

**Information (data) on risks taken and risk and capital management procedures
Halyk Bank JSC as of 1 January 2026.**

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1. Brief information on the main types of activities

Halyk Bank JSC (the “Bank”) and its subsidiaries (the “Group”) provide banking services to corporate and retail customers in Kazakhstan, Georgia, and Uzbekistan, leasing and asset management services, as well as insurance and brokerage services in Kazakhstan.

The Bank's main activities include providing loans and guarantees, attracting deposits, conducting securities and foreign currency transactions, performing transfers, cash and payment card operations, and providing other banking services to its customers. In addition, the Bank acts as a non-exclusive agent of the Government of the Republic of Kazakhstan for the payment of pensions and benefits through its branch network.

In Kazakhstan, as of 31 March 2026, the Bank operated through its head office in Almaty and 25 oblast branches, 119 district branches and 374 sales channels.

2. Information on the risk appetite structure as part of the main types of activities.

2.1. The general risk appetite management system, including the presence of the bank's authorized collegiate bodies responsible for the implementation of processes, control measures, and information systems.

Risk Appetite Strategy.

As part of the development of the Halyk Group's integrated risk management system, the Risk Appetite Strategy may be extended to the Bank's subsidiaries depending on their chosen business model, scale of operations, types, complexity, and volume of transactions, as well as taking into account regulatory requirements in the Republic of Kazakhstan and the countries where the subsidiaries operate.

The Risk Appetite Strategy is taken into account during strategic and budget planning, in internal processes for assessing capital and liquidity adequacy, incorporates stress-testing results, and is considered when forming the Bank's organizational structure and remuneration policy. The Risk Appetite Strategy defines clear boundaries for the volume of significant risks accepted in the Bank's activities as part of the implementation of the overall Halyk Group Development Strategy, and also defines the risk profile of the Bank's activities to prevent the realization of risks or minimize their negative impact on the Bank's financial position. The Risk Appetite Strategy applies to all structural units and is brought to the attention of employees in accordance with the Bank's current document management procedures, and is also posted on the bank-wide resource (intrasite) accessible to Bank employees. The formulation of risk appetite and its communication across all levels of the Bank is a key aspect of the financial institution's operations. Risk appetite should facilitate the identification of risks that the Bank is capable of assuming and provide a basis for consistent communication with various stakeholders, such as rating agencies, shareholders, creditors, and others. Risk appetite management plays an important role in the Bank's financial activities to ensure a robust and effective risk appetite management policy. The Bank has defined the core risk management principles, the primary objective of which is to protect the Bank from existing risks and enable it to achieve its planned targets.

The main goals and objectives of the Risk Appetite Strategy are:

- 1) establishing an effective risk management system;
- 2) implementing a risk culture at all levels of the organizational structure, as well as promoting the practice of adhering to risk appetite levels within the risk culture;
- 3) ensuring protection against taking excessive risks during passing resolutions by the Bank's Board of Directors establishing aggregated risk appetite levels for each material risk type, preliminary risk assessment, and the operation of a limit system;
- 4) formulating the basis for the establishment of the Risk Appetite Statement.

The Risk Appetite Strategy changes in the event of significant changes in market conditions and (or) the level of the Bank's financial stability.

The organization of risk management includes the functions of independent units and collegiate bodies for risk assessment, control, and monitoring, as well as the allocation of powers and responsibilities between them.

The direct participants in the process of forming the Risk Appetite Statement are the Bank's Board of Directors, the Risk Committee, the Management Board, and the Risk Management Department, each of which has its own powers, responsibilities, and role.

As part of the Bank's Risk Appetite Strategy, the Bank's Board of Directors approves the risk appetite level for each material type of risk, as well as monitors compliance with the Risk Appetite Strategy and risk appetite levels.

Risk Committee:

- 1) ensures the development of the Risk Appetite Strategy and the definition of the risk profile;

- 2) determines the risk appetite levels for each material type of risk for subsequent submission for approval by the Bank's Board of Directors;
- 3) monitors the Management Board's compliance with risk appetite levels;
- 4) regularly receives reports on the Bank's current risk levels, breaches of risk appetite levels, and risk mitigation mechanisms.

The Management Board manages the Bank's day-to-day activities in accordance with the selected business model, scale of operations, types and complexity of operations, and risk profile, and is responsible for providing the Bank's Board of Directors with the necessary information for monitoring and evaluating performance quality, including breaches of approved risk appetite levels and the reasons for such breaches.

A report on compliance with the established risk appetite levels on a quarterly basis is submitted for review by the Management Board, the Risk Committee, and the Bank's Board of Directors as part of the Bank's risk report.

As part of the Risk Appetite Strategy, the Bank defines the risk profile as a set of risk types and other information characterizing the degree of exposure to risks inherent in all types of the Bank's activities.

The information systems used within the risk appetite management system are described in clause 1.4.

2.2. The risks accepted under which the Bank's activities are carried out as part of the Bank's overall strategy, the Bank's risk profile, and the Bank's risk appetite level.

Depending on the nature of (adverse) events, the Bank identifies the following types of material risks for the purposes of management and determining risk appetite levels:

- 1) credit risk;
- 2) market risk, including currency risk, interest rate risk, and price risk;
- 3) liquidity risk;
- 4) operational risk;
- 5) information technology risk and cyber security risk;
- 6) compliance risk;
- 7) strategic risk;
- 8) reputational risk.

In order to limit the aggregate risk, the Bank establishes an aggregated risk appetite level, which represents a limit on the minimum value of the core capital adequacy ratio k_1 .

When determining risk appetite, the Bank assesses the acceptability of the established risk appetite for the current period and its future acceptability through stress testing (scenario analysis and sensitivity analysis). The assessment of the acceptability of the established risk appetite is also conducted during the preparation of the Bank's budget by calculating the projected values of risk appetite levels within the planned budget.

The risk appetite statement defines aggregated risk appetite levels for each material risk type that the Bank accepts in its activities, taking into account the risk profile. This risk aggregation is applied to similar risks with comparable characteristics and/or nature of realization or consequences.

To ensure a robust and effective risk management policy, the Bank has defined key risk management principles, the primary objective of which is to protect the Bank from existing risks and enable the achievement of planned targets.

The risk management process determines the priority of actions within the risk management system and consists of the following interrelated stages:

- 1) risk identification;
- 2) risk measurement or assessment;
- 3) risk control and monitoring;
- 4) taking corrective measures.

If material risks are identified that are not described in the risk profile, the Bank assesses the risk level, updates the relevant procedures to include such risks in the risk profile, determines the risk appetite level, and develops measures to prevent and (or) minimize the identified risk.

3. Risk identification, assessment, control and monitoring

3.1. Identification and assessment of material risks, and the exercise of control and monitoring of material risks

In order to build an effective risk management system, the Bank's Board of Directors approves the Risk Appetite Strategy. The Risk Appetite Strategy defines clear boundaries for the volume of material risks accepted in the Bank's activities as part of the overall Development Strategy of the Halyk Group, and also defines the risk

profile of the Bank's activities to prevent the occurrence of risks or minimize their negative impact on the Bank's financial position.

If new types of material risks are identified that are not described in the risk profile, the Bank's structural unit that identified the new risk type shall notify the Bank's Risk Department and provide the following information: 1) proposals for amendments and/or additions to the Bank's risk profile; 2) a quantitative/qualitative assessment of the new risk and a justification of its materiality; 3) proposals for the management procedure for the new type of material risk, including risk identification, measurement, monitoring, and control; 4) proposals for risk appetite levels for the new types of material risks.

The list and number of material risks to which the Bank is exposed are defined by the Bank's risk profile as part of Halyk Bank JSC Risk Appetite Strategy.

3.2. Credit risk management

Objectives, goals, and principles of credit risk management

Credit risk management in the Bank is achieved through:

- 1) “three lines of defense” – primary credit risk analysis by the initiating unit and analysis by the risk management unit, and control by the internal audit unit;
- 2) establishing limits on industries and counterparties depending on the types of (credit) operations or products;
- 3) diversification of the credit portfolio in order to prevent excessive risk concentration at the level of borrowers, industries, and in a geographical breakdown;
- 4) monitoring of the credit portfolio and lending programs to identify deterioration in quality at an early stage;
- 5) forming adequate reserves for possible losses.

The primary objective of the credit risk management system, including risks associated with digital products, is the effective identification, measurement, monitoring, and control of the Bank's credit risk and digital product risk, taking into account intra-group transactions, in order to ensure the sufficiency of own capital to cover them.

Risk appetite for credit risk

Risk appetite for credit risk is established by the Board of Directors in order to limit the volatility of the Bank's asset impairment level throughout business cycles and to manage concentration risk.

The calculation of the credit risk appetite level is performed according to quantitative factors affecting the deterioration of the Bank's financial position and consists of a set of limits, where the assessment of all threshold levels includes the impact of various stress testing methods applied by the Bank:

- 1) concentration of the loan portfolio by types of lending: corporate business (CB), small and medium-sized business (SMB), retail business (RB);
- 2) portfolio concentration by the Bank's 10 largest borrowers/groups of companies;
- 3) portfolio concentration by foreign currency loans;
- 4) credit portfolio concentration by allowable rating level;
- 5) PD level for small business (SB);
- 6) NPL 90+ level for small business (SB);
- 7) NPL 90+ level for retail business (RB).

Procedures and methods for credit risk identification and measurement

Credit risk is identified and measured by:

- providing independent recommendations/opinions to the Bank's credit committees on individual credit projects for CB/SB/MB;
- approval of internal ratings for customers, ESG ratings, deal structuring, control of limits and the authority of authorized bodies/persons in credit decision-making, monitoring of borrowers' financial condition, as well as monitoring of the credit process and the targeted use of funds through control tools;
- approval of lending policies/programs/limits/products and providing opinions on associated risks and ways to minimize them;
- participation in credit committees, as well as other Bank bodies/forums on credit matters;
- for SME digital loans, credit risk is measured according to the results of risk models used to calculate COR, as well as credit history checks in accordance with internal rules, stop factors, anti-fraud rules, and registries from government databases.

To effectively manage credit risks, the Bank's Risk Management Department has implemented a lending model for online channels and introduced risk strategies for decision-making regarding lending for individuals for product loans, unsecured and secured lending programs. A lending strategy has been developed for a new category of customers for the bank — the self-employed.

Automated decision-making is based on a risk-oriented approach, including Risk Based Pricing, and additional parameters are applied when assessing the solvency and creditworthiness of customers. Based on the results of the application review, credit offers are generated both according to the requested terms and by offering alternative solutions for all applicant segments.

Customer datasets obtained from internal and external information sources have been expanded to ensure higher quality credit decision-making.

Analytics and a methodology for calculating the approval rate (Approval Rate) for retail lending have been created based on the following parameters: analysis of the incoming flow of loan applications and the approval rate across all products, analysis of rejection reasons and application statuses based on verification results, customer segment analytics, and monitoring analytics for commodity, unsecured, and secured lending.

An early warning system has been created to address the deterioration of the credit portfolio quality, based on the monitoring of early risk indicators with the ability to exercise control at the level of the product, sales channel, manager, point of sale, branch, Bank Partner, etc. The development, expansion, and further implementation of anti-fraud methodologies in the decision-making system continue in order to minimize cases of lending involving fraudulent schemes for commodity lending and unsecured lending programs.

Credit risk monitoring, control and reporting

Control is exercised over compliance with legislative, regulatory, and internal requirements applicable to the credit process; participation in the credit risk approval process. Monitoring of the Borrower's financial condition is carried out by the Credit Analysis Service in accordance with the Monitoring Schedule approved by the authorized body and agreed upon with the Credit Risk Service. For SME digital loans, reporting is generated on a daily basis, reflecting analytics on approval levels, risk indicators, portfolio NPL, and other metrics. Dashboards have also been developed, which monitor the decision-making process in real time.

Regarding the quality of credit rules and scoring models, the following have been created and implemented: vintage analysis in a new format with automatic export via Python and analysis in the fact/ever dimension; analytics for roll-rates (roll-rate), risk premium calculations, and covenants have been developed, as well as analytics for calculating PD (year/life time), LGD, Recovery Rate indicators by product.

As part of the tasks to develop and optimize credit processes, work has continued to improve the business process regarding monitoring using early response measures for small, medium, and corporate business borrowers (hereinafter – the EWS process). The EWS process is a comprehensive, systematized, and automated process that involves screening borrowers in the active portfolio via internal and external information sources and serves as an early warning system tool signaling the approach of credit risk appetite level breaches.

Internal credit risk limit system

Limits are applied at different levels: limits per single borrower/group of companies, authority limits of authorized bodies (Board of Directors/CD/BNCC/BCC/DMC for SB), limits on lending program portfolios/SME products with periodic portfolio quality monitoring, the establishment of country limits for non-residents, limits on blank loans, industry limits, etc. The decision-making model is developed based on the loan granting procedures approved within the Bank and analytical methods for constructing risk strategies. The model includes rules upon which risk decisions are made and methods for selecting the decision option. As part of the model's implementation, a general workflow for application processing and interaction with the Bank's internal/external sources and systems is developed.

The credit decision-making system in the Bank is based on the delegation of certain authorities by the Board of Directors to the relevant collegiate bodies and the establishment of financing limits for each body. For retail financing, applications are reviewed by the Retail Credit Committee (RCC) and the Decision Making Center (DMC). Credit decisions for standard unsecured retail applications are made via a specialized software module that includes automated underwriting, checks against internal and external databases, scoring assessment of the applicant, etc. Non-standard unsecured applications are subject to the credit approval procedure through the DMC/RCC.

Credit committees of subsidiary banks are also granted certain authorities within which decision-making is carried out. The Bank periodically monitors and, if necessary, reviews the independent decision-making limits and the authorities of the credit committees of subsidiary banks.

Along with the functioning of the DMC and the RCC of the HO, there is an automated approach for decision-making in lending for individuals. Automated decision-making is based on a risk-oriented approach, including Risk Based Pricing and the application of additional parameters when assessing the solvency of customers. This approach takes into account the borrower's risk profile and helps minimize risks during decision-making.

In accordance with the Bank's development strategy and the requirements of the legislation of the Republic of Kazakhstan, the key parameters characterizing the acceptable level of risks, compliance with which is monitored by the Bank, have been revised and supplemented.

Credit risk assessment methodology and models

The Bank is guided by authorities, limits, and the financial analysis methodology as part of lending programs and business types.

Credit risk management in the SME segment is based on a synthesis of regulated authorities and advanced mathematical modeling. As part of the digital product, the Bank utilizes a decision-making system that includes:

- Specialized methodologies: calculation of limits, rates, and expected losses taking into account industry specifics.
- Validated risk models: proprietary developments in the field of PD, LGD, EAD, and revenue estimation.
- Process automation: credit history checks and application routing.

This approach ensures full compliance with internal regulations and high service speed, while maintaining maximum credit risk assessment accuracy

As part of the loan granting procedure and analytical methods for developing credit strategies, the Bank develops decision-making models for each credit product, performs quality control, and conducts periodic validation of the models used;

The strategy includes rules on the basis of which credit decisions are made and methods for selecting a decision option.

As part of the Strategy implementation, a general application workflow is being developed, covering interaction with the Bank's internal/external sources and systems, as well as the use of pre-calculated parameters such as anti-fraud parameters, behavioral data, counters, aggregations, restrictive/permissive lists, etc.

The strategy being developed for retail credit products may include, but is not limited to, the following elements:

- creditworthiness assessment;
- scoring models;
- procedures for determining rates and terms for customers of various risk and other segments;
- description of restrictive and permissive rules/lists. Inclusion in permissive lists is carried out based on a decision of the Retail Credit Committee of the Head Bank or, in certain cases, by a decision of the Head of Risk Management and the Deputy Chairman of the Management Board overseeing the retail business;
- other elements.

Internal rating model for loans to customers and scoring

The Bank uses a comprehensive set of internal rating models and scoring tools adapted for both fully digital loan products and offline lending. The Bank utilizes an internal rating model, Risk Rate, to assess the probability of default/associated rating for KB and SB customers, which is widely used to determine loan impairment criteria, conduct stress testing for individually significant loans, and optimize analysis and decision-making for the Bank's highly creditworthy customers. In order to keep the rating model up to date and improve its performance, the Bank conducts regular validations; in 2025, a validation of the rating model was performed, as a result of which the model will be recalibrated to obtain even more accurate PD results. When assigning a rating to a Borrower, the financial condition of the borrower(s) and other available information affecting the borrower's future creditworthiness and solvency are taken into account. The credit rating is subject to periodic monitoring for relevance.

For the SME digital loan product, the credit rating is assigned based on a specialized probability of default (PD) model. This model calculates the individual probability of a borrower's default over a 12-month horizon, using up-to-date data on the business's financial condition, turnover, credit history, industry-specific and other alternative data. The resulting PD value is mapped to the Bank's internal rating scale, determining the borrower's final class and the lending terms. The model's effectiveness is under constant monitoring; regular validation includes verifying its discriminatory power using statistical metrics such as the Gini coefficient and the ROC curve, as well as analyzing the stability of forecasts over time.

Prior to the primary data analysis, the maturation period and sampling “windows” are determined. The sample must satisfy the following conditions:

- must include loans that have “lived” long enough to determine whether they are “good” or “bad”;
- the total number of records must satisfy the requirements of statistical significance;
- must contain a sufficient number of “bad” applications;
- the sampling period for application scoring cards is established by the Bank's risk management;
- the sampling period for behavioral scoring cards is as follows:

- from the date of the first loan disbursement until the observation point (the period during which the behavior of customers regarding the current loan and related Bank products is recorded);

- from the observation point until the moment of default recording.

Primary data analysis includes, but is not limited to, the following stages:

- 1) exploratory (descriptive) data analysis to search for errors and inconsistencies in the data;
- 2) for variables measured on categorical scales, frequency tables are generated and analyzed;
- 3) for variables measured on quantitative scales, basic descriptive statistics (mean, standard deviation, percentiles, histogram, and box plot) are generated and analyzed;
- 4) search for duplicate observations;
- 5) selection of variables for further analysis;
- 6) selection of atypical observations;
- 7) determination of the dependent variable;
- 8) analysis of missing values.

The following methodology is used to build the logistic regression model:

- 1) If necessary, paired regression models are built with each independent variable. In the resulting equations, the signs of the coefficients and their logical consistency are analyzed, the significance of the coefficients for each category of the independent variable is verified, and the need to consolidate the number of categories is analyzed;

A multiple logistic regression model is built using the stepwise inclusion/exclusion method of variables. In the inclusion method, the variable with the highest IV value is initially included, followed by the remaining variables in descending order of their IV values until a high-quality model is obtained. The exclusion method involves adding all variables to the model and then removing variables with the lowest IV values until a high-quality model is obtained. Detailed information on the structure of the loan portfolio by impairment stages, rating scores, days past due, asset impairment amounts, and credit loss amounts, as well as a comparison with the previous period, are reflected in the Bank's financial statements published on the Bank's website.

3.3. Counterparty credit risk management

Counterparty credit risk is the probability of losses arising from the failure of the Bank's borrower or counterparty to fulfill their obligations in accordance with the agreed terms. The concept of credit risk also includes the possibility of losses resulting from the inability of counterparties (borrowers) to meet their obligations, specifically regarding the payment of interest and the principal amount of the debt in accordance with the terms and conditions of the loan agreement. It arises in the event of a deterioration in the counterparty's financial condition. It includes country risk—the risk of incurring expenses (losses) due to the insolvency or unwillingness of a foreign state or a resident of a foreign state (for reasons beyond its control—country events) to meet its obligations to the Bank.

In the Bank, counterparty credit risk is primarily formed when entering into the following types of transactions:

- 1) interbank treasury operations: interbank deposits/loans, nostro accounts, reverse REPO, overdrafts on loro accounts, derivative transactions, etc.;
- 2) securities transactions (debt/equity financial instruments).

The following procedures are used for counterparty credit risk management, aimed at the timely identification, measurement, control, and monitoring of risks:

	Stage description	Responsible Bank unit
1.	<u>Initiation</u> : identification of the business unit's need to conclude a deal	Relevant customer-facing units
2.	<u>Analysis</u> : credit analysis and preparation of opinions by the relevant departments	For example, the risk management department
3.	<u>Approval</u> : approval by authorized bodies	Relevant committees (for example, the Commercial Directorate, ALCO)

4.	<u>Processing:</u> documentation processing, credit limit administration, and accounting	Relevant credit administration and accounting units (for example, the accounting and administration unit, treasury operations unit)
5.	<u>Control:</u> monitoring of the financial condition of counterparties and the credit portfolio escalation procedures for limit breaches or identification of signs of impairment provision valuation, calculation CVA	Relevant credit administration units, risk management department

Detailed information on the credit ratings of financial assets, as well as a comparison with the previous period, are reflected in the Bank's financial statements published on the Bank's website.

3.4. Market risk management

Market risk is the probability of financial losses on on-balance sheet and off-balance sheet items caused by adverse changes in market interest rates, foreign exchange rates, precious metal prices, and the market value of financial instruments and commodities.

The Bank divides market risk into the following components:

- 1) interest rate risk – the probability of financial losses resulting from adverse changes in market interest rates on assets, liabilities, and off-balance sheet instruments;
- 2) foreign exchange rate risk (currency risk) – the probability of financial losses resulting from adverse changes in foreign currency and/or precious metal exchange rates in the course of the Bank's activities;
- 3) the risk of changes in the price of the securities portfolio (price risk) - the probability of financial losses resulting from adverse changes in the market value of financial instruments and commodities held in the trading portfolio.

Objectives, goals, and principles of market risk management

The primary objective of market risk management for the Bank is to minimize losses from activities in financial markets (foreign exchange, stock, and capital markets) in the event of an adverse change in the value of open market positions, for which the Bank:

- 1) performs identification, qualitative and quantitative assessment (measurement) of market risk, independent analysis of potential risk, and approval by the Bank's collegiate body of an acceptable risk level (limit setting) prior to the actual opening of positions;
- 2) does not allow excessive concentration of market risks at the level of an individual instrument, currency, or risk type;
- 3) on a continuous basis monitors the accepted risk (relative to established limits) by receiving timely and objective information on the status and size of market risk and the review by the Bank's collegiate bodies of the relevant reporting prepared by a unit independent of the business;
- 4) in the event of an excessive increase in the risk level, it takes timely decisions for its correction (if necessary) based on the recommendations of the Bank's Risk Management Department.

Market risk management includes the management of securities portfolios and the monitoring of open positions in currencies, interest rates, and derivative financial instruments. The measurement and forecasting of market risk are necessary for the timely implementation of actions to minimize risks and associated losses.

The Bank ensures the availability of a market risk management system that corresponds to the current market situation, development strategy, asset volume, and level of complexity of the Bank's operations, and ensures the effective identification, measurement, monitoring, and control of the Bank's market risk.

Thus, the Bank adheres to the following principles in its activities:

- 1) ensuring that the market risk size remains within the market risk appetite level established by the Bank's Board of Directors;
- 2) the adequacy of market risk management procedures to the current market situation, strategy, nature, scale, and complexity of the Bank's activities;
- 3) the independence of market risk analysis from the business units performing operations that are subject to market risks;
- 4) collective decision-making and risk limiting by the Bank's authorized committees as a standard procedure, or by the Bank's authorized persons or bodies, adhering to the “four-eyes” principle – in special cases and based on the recommendations/conclusions of the Bank's Risk Management Department;
- 5) preventing excessive concentration of market risks by establishing threshold values;

- 6) adequate monitoring and reporting of the accepted market risk;
- 7) periodic independent revaluation of positions and adequate reflection of its results.

Risk appetite for market risk

In order to minimize market risk, the Bank establishes risk appetite levels for foreign exchange, price, and interest rate risks, subject to subsequent continuous monitoring of compliance with the established risk appetite levels.

The calculation of the market risk appetite level is performed according to the following quantitative factors affecting the Bank's market risk level and the deterioration of its financial position, and consists of the following set of limits:

- 1) currency risk appetite – the Value at Risk (VaR) limit for currency risk is calculated as a % of the Bank's own regulatory capital and reflects the maximum acceptable loss amount in the event of currency risk realization;
- 2) price risk appetite – the Value at Risk (VaR) limit for price risk is calculated as a % of the Bank's own regulatory capital and reflects the maximum acceptable loss amount in the event of price risk realization;
- 3) interest rate risk appetite – the limit on equity sensitivity to interest rate changes is calculated as a % of the Bank's own regulatory capital and reflects the maximum acceptable amount of banking book interest rate risk (structural interest rate risk).

Procedures and methods for market risk identification and measurement

	Risk measurement	Limits	Risk management approaches
Currency risk	• model VaR • model Expected Shortfall • model Stop-loss • back-testing • stress testing • monitoring the open foreign exchange position (OFXP) and foreign exchange revaluation	• limit Expected Shortfall • OFXP limit • limit Stop-loss	• management of the Bank's assets and liabilities, off-balance sheet assets and liabilities • monitoring the dynamics of foreign currency and precious metal exchange rates • risk diversification and hedging • monitoring compliance with internal limits • management risk reporting
Interest rate risk	• GAP% model sensitivity of net interest income • GAP% capital sensitivity" model • model Dollar Value of Basis Point (DVBP) • stress testing	• limit on net interest income sensitivity • limit on the nominal size of the FVOCI securities portfolio • limit DVBP	• management of the Bank's assets and liabilities, off-balance sheet assets and liabilities • calculation of asset and liability duration • monitoring the dynamics of market interest rates • monitoring compliance with internal limits • management risk reporting
Price risk	• model VaR • model Expected Shortfall • model Stop-loss • back-testing • stress testing • monitoring positions in the securities portfolio	• limit Expected Shortfall • limit Stop-loss / take-profit • limit on the issuer's central bank • limit on the size of the FVTPL securities portfolio	• monitoring the dynamics of equity instrument quotes • monitoring compliance with internal limits • management risk reporting

Market risk monitoring, control and reporting

A report on foreign exchange positions and risks, as well as on the utilization of limits Stop-loss and Expected Shortfall is submitted on a regular basis to the Bank's interested collegiate bodies (ALCO, Management Board, Board of Directors) to review the current state of foreign exchange risk and to make decisions on its minimization if necessary.

On a regular basis, the Bank's Risk Management Department prepares and submits "Interest Rate GAP" reports, as well as information on compliance with limits on the size of securities portfolios and DVBP, to the Bank's interested collegiate bodies for the purpose of reviewing the Bank's current status regarding interest rate risk.

Information on the utilization of limits for restricting the price risk of securities and commodity portfolios

is submitted on a regular basis to the Bank's interested collegiate bodies for the purpose of reviewing the current status of price risk and making decisions on its minimization if necessary.

Procedures for back-testing of market risk assessment models

Back-testing - a method for verifying the effectiveness of risk measurement procedures using historical data on the Bank's operations and comparing the calculated results with the actual results of those operations;

The Bank performs, on a regular basis but at least once a month, back-testing of market risk assessment models to determine the adequacy of the market risk assessment models, verify their reliability and effectiveness, and improve them if necessary.

Back-testing results, including proposals (if necessary) for improving market risk assessment models, are submitted on a periodic basis, but at least once a month, for review to the Bank's relevant collegiate bodies (ALCO, the Management Board, the Risk Committee, and the Board of Directors) as part of the periodic risk reporting.

In 2025, the Bank's foreign exchange risk was at a moderate level, and regulatory requirements for foreign exchange risks were complied with.

Detailed information on the foreign exchange risk sensitivity analysis, the structure of assets and liabilities by currency, and open foreign exchange positions by currency, as well as a comparison with the previous period, are reflected in the Bank's financial statements published on the Bank's website.

Based on the results of back-testing VaR model for the securities portfolio for 2025, breaches were recorded within the expected VaR level. According to the applied model, the specified number of breaches corresponds to the green zone, and the model is recognized as adequate. As of the reporting date, the limits Expected Shortfall and Stop-loss are fully complied with.

FVOCI portfolio, in KZT, bln.

Type of CB	Size of CB	
	Limit	Fact
Government Securities of the Republic of Kazakhstan	2,500	1,602
Other Government Securities	570	159
CSB	800	493
Total portfolio	3,870	2,254

During the reporting period (2025), an increase in the FVOCI portfolio was observed. The largest share in the portfolio structure is still held by "Government Securities of the Republic of Kazakhstan" (KZT 1,602 billion). As of the reporting date, volume limits and DVBP indicators for all types of securities and for the entire FVOCI portfolio are being observed.

Detailed information on the interest rate sensitivity analysis, as well as a comparison with the previous period, are reflected in the Bank's financial statements published on the Bank's website.

3.5. Operational risk management

The risk appetite strategy establishes the maximum risk appetite levels for material risks. For operational risk, the maximum risk appetite is no more than 0.1% of the Bank's core capital (the ratio of net loss to the size of CET 1).

Responsibility for compliance with operational risk appetite levels rests with the Bank's first line of defense structural units. Monitoring and control of compliance with the risk appetite level are carried out by the Bank's Risk Management Department on a quarterly basis. The relevant information is submitted for review by the Management Board, the Risk Committee, and the Bank's Board of Directors as part of the risk management reporting.

The operational risk management process consists of the following stages:

- operational risk identification;
- operational risk measurement;
- operational risk level monitoring;
- control and minimization of operational risk (including the development of preventive control measures).

To ensure the effective functioning of the operational risk management system, the Bank defines the participants in the operational risk management process based on three lines of defense:

1) **the first line of protection** for operational risk management is provided by the Bank's structural units themselves. This means that the heads of structural units are responsible for the identification, measurement,

monitoring, and control of the operational risk inherent in their activities, including those related to personnel, products, processes, and systems.

To ensure the effective functioning of the operational risk management system, operational risk coordinators are appointed within the Bank's structural units as part of the first line of defense. Risk coordinators perform the following functions as part of the operational risk management activities in the Bank:

- interaction with the Bank's Risk Management Department;
- exercising control over the acknowledgment of the Policy “against signature” by all employees of structural units, as well as over compliance with the Policy and operational risk management procedures;
- recording discovered instances of non-compliance with the Policy and operational risk management procedures by a structural unit, and bringing them to the attention of the head of the structural unit;
- coordinating training and awareness issues for employees of the structural unit regarding the requirements of the Policy and operational risk management procedures, conducting employee training and ensuring the awareness of all employees at least once a year;
- ensuring the full and timely provision of information on operational risk events to the Bank's Risk Management Department;
- monitoring the timely establishment and functioning of commissions created to investigate the circumstances and causes of an operational risk event, in accordance with the requirements of current procedures;
- ensuring the full and timely collection and provision of information on key risk indicators within the structural unit to the Bank's Risk Management Department.

2) **The second line of protection** for operational risk management is provided by the Bank's Risk Management Department.

3) **The third line of protection** for operational risk management is provided by the Internal Audit Unit of the Bank through an independent assessment of the effectiveness of the operational risk management system in the Bank.

In order to comply with the operational risk appetite level, the Bank has established limits on operational cash services and retail business products, and employs operational risk management tools.

Maintenance of the operational loss database, and the collection and analysis of internal data on operational risk events.

The operational loss database (the “OLDB”) is designed to collect data on operational risk events to ensure the Bank's activities comply with legislative requirements and international risk management standards, specifically the requirements of the Basel Committee on Banking Supervision. Data on operational risk events are used to implement procedures to minimize the risks inherent to the Bank based on the results of the analysis performed. The collection and analysis of loss data allow for the assessment of the Bank's exposure to operational risk and the effectiveness of internal controls based on information regarding operational losses. The analysis of loss occurrences provides insight into the causes of major losses and information on whether control system failures are episodic or systemic.

Operational risk events are registered in the OLDB based on an urgent notification regarding the occurrence of an operational risk event.

In 2020, an updated OLDB (“Unified Database on Facts of Material Damage and Expenses Related to Risk Realization”) was commissioned for industrial operation. The main improvements (updates) to the OLDB are as follows:

- Losses – maintaining information on losses, exporting loss reports, management reports, and reports accounting for recoveries.
- Urgent notifications – creating an urgent notification, exporting urgent notification reports.
- IT events – maintaining the IT risk event database on the information resource, classifying threats and vulnerabilities of resource objects and subjects, specifying the causes of failures, and maintaining information on losses, with the ability to export IT events to the OLDB for use in management reporting.

Application of the procedure for the timely identification and measurement of risks in order to take appropriate measures for their minimization/elimination through the “ORAP” operational risk management tool

In order to minimize operational, compliance, market, credit, legal, liquidity, and cyber security risks when introducing a new product/service, system, business process, or activity, or when making significant changes to existing products/services, systems, business processes, or activities, the Bank applies the ORAP procedure.

The unit developing the product/service is responsible for initiating the ORAP procedure.

The ORAP procedure must be conducted:

- 1) when introducing a new product/service, system, business process, or type of activity that previously had no analogues in the Bank, or when creating a new product/service, system, business process, or type of activity that differs significantly from those currently existing in the Bank;
- 2) when making significant changes to existing products/services, systems, business processes, or types of activity, which shall be understood as changes whose implementation will significantly affect the functionality of the structural units involved in the process, as well as the redistribution of responsibility, etc.;
- 3) when making significant changes to the Bank's organizational structure – the creation/abolition of structural units in the Bank, changes in reporting lines, reorganization of subordination, etc.;
- 4) when implementing new or significantly modernizing existing IS.

The ORAP project is subject to mandatory approval by authorized units. The ORAP project, agreed upon with the authorized and involved structural units of the Bank, is submitted to the Management Board of the Bank for approval to make a final decision on launching the ORAP Project, taking into account the risk assessment and risk mitigation measures. Furthermore, if there are residual risks with a "High" or "Very High" level, the ORAP project is reviewed by the Management Board of the Bank in person; in all other cases, the review procedure (in person or in absentia) is determined by the developing unit.

The unit developing the product/service monitors the implementation of planned measures to minimize risks identified during the approval of ORAP projects.

Establishment of commissions on the occurrence of operational risk events

In order to ensure prompt identification, response, and the adoption of necessary measures, as well as to develop preventive measures regarding the occurrence of operational risk events, the Bank has developed a procedure for notification and the establishment of commissions on the occurrence of operational risk events in the Head Office and oblast branches.

Application of the “Key Risk Indicators” (KRI) operational risk management tool

Key risk indicators are values (magnitudes) and/or statistical data that provide an understanding of the operational risk profile to which the Bank is exposed. Key risk indicators are used to monitor changes in the level of operational risk in the Bank, which, in turn, ensures the identification of deficiencies in processes, organization, failures, and potential losses.

3.6. Information technology and cyber security risk management process

Management of risks associated with information technology (the “IT”) and cyber security (hereinafter IS) is carried out cyclically through the implementation of the following stages:

• Risk identification

Identification (detection) of IT and CS risks is carried out both annually (as part of the annual determination of the Bank's critical information assets and subsequent IT and CS risk assessment) and regularly (quarterly based on reporting on significant IT and CS risks, as part of the review of projects initiated by the Bank's departments, etc.);

• Risk assessment

IT and CS risk assessment is carried out in accordance with the requirements of the Bank's internal regulatory documents, the regulatory legal acts of the NBK (ARDFM), and taking into account international practices. A key factor is the division of identified risks into acceptable and unacceptable in order to determine the need to implement measures for their minimization / elimination.

• Risk control

Control of identified IT and CS risks is carried out by creating and approving action plans that include protective measures, responsible executors, and implementation deadlines.

• Risk monitoring

Monitoring of identified IT and CS risks is carried out on a continuous basis by requesting from the responsible units the status of implemented measures according to the approved action plans and bringing this information to the attention of the Bank's Authorized Body.

The primary tool for IT and CS risk management in accordance with the Bank's internal regulatory documents is the definition of the scope of the IT and CS risk management system for the calendar year, within which the identification of critical information assets and subsequent annual IT and CS risk assessment for critical information assets are carried out, as well as a detailed IT and CS risk assessment/self-assessment within the

Bank's information systems. The scope of the IT and CS risk management system is approved by the Bank's authorized body.

3.7. Organization of the Bank's business continuity management system

The main goals of business continuity management:

- Ensuring continuity: Developing the ability to maintain the Bank's continuous operations in accordance with changing business needs and its size, complexity, nature, geography, and culture.
- Defining requirements: Establishing processes, the adherence to which guarantees that continuity measures will meet the Bank's needs in the event of incidents affecting its financial stability.
- Minimizing consequences: Reducing operational, financial, legal, reputational, and other consequences of incidents.

Business continuity management structure, roles and responsibilities:

- Board of Directors: ensures control over the implementation of measures provided for by the Business Continuity Management Policy and the Business Continuity and Recovery Plans (BCP).
- Management Board: reviews all aspects of the Policy and BCPs after each event that changes the original conditions and takes the necessary measures to organize subsequent activities.
- Emergency Response Headquarters: a Bank body responsible for activating the BCP, consisting of members of the Management Board and created to make management decisions that ensure the continuity of the Bank's activities during an incident.
- Crisis Management Center: a temporary Bank body consisting of management and representatives of divisions, created to address temporary tasks related to ensuring continuity and restoring activities.
- Chief Continuity Officer: an HO employee responsible for the implementation of the Business Continuity Management Policy, the introduction of the business continuity management system, the coordination of risk identification, and the coordination and approval of plans, procedures, and priorities for minimizing these risks. Appointed by order of the Chairman of the Bank's Management Board.
- Heads of units: owners of critical business processes.
- Recovery Team: formed to restore activities in the Bank's units (and its branches). Recovery Team members include primary employees and backups with a sufficient level of qualification.

Organization of the BCP process in the Bank:

Business Continuity Rules have been developed, which define the operational procedures, approaches, and principles for building an effective business continuity management system for the Bank, as well as the Bank's bodies and units responsible for the implementation of the BCP process in the Bank.

Business Continuity Plans have been developed for both the Head Office and the oblast/regional branches, which are continuously maintained and are subject to mandatory annual update/review.

Business continuity management procedures:

The Bank manages business continuity through the following procedures, but is not limited to them:

Business impact analysis (Business impact analysis - BIA) is conducted jointly with the Bank's business subdivisions, as part of which critical activities are identified and the resources necessary to maintain these critical activities are determined.

Contingency risk analysis allows for the assessment of threats and vulnerabilities in critical business processes. Threats and risks that may arise as a result of incidents include (but are not limited to): unavailability of employees, unavailability of technologies, including information and communication technologies, unavailability of utilities (water, electricity), lack of access to buildings, unavailability of financial resources, unavailability of key information, and unavailability of key suppliers and counterparties.

Development and testing of the Business Continuity and Recovery Plan.

Review of the results of the aforementioned activities at the Business Continuity Committee to make an appropriate decision for each type of testing.

3.8. Internal control system

The Bank ensures the availability of an internal control system that corresponds to the current market situation, strategy, asset volume, and the complexity level of the Bank's operations. Internal control is aimed at achieving the following objectives:

- 1) ensuring the effectiveness of the Bank's activities, including the effectiveness of risk, asset, and liability management, and ensuring the safety of assets;
- 2) ensuring the completeness, accuracy, and timeliness of financial, regulatory, and other reporting for internal and external users;
- 3) ensuring cyber security;
- 4) ensuring the Bank's compliance with the requirements of the civil, tax, and 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 and financial reporting, on credit bureaus and the formation of credit histories, on debt collection activities, on mandatory deposit insurance, on combating the legalization (laundering) of proceeds from crime and the financing of terrorism, on joint-stock companies, and the Bank's internal documents;
- 5) preventing the involvement of the Bank and its employees in illegal activities, including fraud, errors, inaccuracies, deception, the legalization (laundering) of proceeds from crime and the financing of terrorism, and in the execution of operations within the territory of the Republic of Kazakhstan involving values created and accounted for in a decentralized information system using cryptography and (or) computer calculations, which are not financial instruments or financial assets in accordance with the civil legislation of the Republic of Kazakhstan, and do not contain a right of claim against anyone.

Internal control covers all areas of activity and business processes of the Bank.

Participants of the internal control system and the procedure for their interaction

The Bank defines the participants of the internal control system based on three lines of defense.

To ensure the effective functioning of the internal control system in the first line of defense, the head of an independent structural unit performs internal control functions and/or appoints an internal controller (internal controllers) within the structural unit at a position no lower than head of department, who may also serve as a risk coordinator. Internal control functions in the Bank's branches are performed by the Head Bank's internal controllers for their respective business lines.

The first line of defense in the Bank consists of controls developed to ensure the correct execution of daily operations/performance of daily functions by various structural units of the Bank. Controls are developed by structural units and are an integral part of processes, including business processes.

The second line of defense shall arrange procedures for compliance with the requirements of the civil, tax, and 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 and financial reporting, on credit bureaus and the formation of credit histories, on debt collection activities, on mandatory deposit insurance, on combating the legalization (laundering) of proceeds from crime and the financing of terrorism, on joint-stock companies, the legislation of foreign states that influence the Bank's activities, as well as the Bank's internal documents regulating the procedure for the Bank to provide services and conduct operations in the financial market.

The third line of defense is an independent assessment of the quality and effectiveness of compliance-risk management by the Internal Audit Unit.

Internal regulations and procedures for exercising internal control

Internal control procedures are developed on the basis of the following interrelated elements:

- 1) risk management control;
- 2) control activities and segregation of duties;
- 3) information and communication;
- 4) monitoring and correcting deficiencies.

The internal control system ensures the control over the timely identification and ongoing assessment of risks inherent to the Bank, and the implementation of timely measures to minimize them in accordance with the Bank's internal documents.

Control functions as part of segregation of duties contribute to minimizing conflicts of interest and the conditions for their occurrence, the commission of unlawful acts, as well as preventing the same structural unit and (or) employee from having the opportunity to:

- 1) perform banking operations and other transactions and simultaneously record them in the accounting records;

- 2) authorize the payment of funds and carry out their actual payment subject to the limits established by the Bank's internal documents;
- 3) conduct operations on the accounts of customers of the Bank and on accounts reflecting the Bank's own financial and business activities;
- 4) assess the reliability and completeness of documents submitted for loan issuance and monitor loan repayment;
- 5) perform actions in any other areas of activity where a conflict of interest may arise.

Depending on the Bank's operations, the following control methods are applied:

- 1) dual control (the “four-eyes” and “joint access” principles):

the “four-eyes” principle requires that the work of one employee be verified (approved) by another employee in order to involve the second employee in verifying the correctness of the calculation, authorization, and documentation of the operation;

the “joint access” principle implies a procedure in which two or more employees are equally responsible for the physical protection of valuables and documents. Responsibility is established by the relevant internal document of the Bank and brought to the attention of all employees;

- 2) transaction analysis:

preliminary transaction analysis to prevent incorrect or unauthorized transactions;

subsequent analysis after its execution to uncover the fact of an unauthorized transaction.

To ensure the effectiveness of the transaction analysis, the person performing the analysis must be independent of the employees conducting the transaction;

- 3) reports on the results of operations to provide the Bank's management with information on the Bank's performance indicators, financial conditions, and budget variances;

- 4) training Bank personnel in control techniques and error detection;

- 5) ensuring data protection;

- 6) ensuring protection against personnel errors;

- 7) checking for errors in order to detect them in a timely manner.

As part of internal control, reviews of the Bank's operational processes are conducted for compliance with internal policies and procedures, as well as the requirements of the civil, tax, and 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 and financial reporting, on credit bureaus and the formation of credit histories, on debt collection activities, on mandatory deposit insurance, on combating the legalization (laundering) of proceeds from crime and the financing of terrorism, and on joint-stock companies.

From the perspective of internal control, the mandatory recording of all operations and transactions of the Bank is ensured.

Monitoring of the Bank's internal control system is carried out on a continuous basis by the first and second lines of defense, as well as by the Management Board of the Bank.

The Internal Audit Unit evaluates the effectiveness of internal control during its audits.

Significant deficiencies in internal control are brought to the attention of the Risk Committee and the Bank's Board of Directors. The Risk Committee monitors the functioning of the internal control system.

3.9. Liquidity risk identification, assessment, monitoring and control

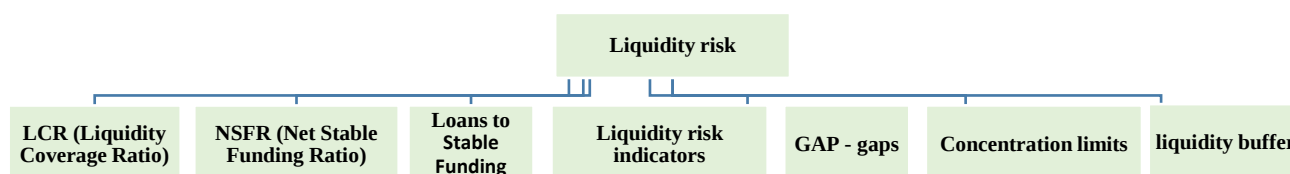
Liquidity risk identification methodology

As part of the liquidity risk management procedures, the Bank has developed an effective process for the identification, assessment, monitoring, and control of liquidity risk, which includes detailed cash flow forecasting for assets, liabilities, and off-balance sheet instruments over various time intervals.

The Bank assesses all on-balance sheet and off-balance sheet items affecting the level of liquidity risk. The Bank assesses the level of market liquidity to cover the Bank's need to attract funding for the purpose of managing liquidity risk.

The assessment of the market liquidity level is carried out on a regular basis by monitoring the structure of customer funding, the volume of stock market transactions (REPO operations, swaps, etc.), the NBK open position, and other indicators.

When managing liquidity risk, the Bank takes into account the decrease in asset value and the impact of their sale during stress periods on the level of liquidity, profitability, and capital. The assessment of the impact of the decrease in asset value on the level of liquidity, profitability, and capital is carried out during stress testing, as well as during GAP analysis, as part of which the cash flow on assets may be adjusted (if necessary) by the amount of discounts (haircuts). The Bank takes into account the interaction between liquidity risk and other types of risks to which it is exposed. The link between liquidity risk and other types of risks is taken into account during stress testing, as part of which, for example, a stress scenario involving the devaluation of the national currency is accompanied by an outflow of customer funds, and an assessment is conducted on the impact of these scenarios on the level of the liquidity buffer and other liquidity risk indicators.



Risk assessment methodology, including the use of quantitative and qualitative methods.

In order to determine risk appetite, the Board of Directors approves risk appetite levels for liquidity risk, and a quantitative internal liquidity adequacy indicator is used within as part of the ILAAP to limit current, short-term, medium-term, and long-term liquidity risks.

Liquidity loss risk is measured and controlled using the following tools/analytical reports:

1) regulatory (prudential) liquidity ratios.

Liquidity ratios are calculated in accordance with the regulator's requirements;

2) The Bank approves risk appetite levels for liquidity risk, which limit current, short-term, medium-term, and long-term liquidity risks and consist of limits on:

the minimum value of the Liquidity Coverage Ratio (LCR);

the minimum value of the Net Stable Funding Ratio (NSFR);

the maximum value of the Loans to Stable Funding ratio.

3) establishing internal limits on liquidity gaps (GAP analysis).

The types, forms, and timeframes for the generation and use of GAP analysis in the Bank's liquidity management are set out in the Methodology for generating GAP reporting on liquidity risk, and for the calculation and establishment of internal limits on the interest rate GAP;

4) forecasting future cash flows and identifying potential funding gaps under normal and stress conditions over various time horizons.

5) assessing funding capabilities, as well as assessing the vulnerability and concentration level of the main funding sources;

6) assessing the potential liquidity risk inherent in the Bank's balance sheet structure and business lines, including risk arising over a longer-term period;

7) the identification of the Bank's vulnerabilities to foreign exchange rate changes and the concentration vulnerability of the main funding sources in foreign currencies is conducted using, among other things, a report on deposits broken down by depositor type, currency, and deposit type;

8) information on the structure and quality of funding sources and the concentration level of funding sources by main counterparties, including retail and non-retail funding sources;

9) information on the size, structure, and characteristics of the liquidity buffer, allowing for the assessment of potential opportunities to obtain liquidity through the sale or pledging of collateral for borrowings within short timeframes and/or under stress conditions, based, among other things, on the liquid asset buffer report;

10) stress-testing the impact of a number of factors on the Bank's liquidity.

The parameters, main types and procedures of the stress testing performed, the frequency of stress testing, and the reporting of stress testing results are regulated by Halyk Bank JSC Rules and Procedures for Stress Testing the Impact of Various Macroeconomic Factors on the Activities of;

11) early warning indicators of liquidity risk, which allow for the monitoring and control of liquidity risk.

The types, forms, and deadlines for submitting regular reporting on early warning indicators of liquidity risk are set out in Halyk Bank JSC Methodology for Determining Early Warning Indicators of Market Risk, Liquidity Risk, and Funding Risks, which also regulates the procedure for exchanging information between participants in the liquidity risk management process;

and other assessment indicators that allow the Bank to carry out the timely identification, measurement, monitoring, and control of liquidity risk.

The process of forecasting cash flows for assets, liabilities, and off-balance sheet instruments over various time horizons.

To manage the Bank's short-term liquidity risk, the Bank's responsible units perform daily monitoring and forecasting of cash flows. Long-term liquidity risk is managed by ALCO through the analysis of long-term liquidity positions and the making of decisions to manage significant negative positions using various methods.

For the purpose of liquidity risk management, the Bank assesses cash inflows and outflows to determine potential shortages of liquid assets in the future. The Bank measures and forecasts expected cash flows for assets and liabilities, including off-balance sheet requirements and obligations, as part of which the structure of gaps between cash flows for financial assets and financial liabilities is analyzed (GAP analysis).

Liquidity risk control and monitoring processes across different time horizons, specifying the bank's functions and responsibilities.

In order to control the amount of medium- and long-term liquidity risk accepted by the Bank, ALCO approves threshold limit values for gaps between assets and liabilities, taking into account contingent requirements/liabilities, based on the recommendations of the Bank's Risk Management Department and in coordination with the units responsible for liquidity management.

For the purposes of liquidity risk management, only negative cumulative gaps are limited.

Limits are set at a level that ensures the continuity of the Bank's operations, including under stress conditions. When establishing liquidity risk control limits, their alignment with the Bank's activities and operations, as well as its liquidity risk appetite, is ensured.

The following quantitative and qualitative parameters are also taken into account when establishing limits:

- the size of the portfolio of Government Securities of the Republic of Kazakhstan, which can potentially be used for REPO operations;
- the degree of liquidity of the securities portfolio;
- the Bank's ability to raise funds on the interbank market, as well as from corporate customers;
- the dynamics of the Bank's asset/liability balance sheet structure by maturity;
- the dynamics of cumulative gaps by established periods;
- other.

The size of the established limits on cumulative gaps is reviewed at least on an annual basis or as necessary.

Early warning indicators

Early warning indicators of liquidity risk are quantitative and qualitative indicators that characterize the Bank's exposure to liquidity risk and funding risks, and on the basis of which the degree of proximity to a critical risk level is identified and measures are taken to minimize the risk.

In the process of selecting liquidity risk and limited funding risk indicators, the Bank is guided by the following principles:

1) effectiveness. Indicators must fully foreshadow the probability of deterioration in the Bank's liquidity and funding situation, warn of liquidity risk and limited funding risks, and allow for the monitoring and control of liquidity risk and limited funding risk;

2) transparency. The calculation of indicators must not be complex. Generally accepted methods must be used for the analysis of statistical data. Clear and explainable metrics are selected as components for the calculation of indicators;

3) availability. Early warning indicators of liquidity risk and limited funding risks, as well as their component metrics, must be publicly available, have a historical data depth of at least 1 year, and be updated regularly;

4) relativity. Indicators should be primarily relative values, consisting of various ratios or percentages;

5) compliance with regulatory requirements. The semantic meanings and characteristics of early warning indicators of liquidity risk and funding risks must comply with the requirements regarding the risk management and internal control system.

The Bank develops internal and market early warning indicators of liquidity risk. The Bank defines triggers for qualitative and quantitative early warning indicators.

As of 1 January 2026, all early warning indicators are complied with.

System of early warning indicators of liquidity risk as of 1 January 2026

	Indicators	Indicator
	Internal liquidity risk indicators	
1	Rapid growth of assets, particularly those funded by liabilities with the possibility of early withdrawal or those for which no maturity date has been set	Dynamics of requirements for customers
2	A significant decrease in the share of high-quality liquid assets in total assets and/or their volume	Volume of high-quality liquid assets
3	A consistent decrease in the LCR over 3 (three) or more reporting periods (months)	Liquidity Coverage Ratio
4	A decrease in the LCR over 3 (three) or more reporting periods (months)	Liquidity Coverage Ratio
5	A significant increase in net cash outflows during the month	The volume of net cash outflows during the month
6	Increase in concentration in certain assets and liabilities	Share of the 10 largest depositors in liabilities to customers
7	Increase in liquidity gaps in national and foreign currencies	Total cumulative GAP up to 1 month.
		Cumulative KZT GAP up to 1 month.
		Cumulative foreign currency GAP up to 1 month.
8	A significant decrease in the weighted average maturity of liabilities	Weighted average maturity of deposits (in years)
9	Approaching the values of the Bank's internal limits and (or) prudential liquidity risk ratios, defined as acceptable but requiring specific corrective measures in the current risk management system procedures to reduce the risk level	Liquidity ratios (k4)
10	negative trends or increased risk associated with the Bank's activities, including an increase in non-performing loans	NPL90+ share
11	A significant decrease in income, deterioration of asset quality and the overall financial condition of the Bank	Net interest margin for 1 month.
		Own capital adequacy ratio (k2)
		Provision to NPL90+ ratio
	Market liquidity risk indicators	
12	negative information, including in the mass media, related to the Bank	Information in the mass media
13	increase in the cost of corporate or retail funding	Maximum interest rates on KDIF deposits, KZT
		Maximum interest rates on KDIF deposits, foreign currency
14	Downgrade of the Bank's credit rating	Downgrade of the Bank's minimum credit rating
15	a decline in share prices or an increase in the cost of the Bank's debt (CDS)	Maximum one-day decline in the Bank's share price over the last month
16	an increase in counterparty requirements for the provision of additional collateral and/or refusals of new unsecured transactions and term extensions	Where there are instruments secured by the Bank, the emergence of counterparty requirements to increase the proportion of collateral relative to the total transaction amount
17	closure or reduction of the established amount of credit lines provided to the Bank	The share of credit institution funds with a maturity of up to 1 month relative to high-quality liquid assets
18	an increase in the outflow of retail deposits	Dynamics of individuals' funds
19	an increase in the outflow of corporate time deposits	Dynamics of corporate funds
20	difficulties in attracting long-term financing	Incomplete placement of issued bonds relative to the announced placement volume on the first day

Intraday liquidity risk management procedures

The Bank actively manages its intraday liquidity position and associated risks to ensure the timely fulfillment of payment and settlement obligations in both normal and stress situations, thereby contributing to the uninterrupted functioning of payment and settlement systems.

The management of current and short-term liquidity consists of managing assets and liabilities with a remaining term to maturity of less than 3 (three) months. In managing short-term liquidity, particular attention is paid to the management of assets/liabilities with no fixed maturity date ("on demand"), assets/liabilities with a maturity of up to one month, as well as potential previously unexpected inflows of assets and outflows of liabilities.

Responsibility for managing current and short-term liquidity, as well as for compliance with prudential liquidity ratios, is assigned to the Bank's units within their established authority, including:

- 1) monitoring daily liquidity positions, taking into account expected cash inflows and outflows, and forecasting the size of potential funding deficits arising at different periods of the operating day;
- 2) identifying key customers, who act as the primary sources of incoming or outgoing liquidity flows, and forecasting inflows and outflows by establishing constant communication and staying informed about upcoming major receipts and withdrawals;
- 3) identifying key periods, dates, and circumstances under which liquidity flows and potential credit needs are particularly high;
- 4) understanding the needs of business units;
- 5) monitoring the intraday liquidity position relative to expected payments in order to determine the amount of additional intraday liquidity required or the need to limit liquidity outflows to cover priority payments;
- 6) availability of reliable funding sources to obtain a sufficient level of required intraday liquidity within short timeframes;
- 7) monitoring outflows of funds from key customers in accordance with intraday needs;
- 8) the Bank's response measures in the event of unforeseen gaps in intraday liquidity flows, including business continuity measures (including those within the Contingency Funding Plan).

One of the most critical parameters for managing current and short-term liquidity is daily liquidity planning (intraday liquidity management), which focuses on forecasting short-term liquidity inflows/outflows and comparing them with available liquidity sources to maintain the Bank's constant ability to meet its current obligations while simultaneously complying with established prudential and internal ratios.

To avoid a surplus or deficit of liquid funds, the Bank's responsible units monitor the activities of all Bank subdivisions responsible for the attraction and use of liquid funds and coordinate their activities with the work of these Bank subdivisions.

The management of the Bank's current and short-term liquidity is carried out by the Bank's units based on an analysis of current liquid fund balances and planned inflows/outflows of liquid funds. Employees of the units responsible for liquidity, and have access to information on cash flows across all bank accounts and analyze possible outflows or inflows of money in both cash and non-cash forms.

The volume of free resources, as well as any deficit, is determined as the difference between current balances of liquid (unencumbered) assets, taking into account the necessary buffer to meet prudential ratios and current/planned customer payments. Calculations of free resources (resource deficits) allow for monitoring daily liquidity positions, taking into account expected cash flows and available sources of liquidity, to assess the need to attract additional daily liquidity or limit liquidity outflows.

The management of medium-term liquidity implies the management of assets and liabilities with a remaining term to maturity from 3 (three) months to 1 (one) year; long-term liquidity refers to a term exceeding 1 (one) year.

Since the management of medium- and long-term liquidity largely involves strategic planning and the coordination of many of the Bank's structural units responsible for both the attraction and placement of funds, responsibility for this process is vested in ALCO.

Tools used for the control, monitoring, and mitigation of liquidity risk across different time horizons.

To effectively manage medium- and long-term liquidity risk, the Bank's Risk Management Department prepares the following reports:

- 1) Liquidity GAP, which is a tool for managing medium- and long-term liquidity;
- 2) Liquidity horizon;
- 3) As well as the reports specified in section 3.9.

Volumes of risks taken, specifying the established liquidity risk limits

Dynamics of prudential liquidity ratios

Indicator	Prud.limit	01.01.2025	01.04.2025	01.07.2025	01.10.2025	01.01.2026
Current liquidity ratio (k4)	$k4 \geq 0.3$	1.504	1.709	1.737	1.845	1.815
Quick liquidity ratio (k4-1)	$k4-1 \geq 1$	1.449	1.424	1.203	1.304	1.330
Quick liquidity ratio (k4-2)	$k4-2 \geq 0.9$	1.278	1.194	1.157	2.271	2.569
Quick liquidity ratio (k4-3)	$k4-3 \geq 0.8$	1.114	1.085	1.133	1.006	1.185
Quick foreign currency liquidity ratio (k4-4)	$k4-4 \geq 1$	4.515	5.886	3.707	4.305	4.993
Quick foreign currency liquidity ratio (k4-5)	$k4-5 \geq 0.9$	3.112	4.113	2.927	2.505	3.436
Quick foreign currency liquidity ratio (k4-6)	$k4-6 \geq 0.8$	2.737	2.927	2.860	2.320	2.938

During 2025, the dynamics of prudential liquidity ratios remained at a consistently high level, and liquidity indicators were complied with.

Dynamics of risk appetite levels

	green	yellow	red	01.01.2025	01.04.2025	01.07.2025	01.10.2025	01.01.2026
Liquidity Coverage Ratio	$\geq 105\%$	100% - 105%	$< 100\%$	170.3%	143.9%	153.2%	148.2%	154.1%
Net Stable Funding Ratio	$\geq 105\%$	100% - 105%	$< 100\%$	114.3%	112.2%	114.6%	114.5%	120.8%

During 2025, cumulative gaps remained within the established limits.

Detailed information on liquidity gaps, as well as a comparison with the previous period, are reflected in the Bank's financial statements published on the Bank's website.

By Resolution of the ALCO No.186 dated 30 December 2026, an annual scheduled review of risk limits and indicators was carried out, including liquidity gap limits.

The Bank's Risk Department continuously monitors and assesses the Bank's liquidity risk; upon identification of signs of deteriorating liquidity, in cooperation with the Bank's units responsible for liquidity management, it conducts an analysis and develops urgent preventive measures for subsequent review by ALCO for management decision-making.

4. Information on the capital management system.

4.1. Internal (economic) capital and allocation of internal (economic) capital

Internal (economic) capital is the capital required to cover significant risks, including potential risks, accepted by the bank, calculated within the bank using its own models. To improve the risk management system, the “Internal (Economic) Capital Assessment Procedure of Halyk Bank JSC” has been approved. The results of the internal (economic) capital assessment are used in strategic and budget planning processes, in determining the risk profile and risk appetite, in establishing internal limits for managing the Bank's significant risks, and in stress testing the impact of various macroeconomic factors on the Bank's activities. The Bank's Risk Department calculates and monitors the Bank's internal (economic) capital at least once a quarter and reflects the results within the risk management reporting.

4.2. Economic capital assessment by risk type

	01.01.25		01.04.25		01.07.25		01.10.25		01.01.26	
	KZT bln.	Share, %	KZT bln.	Share, %	KZT bln.	Share, %	KZT bln.	Share, %	KZT bln.	Share, %
Credit risks	561	71%	572	53%	566	51%	599	52%	414	46%
CB	458	58%	467	43%	459	41%	496	43%	324	36%
SB	47	6%	47	4%	47	4%	50	4%	40	4%

MB	3	0%	2	0%	2	0%	3	0%	3	0%
RB	53	7%	56	5%	57	5%	50	4%	47	5%
Market risks	243	16%	373	35%	416	37%	411,5	36%	354.1	39%
currency	0.08	0%	3	0%	2	0%	5	0%	1,4	0%
price	12	1%	3*	0%	7	1%	8,5	1%	1,0	0%
interest rate	231	15%	367	34%	407	36%	398	35%	351.7	39%
Operational risks	105	13%	136	13%	136	12%	136	12%	136	15%
Total ES	909		1,082		1,118		1,146.5		904.1	
IC	3,073		3,267		3,179		3,261		3,508	
Coeff. IC/ES	3.38		3.02		2.84		2.84		3.88	

Economic capital for 2025 decreased by 0.5%, amounting to KZT 904.1 billion, or 25.8% of the share capital (limit not more than 100% of the share capital)

The main reasons for the change in economic capital for 2025 are:

- a 26.2% reduction in credit risks due to changes in LGD based on the AQR results for corporate and retail portfolios;
- increase in market risks by 45.7% due to the growth of interest rate risk associated with increased volatility of market interest rates;
- growth of operational risks by 30.0% due to the increase in annual gross income in 2024.

5. Information on stress testing

5.1. Stress testing procedure and approved stress-testing scenarios.

The stress testing procedure is carried out as part of the Bank's approved regulatory document - Halyk Bank JSC Rules and Procedures for Stress Testing the Impact of Various Macroeconomic Factors on the Activities (the "Rules").

The Rules establish the parameters, procedure, and frequency of stress testing to assess the potential impact of exceptional but possible events on the Bank's financial condition.

The Rules are consistent with the Bank's strategy, the current market and economic situation, the risk profile, and the requirements of the legislation of the Republic of Kazakhstan regarding the establishment of a risk management and internal control system for second-tier banks, as well as the Bank's internal needs to assess the impact of various factors on its activities.

The primary purpose of the Rules is to define the main types and procedures of the stress testing performed, the frequency of stress testing, and the reporting of stress testing results.

The Bank conducts stress tests, the structure and frequency of which are consistent with the chosen business model, the scale of operations, the types and complexity of transactions, as well as the Bank's role in the financial system of the Republic of Kazakhstan.

The Rules are mandatory for execution by the Bank's structural units and are also recommended for compliance in the Bank's subsidiary organizations.

Depending on the mechanism used, the Bank conducts stress testing according to the following scenarios:

- 1) stress testing based on a general economic scenario (including scenarios received from the NBK and the ARDFM);
- 2) stress testing based on a specific scenario.

In order to identify potential risks arising in stress situations, the Bank conducts stress testing on a periodic basis (but at least once every six months) to identify sources of potential threats to capital adequacy. In deteriorating market conditions or at the request of authorized collegiate bodies, the Bank may increase the frequency of stress testing.

The Bank conducts stress testing using the following methods:

- 1) scenario analysis;
- 2) sensitivity analysis.

The Bank's Board of Directors integrates the results of the stress testing process into the Bank's strategic and budget planning process. Stress test results may be used when setting limits, maintaining capital adequacy in the event of unforeseen circumstances, including for the purpose of remediating process

deficiencies, as well as for comparing them with the Bank's risk appetite level approved by the Board of Directors.

5.2. Methodology for determining macroeconomic scenarios

The participants in the process of determining macroeconomic scenarios are the Bank's Risk Management Department and the Bank's subsidiary, Halyk Finance JSC.

The process for determining macroeconomic scenarios includes the following requirements:

- 1) the minimum number of scenarios is at least 2, including a baseline and a stress scenario;
- 2) a list of macroeconomic indicators, including but not limited to:
 - real GDP dynamics in the Republic of Kazakhstan;
 - oil price;
 - inflation in the Republic of Kazakhstan;
 - USD/KZT exchange rate;
 - NBK base rate;
 - unemployment rate in the Republic of Kazakhstan;
 - scope of construction work;
 - average real estate prices in the Republic of Kazakhstan.

The process of forecasting macroeconomic scenarios involves a set of tasks related to assessing the current economic situation in the global economy and Kazakhstan, updating databases, assessing and coordinating hypotheses regarding the risks and prospects for the further development of the global economy and the economy of Kazakhstan, technical work on model simulation and the implementation of expert adjustments, and work on documenting the forecast results. The forecasting of the main macroeconomic indicator scenarios is carried out at the request of the Bank's Risk Management Department, where central importance is placed on indicators such as: oil price, real GDP dynamics, inflation, unemployment rate, industrial production index, real estate price index, other key price indices, exchange rates, interest rates, and other parameters. For all indicators, the modeling approach used is based on regression analysis of historical series, although the sample and the set of factors and variables considered may differ, while attention is paid to the comparability of values.

Information on stress testing scenarios

№	Stress testing scenario	Scenario parameters	Time horizon, frequency	Risk type
1	2	3	4	5
	Results of the stress testing of the Bank's financial stability for 2026, conducted based on a general economic scenario (using the scenario analysis method)	• real GDP dynamics in the Republic of Kazakhstan; • oil price; • inflation in the Republic of Kazakhstan; • USD/KZT exchange rate; • NBK base rate; • unemployment rate in the Republic of Kazakhstan; • scope of construction work; • average real estate prices in the Republic of Kazakhstan.	1 year, frequency annually	Credit risk, market risk (currency, interest rate, price), and liquidity risks. The final impact of risks on capital adequacy.
2	Results of stress testing conducted using the sensitivity analysis method based on a specific scenario for 2025	• KZT devaluation; • decrease in oil price; • a decrease in the Bank's credit rating, the emergence of negative information about the Bank that affects the level of trust in the Bank; • change in market interest rates; • decrease in GDP; • rise in inflation in Kazakhstan;	1 year, frequency annually	Credit risk, market risk (currency, interest rate, price), and liquidity risks. The final impact of risks on capital adequacy and LCR

		• fall in real estate prices		
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5.3. Stress testing based on a general economic scenario (using the scenario analysis method)

The Bank has developed a conservative and prudent approach to establishing assumptions for stress testing. Stress testing focuses on unlikely but potentially realizable negative changes in external and internal indicators that could lead to a decrease in the capital adequacy ratio.

The essence of stress testing based on a general economic scenario (using the scenario analysis method) is to assess the stability of a financial institution in the event of complex, unlikely, but plausible events that could entail significant losses. Scenario analysis can be based on both hypothetical scenarios and an assessment of resilience to the recurrence of historical events, and is based on assessing the impact of a decline in the country's economic environment, including a slowdown in economic growth overall and in specific sectors of the economy. The choice of scenario is determined by a number of factors, such as the availability of historical data, the complexity of constructing scenarios, the speed of testing, and the individual characteristics of the Bank.

Scenario analysis allows for the assessment of the potential simultaneous impact of a set of risk factors on the Bank's operations in the event of an exceptional but plausible event.

The general economic scenario (or scenarios) are developed by the Risk Management Department, generally with the involvement of experts from the Bank's subsidiary, Halyk Finance JSC, taking into account the general economic and market conditions, the Bank's risk profile, and (if any) recommendations from the Bank's management, in accordance with Chapter 4 of the Rules. Specific assumptions used in the development of stress testing scenarios may be determined by the Risk Management Department, including on the basis of an analysis of historical events.

When developing stress testing scenarios and assumptions, the Bank is guided by the following:

- scenarios include all material risks to which the Bank is potentially exposed;
- during stress testing, the Bank considers the interconnection between various types of risks;
- The Bank adheres to a conservative approach when determining stress-testing assumptions;
- based on the type and severity of the scenario, the Bank considers the appropriateness of a number of assumptions in relation to its activities.

The Bank considers short-term and prolonged, as well as idiosyncratic and market scenarios, regardless of the current level of capital adequacy, including:

- decrease in the cost of energy resources;
- lack of access to capital markets;
- weakening of the national currency exchange rate;
- real estate market crisis;
- change in interest rates;
- agricultural sector crisis, if necessary, in the event of a material impact on the Bank;
- rise in inflation expectations;
- increase in the unemployment rate and decrease in household income;
- decrease in the market value of assets.

For scenario analysis, it is necessary to determine the time horizon over which the influence of the main events/scenarios is expected to act. The time horizon for stress testing when using the scenario analysis method is at least one year.

The general economic scenario (scenarios) for stress testing and the stress testing parameters, including those establishing (within the stress testing of profitability and liquidity indicators) the link (dependency) between a stress factor and a financial indicator, are submitted to the Bank's interested collegiate bodies: the Management Board for approval, the Risk Committee for coordination, and the Bank's Board of Directors for ratification. The ratification of general economic stress testing scenarios is the exclusive competence of the Bank's Board of Directors.

The validity period of the approved general economic scenarios and parameters applies only for the duration of the stress testing. The Bank's Board of Directors regularly reviews the stress testing scenarios for significant changes. If changes to the stress testing scenarios are necessary, an interim assessment is conducted. For each subsequent stress test based on the general economic scenario (scenarios), they shall be developed and approved again, taking into account the provisions of clauses 21-25 of the Rules.

The stress testing results are submitted by the Bank's Risk Management Department for review by the Bank's authorized bodies (the Management Board – for approval, the Risk Committee – for coordination, and the Bank's Board of Directors – for approval). If necessary, the Bank's Board of Directors may take subsequent measures to minimize the negative impact based on the stress testing results.

5.4. Credit risk stress testing

When conducting stress testing, an assessment is ensured of the impact of stress scenarios on all areas of the Bank's lending activities in order to identify the maximum volume of potential losses on the loan portfolio.

The following may be used as indicators for the quantitative assessment of the Bank's credit risk exposure resulting from the implementation of a stress scenario as part of scenario analysis:

- expected losses (Expected losses, EL);
- possible increase in NPL 90+.

As part of the scenario analysis, stress testing of the Bank's loan portfolio is carried out broken down by:

Corporate Business and individual loans of Medium Business.

The assessment of the probability of overdue debt formation is determined by the portfolios of each business type which, as of the stress testing date, contain individual loans of borrowers that are in Impairment Stage 2 and (or) 3, or that transition into these stages under stress scenarios.

Loans transitioning to Impairment Stage 2 and (or) 3 are determined using the following approach:

The Bank's Risk Management Department, together with business units, performs expert-level ranking of the borrowers'/groups of companies' industries of activity for each business portfolio into credit risk zones depending on the degree of exposure of the key operating industry to credit risk: "low", "medium", and "high".

The next stage involves forecasting changes in the current Impairment Stage of the borrower's/group of companies' loans toward deterioration or maintenance. In this regard, the current Impairment Stage may be maintained for borrowers/groups of companies whose financial indicators/rating have not reached the threshold values and (or) have exceeded the threshold levels/values, but where additional mitigants for the borrower/group of companies exist.

Next, for each borrower/group of companies transitioning to Stage 2 or Stage 3, or already in the respective stage, a calculation of cash flows from the borrower's operating activities and cash flows from the realization of collateral is performed.

The calculation of cash flows from the borrower's operating activities is adjusted for a possible deterioration in the borrowers' financial condition resulting from the realization of a stress scenario, specifically through downward discounts. Downward discounts are calculated based on a sample of at least five borrowers/groups of companies operating in various industries within each risk zone, and the impact/reduction of their operating cash flows resulting from the realization of each stress scenario until the end of the loan term is determined.

An example of downward discounts is as follows:

Risk zone	Downward discounts		Risk zone	Downward discounts	
	Scenario 1	Scenario 2		Scenario 1	Scenario 2
High	-30%	-40%	Average	-15%	-25%

In certain cases, an expert assessment of potential changes in the cash flows of borrowers/groups of companies may be applied. As part of this expert assessment, calculations may be performed for the Bank's subsidiaries for the management of stressed assets (SMSA), taking into account the specific characteristics of these loans (acquisition of assets for subsequent sale).

The calculation of cash flows from the sale of collateral is adjusted by the residential real estate value change coefficient resulting from the implementation of the stress scenario. If other property is pledged as collateral, the same coefficient as for residential real estate is applied to it. The timeframes for the realization of collateral remain unchanged.

Based on the results of the expected cash flows, the projected level of provisions is calculated.

The projected amount of provisions (EL) is determined based on the approaches approved by the Bank for calculating provisions in accordance with international financial reporting standards, taking into account the following:

for individual loans transitioning to Stage 2 or Stage 3, or already in the respective stage, a calculation of projected provisions is carried out via projected cash flows from operating activities and the realization of collateral;

for the Stage 1 loan portfolio, the probability of default (PD) and LGD are recalculated. The PD recalculation is based on the expected transition of loans to Stage 3 under the stress scenario—an additional loan flow for the forecast period is added to the roll-rates in the amount of the expected transition of loans to Stage 3;

1) *Small Business.*

The assessment of the probability of overdue debt formation is determined by the following approach:

together with business units, expert-level ranking of the borrowers' industries of activity is performed by risk zones: “low”, “medium”, and “high”;

borrowers with the corresponding industry of activity are distributed among the specified risk zones based on their affiliation with groups of companies and taking into account the key industry of operation;

the calculation of the NPL90+ growth level in each risk zone is performed based on approved stress scenarios (changes in various macroeconomic factors) using the single-factor analysis method. The calculation is based on linear regression of monthly data for a past period of at least 5 years, taking into account written-off liabilities;

For conservative purposes, the application of an additional NPL90+ growth coefficient in each risk zone, determined at an expert level, is permitted. Additionally, where appropriate and based on the expert opinion of the risk management department for the SME segment, models developed for supervisory stress testing may be used.

2) *Retail Business.*

Stress testing of the *Retail Business* is performed using various tools. Based on the analysis of dependencies and the construction of a regression model, variables that have the greatest impact on the NPL 90+ level are selected. Statistical models may differ depending on the lending direction and currency. To eliminate artificial effects on this indicator and avoid sharp spikes, the NPL 90+ indicator used in the analysis includes write-offs of distressed loans and restructured loans. By comparing the results obtained with data calculated based on the analysis of loan portfolio behavior across life cycle periods (vintage quality analysis), the Bank's Risk Management Department may decide to make adjustments based on expert opinion.

Other methods based on forecasting PD, LGD, and EL indicators for various macro-indicator change scenarios may also be applied for stress testing the Retail business portfolio.

The stress testing procedure includes, but is not limited to, the following stages:

- selection of portfolio segmentation;
- determination of probability of default (PD) curves;
- probability of default forecast (PD) for stress scenarios;
- calculation of growth NPL in the event of stress scenario realization;
- assessment of change in LGD in the event of stress scenario realization;
- calculation EL for various stress scenarios;
- assessment of the probability of stress scenarios occurring;
- determination of the overall stress testing result by weighting the results of each scenario relative to the probability of their occurrence.

The projected amount of provisions (EL) is determined by the Bank's Risk Management Department based on the approaches approved by the Bank for calculating provisions in accordance with international financial reporting standards, taking into account the following:

for collective loans, the borrower's probability of default (PD) and LGD are recalculated. The PD recalculation is based on the expected change in the volume of NPL 90+ — an additional roll-rates flow of loans for the forecast period in the amount of the expected NPL 90+ increase is entered into the actual migration matrix / flow is entered into the actual migration matrix / roll-rates;

The LGD recalculation for collective loans is carried out based on the approved real estate value change forecast (it is assumed that the projected dynamics of the collateral value change will be similar to the approved residential real estate value change forecast). The timeframes for the realization of collateral remain unchanged;

3) *estimates of expected credit losses on treasury operations.*

The Bank assesses expected credit losses on a financial asset based not only on current assessments of the counterparty's/issuer's credit quality as of the reporting date, but also taking into account the possible

deterioration of their financial condition due to the influence of adverse macroeconomic factors in the counterparty's (issuer's) operating environment in the future.

Given that the final parameter of negative impact on the amount of expected credit losses for the Bank on a financial asset will be the probability of default of the counterparty (issuer), which, in accordance with the Bank's adopted approach, is determined based on the assigned internal rating and the term of the financial asset, as a stress scenario forecast, the Bank uses a downgrade of the counterparty's (issuer's) internal rating from the current level depending on the rating agencies' forecast assessment, as well as taking into account the stress test scenario parameters.

5.5. Market risk stress testing

Market risk stress testing is conducted to assess the adequacy of capital to cover losses associated with market risk, and to assess the Bank's sensitivity to market risk upon changes in external and internal quantitative and qualitative indicators characterizing the Bank's level of exposure to market risk.

Market risk stress testing is conducted based on scenarios that include an assessment of the impact on the level of foreign exchange, price, and interest rate risks.

The following may be used as market risk stress scenarios:

1) *devaluation of the national currency.*

The national currency devaluation scenario includes the conversion of the Bank's deposit base from KZT to USD, which affects the size of the Bank's open currency position and, consequently, the Bank's exposure to foreign exchange rate risk.

Devaluation has a negative impact on the revaluation of forex transactions when selling foreign currency, and also puts certain pressure on capital adequacy ratios due to a simultaneous increase KZT equivalent of foreign currency assets while equity remains unchanged;

2) *change in market interest rates.*

In this scenario, the effect of a decrease/increase in market interest rates on the Bank's equity and the Bank's level of interest rate risk, including the level of the Bank's net interest income, is assessed. The value of debt securities accounted for in the portfolio FVOCI, is estimated in accordance with accepted international practice on the projected change in interest rates, taking duration into account;

3) *change in the price of financial instruments and real estate.*

In this scenario, the effect of a decrease in the market price of financial instruments and real estate on the Bank's level of price risk is assessed. The value of equity securities, commodity assets, derivative financial instruments accounted for in the FVTPL portfolio, and real estate on the Bank's balance sheet is decreased based on historical or hypothetical data.

Market risk stress testing is carried out according to the following procedures:

1) *collection and analysis of stress scenarios for the dynamics of macroeconomic indicators/factors capable of affecting the Bank's operations.*

Forecasts of macroeconomic indicators/factors are carried out taking into account the expert opinions of analysts from Halyk Finance JSC and/or other units within the Bank/Group;

2) *determination of assumptions regarding the dynamics of market indicators that affect the Bank's level of market risk.*

Based on the analysis of the forecast for the negative dynamics of macroeconomic indicators/factors, as well as taking into account the historical dynamics and volatility of market interest rates and the dynamics of financial instrument prices, assumptions are made regarding the volatility of fundamental market risk indicators (interest rates, the amount of national currency devaluation, stock indices);

3) *obtaining additional information necessary for conducting market risk stress testing of the Bank (budget indicators, plans for the placement/repurchase of securities, etc.).*

4) *construction of forecasts for the Bank's financial indicators (profit, prudential ratios, etc.) taking into account the implementation of stress testing scenario assumptions.*

The impact of changes in market interest rates on the Bank's profit and capital is carried out by adjusting interest income/expenses due to changes in market interest rates, the structure of interest-bearing assets and liabilities, as well as the calculation of the revaluation of the FVOCI securities portfolio.

The impact of the price dynamics of financial instruments and real estate on the Bank's profit and capital is carried out by calculating the revaluation of the securities portfolio FVTPL and the revaluation of the cost of real estate on the Bank's balance sheet.

The impact on the Bank's level of currency risk is assessed taking into account the national currency devaluation scenario, as a result of which, according to the Bank's estimates, the currency revaluation and the Bank's open currency position change, as well as taking into account the revaluation of the foreign currency securities portfolio FVOCI.

5.6. Capital risk stress testing

The result of the stress testing of risks based on a general economic scenario (credit risk, liquidity risk, market risk) is an assessment of their aggregate impact on the Bank's capital adequacy level and on the internal capital adequacy assessment process.

Forecasting the amount of the Bank's equity and the Bank's capital adequacy ratios in stress situations is carried out by conducting quantitative and qualitative assessments of changes in the balance sheet structure, equity, and profit of the Bank after the creation of new/additional provisions for impaired loans, the conversion of deposits by customers, an increase in income/expenses on interest-bearing assets/liabilities, negative revaluation of the securities portfolio (FVOCI and FVTPL) and real estate, etc.

The effect of the stress scenario on capital also takes into account the stress testing of fee and commission income, considering the influence of macroeconomic conditions. Within this approach, the size of the discount (as a percentage) used to adjust fee and commission income (actual and/or budgeted) is determined, including based on the calculation of the correlation between fee and commission income and stress testing parameters, historical data on the dynamics of fee and commission income/expenses, etc. The size of the discount used to adjust fee and commission income is approved within the stress testing scenarios.

5.7. Stress testing based on a specific scenario (using the sensitivity analysis method)

Stress testing based on a specific scenario (using the sensitivity analysis method) is based on assessing the impact of local stress factors, including those related to the specifics of the Bank's lending activities and the structure of its loan portfolio, and consists of determining the impact of changes in a single factor on the Bank's position.

Sensitivity analysis assesses the direct impact of changes in a given risk factor on the Bank's key financial indicators (the size and quality of the loan portfolio, profit, and the size and adequacy of capital).

Specific scenario(s), which include determining the dependence of changes in the Bank's financial indicators on changes in stress factor(s), are developed by the Bank's Risk Management Department based on the analysis of historical events, forecasts for the general economic and market conditions (prepared, among others, by experts from the Bank's subsidiary, Halyk Finance JSC, the Bank's risk profile, and recommendations from the Bank's management (if any).

Bank-specific stress scenarios cover situations that may arise as a result of actual and potential problems faced by the Bank, including those related to:

- 1) the quality of the Bank's assets;
- 2) the solvency of the Bank's customers (counterparties);
- 3) a significant downgrade of the Bank's credit rating;
- 4) the emergence of negative information about the Bank that affects the level of trust in the Bank.

Bank-specific stress scenarios allow for the assessment of cash flow behavior under severe stress conditions, including:

- 1) an increase in customer demands for the early withdrawal of time deposits;
- 2) non-renewability of interbank deposits;
- 3) lack of access to new secured or unsecured funding;
- 4) the possible need to sell liquid securities at a discount.

The time horizon for stress-testing when using the sensitivity analysis method is a period of up to one year.

The specific stress testing scenario (scenarios) and stress testing parameters, including those establishing the link (dependency) between a stress factor and a financial indicator, shall be submitted to the Bank's interested collegiate bodies: the Management Board for approval, the Risk Committee for coordination, and the Board of Directors of the Bank for confirmation. The confirmation of specific stress

testing scenarios is the exclusive competence of the Bank's Board of Directors, which confirms both the stress factors themselves and their quantitative changes in percentage or absolute terms.

Periodically, but at least once a year, the Bank assesses changes in the general economic and market conditions, as well as the Bank's risk profile, in order to evaluate the need to revise stress testing scenarios and parameters and to ensure that the nature and severity of the tested scenarios are consistent with the Bank's activities.

Calculations as part of stress testing for the main types of risks (credit, market, and liquidity risks) are carried out by the Bank's Risk Management Department taking into account the relationship established within a specific scenario between the dynamics of the stress factor changes and the dynamics of the Bank's financial indicator being assessed.

The calculation of the projected amount of provisions as part of stress testing is carried out by the Bank's Risk Management Department by applying the corresponding current provisioning rates to the projected portfolio size, broken down by loans in foreign currency and KZT, as well as to the NPL 90+ portfolio and the non-overdue and NPL 0-90 portfolio.

The results of stress testing based on a specific scenario are the values of financial indicators calculated as of the reporting date based on the interdependencies specified in the scenario, an assessment of the impact of their changes on the Bank's capital adequacy and liquidity, as well as a verification of the compliance of the results obtained with the requirements of the authorized body and the Bank's strategy.

The results calculated as part of stress testing are not cumulative (they reflect the influence of each specific factor individually, a single-factor sensitivity analysis) and may be realized with a certain probability within 12 months from the reporting date. The cumulative impact of stress factors is calculated as part of stress testing based on a general economic scenario through scenario (multi-factor) analysis.

The stress testing results and, if necessary, recommendations for minimizing the risks identified as a result of the stress-testing, are submitted by the Bank's Risk Management Department for review by the Bank's authorized bodies (the Management Board – for approval, the Risk Committee – for coordination, the Bank's Board of Directors – for approval).

5.8. Liquidity risk stress testing

Stress testing aimed at determining the required liquidity level during a stress period for each type of scenario allows for the identification of potential liquidity risk threats and the assessment of whether current liquidity risk exposure is adequate relative to the Bank's established liquidity risk appetite level.

The stress testing system includes an analysis of the types of stress testing used, stress testing scenarios, applicable assumptions, the methodological framework for verifying the stability of the liquidity adequacy ratio in the event of changes in market conditions, and management measures.

On a periodic basis, the Bank conducts stress testing based on various factors of short-term and long-term scenarios, focusing on both the Bank's specific characteristics and large-scale market stresses, as well as a combination of both scenarios, in order to analyze and quantitatively assess their impact on the liquidity level, the Bank's cash flows, profitability, and solvency.

Scenarios and assumptions cover situations that may arise as a result of actual and potential problems faced by the Bank. When developing stress testing scenarios and assumptions, the Bank includes in the scenarios all major funding and market liquidity risks to which it is potentially exposed.

The Bank considers short-term and prolonged, as well as idiosyncratic and market scenarios, regardless of how high the liquidity level is at the current moment.

The Bank adheres to a conservative approach when determining stress-testing assumptions. Based on the type and severity of the scenario, the Bank considers the appropriateness of a number of assumptions in relation to its activities, which include, but are not limited to, the following:

- 1) market-wide liquidity tightening;
- 2) outflow of retail and corporate funding;
- 3) lack of access to new secured and unsecured sources of funding;
- 4) the emergence of a need for significant discounts to sell assets and/or execute REPOs;
- 5) counterparty default, including in the interbank market;
- 6) currency convertibility restrictions;
- 7) the probability of establishing additional margin and collateral;
- 8) the probability of changes in funding terms;

- 9) liquidity intended for the fulfillment of contingent liabilities under off-balance sheet instruments and operations, including credit lines;
- 10) planned change in the volume of assets;
- 11) non-renewability of interbank deposits;
- 12) lack of ability to use credit lines provided to the Bank;
- 13) conversion of the Bank's customers' funds;
- 14) a decrease in the ability to realize liquid assets, taking into account legal, regulatory, operational, and time constraints;
- 15) limited access to funds of the authorized body and quasi-state sector companies;
- 16) a significant downgrade of the Bank's credit rating and its impact on triggers and covenants;
- 17) serious operational or settlement failures affecting one or more major payment or settlement systems;
- 18) the emergence of negative information about the Bank that affects the level of trust in the Bank.

The Bank takes into account the relationship between the reduction of market liquidity and funding constraints, and also considers the relationship between various types of risks.

The Bank conducts stress testing both in individual currencies and in aggregate across all currencies in which the Bank holds significant positions, and takes into account the interaction of liquidity risk with other types of risks inherent in the Bank's activities.

As an assessment of the impact of stress scenarios on the level of liquidity risk, assumptions regarding the outflow of customer funds due to unfavorable economic conditions in the Republic of Kazakhstan and a decrease in confidence in the banking system may be used.

The implementation of this assumption includes the following negative consequences:

- 1) a decrease in the volume of corporate deposits, including from customers with the highest concentration;
- 2) a decrease in the volume of deposits from individuals (outflow of retail funding).

Liquidity risk stress testing is carried out according to the following procedures:

- 1) *collection and analysis of stress scenarios for the dynamics of macroeconomic indicators/factors capable of affecting the Bank's operations.*

Forecasts of macroeconomic indicators/factors are carried out taking into account the expert opinions of analysts from Halyk Finance JSC and/or other units within the Bank/Group;

- 2) *determining assumptions regarding customer fund outflows.*

Based on the analysis of the forecast for the negative dynamics of macroeconomic indicators/factors, as well as taking into account the historical dynamics of the Bank's liquidity indicators and the volatility of liabilities to customers, assumptions are made regarding the volume of fund outflows of customers broken down by currency, operating sectors of customers and their legal status (household (individual) or legal entity);

- 3) *obtaining additional information necessary for conducting liquidity risk stress testing of the Bank (budget indicators, plans for the placement/repurchase of securities, etc.).*

If necessary, the Bank's Risk Management Department may request information required for stress testing from the responsible structural units of the Bank, including:

- liquidity volumes on the stock market and capital market (REPO operations, interbank loans/deposits);
- average market rates for raising funds on the stock market and capital market;
- volumes of debt instrument placements (new issue, additional placement);

- 4) *construction of forecasts for the Bank's financial indicators (high-liquid assets, prudential ratios, etc.) taking into account the implementation of stress testing scenario assumptions.*

The impact of customer fund outflows on the Bank's profit is carried out by adjusting the Bank's budgeted forecast income/expense indicators as a result of changes in the volumes of interest-bearing assets/liabilities.

The national currency devaluation scenario also affects the Bank's liquidity level; as a result of its implementation, according to the Bank's estimates, a certain portion of customers convert their deposits, which also impacts the Bank's liquidity.

The results of liquidity risk stress testing include an assessment of the effect of the outflow of the Bank's customers funds on:

- 1) the volume of liquid assets that is under pressure as a result of fulfilling obligations to pay out customers' funds;
- 2) the amount of liquidity gaps;

- 3) the Bank's profit, which changes as a result of a decrease in interest-bearing liabilities, and an assessment of the impact on solvency;
- 4) prudential regulatory liquidity ratios;
- 5) the Bank's liquidity risk appetite level;
- 6) internal liquidity adequacy assessment process.

The results of stress tests allow for the identification of sources of potential liquidity risk threats and the assessment of whether the current liquidity risk exposure remains adequate in relation to the Bank's established liquidity risk appetite level.

The results of the stress tests conducted are reviewed by the Bank's Board of Directors. Based on the results of the review, measures are taken, if necessary, to eliminate or mitigate the consequences in order to limit the impact on the Bank, create the necessary liquidity buffer, and adjust the liquidity level. Stress testing results play a key role in forming the Bank's funding plan and in determining the strategy and the ILAAP.

Information on the results of stress testing using the scenario analysis method

No.	Indicator	Stress testing scenario	Scenario parameters
1	2	3	4
1.	Liquidity Coverage Ratio	Outflow of deposits from legal entities and individuals - Outflow of 15%; Conversion of funds of legal entities denominated in KZT – 25%; Conversion of funds of individuals denominated in KZT – 10%;	
2.	Net Stable Funding Ratio		
3.	High-quality liquid assets		

The results of stress testing and the liquidity funding plan are taken into account during strategic planning and budget planning.

Annex 1
to Information (data) on risks taken and risk management procedures and
capital of Halyk Bank JSC as of 1 January 2026.

Capital adequacy ratio values, taking into account the conservation buffer and the systemic buffer

No.	Name	Minimum allowable level of capital adequacy ratios, taking into account the conservation buffer and the systemic buffer (%)	Actual level of capital adequacy ratios, taking into account the conservation buffer and the systemic buffer (%)
1	2	3	4
1.	Core capital adequacy (k1)	9.5%	18.9%
2.	Tier 1 capital adequacy (k1-2)	10.5%	18.9%
3.	Own capital adequacy (k2)	12.0%	18.9%

Annex 2
to Information (data) on risks taken and risk management procedures and
capital of Halyk Bank JSC as of 1 January 2026.

Information on the bank's assets exposed to credit risk

(KZT, thousands)

No.	Name	Claims in default [2]	Claims with overdue debt on the principal and (or) accrued remuneration exceeding 90 (ninety) calendar days [3]	Claims not in default [4]	Claims with overdue debt on the principal and (or) accrued remuneration not exceeding 90 (ninety) calendar days [5]	Provisions (reserves)	Net carrying amount of assets [6]
1	2	3	4	5	6	7	8
1	Loans[1]	1,152,678,978	714,679,996	12,440,060,866	315,173,669	679,639,612	12,913,100,232
2	Debt securities	0	0	3,354,040,050	0	2,370,179	3,351,669,871
3	Off-balance sheet liabilities [7]	113,865,901	396,004	4,003,590,887	11,646,017	13,104,786	0
4	Total:	1,266,544,879	715,076,000	19,797,691,803	326,819,685	695,114,577	16,264,770,103

Notes:

- Loans and off-balance sheet liabilities are presented as the sum of principal, remuneration, and discounts/adjustments
- Claims in default consist of loans and off-balance sheet liabilities in Stage 3.
- Claims with overdue debt on the principal and (or) accrued remuneration exceeding 90 (ninety) calendar days - loans/off-balance sheet liabilities with overdue debts exceeding 90 days (DPD 90+)
- Claims not in default consist of loans and off-balance sheet liabilities in Stages 1 and 2.
- Claims with overdue debt on the principal and (or) accrued remuneration not exceeding 90 (ninety) calendar days - loans/off-balance sheet liabilities with overdue debts not exceeding 90 days (DPD 1-90)
- Net carrying amount of assets consists of the sum of principal, remuneration, and discounts/adjustments less provisions
- Off-balance sheet liabilities consist of guarantees, letters of credit, and undrawn balances on credit lines

Annex 3
to Information (data) on risks taken and risk management procedures and
capital of Halyk Bank JSC as of 1 January 2026.

Information on credit risk

No.	Name	Total [1]	Unsecured claims [2]	Secured claims [3]	Claims secured by guarantees[4]	Claims secured by derivative financial instruments[5]
1	2	3	4	5	6	7
1	Loans	12,913,100,232	4,562,452,740	7,239,884,243	1,110,763,249	-
2	Debt securities	3,351,669,871	3,131,993,867	10,011,298	209,664,706	-
3	Total, of which:	16,264,770,103	7,694,446,607	7,249,895,541	1,320,427,956	-
4	Claims in default [6]	583,630,497	240,042,541	337,940,011	5,647,946	-

Notes:

1. Loans are presented as the sum of PD, remuneration, and discounts/adjustments less provisions
2. Unsecured claims consist of loans from the unsecured loan portfolio ("Narodnaya" program), credit cards, and CB-SME loans without collateral security
3. Secured claims consist of loans from the mortgage lending portfolio, consumer lending, and CB-SME loans with provided collateral
4. Claims secured by guarantees consist of KB-SME loans secured exclusively by guarantees
5. Claims secured by derivative financial instruments are absent
6. Claims in default consist of loans located in Stage 3, with corresponding classification by collateral

