraphs 7), 8) of paragraph 1 of Article 36 of the JSC Law, subparagraphs 11), 18) of paragraph 9.2. Article 9 of the Bank's Charter approval of the Bank's annual financial statements is within the exclusive competence of the sole shareholder of the Bank. In accordance with paragraph 1-1 of Article 57 of the Law of the Republic of Kazakhstan "On Banks and Banking Activity in the Republic of Kazakhstan" (hereinafter referred to as the Law on Banks), a mandatory requirement is given for second-tier banks to audit financial statements based on the results of the financial year.
6.11.	The bank should approve the documents regulating the audit procedure and relations with the external auditor, including the process of selecting the external auditor, the powers and functions of the competition committee, issues of the provision of consulting services by an audit organization not related to the audit of financial statements and other information, issues of rotation of audit organizations and senior staff of the audit organization, issues of hiring former employees of the audit organization. Rotation of partners and senior personnel of the audit organization responsible for the audit of financial statements is carried out at least once every five years, if the audit organization has been providing audit services to the Bank for more than 5 years in a row.	Compliance	The Bank has developed a Policy (procedure) for attracting an external audit of JSC "Housing Construction Savings Bank", approved by the decision of the Board of Directors of JSC "Housing Construction Savings Bank" (Protocols No.14) issued on October 20, 2017. In order to organize an external audit for the audit of financial statements, the Bank performs the following procedures in accordance with the legislation of the Republic of Kazakhstan and in the manner prescribed by the Procurement Rules: 1) conducting procurement procedures for the services of an audit organization that audits financial statements; 2) preliminary approval by the Management Board of the Bank of the issue of determining an audit organization that audits financial statements and the amount of payment for its services; 3) preliminary approval by the audit committee of the Board of Directors of the Bank of the issue of determining an audit organization that audits financial statements and the amount of payment for its services; 4) preliminary approval by the Board of Directors of the Bank of the issue of determining an audit organization that audits financial statements,

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			determination by the Board of Directors of the amount of payment for the services of an audit organization that audits financial statements; 5) adoption of the decision of the Shareholder on the determination of the audit organization carrying out the audit financial reporting; 6) conclusion of an agreement to audit the financial statements of the Bank. This paragraph does not apply to cases of external audit at the initiative of the Board of Directors or at the request of the Shareholder. 6. In order to organize an external audit for another audit, the Bank performs the following procedures in accordance with the legislation of the Republic of Kazakhstan and in the manner prescribed by the Procurement Rules: 1) conducting procurement procedures for the services of an external auditor; 2) adoption of a decision by the Management Board of the Bank on the determination of an audit organization conducting a different audit, as well as determining the amount of payment for the services of an audit organization carrying out a different audit. 3) conclusion of an agreement for another audit of the Bank. This paragraph does not apply to cases of external audit at the initiative of the Board of Directors or at the request of the Shareholder.» 7. The decision to approve the members of the tender commission is issued in the form of an order of the Chairman of the Management Board of the Bank or another person authorized by him.

7. The principle of regulation of corporate conflicts and conflicts of interest

7.1.	Members of the Board of Directors and the Management Board of the Bank, employees of the Bank, perform their professional functions in good faith and reasonably in the interests of the Sole Shareholder and the Bank, avoiding conflicts. In the event of the presence (emergence) of corporate conflicts, the participants seek ways to resolve them through negotiations in order to ensure effective protection of the interests of the Bank and stakeholders. At the same time, the Bank's officials promptly notify the Corporate Secretary and/or the Ombudsman of the presence (emergence) of a conflict. Efficiency of work on the prevention and settlement of corporate conflicts implies the full and prompt identification of such conflicts and coordination of actions of all authorities of the Bank.	Compliance	In order to prevent and resolve possible corporate conflicts and conflicts of interest, the decision of the Board of Directors of the Bank issued on March 27, 2015 (Protocols No. 4) approved the Policy on Settlement of Corporate Conflicts and Conflicts of Interest of the Bank (hereinafter referred to as the Policy). The Policy regulates the procedure and procedures for pre-trial settlement of conflicts, as well as the actions of the bodies, officials and employees of the Bank in the framework of these processes. The purpose of the Policy is: – determination of the procedure for preventing and resolving corporate conflicts, disputable conflict situations, timely detection and prevention of conflicts of interest in the Bank; – determination of clear coordination of actions of all authorities of the Bank in case of occurrence or possibility of occurrence of a corporate conflict and/or conflict of interest; – improving the efficiency of decisions made by the Bank's authorities by ensuring a fair, objective and independent decision-making process in the interests of the Bank and its Sole Shareholder. At the same time, taking into account the norms of the current internal regulatory documents of the Bank, in order to ensure an objective assessment of a corporate conflict and a conflict of interest and create conditions for its effective settlement, persons whose interests are affected by the conflict or may be affected may apply to the Bank's ombudsman.
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No	Principles and provisions of the Corporate Management Code of the joint-stock company «Housing Construction Savings Bank of Kazakhstan»	Compliance/ Non-compliance	Measures taken to implement the principles and provisions of the Corporate Governance Code of JSC «Housing Construction Savings Bank of Kazakhstan»
7.2.	<p>A conflict of interest is defined as a situation in which the personal interest of a Bank employee affects or may affect the impartial performance of official duties.</p> <p>Serious violations related to a conflict of interest may damage the Bank's reputation and undermine its credibility on the part of the Sole Shareholder and other interested parties. The personal interests of an official or employee should not affect the impartial performance of their official, functional duties.</p>	Compliance	<p>The Bank's policy on corporate conflicts and conflicts of interest considers the following situations that may lead to a conflict of interest:</p> <p>1) a situation in which an official, an employee of the Bank, their close relatives or a legal entity in which he or any of his close relatives, his spouse is an official or a major participant are a party to an agreement, project or transaction related to with the Bank, with the exception, due to the specifics of the Bank's operations, agreements on housing construction savings, loan agreements and arising, in connection with their conclusion, agreements and agreements signed to ensure the fulfillment of obligations, both of the above-mentioned persons themselves and for the obligations of third parties persons, as well as holding auctions in accordance with the Bank's internal documents regulating the procedure for the disposal and write-off of fixed assets, intangible assets, stale inventories, overdue receivables resulting from the administrative and economic operations of the Bank from off-balance sheet accounting of non- expendable property ;</p> <p>2) any commercial or other interest of officials and employees of the Bank (direct or indirect) in transactions, contracts, projects related to the Bank;</p> <p>3) a situation in which an official or employee of the Bank competes with the Bank in terms of the provision of services, the conclusion of an agreement, the implementation of a project or a transaction with a third party;</p> <p>4) a situation in which an official or employee of the Bank, without obtaining the appropriate permissions from the Bank's bodies, if obtaining permission follows from an employment contract signed with an official or employees of the Bank, if necessary, is a member of the Boards of Directors / Supervisory Boards of other organizations or combines, in addition to working in the Bank work in another organization, exceptclasses in pedagogical, scientific and other creative operations ;</p> <p>5) a situation in which an official, an employee of the Bank, their close relatives or a legal entity in which he or any of his close relatives, his spouse is an official or a major participant, receive remuneration in the form of money, services and in in other forms for the performance by an official or employee of the Bank of their professional duties or other services related to the performance by an official or employee of the Bank of their professional duties, from organizations and individuals in which they do not perform the relevant duties;</p> <p>6) a situation in which an official, an employee of the Bank, their close relatives or a legal entity in which he or any of his close relatives, his spouse (wife) is an official or a major participant, accepts gifts or services in connection with the performance of his professional duties or from persons dependent on them for work, with the exception of symbolic signs of attention and symbolic souvenirs in accordance with generally accepted norms of courtesy and hospitality or during protocol and other official events;</p> <p>7) a situation in which an official, an employee of the Bank, their close relatives or a legal entity in which he or any of his close relatives, his spouses an official or a major participant , receives from suppliers or customers of the Bank personal discounts or other exceptional benefits that are generally not available to other officials, employees of the Bank or their close relatives;</p> <p>8) a situation in which an official or employee of the Bank uses the resources, intellectual property and</p>

No	Principles and provisions of the Corporate Management Code of the joint-stock company «Housing Construction Savings Bank of Kazakhstan»	Compliance/ Non-compliance	Measures taken to implement the principles and provisions of the Corporate Governance Code of JSC «Housing Construction Savings Bank of Kazakhstan»
7.3.	<p>The Bank's employees do not allow a situation in which a conflict of interest may arise, either in relation to themselves (or persons related to them), or in relation to others.</p> <p>In order to avoid conflicts of interest that impede the objective performance of its duties by the Board of Directors, and to limit political interference in the processes of the Board of Directors of the Bank, mechanisms are being introduced to prevent and regulate them.</p>	Compliance	<p>equipment of the Bank (including corporate mail and computer programs) for personal purposes;</p> <p>9) a situation in which an official or employee of the Bank discloses confidential information that has become known to him due to the performance of his professional duties, or information, the disclosure of which may have a negative impact on the interests of the Bank, as well as any use of confidential information related to the Bank to obtain personal benefits by an official, an employee of the Bank or their close relatives or a legal entity in which he or any of his close relatives, his spouse (wife) is an official or a major participant.</p> <p>10) a situation in which an official or employee of the Bank takes part in the discussion or decision-making on issues of evaluation of his work, reappointment (re-election), payment of remuneration or other issues in relation to himself.</p> <p>The situations of conflict of interest listed in the Policy are not exhaustive. Officials and employees of the Bank in all cases must be guided by the definition of a conflict of interest given in paragraph 6 of this Policy.</p>
<p>8. The principle of transparency and objectivity in the disclosure of information about the operations of the Bank</p>			
8.1.	<p>In order to comply with the interests of stakeholders, the Bank promptly and reliably discloses information given by the legislation of the Republic of Kazakhstan and internal documents of the Bank, as well as information on all important aspects of its operations, including financial condition, performance results, ownership and management structure.</p>	Compliance	<p>The Bank discloses information regarding the Bank's corporate events, as well as the list of the Bank's affiliates in accordance with the requirements of the Rules for Disclosure of Information by the Issuer and the requirements for the content of information to be disclosed by the Issuer, as well as the terms for disclosure by the Issuer of information on the Internet resource of the financial reporting depository, approved by the Resolution of the Management Board of the National Bank of the Republic of Kazakhstan issued on August 27, 2018 No. 189, the Kazakhstan Stock Exchange exchange and the Astana International Financial Center.</p>
8.2.	<p>To ensure systematic disclosure of information, the Bank approves internal documents that define the principles and approaches to the disclosure and protection of information, a list of information disclosed to interested parties, the timing, procedure, method, form of information disclosure, responsible officials and employees, indicating their functions and responsibilities , as well</p>	Compliance	<p>Issues of ensuring the confidentiality of information security, ensuring the safety of commercial, official and other secrets protected by law, disclosing information about JSC "Housing Construction Savings Bank" and placement sources are regulated by the following internal regulatory documents:</p> <ul style="list-style-type: none"> - the information security policy of the Bank, approved by the decision of the Management

No	Principles and provisions of the Corporate Management Code of the joint-stock company «Housing Construction Savings Bank of Kazakhstan»	Compliance/ Non-compliance	Measures taken to implement the principles and provisions of the Corporate Governance Code of JSC «Housing Construction Savings Bank of Kazakhstan»
	as other provisions governing disclosure processes.		Board of the Bank issued on August 28, 2018 (Protocols No. 60); - Policy for reporting violations related to the operations of the Bank, approved by the decision of the Board of Directors of the Bank issued on November 28, 2014 (Protocols No. 17). In addition, by the decision of the Board of Directors of the Bank issued on October 15, 2018 (Protocols No. 12), the List of protected information was approved, including, among other things, information about information constituting an official, commercial or other secret protected by law of JSC "Housing Construction Savings Bank".
8.3.	In order to protect information constituting commercial and official secrets, the Bank, in accordance with the legislation of the Republic of Kazakhstan, determines the procedure for classifying information as access categories, the conditions for storing and using information. The Bank determines the circle of persons entitled to free access to information constituting commercial and official secrets and takes measures to protect its confidentiality.	Compliance	The Bank has approved and applies the following documents: - Rules for categorizing information, information assets and developing the List of protected information in the Bank (approved by RP No. 44 issued on 12.05.2020) - The list of protected information, including, among other things, information about information constituting an official, commercial or other secret protected by law of JSC "Housing Construction Savings Bank" (approved by the Board of Directors on 30.04.2021 , protocol No. 14); - Rules for accounting, use and storage of protected information in JSC « House Construction Savings Bank of Kazakhstan» (approved by GD No. 28 issued on February 19, 2015)
8.4.	The corporate Internet resource is structured, easy to navigate and contains sufficient information for interested parties to understand the operations of the Bank. It is recommended that information be posted in separate thematic sections of the corporate Internet resource . The corporate Internet resource is updated as needed, but at least once a week. The Bank regularly monitors the completeness and relevance of information posted on the corporate Internet resource , and also determines the compliance of this information posted on the Kazakh, Russian, English versions of the corporate Internet resource . For these purposes, responsible persons (structural unit) are assigned who are responsible for the completeness and relevance of information on the corporate Internet resource .	Compliance	The information disclosure rules of JSC «Otbasy Bank» , approved by the decision of the Bank's Management Board issued on December 28, 2017 (Protocols No. 51), the obligation for posting and updating information on the Internet resource. The bank lies with the responsible division and the information technology division. According to the List of responsible units, for posting and updating information in the sections of the external Internet resource of Order No. 451 issued on October 04, 2019 «On the formation, placement and updating of information in the sections of the external Internet resource of JSC «Otbasy Bank»» as necessary and on time in accordance with internal documents, the information on the Bank's Internet resource is updated.
8.5.	Corporate Internet resource contains the following information: 1) general information about the Bank, including information about the mission, main tasks, goals and types of operations, the amount of equity capital, the amount of assets, net income and the number of employees; 2) development strategy and/or development plan (at least strategic goals); priority areas of activity; 3) the Charter and internal documents of the Bank, regulating the operations of authorities, committees, corporate secretary; 4) on ethical principles; 5) on risk management; 6) on dividend policy; 7) about the members of the Board of	Compliance	The information disclosure rules of JSC «Otbasy Bank» , approved by the decision of the Bank's Management Board issued on December 28, 2017 (Protocols No. 51), provide for the posting of the following information on the Bank's external website: 1) main directions of the Bank's operation; 2) the annual report of the Bank; 3) information about significant events in the life of the Bank; 4) information on the structure of the Board of Directors and the Management Board of the Bank; 5) information on existing vacancies, HR policy of the Bank; 6) list and addresses of the Bank's branches; 7) information about affiliated persons; 8) information about shareholders and partners of

No	Principles and provisions of the Corporate Management Code of the joint-stock company «Housing Construction Savings Bank of Kazakhstan»	Compliance/ Non-compliance	Measures taken to implement the principles and provisions of the Corporate Governance Code of JSC «Housing Construction Savings Bank of Kazakhstan»
	Directors, including the following information: photograph (as agreed with a member of the Board of Directors), last name, first name, patronymic, date of birth, citizenship, status of a member of the Board of Directors (independent director, representative of the Sole Shareholder), indication of the functions of a member of the Board of Directors , including membership in committees of the Board of Directors or acting as Chairman of the Board of Directors, education, including basic and additional education (name of educational institution, year of graduation, qualification, degree obtained), work experience over the past five years, main place of work and other positions currently held, professional qualifications, the date of the first election to the Board of Directors and the date of election to the current Board of Directors, the number and proportion of shares of affiliated organizations owned; 8) about the members of the Management Board, including the following information: photo, last name, first name, patronymic, date of birth, citizenship, position and functions performed, education, including basic and additional education (name of educational institution, year of graduation, qualification, degree received) , work experience over the past five years, professional qualifications, positions held in combination, the number and proportion of shares of affiliated organizations owned; 9) on financial reporting; 10) annual reports; 11) on the external auditor; 12) on procurement operations, including rules, announcements and results of procurement; 13) on the structure of the authorized capital, including the following information: the number and nominal value of issued shares (participatory interests), a description of the rights granted by the shares, the number and nominal value of announced, but unplaced shares, information about the Sole Shareholder, the number and proportion of ordinary shares owned by them (participatory interests), the procedure for disposing of property rights; 14) on the structure of assets, including information on affiliated organizations of all levels with a brief indication of the scope of their operations; 15) on the annual calendar of corporate events; 16) about transactions in which there is an interest, including information about the parties to the transaction, the essential terms of the transaction (the subject of the transaction, the price of the transaction), the authority that made the decision to approve the transaction; 17) on major transactions, including information about the parties to the transaction, the essential terms of the transaction (the subject of the transaction, the price of the transaction), the authority that made the decision to approve the transaction; 18) on operations in the field of sustainable development; 19) on the amount of approved dividends; 20) news and press releases.		the Bank; 9) information on the strategic development of the Bank; 10) accounting policy of the Bank; 11) press releases and advertising and information articles of the Bank; 12) presentation stories and commercials of the Bank.

No	Principles and provisions of the Corporate Management Code of the joint-stock company «Housing Construction Savings Bank of Kazakhstan»	Compliance/ Non-compliance	Measures taken to implement the principles and provisions of the Corporate Governance Code of JSC «Housing Construction Savings Bank of Kazakhstan»
8.6.	The Bank prepares an annual report in accordance with the provisions of this Code and the best disclosure practices. The annual report is approved by the Board of Directors. The Annual Report is a structured document and is published in Kazakh, Russian and English (if necessary). The annual report is prepared and, after approval by the Board of Directors of the Bank, posted on the Internet resource	Compliance	According to subparagraph 19) of paragraph 9.2 of article 9 of the Charter of the Bank, the exclusive competence of the Sole Shareholder includes the approval of the annual report of the Bank. The annual report was preliminarily approved by the decision of the Board of Directors of the Bank (Protocols No. 8) issued on June 29, 2022 and approved by the decision of the Management Board of JSC "National Managing Holding" Baiterek" (Protocols No. 33/21) issued on June 30. In 2022, the Bank's Annual Report for 2021 was posted on the Bank's Internet resource.
8.7.	The requirements for the content of the annual report require at least the following information: 1) address of the Chairman of the Board of Directors; 2) the appeal of the Chairman of the Management Board of the Bank; 3) about the Bank: general information; on the structure of the authorized capital, including the following information: the number and nominal value of issued shares (participation interests), description of the rights granted by the shares, the number and nominal value of announced but unplaced shares, information about the sole shareholder, the number of ordinary shares owned by him, the procedure for disposing of rights property; mission; development strategy, results of its implementation; market overview and market position; 4) the results of financial and operational activities for the reporting year: review and analysis of operations in relation to the tasks set; operational and financial performance indicators; major significant events and achievements; information on significant transactions; any financial support, including guarantees received / received from the state and any obligations to the state and society assumed by the Bank (unless disclosed in accordance with IFRS); 5) the structure of assets, including subsidiaries of all levels, an overview, the main results of their financial and production operations; 6) goals and plans for future periods; 7) main risk factors and risk management system; 8) corporate governance: structure of corporate governance; member of shareholders and ownership structure; the member of the Board of Directors, including qualifications, the selection process, including information about independent directors, indicating the criteria for determining their independence; a report on the operations of the Board of Directors and its committees, which reflects the results of the operations of the Board of Directors and its committees for the reporting period, significant events, issues considered, the number of meetings, the form of meetings, attendance; information on the compliance of corporate governance practices with the principles of this Code, and in case of non-compliance, an explanation of the reasons for non-compliance with each of the principles; member of the Management Board of the Bank; report on the operations of the board; policy of remuneration of officials; 9) sustainable development; 10) auditor's report and financial statements with notes;	Compliance	In 2022, the Annual Report for 2021 was submitted for consideration by the Sole Shareholder of the Bank, which provides information on the results of the Bank's operations, including: – address of the Chairman of the Board of Directors of the Bank, Chairman of the Management Board of the Bank; – information about the main operations and services provided; – information about significant corporate events; – information about the development strategy (mission, goals and objectives); – risk management information; – information on corporate social responsibility and environmental protection; – information about the management authorities and organizational structure of the Bank; – information about the Bank's corporate governance principles, including the conflict of interest policy; – information on the results of self-assessment of adherence to the approved corporate governance code of the Bank; – information about the transparency of the Bank and the effectiveness of information disclosure processes; – annual financial statements and audit reports; – additional information in accordance with the requirements of JSC «Kazakhstan Stock Exchange».

No	Principles and provisions of the Corporate Management Code of the joint-stock company «Housing Construction Savings Bank of Kazakhstan»	Compliance/ Non-compliance	Measures taken to implement the principles and provisions of the Corporate Governance Code of JSC «Housing Construction Savings Bank of Kazakhstan»
	11) analytical indicators and data included in the annual report should reflect a comparative analysis and progress (regression) in relation to the previous period (comparison with the values of similar indicators indicated in the previous annual report). In order to compare performance with international companies operating in a similar industry, it is recommended to publish performance indicators that will allow for industry benchmarking analysis.		
8.8.	The Management Board holds in-person meetings and discusses the implementation of the development strategy and / or development plan, decisions of the Sole Shareholder, the Board of Directors and operational processes. Board meetings are held on a regular basis. The cases of holding meetings in absentia are limited and are defined in the Charter and internal documents of the Bank.	Compliance	In 2022, the Management Board of the Bank held: – 51 in-person meetings (decisions were made on 312 issues); – 177 meetings in absentia (decisions were made on 587 issues).
8.9.	The Management Board forms a work plan for the coming year with a list of issues before the start of the calendar year. Members of the Board are provided in advance with materials for consideration, of proper quality. When considering such issues as development strategies and / or development plans, investment projects, risk management, several meetings are allowed.	Compliance	The work plan of the Management Board of the Bank for 2022 was approved by the decision of the Management Board (Protocols No. 213) issued on December 30, 2021. If necessary, it is possible to hold several meetings of the Management Board when discussing such issues as development strategies and / or development plans, investment projects, risk management.
8.10.	When considering each issue, a separate discussion is devoted to the risks associated with making / not making a decision and their impact on the profitable operations of the Bank. All issues submitted at the initiative of the Management Board for consideration by the Board of Directors and the Sole Shareholder are preliminary considered and approved by the Management Board.	Compliance	Within the limits of its competence, the Management Board of the Bank, when considering each issue, conducts a separate discussion on the risks associated with the adoption / non-adoption of a decision and their impact on the profitable operations of the Bank. All issues submitted at the initiative of the Management Board for consideration by the Board of Directors and the Sole Shareholder are subject to prior approval by the Management Board of the Bank in accordance with subparagraph 13) of paragraph 11.5 of Article 11 of the Bank's Charter, subject to the exceptions specified in this subparagraph.
8.11.	The Chairman and members of the Management Board do not allow the occurrence of a situation with a conflict of interest. In the event of a conflict of interest, they notify the Board of Directors or the Chairman of the Management Board in advance of this, of the need to record this in writing and not participate in the decision-making on the issue.	Compliance	In 2022, there are no cases related to direct or indirect potential conflicts of interest. If the Management Board considers issues directly related to one of the members of the Management Board, the specified member of the Management Board does not participate in the consideration and voting on this issue.

APPENDIX 4. GRI INDEX

Standard Number	Indicator	Report Section/Comment	Page
GRI 1: Basics			
GRI 2: General Information 2021			
2-1 Organization Profile			
2-1 a	Name of the organization	About Bank	page 14
2-1 b	Type of ownership and legal form	About Bank	page 14
2-1 c	Location of headquarters	About Bank, Contact information	page 14, 194
2-1 d	Location of operations	Geography of activities	page 20
2-3 Reporting period, frequency and contact point			
2-3 a	Reporting period and frequency	About Report	page 134
2-3 b	Reporting period and frequency of financial reports	About Report	page 134
2-3 c	Report publication date	About Report	page 134
2-3 d	Contact point for questions regarding this report	Contact information	page 194
2-4 Restatement of information			
2-4 a	Restatement of information made for previous reporting periods (recalculations)	Indicators were not reformulated in the previous report.	-
2-5 External Assurance			
2-5 a	Policy and practice of the organization regarding the provision of external assurance of accounts	About Report	page 134
2-6 Activities, value chain and other business relationships			
2-6 a	Sectors (public, private / financial or other) in which the organization operates	Economic environment	page 36
2-6 b	Value chain	Operating results, Bank commissions	page 41, 45
2-6 c	Other business relationships	Participation of the Bank in implementation of government programs in the Republic of Kazakhstan, Funds raised, Financial performance	page 46, 51
2-6 d	Significant changes in 2-6 a, 2-6 b and 2-6 c compared to the previous reporting period	Results of operating activities, Commissions of the Bank, Participation of the Bank in implementation of government programs in the Republic of Kazakhstan, Funds raised, Financial performance	page 41, 45, 46, 51

Standard Number	Indicator	Report Section/Comment	Page
2-7 Employees			
2-7 a	Total number of employees, breakdown by gender, region	Employment, composition and structure of personnel	page 112
2-7 b	Total number of permanent, temporary, full-time employees, by gender and region, and total number of part-time employees, non-guaranteed hours of work	Employment, composition and structure of personnel	page 112
2-7 c	Methodologies and assumptions used for data collection	Employment, composition and structure of personnel	page 112
2-7 d	Contextual information needed to understand the data presented in accordance with 2-7 a and 2-7 b	Employment, composition and structure of personnel	page 112
2-7 e	Significant fluctuations in the number of employees during the reporting period and between the reporting periods	Employment, composition and structure of personnel	page 112
2-8 Non-employee workers			
2-8 a	The total number of non-employee workers and whose work is controlled by the organization	Employment, Composition and structure of personnel	page 112
2-8 b	Methodologies and assumptions used for data collection	Employment, Composition and structure of personnel	page 112
2-8 c	Significant fluctuations in the number of non-employees during the reporting period and between the reporting periods	Employment, Composition and structure of personnel	page 112
2-9 Governance structure and composition			
2-9 a	Governance structure, including senior management committees	Board of Directors, Committees under the Board of Directors, Management Board, Committees reporting to the Management Board	page 68, 78, 83, 87
2-9 b	Committees of the highest governance body responsible for making decisions and overseeing the management of the organization's economic, environmental and social impacts	Committees under the Board of Directors	page 78
2-9 c	Composition of the highest governance body and its committees	Board of Directors, Committees under the Board of Directors	page 68, 78
2-10 Nomination and selection of the highest governance body			
2-10 a	Nomination and selection processes for the highest governance body and its committees	Board of Directors, Committees of the Board of Directors	page 68, 78
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Standard Number	Indicator	Report Section/Comment	Page
2-11 Chairman of the highest governance body			
2-11 a	Chairman of the highest governance body	Board of Directors	page 68
2-11 b	Functions of the Chairman of the highest governance body within the organization	Board of Directors	page 68
2-12 The role of the supreme governing body in the supervision of impact management			
2-12 a	Role of the highest governance body and senior management in developing, validating and updating the goals, values or mission of the organization. Statements, strategies, policies and goals related to sustainable	Sustainable development management	page 94
2-12 b	Role of the highest governance body in overseeing processes to identify and manage the organization's economic, environmental and social impacts	Sustainable development management	page 94
2-12 c	Role of the highest governance body in reviewing the effectiveness of the organization's processes (2-12a, 2-12b), reviewing frequency	Sustainable development management	page 94
2-13 Delegation of responsibility for managing impacts			
2-13 a	Delegation of responsibility for managing economic, environmental and social impacts to the highest governance	Sustainable development management	page 94
2-13 b	Process and frequency of monitoring	Sustainable development management	page 94
2-14 Role of the senior management body in sustainability reporting			
2-14 a	Responsibility of the senior management body in the information provided	Sustainable development management	page 94
2-15 Conflicts of interest			
2-15 a	The organization's processes to prevent conflicts of interest by the highest governance body	Conflict of interest	page 94
2-15 b	Disclosure of conflicts of interest to interested parties	Conflict of interest	page 94
2-16 Communication of critical concerns			
2-16 a	Process for bringing critical concerns to the attention of the highest governance body	Board of Directors	page 68
2-16 b	Total number and nature of critical concerns reported to the highest governance body in the reporting period	Board of Directors	page 68
2-17 Collective knowledge of the supreme governing body			
2-17 a	Measures taken to develop the collective knowledge, skills and experience of the highest governance body to ensure sustainable development	Professional development	page 83

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2-18 Evaluation of performance of the highest governing body			
2-18 a	Processes for evaluating the performance of the highest governing body	Evaluation of the Board of Directors	page 82
2-18 b	Independence of evaluation, frequency of evaluation	Evaluation of the Board of Directors	page 82
2-18 c	Actions taken in response to evaluations	Evaluation of the Board of Directors	page 82
2-19 Remuneration Policies			
2-19 a	Remuneration policy for members of the highest governance body and senior executives	Basic principles of remuneration for members of the Management Board and the Board of Directors	page 91
2-19 b	Impact of the performance of members of the highest governance body and senior executives on remuneration policy	Basic principles of remuneration for members of the Management Board and the Board of Directors	page 91
2-20 Remuneration determination process			
2-20 a	Remuneration policy development and remuneration determination process	Basic principles of remuneration for members of the Management Board and the Board of Directors	page 91
2-20 b	Report on voting results of stakeholders (including shareholders) on remuneration policies and proposals	Basic principles of remuneration for members of the Management Board and the Board of Directors	page 91
2-22 Sustainability Strategy Report			
2-22 a	Report, statement by the highest governance body or the most senior executive of the organization on the relevance of sustainable development to the organization and its strategy to promote sustainable development	Compliance with the Corporate Governance Code, Report on compliance/non-compliance by the Bank with the principles and provisions of the Corporate Governance Code	page 92, 142
2-27 Compliance with laws and regulations			
2-27 a	Total number of significant cases of noncompliance with laws and regulations during the reporting period (broken down by cases for which fines were imposed and for which non-monetary sanctions were applied)	Compliance with legal requirements	page 126
2-27 b	Total number and monetary value of fines for cases of non-compliance with laws and regulations that were paid during the reporting period (broken down by fines for cases of non-compliance with laws and regulations that occurred in the current reporting period and previous reporting periods)		
2-27 c	Significant cases of non-compliance with laws and regulations		
2-27 d	Identification of significant cases of noncompliance with laws and regulations		

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2-28 a	Industry associations, other member associations and national or international human rights organizations in which the organization has a significant role	Membership in international organizations	page 23
2-29 Approach to stakeholder engagement			
2-29 a	Approach to stakeholder engagement, including categories of stakeholders it engages with and how they are identified; purpose of stakeholder engagement; meaningful stakeholder engagement	Stakeholder engagement	page 96
2-30 Collective agreements			
2-30 a	Percentage of the total number of employees covered by collective bargaining agreements	Employment, composition and structure of staff	page 112
2-30 b	Organization of labor conditions and conditions of employment for employees not covered by collective bargaining agreements		
GRI 3: Material Topics 2021			
3-1 Process to determine material topics			
3-1 a	Process of identifying material topics, including identifying the actual and potential, negative and positive impacts on the economy, the environment and the social environment as part of its activities and business relationships; prioritizing impacts for reporting based on their significance	About Report	page 134
3-2 List of essential issues			
3-2 a	List of material topics	About Report	page 134
3-2 b	Changes in the list of material topics compared to the previous reporting period		
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201-1 Direct economic value generated and distributed			
201-1 a	Direct economic value generated and distributed on an accrual basis, including key components for the organization's global operations	Economic performance	page 127
201-1 b	Direct economic value at the country, region or market level, and the criteria used to determine significance		
201-2 Financial implications and other risks and opportunities related to climate change			
201-2	Risks and opportunities associated with climate change that could potentially lead to significant changes in operations, revenues or expenses	Climate change	page 130

Standard Number	Indicator	Report Section/Comment	Page
201-3 Defined benefit obligations and other pension plans			
201-3 a	Estimated value of liabilities that are covered by the general resources of the organization	Remuneration of employees of the Bank	page 117
201-3 b	Fund for payment of pension obligations		
201-3 c	Coverage with fund for pension obligations		
201-3 d	Percentage of wages paid by employee or employer		
201-3 e	Level of participation in mandatory and voluntary, regional or country pension schemes or schemes with financial impact		
201-4 Financial assistance received from the Government			
201-4 c	Presence of any government in the shareholder structure, the degree of presence	About Bank	page 14
GRI 202: Market Presence 2016			
202-1 Ratio of the standard entry-level salary by gender to the local minimum wage			
202-1 a	Time of receipt of wages by a significant proportion of employees in accordance with the minimum wage rules, ratio of entry-level wages by gender in the main places of work to the minimum wage	Remuneration of employees of the Bank	page 117
202-1 b	Time of receipt of wages of other employees (with the exception of officials) performing the activities of the organization, in accordance with the minimum wage rules, actions taken to ensure that employees receive wages above the minimum wage		
GRI 204: Procurement Practices 2016			
204-1	Share of spending on local suppliers	Procurement	page
GRI 205: Anti-Corruption 2016			
205-1	Operations assessed for risks related to corruption	Anti-corruption	page 124
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GRI 206: Anti-competitive (anti-monopoly) Conduct 2016			
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Standard Number	Indicator	Report Section/Comment	Page
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207-1	Approach to tax	Information on taxes is disclosed in the full version of the Bank's financial statements, which is posted on the Bank's website www.hcsbk.kz, in the «Reporting» section.	-
207-2	Tax governance, control, and risk management		
207-3	Stakeholder engagement and management of concerns related to tax		
207-4	Country-by-country reporting		
GRI 302: Energy 2016			
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302-2	Energy consumption outside the organization		
302-3	Energy intensity		
302-4	Reduction of energy consumption		
302-5	Reductions in energy requirements of products and services		
GRI 303: Water and Wastewater 2018			
303-5	Water consumption	Water consumption	
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) greenhouse gas emissions	Emissions of greenhouse gases and other pollutants into the atmosphere	page 129
305-2	Indirect greenhouse gas emissions in the energy sector (Scope 2)		
305-3	Other indirect (scope 3) greenhouse gas emissions		
305-4	Intensity of greenhouse gas emissions		
305-5	Reducing greenhouse gas emissions		
305-6	Emissions of ozone-depleting substances (ODS)		
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant emissions into the atmosphere		
GRI 306: Waste 2020			
306-3	Waste generated	Waste management	
GRI 401: Employment 2016			
401-1	Recruitment of new employees and employee turnover	Employment, composition and structure of personnel	page 112
401-2	Benefits granted to full-time employees that are not provided to temporary or part-time employees		
401-3	Parental leave		

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GRI 402: Labor standards/Management Relations 2016			
402-1	Minimum notice periods regarding operational changes	Labor relations practice	page
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	Ensuring occupational safety and health, civil defense and fire safety	page 120
403-2	Hazard identification, risk assessment, and incident investigation		
403-4	Worker participation, consultation, and communication on occupational health and safety		
403-5	Worker training on occupational health and safety		
403-6	Promotion of worker health		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
403-8	Workers covered by an occupational health and safety management system		
403-9	Work-related injuries		
403-10	Work-related ill health		
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	Training	page 115
404-2	Programs for upgrading employee skills and transition assistance programs		
404-3	Percentage of employees receiving regular performance and career development reviews		
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	Composition and structure of personnel, Remuneration of employees of the Bank	page 120, 112, 117
405-2	Ratio of basic salary and remuneration of women to men		
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	Remuneration of employees of the Bank	page
GRI 408: Child labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	Labor relations practice	page 114

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GRI 410: Security Practices 2016			
410-1	Security personnel trained in human rights policies or procedures	Ensuring safety and labor protection, civil defense and fire safety	page 122, 120
GRI 415: Public Policy 2016			
415-1	Political contribution	Housing construction savings system	page 17, 31
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer privacy	page 126

LIST OF ABBREVIATIONS

Name	Stands for
HCS	housing construction savings
EXPO	(Eng. Exposition) – international exhibition, which is a symbol of industrialization and open platform to demonstrate technical and technological achievements
MM	Mass Media
KASE	Kazakhstan Stock Exchange – KASE – stock exchange headquartered in Almaty city, Kazakhstan
SMS	(Eng. short message service) – a type of service in mobile (and some other) communication networks, a short text message
MCI	monthly calculation index
AD	accounting department
ISO	(Eng. International Organization for Standardization) – an international organization engaged in standard issue
SC	service center of the Bank
IIN	individual identification number of an individual
EC	European Union – economic and political union of 27 European states
GDP	gross domestic product
USA	United States of America
STB	second-tier bank
AERR	annual effective rate of remuneration
TP	tariff program
SP	state program
RDP	state program "Regional Development until 2020"
IHC	individual housing construction
IT	information technology
IS	information system
BPM	(Eng. Business Process Management) – information system of the Bank created to manage the business processes
ELS	electronic learning system
IE	individual entrepreneur
RB	regional branch of the Bank
PS	point of service of the Bank
PR	abbreviation of Public Relations meaning when translating from English "public relations, community affairs"
GAP	strategic analysis method by means of which the actions to achieve specified goal are found
IFRS	International Financial Reporting Standards
IS	information security
VI	volume index

CONTACT DETAILS

 **ADDRESS:**
Republic of Kazakhstan
A05A2X0, Almaty,
Abylai Khan Ave., 91


 **TELEPHONE NUMBERS:**
+7 (727) 330-93-00,
+ 7 (727) 279-35-11

 **CALL-CENTER:**
300, 8-8000-801-880


 **FAX:**
+7 (727) 279 35 68

 **E-MAIL:**
mail@otbasybank.kz


 **BANK OFFICE:**
+7 (727) 330-93-00

 **AUDIT AND
REGISTRAR DETAILS:**
PricewaterhouseCoopers
LLP
A25D5F6, Almaty,
34 Al-Farabi Ave. Building
«A», 4th floor
BIN 970940001318, IIC
KZ6783201T0200370000
in JSC Citibank Kazakhstan,
BIC CITIKZKA, Kbe 17,
KNP 859

 **CONTACT DETAILS
OF PERSONS
IN CHARGE OF
OPERATIONS WITH
INVESTORS AND
SHAREHOLDERS:**
Treasury Department,
+7 (727) 330-93-00
ext. 00330, 00331

 **ANTI-CORRUPTION
AND ANTI-FRAUD
HOTLINE:**
+7 (727) 330-94-82
antifraud@otbasybank.kz
Postal address: Republic
of Kazakhstan, 050000,
Almaty city, Almaty district,
Abylai Khan Avenue 91, for
the attention of the head
of the security subdivision
(marked "deliver to named
recipient only")



 **CENTRAL SECURITIES
DEPOSITORY JSC**
050040, Almaty, Satpayev
str., 30/8, non-residential
premises 163
tel.: +7 (727) 262 08 46,
355 47 60
BIN 970740000154, IIC
KZ72125KZT1004300114 in
SKO «National Bank of the
Republic of Kazakhstan», BIC
NBRKKZKX, Kbe 15, KNP 841,
ISIN KZ1C00003201

 **CONTACT DETAILS
OF PERSONS IN
CHARGE OF THIS
REPORT:**
Department of Planning and
Strategic Analysis,
+7 (727) 330-93-00 ext.
00360, 00373, 00370

 **PRESS SERVICE:**
pr@hcsbk.kz (for media
inquiries only)
+7 (727) 330-93-00 ext.
00520, 00522, 00521, 00523



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