

# ANNUAL REPORT



SUSTAINABLE BUSINESS

# 2021



KAZAKHSTAN  
HOUSING  
COMPANY



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# Key indicators at the end of 2021

## SUPPORT FOR HOUSING SUPPLY

Local executive bodies bonds worth KZT

**183.7**

billion were purchased under "Nurly Zher" Program

Subsidy agreements on loans of private developers for KZT

**11**

billion have been concluded



70 guarantees were issued for the completion of construction for KZT

**372.6**

billion 1,994 thousand m<sup>2</sup>, 21,080 apartments

Urban development investment project "G4 City" was financed in the amount of KZT

**31.1**

billion

## SUPPORT FOR HOUSING DEMAND

Acquired the rights of claim on mortgage loans in the amount of KZT

**48.8**

million

1,761 mortgage loans worth KZT

**23.5**

billion were issued under the Orda program

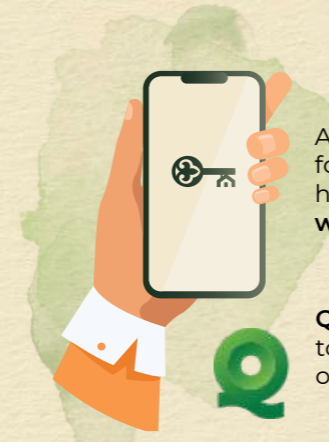
742 apartments for KZT

**8.8**

billion were provided for rent with purchase



## DEVELOPMENT OF INFORMATION TECHNOLOGIES AND ANALYTICS



An online platform for building materials has been created [www.material.kz](http://www.material.kz)

**Qazreestr** was transferred to trust management of the Company

**Home Portal** has been created for individuals and current clients of the Company

In "Nurly Zher" Command center, a module for coordinating the financing of local executive bodies projects for the construction of credit housing has been **created online**

## SOCIALLY ORIENTED AND ANTI-CRISIS PROGRAMS



Local executive bodies bonds worth KZT

**74.6**  
billion

were purchased as part of Employment Roadmap for 2020-2021

49 parking spaces and 5 non-residential premises for KZT

**50**  
billion

were sold on the territory of EXPO-2017



## FINANCIAL INDICATORS

Net profit – KZT

**5.2**

billion

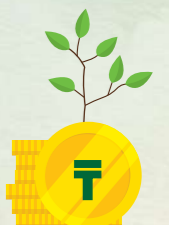
Assets – KZT

**1,425**

billion

ROA – 0,4%

ROE – 2,5%



## Message of the Chairman of Board of Directors



**KANAT SHARLAPAYEV**

The Chairman of Board of Directors  
"Kazakhstan Housing Company" JSC

### Dear ladies and gentlemen!

2021 was the beginning of a new stage of development of "Kazakhstan Housing Company" JSC. Having crossed the 20-year milestone, already in the status of a Single housing construction operator, the Company combined all the products and services of three companies and ensured uninterrupted implementation of state programs.

The adopted Business plan for 2021-2023 has become a solid foundation for the successful business activity of the Company. Over the past year, we have managed to achieve significant results.

The volume of housing being commissioned due to our supply support tools doubled the planned figures and amounted to 2.4 million square meters of housing for 30 047 families.

As part of the demand support tools, the Company provided housing for 2 503 families.

The company strives to provide a multifaceted approach to solve housing issue and balanced development of the housing market extensively using information technology.

Housing affordability for citizens is an important factor in the socio-economic development of Kazakhstan. The government carries out a wide range of measures aimed at improving the provision of housing for the population.

In Kazakhstan, there remains a need to support and stimulate housing construction in affordable price segments, as well as using additional measures to support demand.

Taking into account the tasks assigned to "Kazakhstan Housing Company" JSC

in 2022, the Company, together with Sole Shareholder – "Baiterek" National managing holding" JSC and the Government of the Republic of Kazakhstan, will continue to work on housing construction financing and mortgage lending development.

I appreciate our clients and partners for fruitful co-operation. I wish you financial stability and prosperity!

**Kanat Sharlapayev**

The Chairman of Board of Directors  
"Kazakhstan Housing Company" JSC

## Message of the Chairman of Management Board



**RUSTAM ISAYEV**

Chairman of the Management Board  
"Kazakhstan Housing Company" JSC

### Dear customers, partners and colleagues!

In a difficult "covid" period, we have done a lot of work on the institutional development of "Kazakhstan Housing Company" JSC and strengthening our position as a Single housing construction operator. The Strategy chosen in 2020 has become a solid foundation for the successful business activity of the Company.

In 2021, as part of the housing supply support, the Company repurchased bonds of local executive bodies in the amount of KZT 183.7 billion to finance the construction of credit housing. To protect the interests of shareholders, 70 guarantees were issued in order to finish construction for a total amount of KZT 372.6 billion. Subsidy agreements have been made with developers for a total amount of loans of KZT 11 billion.

As part of the support for housing demand, the Company issued 1,761 mortgage loans in the amount of KZT 23.5 billion under the Orda program. Within the framework of "Nurly Zher" Program, 742 apartments were sold for rent with subsequent purchase in the amount of KZT 8.8 billion.

In order to support Kazakhstani manufacturers of building materials and increase the Kazakh content in housing construction, the Company created an online platform for building materials in 2021 [www.material.kz](http://www.material.kz) within the framework of "Nurly Zher" Program. Home Portal information system has also been created and is currently undergoing functional testing - [test.homeportal.kz](http://test.homeportal.kz) (beta version).

Within the framework of the Employment Roadmap for 2020-2021, the Company repurchased of securities of local executive bodies in the amount

of KZT 751.7 billion, 6,743 infrastructure projects were implemented with these funds, which provided employment for about 250 thousand people.

#### Sustainable development

"Kazakhstan Housing Company" JSC is focused on balanced sustainable development and creating value for a wide range of stakeholders in the long term. The Company strives to effectively manage the effect of its activities on the environment, economy, society and makes decisions taking into account interests of stakeholders.

The main value of the company is definitely its employees. The Company is guided by the principle of providing equal opportunities and does not discriminate against its employees when hiring, paying, providing access to training, or promotion.

In 2021, the Company approved a new edition of Sustainable Development Policy, which defined the directions of sustainable development activities until 2050, and also approved Activity Plan for the implementation of Sustainable Development Policy for 2022.

Like many other companies in the pandemic, we had to overcome a number of difficulties, but fortunately, everything went without significant losses. And most importantly, we have preserved our key resource – our employees.

I appreciate my clients, partners and Sole Shareholder for their trust, and the employees of the Company for their high professionalism and the results achieved in 2021.

**Rustam Isayev**  
Chairman of the Management Board  
"Kazakhstan Housing Company" JSC

## Key events of 2021

### January

- On January 18, "Kazakhstan Mortgage Company" Mortgage organization" JSC repurchased 40,000,000 of its bonds KZ2C00005973 (BTDVb1) on KASE in the amount of KZT 40.2 billion.
- On January 18, "Kazakhstan Mortgage Company" Mortgage organization" JSC repurchased 25,000,000 of its KZ2C00006179 (BTDVb2) bonds on KASE in the amount of KZT 26.0 billion.
- Single housing construction operator has received a new name – "Kazakhstan Housing Company" JSC (hereinafter – the Company).

### February

- On February 24, "Kazakhstan Housing Company" JSC raised KZT 14.3 billion on KASE by placing 5-year bonds KZ2C00006393 (KZIKb30) with a coupon rate of 11% per annum.

### March

- On March 12, "Kazakhstan Housing Company" JSC raised KZT 15.0 billion on KASE by placing bonds KZ2C00006393 (KZIKb30) with a coupon rate of 11% per annum.

### April

- On April 1, "Kazakhstan Housing Company" JSC raised KZT 1.3 billion on KASE by placing bonds KZ2C00007086 (KZIKb32).

### May

- On May 28, "Kazakhstan Housing Company" JSC paid dividends on ordinary shares KZ1C00000637 (KZIK) for 2020 in the amount of KZT 6.1 billion.

### June

- In June 2021, Isayev Rustam Muratovich was appointed the Chairman of Management Board of the Company.
- Eurasian Development Bank and "Kazakhstan Mortgage Company" MO" JSC signed loan agreements for a total amount of 3.5 billion rubles for the implementation of the state program to provide affordable housing for the population.
- The company becomes the trustee of the Unified information system of equity participation in housing construction "Qazreestr". The main purpose of Qazreestr is the automated collection (input), processing, updating, storage and analysis of information in the field of state registration of accounting shares in housing construction based on the usage of modern information technologies.

### July

- The company has been given the function of subsidizing loans to developers from "DAMU" Entrepreneurship Development Fund" JSC.

## Key events of 2021

### September

- Assigned a credit rating on the international scale — BBB+, the forecast is "Negative", on the national scale — AA+ (RU), the forecast is "Stable" from the rating agency ACRA JSC.

### October

- On October 27, "Kazakhstan Housing Company" JSC raised KZT 50.0 billion on KASE by placing ten-year bonds KZ2C00007839 (KZIKb36) with a coupon rate of 7.02% per annum.
- Comprehensive study of effectiveness of technical characteristics of the constructed social housing and the satisfaction of the population with housing purchased under the state housing programs of the Republic of Kazakhstan was conducted.

### November

- The international rating agency Moody's has confirmed long-term and short-term ratings of the Company in national and foreign currencies at the level of "Baa3", as well as rating of the emitent on the national scale at Aa2.kz. The forecast is "Stable".
- Fitch Ratings confirms long-term default Ratings (hereinafter referred to as IDR) of the Company in foreign and national currencies at "BBB" level with a "Stable" forecast. The short-term IDR in foreign currency is confirmed at the "F2" level. Fitch also confirmed long-term rating of the Company's outstanding priority debt obligations at the BBB level.

### December

- The company financed urban development investment project "G4 City" in Almaty region in the amount of KZT 31.1 billion.
- "Home Portal" information system has been created for individuals and current clients of the Company.
- E-commerce platform for construction materials" information system has been created ([www.material.kz](http://www.material.kz)) within the framework of "Nurly Zher" state program of housing and municipal development for 2020-2025 (hereinafter - "Nurly Zher" Program).





# About the Company

"Kazakhstan Housing Company" Joint Stock Company (former name "Kazakhstan Mortgage Company" Mortgage organization") It was established in 2000 in accordance with the resolution of Board of the National Bank of the Republic of Kazakhstan in order to implement the Concept of long-term financing of housing construction and development of mortgage lending.

In 2020, by order of the Head of State Kassym-Jomart Tokayev, "Kazakhstan Mortgage Company" Mortgage organization" JSC was reorganized by joining "Baiterek Development" JSC and "Housing Construction Guarantee Fund" JSC.

"Baiterek Development" JSC (until 2014 – JSC "Distressed Assets Fund") performed the functions of the financial operator of "Nurly Zher" Program in the direction of financing the construction of credit housing through the purchase of government securities of local executive bodies, as well as monitoring the progress of construction of credit housing. Other activities of the company were the implementation of investment projects in the construction industry, the completion of activities initiated as part of the anti-crisis measures of 2009-2010, and EXPO-2017 projects.

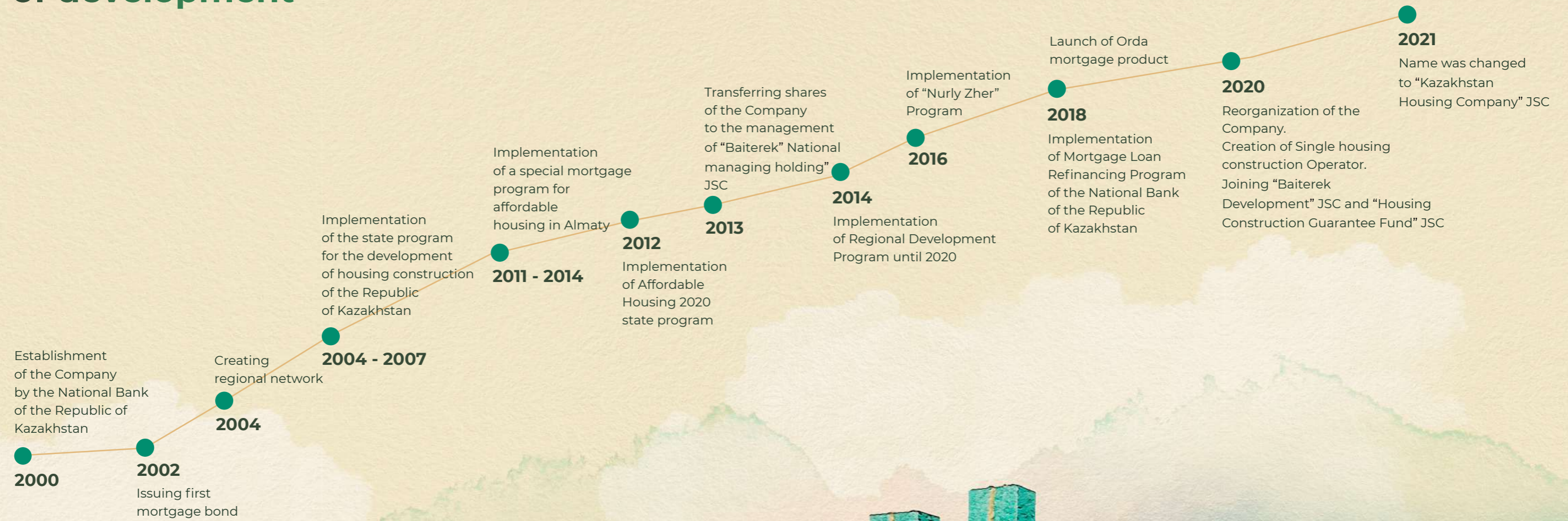
"Housing Construction Guarantee Fund" JSC was established in 2016 on the basis of the previously operating Kazakhstan Mortgage Guarantee Fund JSC. The task of the fund was to create an effective mechanism to protect rights and interests of shareholders by guaranteeing the completion of shared-equity construction projects.

As a result of the reorganization, the activities were optimized, duplicate functions within "Baiterek" NMH" JSC were eliminated and administrative costs were reduced.

In accordance with the Development Strategy for 2021-2023, after the reorganization, the Company became Single Housing Construction Operator and in January 2021 it changed its name to "Kazakhstan Housing Company" JSC.

In 2021, the Company combined all the products and services of three companies and ensured the continuity of activities and implementation of government programs.

# History of development



# Business model of the Company

## CAPITAL

### Financial Resources

KZT **1,425** billion assets

KZT **220** billion equity

KZT **1,528** billion portfolio borrowings

Market sources - **7%**

Government sources - **93%**

### Human capital assets

**190** people

### Social - reputation capital

Unified Housing Operator

## STRATEGY

### Mission

Providing the population of Kazakhstan with affordable and high-quality housing

### Vision

Key development institution to provide the people of Kazakhstan with affordable housing

### Goals

1. To increase the volume of housing by stimulating the private sector and become a "single window" for servicing developers
2. To increase the availability of housing for citizens of Kazakhstan
3. Digitalization of products of the Company and development of analytics
4. Creating jobs and ensure timely return of allocated funds

### Sustainable development goals



## OPERATIONAL CYCLE

### DIGITAL BAITEREK



## RESULTS

**24.9%** contribution of the Company in construction of multi-apartment housing in the country

**2.4** million sq. m of housing | **30,047** apartments commissioned at the expense of support tools of the company

KZT **5.2** billion net profit

KZT **6.1** billion dividends for 2020 (100% of net profit)

**0.4%** ROA

KZT **3.9** billion, CIT

**87%** index of confidence in the Company's activities

# Organizational structure





# Overview of the external environment

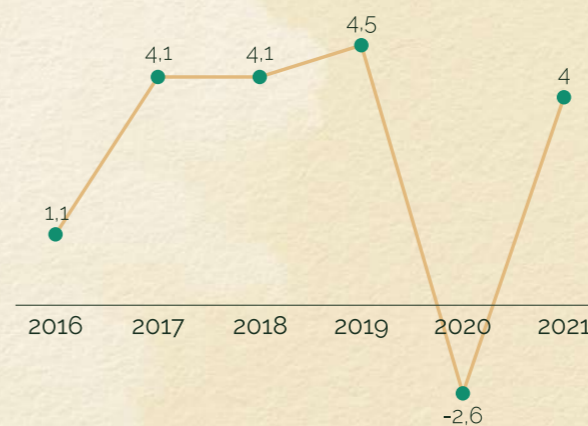


## Macroeconomic overview

2021 was the year of recovery from the "corona-crisis". Countries with access to vaccines have a better chance of returning to a "pre-covid" lifestyle, normalization of economic activity, and, consequently, recovery of economic sectors. While countries where the vaccine is difficult to access are still facing massive outbreaks of COVID-19 and are forced to apply quarantine measures, they have less chance of economic recovery. However, in 2021, the level of uncertainty in the global economy remained high.

According to IMF forecasts, global economic growth in 2021 was expected at 6.0%. Service sector has not yet fully recovered due to the continued quarantine measures in the countries. Tourism sector continues to suffer greatly due to closed borders. By the end of 2021, GDP of Kazakhstan grew up by 4%, which is largely due to the recovery period after the recession of 2020, when GDP decreased by 2.6%. At the same time, manufacturing industry grew up by 5.5%, construction industry grew up by 7.6%. There is also a positive trend in the service sector. At the same time, trade increased by 9.2%, transport industry - by 3.6%<sup>1</sup>.

GDP, %



Source: BNS of ASPaR of RK

Inflation, %



Source: BNS of ASPaR of RK

<sup>1</sup> Speech of the Head of State at the enlarged meeting of the Government on February 8, 2022. Official website of the President of the Republic of Kazakhstan / Speeches. Access mode: <https://akorda.kz/ru/vystuplenie-glavy-gosudarstva-na-rasshirennom-zasedanii-pravitelstva-812257>

Contrasted with the background of the rapid recovery of the global economy, the intensification of demand in 2021 for raw materials, materials and food, with ongoing supply problems, logistics chains that have not fully recovered as a result of ongoing quarantine measures, has led to high inflation in many countries of the world.

Kazakhstan has not become an exception in this global trend, as inflation in the country in 2021 reached 8.4%, including for food products – by 9.9%, non-food products - by 8.5%, paid services – by 6.5%<sup>2</sup>.

Forecasts of economic growth in 2022

A country	The World Bank	IMF	Ministry of National Economy
World economy	4,1%	4,9%	-
Kazakhstan	3,7%	3,8%	3,9%

However, due to the pressure of anti-Russian sanctions on the economy of Kazakhstan, forecasts may be revised downwards. Inflation, also after the weakening of the national currency against the

dollar, may be higher than forecast values, since Kazakhstan imports, including food products, which will exert pro-inflationary pressure.

## Overview of housing and construction sector

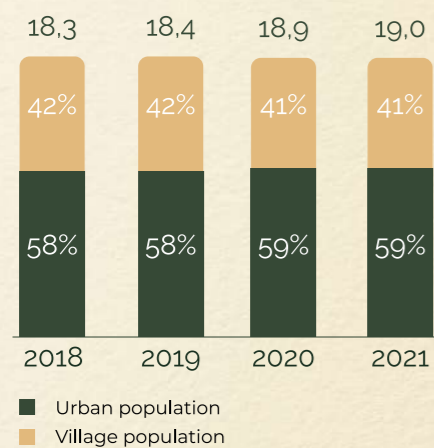
According to the data of BNS of ASPaR of RK, the population in Kazakhstan for the period from 2018 to 2021 increased by 4% and amounted to 19 million people. At the same time, in 2018-2021, there is a moderate increase in the share of the urban population.

The total area of commissioned housing in 2021 amounted to 17.1 million m<sup>2</sup>, which is 33% more than in 2019.

In 2021, most of the housing was commissioned by developers – 86% (14.7 million m<sup>2</sup>). At the expense of state sources, 14% of housing was commissioned (2.4 million m<sup>2</sup>).

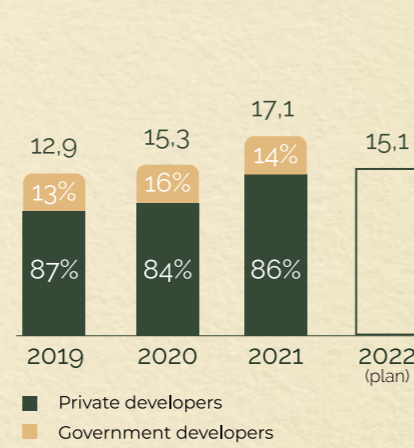
In 2021, housing stock of the country amounted to 388 million m<sup>2</sup>, which is 6.6% more than in 2019. Private housing stock accounted for 98% of the total in 2019-2021.

Population dynamics in RoK, million people



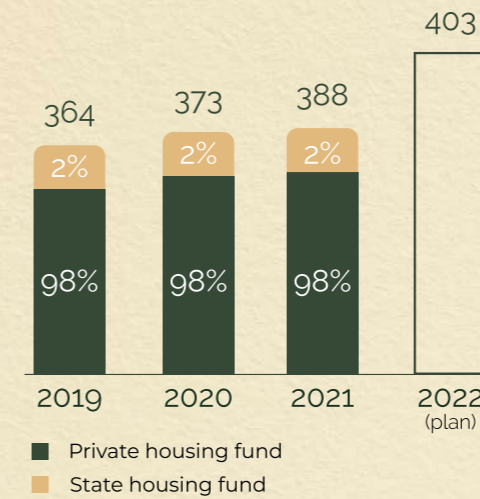
Source: BNS of ASPaR of RK

Area size of the housing placed in operation million sq. metre



Source: BNS of ASPaR of RK

Housing facilities, million sq. m.



Source: BNS of ASPaR of RK

In 2021, there was a high increase in prices for primary housing. Compared to 2020, prices have increased by 17.4%. A significant increase in prices for primary housing in 2021 was recorded in the following cities:

- Oskemen – 34.3%;
- Kostanay – 23.8%;
- Nur-Sultan – 22.0%;
- Uralsk – 17.3%;
- Kyzylorda – 16.9%.

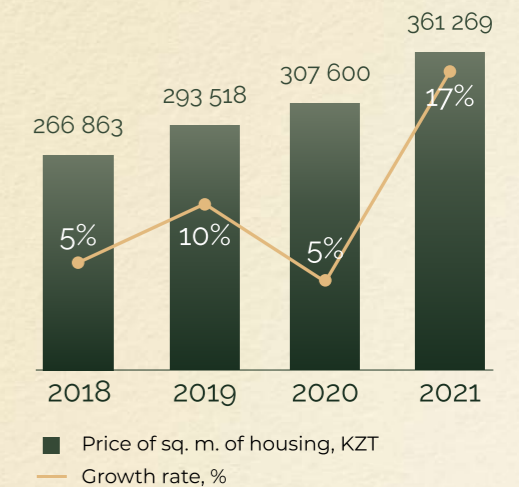
A similar trend is observed in the secondary housing market. In 2021, the price of 1 m<sup>2</sup> in the secondary market increased by 27% compared to 2020. By region, prices have increased significantly in cities such as:

- Uralsk – 54.3%;
- Kyzylorda – 37%;
- Oskemen – 34.5%;
- Nur-Sultan – 34.3%;
- Karaganda – 32.8%;
- Taldykorgan – 31.9%;
- Shymkent – 31.3%.

In 2021, the average monthly nominal salary was KZT 276 thousand, which is 30% higher than in 2020.

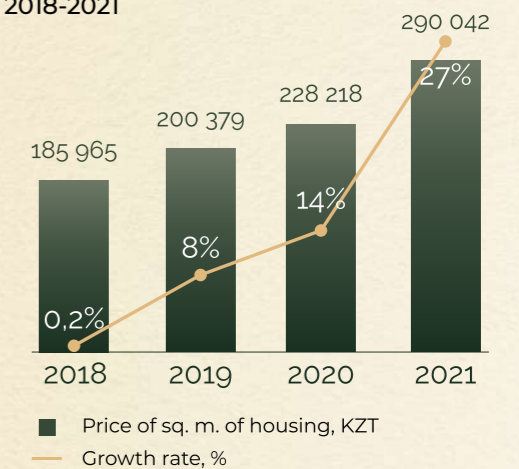
Thus, taking into account the dynamic price growth, both in the primary and secondary markets, there is a need to support and stimulate housing and construction sector in affordable price segments, as well as additional measures to support demand.

Price of 1 sq.m. of primary housing in RoK for 2018-2021



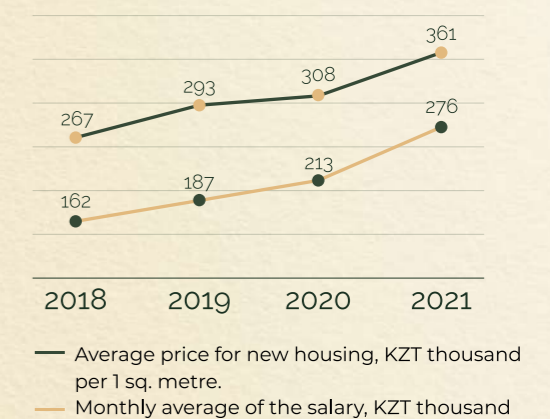
Source: BNS of ASPaR of RK

Price of 1 sq.m. of secondary housing in RoK for 2018-2021



Source: BNS of ASPaR of RK

Earnings-growth rate of population and prices for housing



Source: BNS of ASPaR of RK

<sup>2</sup> Data of BNS of ASPaR of RK

# Mortgage lending market overview

According to the National Bank of the Republic of Kazakhstan, as of December 31, 2021, total mortgage portfolio of the Republic of Kazakhstan amounted to KZT 3,383 billion, including:

- Otbasy Bank JSC – KZT 2,084 billion (62%);
- STB (net of Otbasy Bank) – KZT 1,238 billion (37%);
- Mortgage organizations – KZT 61 billion (2%).

Since the beginning of 2021, total mortgage portfolio has increased by 39%. The growth of mortgage portfolio of STB excluding Otbasy Bank JSC amounted to 23% mainly due to "7-20-25", "Baspana Hit" and "Orda" programs, while the portfolio of Otbasy Bank JSC increased by 53%.

The total mortgage portfolio of STB, including Otbasy Bank JSC, as of December 31, 2021 amounted to KZT 3,322 billion. The growth rate since the beginning of 2021 was 40%, mainly due to the use of pension savings to improve housing conditions.

According to the National Bank of Kazakhstan, mortgage loans in the amount of KZT 1,746 billion were issued in 2021, of which:

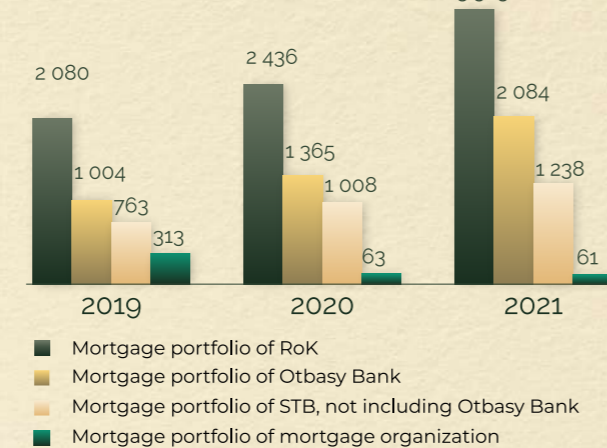
- Otbasy Bank JSC 82 thousand loans in the amount of KZT 1,235 billion;
- Loans in the amount of KZT 187 billion were issued under "7-20-25" program;
- Loans in the amount of KZT 237 billion were issued under Baspana Hit program;
- Loans in the amount of KZT 23.5 billion were issued under Orda program.

The share of Orda mortgage program in the total volume of mortgage loans issued is 1.3%, 7-20-25 program is 10.7%, Baspana Hit is 13.6%, Otbasy Bank is 70.7%, and the share of STB loans (own programs) was 3.6%.

Orda mortgage program was completed by the Company in 2021, and 7-20-25 program will be completed in 2022 after reaching the limit of KZT 1 trillion (as of April 18, 2022, KZT 534 billion was issued).

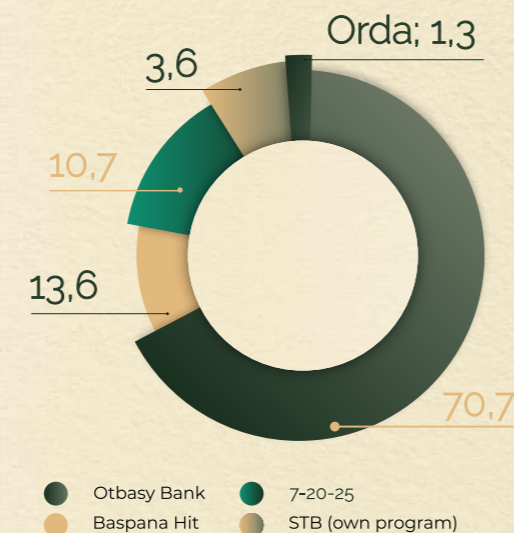
In 2021, weighted average interest rate on loans issued to STB for construction and purchase of housing for citizens amounted to 8.2%, which is 0.4% higher than in 2020.

Mortgage portfolio of RoK, KZT billion



Source: National Bank of Kazakhstan

Company's share in total volume in loan granting, %



Source: National Bank of Kazakhstan

Average weighted remuneration rate on banks issued loans on construction and housing, %



Source: National Bank of Kazakhstan

# Overview of housing affordability

The provision of housing for the population in 2021 was 23.2 m<sup>2</sup> per 1 person, while UN social standard is 30 m<sup>2</sup> per person.

For example, the level of housing security in developed countries, such as the USA and Germany, is 70 m<sup>2</sup> and 50 m<sup>2</sup> per person, respectively.

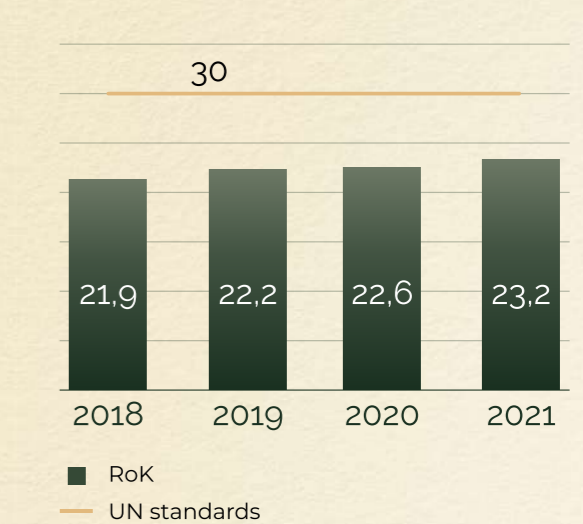
There are housing affordability indices that determine the amount of time needed to purchase standard housing – HPI index (Housing price-to-income ratio) and the ability of the population to purchase standard housing with a mortgage, HAI index (Housing Affordability Index)<sup>3</sup>.

According to UN standards, housing is considered affordable if it takes less than 3 years to purchase an apartment with an average area and cost, medium-affordable - from 3 to 4 years, inaccessible – more than 5 years.

According to the calculations of HPI index, it will take 5.9 years for one working citizen of Kazakhstan to buy a standard apartment with an area of 54 m<sup>2</sup> (HPI1), provided that all income will be directed to the purchase of housing.

To buy the same apartment, an average Kazakh family (3 people) will need 4.1 years (HPI2), provided that all income will be directed to the purchase of housing. However, no average family can direct all income to purchase an apartment for several years. If we assume that a family can send no more than

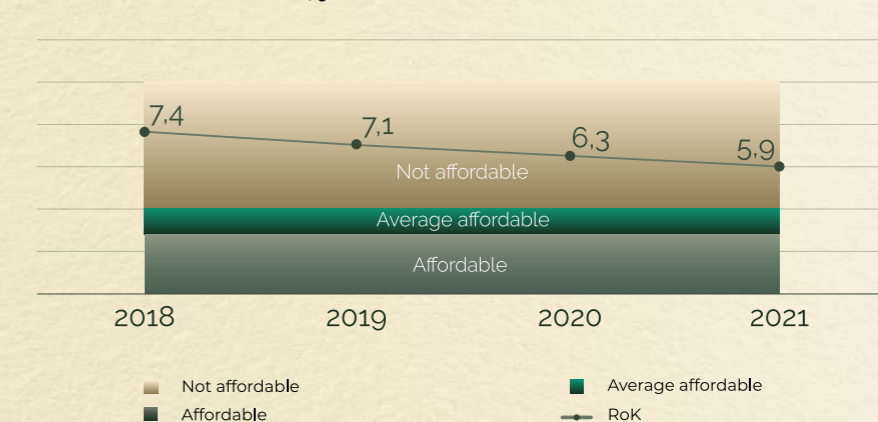
Housing per capita, m<sup>2</sup> on 1 person



Source: BNS of ASPaR of RK

1/3 of the total family monetary income per year, that is, minus consumer expenses, while maintaining normal living conditions, then the average family will need 8.6 years (HPI3) for the purchase of a standard apartment.

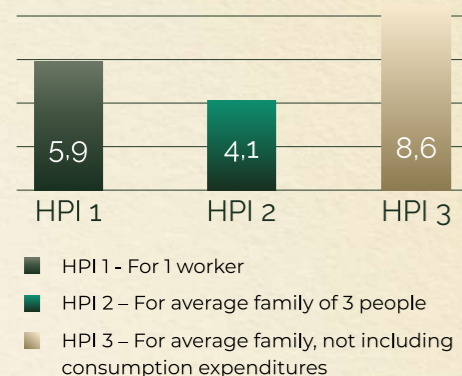
Comparison of housing affordability: RoK and UN standards, years



Source: BNS of ASPaR of RK

<sup>3</sup> HAI index was developed by the National Association of Realtors of the USA

The number of years that one needs to buy a standard house in RoK



There is also **Housing Affordability Index (HAI)**, which determines the ability of a family to purchase standard housing with a mortgage.

$$HAI = \frac{\text{The share of income that a household can direct to mortgage payments (30%)*}}{\frac{\text{Average per capita nominal cash income*3*12/}}{\text{(12*Monthly mortgage payment amount)}}}$$

The higher the index value (it should be more than 100), the more affordable housing is for a family with its income level under existing mortgage conditions, that is, if the indicator is above 100, the mortgage is affordable, if the indicator is below 100, the mortgage is unavailable.

Calculations of HAI indicator showed that in the context of decile (10 percent) groups by income of the population, conditions of Orda program are available only to 10% of the citizens of our country, that is, to a group of the population with high incomes, and Otbas Bank ("Own house"), Baspana Hit and Mortgage from second tier bank programs are considered not available.

At the same time, "7-20-25" preferential mortgage is valid for social categories of citizens, as well as within the framework of "Nurly Zher" Program, Bakytty Otbas Program (2-10-18) and (5-20-25).

Source: BNS ASPaR of RK and calculations of "Kazakhstan Housing Company" JSC

Index of availability of market mortgage products issued in 2021 by decile groups of the population of the Republic of Kazakhstan:

Deciles (1 is the poorest group of the population and 10 is the richest group of the population)	HAI indicator			
	"Orda"*	"Otbas Bank" (Your house)**	"Baspana Hit"***	Mortgage from second tier bank****
1	17	17	15	11
2	22	21	19	14
3	25	24	21	16
4	28	26	24	18
5	31	30	27	20
6	35	34	30	23
7	41	39	35	27
8	48	46	41	32
9	60	58	52	40
10	103	99	89	68

\* remuneration rate of 12%, initial payment of 30%, term of 20 years;

\*\* subject to the accumulation of 50% over 3 years with an estimated indicator of 16 (interest rate of 5%, initial payment of 50%, term of 6 years);

\*\*\* interest rate is 10.75%, initial payment is 20%, term is 15 years;

\*\*\*\* remuneration rate of 16%, initial payment of 20%, term of 15 years.





# Development strategy



## Mission:

Providing the population of Kazakhstan with affordable and high-quality housing.



## Vision:

Key development institution to provide people of Kazakhstan with affordable housing.

## Strategic areas of activity

### 1 Support for housing supply

**Purpose:** Increase the volume of housing construction by stimulating the private sector and become a "single window" for developers.

**Tasks:**

1. financing of housing construction through the purchase of local executive bodies bonds;
2. guaranteeing equity participation in housing construction;
3. subsidizing loans to developers<sup>4</sup>;
4. financing investment projects;
5. development of rental housing market without redemption;
6. master developer of complex development of microdistricts;
7. renovation of dilapidated housing.

### 2 Support for housing demand

**Purpose:** To increase the availability of housing for citizens of Kazakhstan.

**Tasks:**

1. acquisition of mortgage rights of claims and securitization;
2. issuance of mortgage loans through agent banks;
3. provision of rental housing with redemption within the framework of "Nurly Zher" Program.

### 3 Development of information technologies and analytics

**Purpose:** Digitalization of products of the Company and development of analytics.

**Tasks:**

1. "Nurly Zher" Command center;
2. marketplace of building materials;
3. Home portal.

### 4 Socially oriented and anti-crisis programs

**Purpose:** Create workplaces and ensure timely return of allocated funds.

**Tasks:**

1. redemption of bonds of local executive bodies as part of Employment Roadmap for 2020-2021;
2. return of funds allocated for EXPO-2017 projects and other real estate objects;
3. return of funds from Halyk Bank of Kazakhstan JSC and Development Bank of Kazakhstan JSC.

<sup>4</sup> Transferring instrument for subsidizing loans to developers from "DAMU" Entrepreneurship Development Fund" JSC to the Company was carried out on July 1, 2021

# Strategic map of the Company

<b>Mission:</b> Providing the population of Kazakhstan with affordable and high-quality housing <b>Vision:</b> Key development institution to provide the people of Kazakhstan with affordable housing				
Customers	Support for housing supply	Support for housing demand	Development of information technologies and analytics	Socially-oriented and anti-crisis programs
	<ul style="list-style-type: none"> <li>Financing of housing construction through the purchase of LEB bonds</li> <li>Guaranteeing equity participation in housing construction</li> <li>Subsidizing loans to private developers</li> <li>Financing investment projects</li> <li>Development of the rental housing market without redemption</li> <li>Master developer of complex development of microdistricts</li> <li>Renovation of dilapidated housing</li> </ul>	<ul style="list-style-type: none"> <li>Acquisition of mortgage rights of claims and securitization</li> <li>Issuance of mortgage loans through agent banks under Orda program</li> <li>Provision of rental housing with redemption within the framework of "Nurly Zher" Program</li> </ul>	<ul style="list-style-type: none"> <li>"Nurly Zher" Command center (research and analytics)</li> <li>Building materials marketplace</li> <li>Home Portal (My Home Portal)</li> </ul>	<ul style="list-style-type: none"> <li>Redemption of LEB bonds as part of the Employment Roadmap for 2020-2021</li> <li>Return of funds allocated for EXPO-2017 projects</li> <li>Return of funds from Halyk Bank of Kazakhstan JSC and Development Bank of Kazakhstan JSC</li> </ul>
	Become a "single window" of a customer service			
Finance	Be financially stable			
	Optimize operating expenses			
Internal business-processes	Optimization of corporate business processes			
	Development of housing policy and become a Master developer of integrated development of microdistricts			
	Interaction with government agencies and LEB on community development and the creation of social facilities to ensure a harmonious life of the population of Kazakhstan			
	Building effective relationships with stakeholders			
Organizational capabilities	Creating a corporate culture	Become the best employer		Creating new competencies and capacities
	The best price/quality ratio of housing		Digital technologies, data analysis	

## Geography of activity of the Company

Support tools of the Company extend to all regions of Kazakhstan. At the same time, in 2021, geography of the Company's presence in the housing market of Kazakhstan was as follows.



# KPI performance based on the results of 2021 and planned KPI until 2023

In order to assess effective business activities of the Company, the Company continuously monitors and analyzes achievement of its goals by using the following key performance indicators:

Nº	KPI	Calculation methodology	Plan of 2021	Fact of 2021	Performance, %	Plan of 2022	Plan of 2023
<b>Strategic direction 1: Support for housing supply</b>							
Purpose: To increase the volume of housing construction by stimulating private sector and to become a "single window" for developers							
1.	Company's contribution to the construction of affordable housing in the Republic of Kazakhstan (%)	The volume of housing commissioning due to instruments of the Company for the reporting year/ The volume of housing commissioning (multi-apartment residential buildings) total for the Republic of Kazakhstan for the reporting year	12,7	24,9	196	10,7	13,0
2.	The volume of housing commissioning, at the expense of instruments of the Company (thousand sq. m)	The amount of housing commissioned according to the acts of commissioning/technical passport for the reporting year	988	2 428	246	906	1 190
<b>Task 1. Financing housing construction through the redemption of bonds of local executive bodies</b>							
3.	Redemption of local executive bodies securities to finance housing construction (KZT billion)	The amount of redemption of local executive bodies bonds	109,6	183,7	168	108,6	110,4
<b>Task 2. Guaranteeing equity participation in housing construction</b>							
4.	The volume of issued warranty obligations (KZT billion)	The volume of accepted guarantee obligations for shared-equity construction	97,2	372,6	383	97,2	97,2
<b>Task 3. Subsidizing loans to developers</b>							
5.	The volume of subsidized loans to private developers (KZT billion)	The amount of loans of developers who receive subsidies at nominal value	20	11	55	20	20
<b>Task 4. Development of the rental housing market without redemption</b>							
6.	Creation of a real estate investment fund (REIF)	Creation of a real estate investment fund with parameters of at least 100 apartments or 6 thousand m <sup>2</sup>	-	-	-	-	100 apartments or 6 thousand m <sup>2</sup>

Nº	KPI	Calculation methodology	Plan of 2021	Fact of 2021	Performance, %	Plan of 2022	Plan of 2023
<b>Task 5. Master developer of complex development of microdistricts</b>							
7.	Complex development of the microdistrict (pilot project)	The amount of housing commissioned according to the acts of commissioning/technical passports	-	-	-	-	50 thousand m <sup>2</sup>
<b>Task 6. Renovation of dilapidated housing</b>							
8.	Financing a renovation of dilapidated housing (KZT billion)	Amount of financing (bond/project financing)	-	-	-	-	5
<b>Strategic direction 2: Support for housing demand</b>							
Purpose: To increase housing affordability for citizens of Kazakhstan							
<b>Task 1. Acquisition of mortgage rights of claims and securitization</b>							
9.	Volume of acquisition of claims rights (KZT billion)	Amount of acquisition of rights of claims	6,2	0,05	1	6,2	6,2
<b>Task 2. Issuance of mortgage loans through agent banks under Orda program</b>							
10.	Mortgage loans issued through agent banks (KZT billion)	The amount of mortgage loans issued through agent banks	13,8	23,5	170	13,8	13,8
<b>Task 3. Provision of rental housing with redemption within the framework of "Nurly Zher" Program</b>							
11.	Realization of apartments for rent with subsequent purchase (KZT billion)	The cost of sold apartments for rent with subsequent redemption	19,2	8,8	46	-	-
<b>Strategic direction 3: Development of information technologies and analytics</b>							
Purpose: Digitalization of the products of the Company and development of analytics							
<b>Task 1. Marketplace of building materials</b>							
12.	Creating Marketplace of Building Materials (date)	Creation date of a Marketplace of building materials	4th quarter of 2021	4th quarter of 2021	100	-	-

Nº	KPI	Calculation methodology	Plan of 2021	Fact of 2021	Performance, %	Plan of 2022	Plan of 2023	
Strategic direction 4: Socially-oriented and anti-crisis programs								
13.	Redemption of bonds of local executive bodies to finance infrastructure projects and ensure job creation (KZT billion) (cumulatively since 2020)	The amount of redemption of local executive bodies bonds	700,0 in 2020-2021	751,7 in 2020-2021	107	-	-	
Other KPI								
14.	ROA (%)	$(X/((Y+Z)/2)) * 100$	X = Net income Y = Assets at the end of the previous period Z = Assets at the end of the current period	0,95	0,37	39	0,79	2,1
15.	The share of the loan and investment portfolio of total assets (%)	$(X+Y)/Z * 100$	X = Loan portfolio Y = Investment Portfolio Z = Total assets at the end of the reporting period	80	83	103	82	88
16.	The share of non-state sources of borrowing in the total structure of borrowing for the reporting year (%)	$(X/Y) * 100$	X = Nominal value of non-state borrowing for the reporting year Y = Nominal value of total borrowing for the reporting year	100	50	50	100	100
17.	Customer satisfaction (%)	X + 3%	X = Basic Survey Level (Base)	X	X	-	X+1%	X+2%

## Support for housing supply

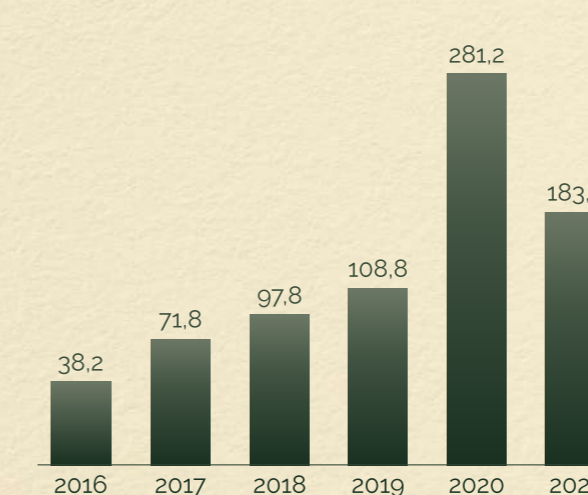
### Financing housing construction through the redemption of bonds of local executive bodies

The key goal of the Company is to increase the number of affordable housing for Kazakhstan citizens. As part of it, under "Nurly Zher" Program, the Company finances the construction of credit housing for depositors of Otbasay Bank JSC and people who are on the waiting lists of local executive bodies by redemption of local executive bodies bonds. The funds from bond-secured loans are directed by local executive bodies to the construction of housing in all regions of Kazakhstan. The source of financing for the purchase of local executive bodies bonds is the National Fund of the Republic of Kazakhstan (hereinafter – the National Fund of the Republic of Kazakhstan), from which KZT 277 billion was allocated for these purposes in

2016-2019. In 2020, as part of anti-crisis measures, an additional KZT 180 billion was allocated to finance the construction of credit housing through the redemption of bonds of local executive bodies. Financing is carried out on a revolving credit basis.

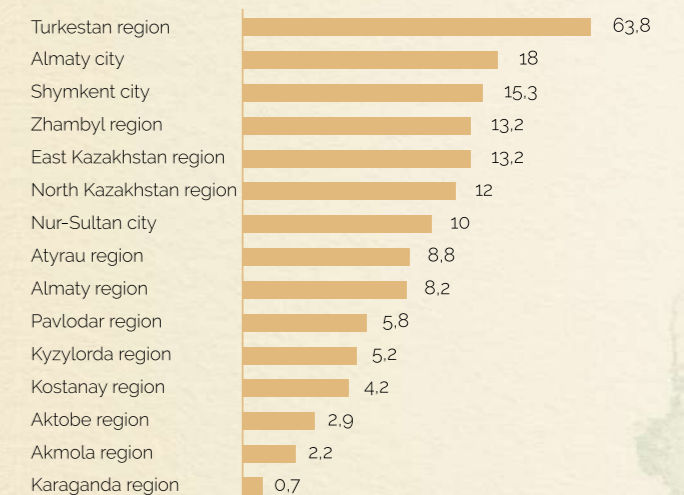
In 2021, within the framework of "Nurly Zher" Program, the Company purchased local executive bodies bonds to finance the construction of affordable housing in the regions for a total amount of KZT 183.7 billion. The funds of the National Fund of the Republic of Kazakhstan were mixed with market loans attracted by the Company, which allowed to increase the volume of affordable housing construction.

Acquisition of securities of local executive bodies, KZT billion



Source: "Kazakhstan Housing Company" JSC

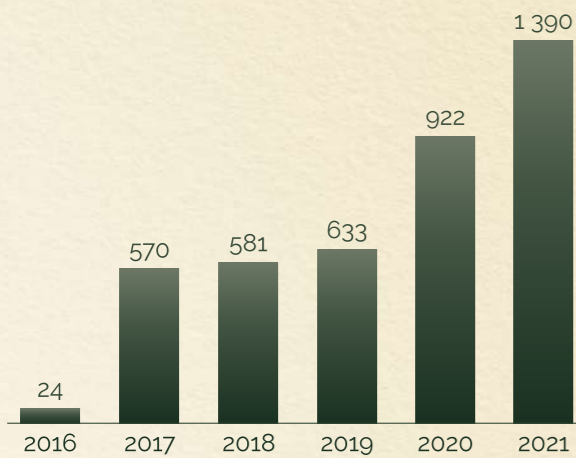
Redemption of securities of local executive bodies for 2021, KZT billion



Source: "Kazakhstan Housing Company" JSC

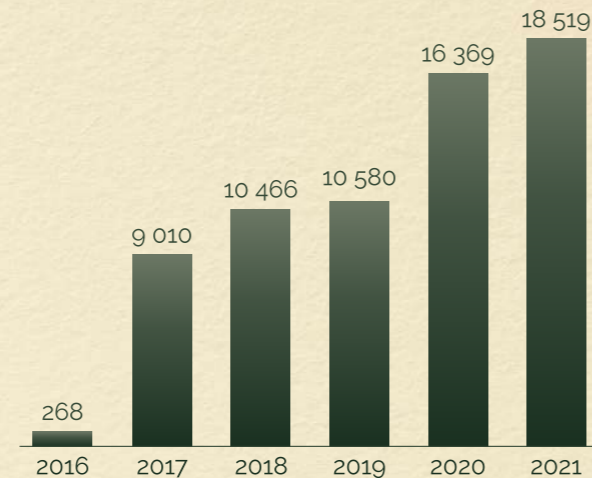
In 2021, 1,390 thousand square meters of housing (18,519 families) were commissioned due to the redemption of local executive bodies bonds.

Housing placed in operation, thousand sq. m.



Source: "Kazakhstan Housing Company" JSC

The number of apartments, unit



Source: "Kazakhstan Housing Company" JSC

The measures taken not only make it possible to provide housing for citizens in need, but also have a positive effect on the development of the economy, providing entrepreneurial activity, construction, and the creation of about 15 thousand workplaces. In this case, all funds are refundable.

In total, in 2016-2021, as part of the financing of credit housing under "Nurly Zher" Program, the Company repurchased bonds of local executive bodies for KZT 781.5 billion. About 65 thousand apartments (4.1 million m<sup>2</sup>) were set into operation.

Important tasks are monitoring housing affordability, creating comfortable living conditions for the population and determining effectiveness of measures taken. Therefore, the Company is working on analytical research, including on the real estate and housing construction market.

In order to ensure timely reinvestment of allocated funds and execution of indicators of state programs, the Company will form offers for state bodies on the allocation of funds and will provide digital monitoring of the disbursement of funds, as well as the pace of construction and sale of real estate.

## Guaranteeing equity participation in housing construction

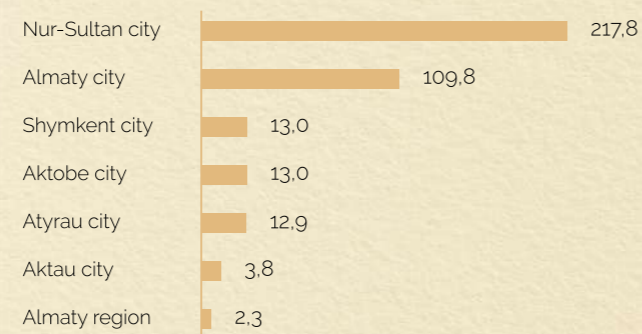
In order to ensure the protection of the rights and interests of shareholders, the Company provides guarantees for finishing construction of a residential building upon the occurrence of a guarantee event and the transfer of shares in a residential building to shareholders under agreements on equity participation in housing construction.

The Company recognizes the occurrence of a guarantee event when the following events occur:

- violation of the commissioning time of a residential building;
- improper use of money;
- the insolvency of the developers, established by a court decision that has entered into force.

Upon the occurrence of a guarantee event, the

The volume of guarantees issued in 2021 by region, billion tenge



Source: "Kazakhstan Housing Company" JSC

Company undertakes to complete the construction of the facility, which will be financed from the funds of the reserve formed by the guarantee contributions of developers and intended solely to cover costs associated with the settlement of the guarantee event.

The Law of the Republic of Kazakhstan "On Equity Participation in Housing Construction" establishes qualification requirements for a developer and an authorized company on financial stability and experience. The company applies mechanisms of control and monitoring of targeted use of the money of shareholders and the progress of construction through engineering companies.

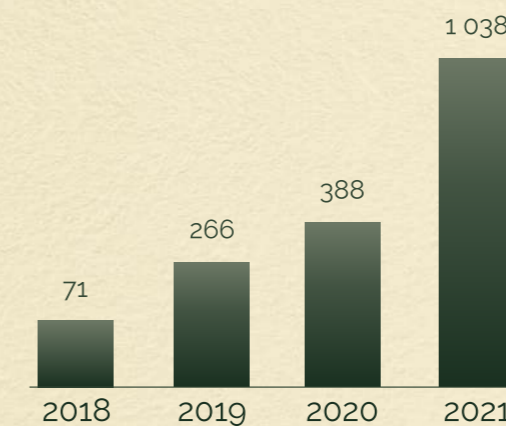
According to the legislation, the developer, while intending to attract the money of shareholders, can use one of the following methods:

- 1) obtaining a guarantee of a single housing construction operator;
- 2) participation in the project through bank financing;
- 3) attracting money from shareholders after constructing the frame of a residential house (residential building).

When using the second or the third method by the developer, the permission of local executive bodies is required to attract the money of shareholders. These three methods currently form the system of shared-equity construction in Kazakhstan.

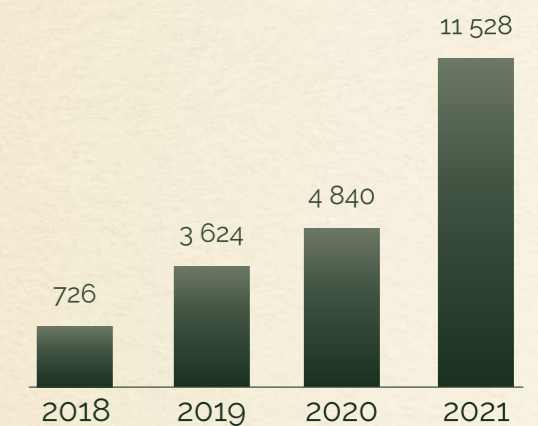
By the end of 2021, the Company issued 70 guarantees for the completion of the construction of a residential building in Nur-Sultan, Almaty, Shymkent, Atyrau, Aktau, Aktobe cities and Almaty region for a total amount of KZT 372.6 billion. The guarantee of the Company covers the construction of apartments for about 21,080 Kazakhstani families (1,994 thousand m<sup>2</sup>).

Housing placed in operation at the expense of guarantee of the Company, thousand sq.m.



Source: "Kazakhstan Housing Company" JSC

The number housing placed in operation at the expense of guarantee of the Company, units



Source: "Kazakhstan Housing Company" JSC

## Subsidizing loans of private developers

In order to stimulate the supply of primary housing from private developers, a tool for subsidizing the interest rate on loans issued by second-tier banks to private developers for housing construction purposes under "Nurly Zher" Program has been introduced since 2017.

Subsidizing of the interest rate is carried out on STB loans at the interest rate not exceeding the level of

the base rate of the National Bank of the Republic of Kazakhstan by more than 5%, effective at the time of the decision on subsidizing.

Annually, within the framework of the state program, subsidies are allocated from the republican budget to reimburse 7% per annum of the interest rate on loans from developers.

Under the conditions of receiving subsidies, a private developer offers at least 50% of housing at a fixed sale price per 1 square meter:

- up to KZT 260 thousand inclusive – in the cities of Nur-Sultan, Almaty and their suburban areas, Shymkent, Atyrau, Aktau;

- up to KZT 220 thousand – in other regions.

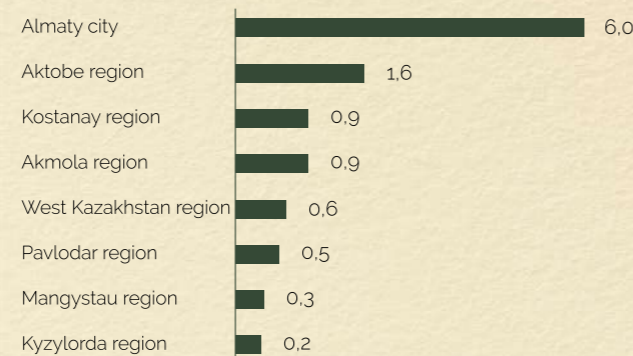
At the same time, this function was transferred to the Company from "DAMU" Entrepreneurship Development Fund" JSC since July 1, 2021, and for the second half of 2021, the Company concluded subsidy agreements for a total amount of loans – KZT 7.6 billion in the cities of Almaty, Kokshetau, Aktobe, Kyzylorda and Uralsk.

In the first half of 2021, "DAMU" Entrepreneurship Development Fund" JSC concluded subsidy agreements for a total amount of loans of KZT 3.4 billion.

The total amount of loans to private developers subsidized under this instrument by the end of 2021 amounted to KZT 11 billion.

The total area of projects for which subsidy agreements have been concluded in 2021 is 373 thousand square meters.

The volume of subsidizing loans of private developers in 2021 regarding regions, KZT billion



Source: "Kazakhstan Housing Company" JSC

## Development of the rental housing market without redemption

In accordance with the Message of Head of State to the People of Kazakhstan dated September 1, 2020, the Company has developed a mechanism for subsidizing rent for socially vulnerable segments of the population with incomes below 1 subsistence minimum per family member through the creation of a social real estate fund (hereinafter - SREF).

Within the framework of the developed mechanism, it was envisaged that the Company would be responsible for the formation of pools of primary rental housing and the creation of SREF, and Otbasyl Bank JSC would act as the operator for the distribution of this housing among recipients. After creating SREF, the Company will act as a trustee of SREF real estate, interact with Otbasyl Bank JSC and people who are on the waiting lists to provide housing for rent.

In order to implement the mechanism regarding creation of SREF, the Company has developed a draft of necessary amendments to the legislation of the Republic of Kazakhstan, providing for the following:

- introduction of the concept of "social real estate fund";
- expanding the powers of a Single Housing Construction Operator in order to support the development of rental housing market and increase housing facilities;
- subsidizing part of the rent for housing provided for rent from the private housing stock to waiting lists;
- subsidizing part of the coupon interest rate on bonds issued by a Single Housing Construction Operator in order to develop private rental housing market;
- tax benefits for social real estate fund (reduced property tax rates).

The draft amendments were agreed with the interested state bodies, but the amendments were not supported by the Administration of the President of the Republic of Kazakhstan.

## Financing investment projects

In 2021, the Company in accordance with the Resolution of the Government of the Republic of Kazakhstan dated December 23, 2021 No. 918 "On Amendments to the Resolution of the Government of the Republic of Kazakhstan dated January 13, 2009 No. 6 "On Approval of the Action Plan for the implementation of the Joint Action Plan of the Government of the Republic of Kazakhstan, the National Bank of the Republic of Kazakhstan and the Agency of the Republic of Kazakhstan for Regulation and Supervision financial market and

financial organizations to stabilize the economy and financial system for 2009-2010" financed the urban development investment project "G4 City" in Almaty region (Koyankus village) in the amount of KZT 31.1 billion, with an interest rate of 11.43% per annum and a loan repayment period until 2029.

At the expense of the funds of the Company, about 1.6 million square meters will be commissioned until 2033, the building area in the village of Koyankus will amount to 109 hectares.

## Master developer of complex development of districts

The company will act as a master developer for the design and implementation of complex development of microdistricts to create a comfortable living environment for the population.

As part of the complex development, the Company will provide housing, kindergartens, schools, clinics, parks, business centers, shopping and entertainment center (SEC), etc.

In 2021, a comprehensive study of the effectiveness of technical characteristics of the constructed social housing and the satisfaction of the

population with housing purchased under the state housing programs of the Republic of Kazakhstan was conducted.

In addition to that, the analysis of business processes of local executive bodies for the design and construction of affordable housing was carried out.

Currently, work is underway to develop standards for complex development, which will be applied in the terms of reference for the design.

## Renovation of dilapidated housing

In 2021, there were 1.8 thousand residential buildings in disrepair in Kazakhstan, in which more than 25 thousand people live.

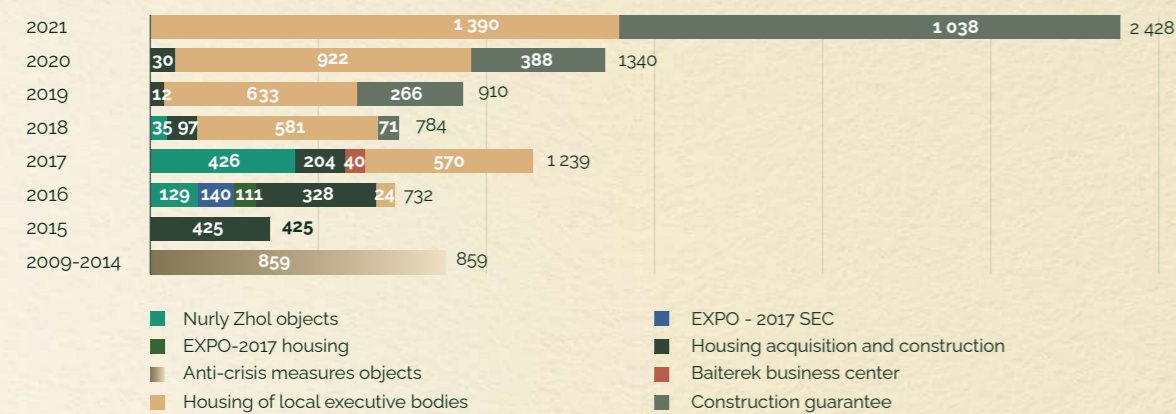
In order to increase the comfort of housing for the population, the Company will finance the renovation of dilapidated housing within the framework of state programs, its own investment projects and separate agreements with local executive bodies. The procedure for financing the renovation of dilapidated housing will be determined according to the internal regulations of the Company.

In 2021, meetings were held with local executive bodies to determine the possibility of financing the renovation of dilapidated housing. A memorandum of cooperation was signed with "Almaty" social and Entrepreneurial Corporation to determine the possibility of financing the housing renovation program in Almaty.

# The volume of housing commissioning due to the tools of the Company

Due to the financing of the Company<sup>5</sup> in 2009-2021, commissioning of real estate objects with a total area of 8.7 million m<sup>2</sup> was provided, of which the total area of housing is 8.5 million m<sup>2</sup> (119,711 apartments).

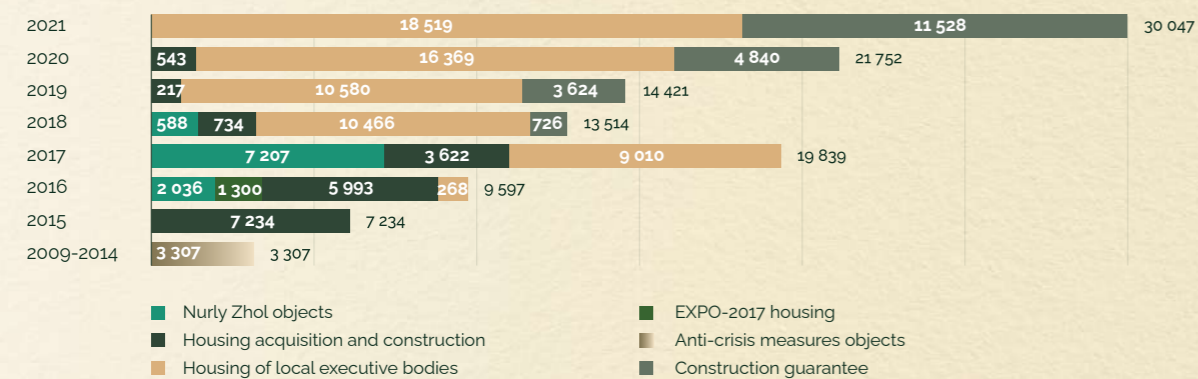
Area size of real estate properties placed in operation, thousand sq. m.



Source: "Kazakhstan Housing Company" Joint Stock Company

**TOTAL: 8,7 million m<sup>2</sup>**

Volume of placed housing, apartments



Source: "Kazakhstan Housing Company" Joint Stock Company

**TOTAL: 119,711 apartments**

# Support for housing demand

## Acquisition of mortgage claims and securitization

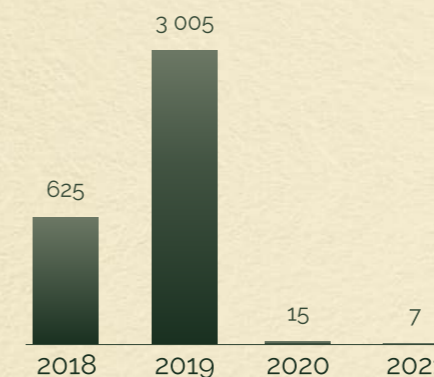
To stimulate and support the demand for housing, the Company ensures the acquisition of mortgage loan claims from commercial banks and the issuance of mortgage securities.

This mechanism contributes to the expansion of mortgage lending by banks, since the released funds can be used to provide mortgage loans to new borrowers.

For the final borrower, such a transaction does not entail any changes: he also continues to make his monthly contributions to the bank where the initial registration took place (except in cases of withdrawal of the loan from trust management).

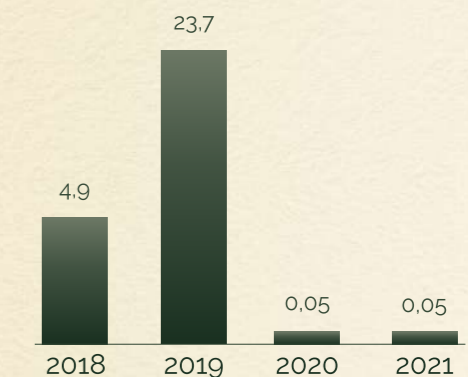
In 2021, the rights of claim were acquired from Express Finance Mortgage Organization JSC under 7 mortgage loan agreements in the amount of KZT 48.8 million.

Volume of purchased right of claims, units



Source: "Kazakhstan Housing Company" Joint Stock Company

Volume of purchased right of claims, KZT billion



Source: "Kazakhstan Housing Company" Joint Stock Company

## Issuance of mortgage loans through agent banks under Orda program

Orda mortgage program is aimed at improving the living conditions of individuals with average and above average incomes who want to purchase housing (primary or secondary) of a higher comfort class.

In order to implement Orda mortgage program, cooperation agreements were concluded with

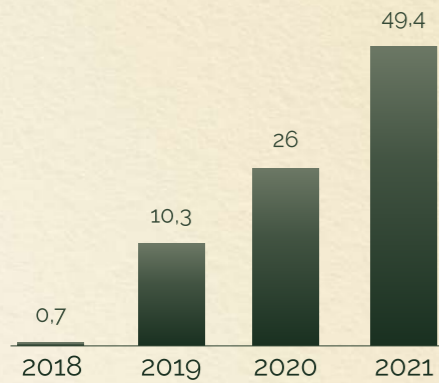
Jysan bank JSC, Bank CenterCredit JSC, Eurasian Bank JSC, Nur Service (BI Capital) LLP and Express Finance JSC.

In total, since the beginning of the program at the end of 2021, 3,804 loans totaling KZT 49 billion have been issued, in 2021 – 1,761 contracts worth KZT 23.5 billion.

<sup>5</sup> Taking into account BD JSC and Housing Construction Guarantee Fund JSC

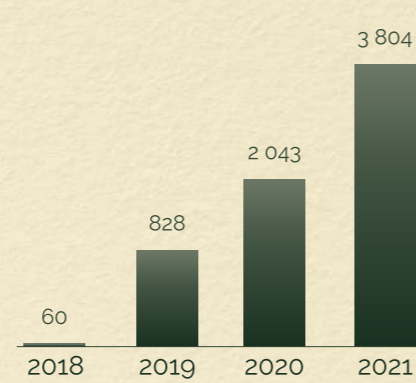


Volume of issued mortgage loans with accumulation since 2018, KZT billion



Source: "Kazakhstan Housing Company" JSC

Volume of issued mortgage loans with accumulation since 2018, units



Source: "Kazakhstan Housing Company" JSC

Despite the worldwide pandemic, the number of loans issued by the Company in 2021 increased by 148% compared to 2020.

## Provision of rental housing with redemption within the framework of "Nurly Zher" Program

The sale of rental housing is a socially significant area of business activity of the Company aimed at providing housing for waiting lists of local executive bodies, as well as employees of state/non-state legal entities (including organizations subordinate

to them), in accordance with the agreements concluded. Housing is available for rent for up to 20 years with subsequent redemption. Remuneration rate of the Company is 3.1%.

### Program participants

Those who are on the waiting lists of local executive bodies	Employees of state/non-state legal entities
<ul style="list-style-type: none"> <li>- large families;</li> <li>- family with multiple children;</li> <li>- families with or raising disabled children;</li> <li>- orphans, children left without parental care;</li> <li>- people with Kazakh heritage;</li> <li>- civil servants, military personnel, employees of special state bodies, employees of budgetary organizations;</li> <li>- disabled people of groups 1-2.</li> </ul>	<ul style="list-style-type: none"> <li>- own employees and employees of subordinate organizations of Ministry of Health of the Republic of Kazakhstan and Ministry of Education and Science of the Republic of Kazakhstan;</li> <li>- own employees and employees of subordinate organizations of Department of Education and Department of Health at akimats with which there are cooperation agreements;</li> <li>- employees of other state/non-state legal entities (including organizations subordinate to them) who may be provided with rental housing with redemption in accordance with agreements concluded with state/non-state legal entities.</li> </ul>

Financing in the amount of KZT 163.3 billion was provided for the implementation of this direction, including through obtaining preferential loans from the National Fund of the Republic of Kazakhstan (KZT 115 billion) and the republican budget (KZT 19.1 billion), as well as increasing the authorized

capital of the Company by KZT 29.2 billion under the Affordable Housing 2020 program.

In 2019, the Company concluded agreements with Ministry of Health and Ministry of Education and Science of the Republic of Kazakhstan, as well as with the akimats of Mangystau, Kostanay,

Karaganda regions (housing sales to employees of Health Department and Education Department) to provide rental housing with redemption.

In 2020, agreements were also signed with the akimats of Nur-Sultan and Aktobe, with Ministry of Culture and Sports, Ministry of Information and Public Development.

In the period from 2014 to 2021, the company concluded 22,804 contracts for the purchase of housing for rent with redemption for a total amount of KZT 206.3 billion, in particular, in 2021 – 742 contracts for the amount of KZT 8.8 billion.

The program covers more than 20 cities of the country, including Nur-Sultan, Almaty, Shymkent,

Aktobe, Kyzylorda, Aktau, Uralsk, Kostanay, Petropavlovsk, Karaganda, Pavlodar, Semey, Oskemen, Taraz and others.

The Company will continue to provide rental housing with redemption within the framework of "Nurly Zher" Program to employees in the fields of education and healthcare, as well as other employees in accordance with the memoranda concluded with local executive bodies and state organizations in accordance with internal regulations of the Company.

Financing will be carried out by attracting loans in the financial market and reinvesting the incoming lease payments of the Company.

## Development of information technologies and analytics

### "Nurly Zher" Command center

In order to monitor the progress of construction of real estate objects financed under "Nurly Zher" Program and Employment Roadmap for 2020-2021, the Company has developed "Nurly Zher" Command Center and portal of local executive bodies, as well as a mobile application for filling in data.

These solutions allow the Company, as a financial operator for redemption of government securities of local executive bodies, as well as interested government agencies to conduct:

1. remote monitoring of objects under construction using modern technical controls (cameras, drones, tablets, etc.);
2. monitoring the development of allocated funds and the sale of housing;
3. forecast of the date of entry of objects with possible deviations;
4. analysis of photo, video stream and information from local executive bodies using artificial intelligence;
5. development of measures based on data analysis.

According to preliminary estimates, development of the Command center has reduced the time for preparing a report for one employee of local executive bodies from 16 to 6 hours per week, as well as the time for checking and processing reports for one employee of the Company from 16 to 1 hour per week. Using paper media for reports, the number of which was 68 per month, was also canceled.

As of the end of 2021, Situation Room has entered data on 1,191 objects under "Nurly Zher" Program and 2,285 objects under Employment Roadmap for 2020-2021.

Also in 2021, a new module was created in "Nurly Zher" Command center, which allows conducting an online business process of approving applications for financing for local executive bodies projects for the construction of credit housing.

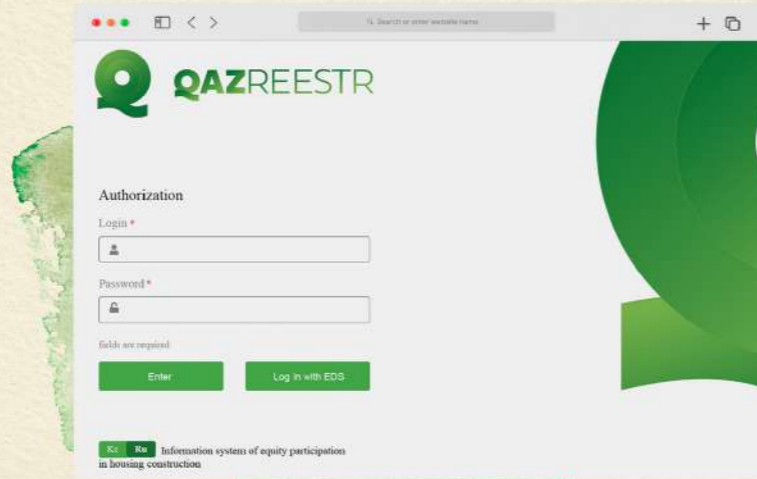


## Qazreestr

Qazreestr is a unified information system of equity participation in housing construction, the main purpose of which is the automated collection, processing, updating, storage and analysis of information in the field of state registration of accounting of shares in housing construction.

On June 16, 2021, in accordance with the Agreement on the Transfer of state Property No. 2/26, Qazreestr was transferred to the trust management of the Company.

Within the framework of trust management agreement, Qazreestr Development Program was approved. The company has fulfilled all the tasks for the modernization of Qazreestr provided for in the Development Plan in 2021.



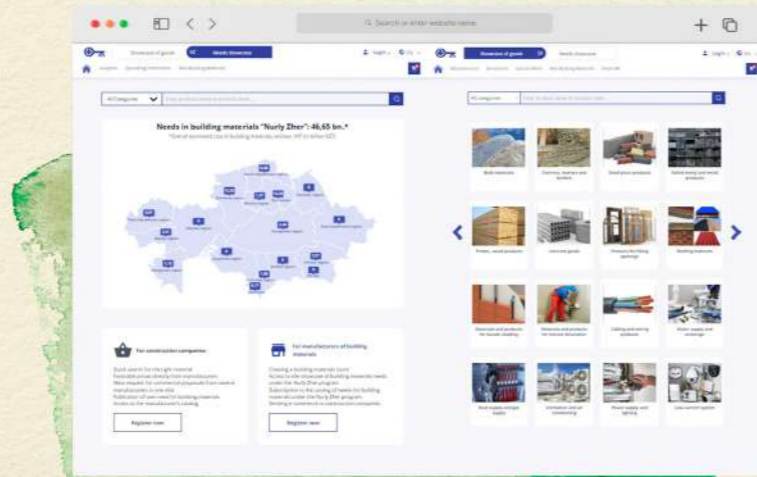
The work carried out on the modernization of Qazreestr allows to reduce the process of verification and registration of equity participation agreements in housing construction from 3 working days to 2 hours.

## Online platform for building materials

In order to support Kazakhstani manufacturers of building materials and increase Kazakhstani content in housing construction, the Company has created an online platform for building materials [www.material.kz](http://www.material.kz) within the framework of "Nurly Zher" Program.

Kazakhstani manufacturers of building materials can get acquainted with the needs of building materials under "Nurly Zher" Program and, if necessary, send electronic commercial offers to construction companies after registration. Construction companies in their personal accounts will receive notifications of received commercial offers from manufacturers of materials.

The platform also allows Kazakhstani manufacturers of building materials to create their own showcase of building materials with prices for construction companies. In turn, construction companies will have direct access to Kazakhstani building materials with no cost of finding manufacturers.



Goals of creating an online platform:

- to increase the transparency of the implementation of "Nurly Zher" Program;
- to provide Kazakhstani manufacturers with information about the needs for building materials under "Nurly Zher" Program and the possibility of sending electronic commercial offers;

- increase the share of Kazakhstani content in housing construction;
- to provide construction companies with the opportunity to receive favorable offers on building materials;

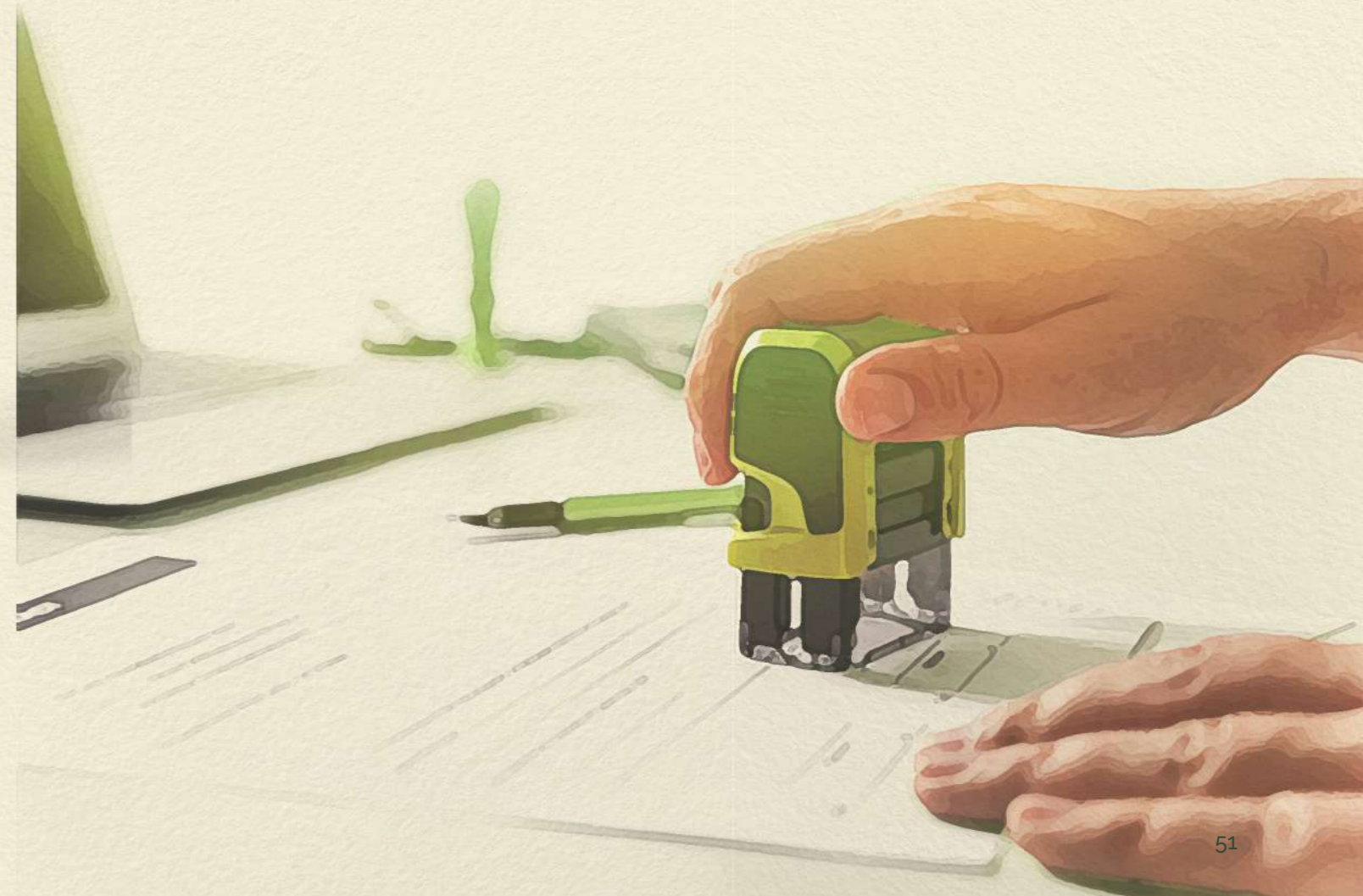
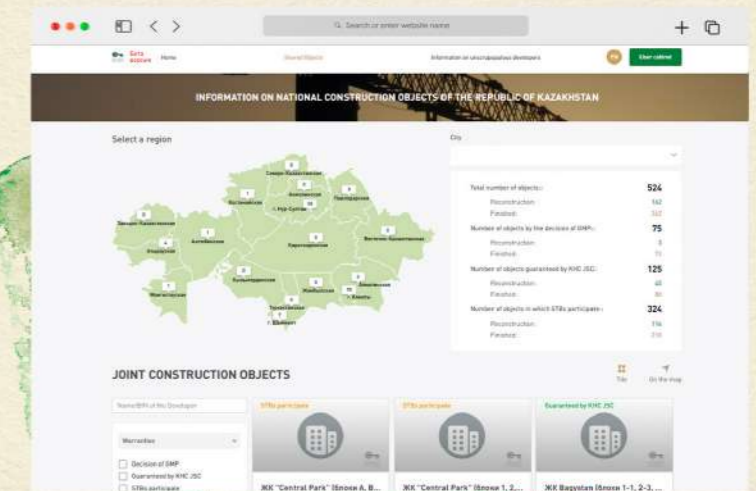
- reduce the cost of housing construction due to disintermediation between construction companies and manufacturers of building materials;
- switch to online systems of estimate planning and analysis with dynamic prices from Kazakhstani manufacturers.

## Home portal

In 2021, the Company created Home Portal information system ([test.homeportal.kz](http://test.homeportal.kz)) (beta version) for individuals and existing customers of the Company, providing information and online service in the following sections:

- shared-equity construction;
- after-sale service.

In the "Shared-equity construction" section, any visitor of Home Portal can get information on shared-equity housing construction objects that have received a Company guarantee or a permit from local executive bodies to attract funds from shareholders.



## Socially oriented and anti-crisis programs

### Redemption of local executive bodies bonds as part of the Employment Roadmap for 2020-2021

In order to improve regions and ensure employment of the population, the Company is financing infrastructure projects by redemption local executive bodies bonds as part of the Employment Roadmap for 2020-2021.

The roadmap was launched in March 2020 as an anti-crisis measure. During the difficult socio-economic situation in Kazakhstan during the pandemic in 2020, the implementation of the program helped to maintain productive employment of the population.

Redemption of local executive bodies bonds by the Company helps akimats to finance infrastructure

projects important for the region and at the same time create workplaces and maintain sources of income for the population.

Funds in the amount of KZT 751.7 billion were allocated to the Company for these purposes in 2020-2021. Over two years, the Company purchased local executive bodies bonds in the total amount of KZT 751.7 billion.

In 2020, 6,495 infrastructure projects were completed, providing employment for about 240 thousand people, 248 projects were implemented in 2021, 10.6 thousand jobs were actually created.

### Return of funds allocated for EXPO-2017 projects and other real estate objects

In 2014-2016, the Company financed the construction of a multi-apartment residential complex (MARC) and SEC for the international specialized exhibition EXPO-2017 in Nur-Sultan.

In total, the Company invested KZT 91.1 billion in the construction of facilities on the territory of EXPO-2017, of which KZT 76.1 billion were funds from the National Fund of the Republic of Kazakhstan and

KZT 15 billion was a loan from the Development Bank of Kazakhstan JSC for additional financing of the construction of the Mega Silk Way SEC.

In December 2016, 42 residential buildings with a total area of 110.7 thousand m<sup>2</sup> and Mega Silk Way SEC with a total area of 140.4 thousand m<sup>2</sup> were put into operation.

#### Amount of funding

Nº	Name of the object	Name of the project company	Total cost of the project, KZT billion	The amount of the Company's investments, KZT billion
1	Residential buildings	Lux Real Estate Group LLP	23,3	19,9
		BI Group Corporation LLP	23,6	19,9
2	Mega Silk Way SEC	Mega Plaza LLP	64,7	51,2
<b>Total</b>			111,6	91,1

Source: "Kazakhstan Housing Company" JSC

In February 2017, commissioned apartments in MARC were leased to Astana EXPO-2017 NC JSC for the accommodation of foreign delegations participants for the duration of the exhibition. From February to November 2017, 25.8 thousand participants of the exhibition were provided with temporary accommodation.

In order to return the funds allocated for construction since June 2018, the Company has been selling real estate in MARC consisting of 1,300 apartments, 1,300 parking spaces and 33 non-residential premises.

As of December 31, 2021, the Company sold 1,300 apartments, 961 parking spaces and 9 non-residential premises in the amount of KZT 40.1 billion, including on the installment plan.

#### Sale of real estate on the territory of EXPO-2017

Indicator	2018	2019	2020	2021	Total
Apartments, pcs.	142	1 133	25	-	1 300
Parking spaces, pcs.	102	680	130	49	961
Non-residential premises, pcs.	0	2	2	5	9
<b>The amount of sales, KZT billion</b>	<b>3,9</b>	<b>35,2</b>	<b>0,97</b>	<b>0,05</b>	<b>40,12</b>

Source: "Kazakhstan Housing Company" JSC

Funds from the National Fund of the Republic of Kazakhstan in the amount of KZT 36.2 billion were allocated for the construction of SEC. In addition, the Company received a loan in the amount of KZT 15.0 billion from the Development Bank of Kazakhstan JSC. In 2018, the Company made full early repayment of the loan to Development Bank of Kazakhstan JSC while maintaining the

obligations of Mega Plaza LLP to the Company in the amount of KZT 7 billion.

As of December 31, 2021, according to the schedule of repurchase of Share-1 (funds of the National Fund of the Republic of Kazakhstan) and Share-2 (funds of the Company) in the shopping center, the Company promptly returned KZT 7.75 billion. In 2022, it is expected to buy out Share-1 in SEC in the amount of KZT 0.3 billion.

#### The amount of refund from the sale of the share in the shopping center, KZT billion

Indicator	2018	2019	2020	2021	Remainder
Share-1 (funds of the National Fund of the Republic of Kazakhstan)	0,05	0,2	0,2	0,3	35,5
Share-2 (Company funds)	1,65	2,6	2,75	0	0
<b>Refund amount</b>	<b>1,7</b>	<b>2,8</b>	<b>2,95</b>	<b>0,3</b>	<b>35,5</b>

Source: "Kazakhstan Housing Company" JSC

### Return of funds from Halyk Bank of Kazakhstan JSC and Development Bank of Kazakhstan JSC

The Company monitors timely repayment of funds allocated in 2009-2010 by Development Bank of Kazakhstan JSC (KZT 20 billion, with term of maturity in 2024) and Halyk Bank of Kazakhstan JSC (KZT 18.2 billion, with term of maturity in 2029) as part of anti-crisis measures to support businesses in the manufacturing industry and solutions problems in the real estate market, respectively.

At the end of 2021, the refund from Development Bank of Kazakhstan JSC amounted to KZT 2.3 billion (excluding taxes), and in December 2021, the funds allocated to Halyk Bank of Kazakhstan JSC were returned to the Company in advance for the amount of the principal debt of KZT 13.2 billion.



# Financial overview



## Financial overview of the Company

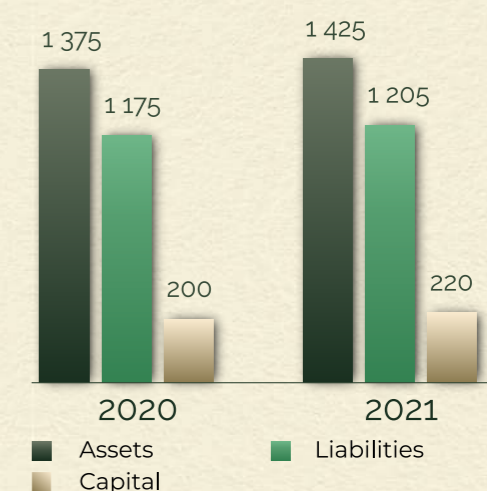
As of December 31, 2021, the assets of the Company amounted to KZT 1,425 billion, the amount of liabilities – KZT 1,205 billion, equity capital – KZT 220 billion.

In the structure of assets, 65% is accounted for securities (including bonds of local executive bodies under "Nurly Zher" and Employment Roadmap Programs), 13% – cash and funds in financial institutions, 11% – finance lease receivables and 11% – loans issued to customers.

The main share in the structure of liabilities is held by issued securities of the Company (63%) and received loans (16%).

Assets and liabilities of the Company by the end of 2022 are planned at the level of KZT 1,847 and 1,637 billion, respectively. Equity capital is projected at KZT 210 billion.

Balance figures, KZT billion



Source: "Kazakhstan Housing Company" JSC

According to the results of 2021, revenues of the Company amounted to KZT 154.8 billion, expenses – KZT 145.7 billion and corporate income tax – KZT 3.9 billion.

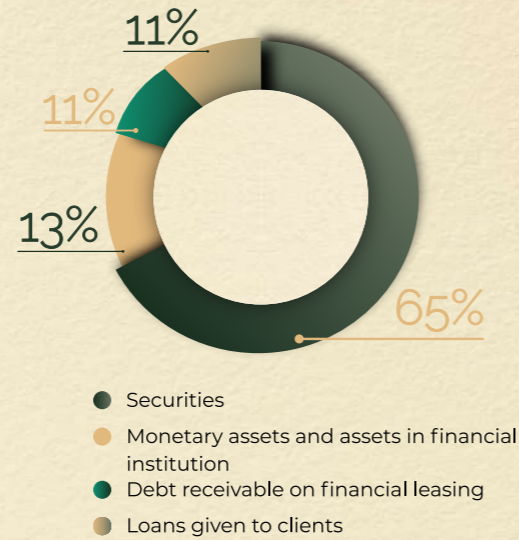
Net profit for 2021 amounted to KZT 5.2 billion.

The main part of the income is income from "Nurly Zher" and Employment Roadmap Programs (72%) and income from the mortgage portfolio (6%). Financing costs (67%) and provision recognition costs (7%) account for the largest share in the cost structure.

Administrative and personnel expenses account for 3% of the Company's total expenses.

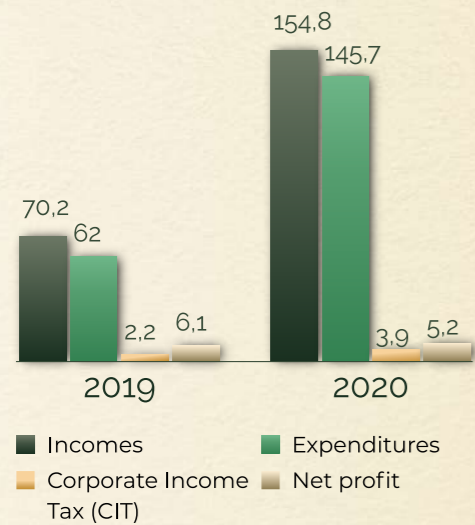
In accordance with the approved Development Plan of the Company, revenues for 2022 are planned at the level of KZT 169.8 billion, expenses at the level of KZT 153.9 billion and corporate income tax in the amount of KZT 1.7 billion. The Company's net profit in 2022 is expected to reach KZT 14.2 billion.

Asset structure by the end of 2021, %



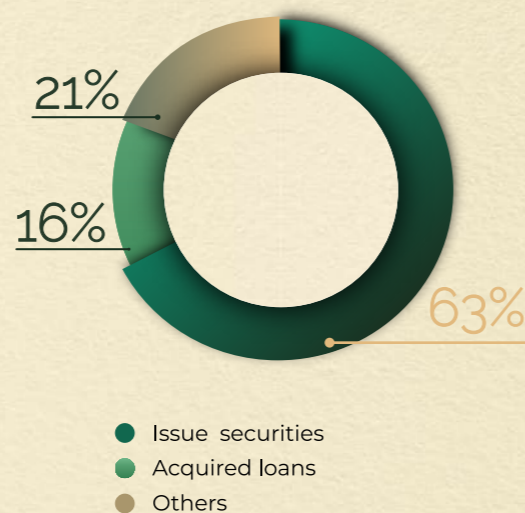
Source: "Kazakhstan Housing Company" JSC

Profit and loss account indicators, KZT billion



Source: "Kazakhstan Housing Company" JSC

Asset structure by the end of 2021, %



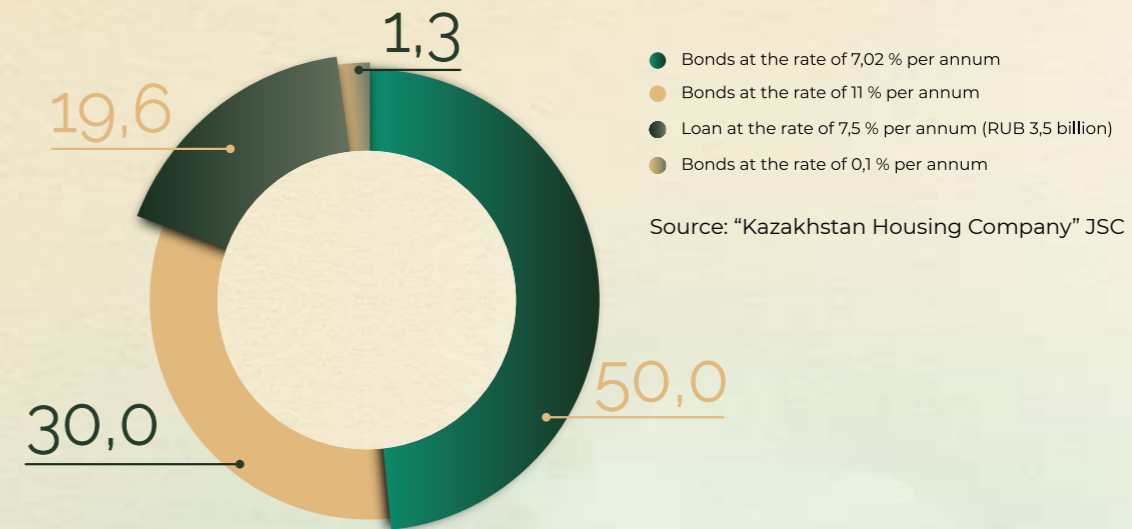
Source: "Kazakhstan Housing Company" JSC

## Raising funds

In order to effectively implement government programs to provide affordable housing and financial stability to the population, the Company strives to diversify funding sources.

In 2021, the Company placed its own bonds in the amount of KZT 81.3 billion at nominal value, as well as attracting a loan in the amount of RUB 3.5 billion. The main sum received from the placement of its own bonds was used to purchase bonds of local executive bodies within the framework of state programs.

Structure of obtained funds in 2021, KZT billion



Source: "Kazakhstan Housing Company" JSC

### Key financial indicators

Financial indicators	2020 fact	2021 fact
ROA, %	0,7	0,4
ROE, %	4,5	2,5
Debt/equity capital, %	5,9	5,5

Source: "Kazakhstan Housing Company" JSC



# Sustainable development activities

## Sustainable development management system

The company is focused on balanced sustainable development and creating value for a wide range of stakeholders in the long term. The Company strives to effectively manage the effect of its activities on the environment, economy, society and makes decisions taking into account interests of stakeholders.

Solving problems in the field of sustainable development, the Company relies on its mission, provisions of the Development Strategy of the Company, and also uses international standards of behavior and principles enshrined in international standards in the field of sustainable development.

The Company considers to use international standards in the field of sustainable development as a necessary condition for ensuring compliance of its activities with the best international practices and achieving goals and objectives in the field of sustainable development.

On January 18, 2022, the new edition of Sustainable Development Policy of "Kazakhstan Housing Company" JSC was approved, as well as the Action Plan for 2022 for the implementation of sustainable

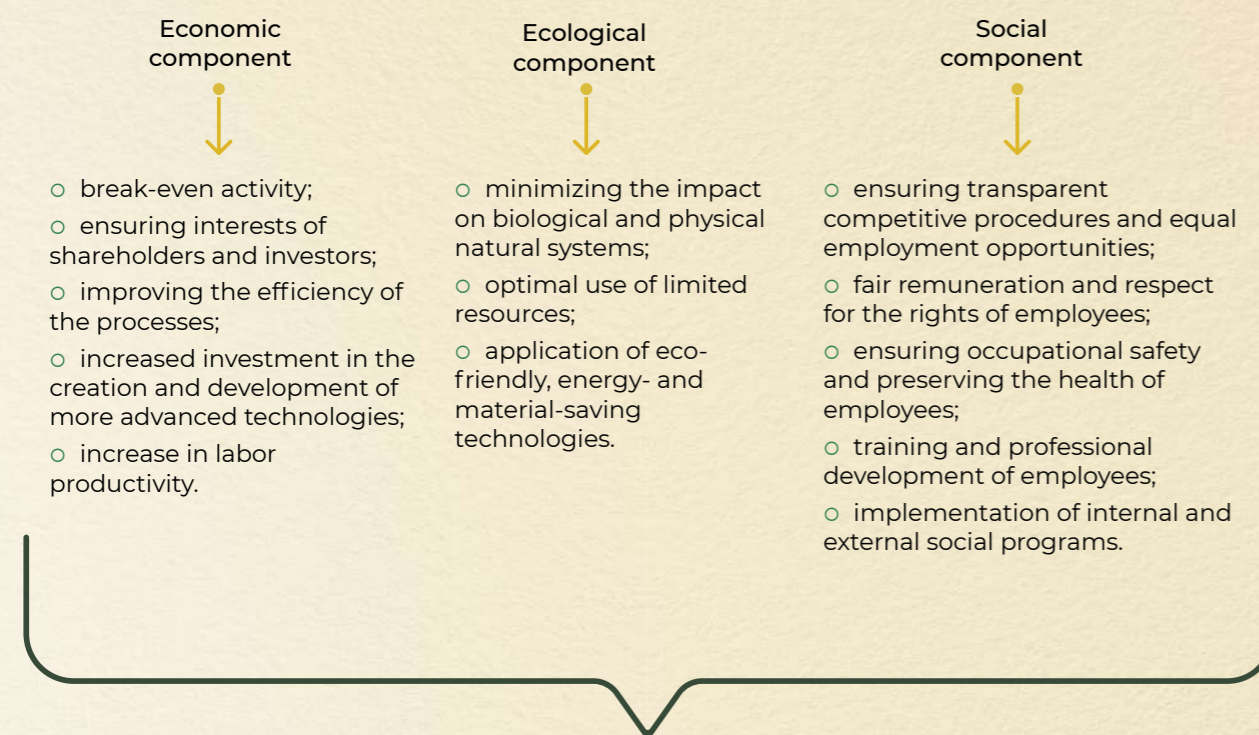
development. The provisions of Sustainable Development Policy are subject to compliance by all employees of the Company in terms of interaction with stakeholders, when planning and implementing their activities, developing internal regulations, distributing information and other types of communication.

Within the framework of long-term development, the Company faces the following tasks:

- integration of the principles of sustainable development into the activities of the Company;
- performance analysis and risk control in the context of the three components of sustainable development;
- improving the quality of sustainable development management through the organization of systematic work;
- creation of mechanisms for effective interaction of the Company with stakeholders, including regular information on the results of activities in the field of sustainable development.

***The Company ensures consistency of its economic, environmental and social goals for sustainable development in the long term.***

## Sustainable development goals of the Company



The activities of the Company are guided by the principles of sustainable development enshrined in the Corporate Governance Code: openness, accountability, transparency, ethical behavior, respect for the interests of stakeholders, legality, respect for human rights, intolerance to corruption, inadmissibility of conflicts of interest.

## The company is committed to the principles of UN Global Compact in its activities:

- in the field of human rights protection** → ensures and respects the protection of human rights proclaimed at the international level, as well as ensures non-involvement in human rights violations.
- in the field of labor relations** → supports and recognizes the right to conclude collective agreements, promotes the eradication of forced and child labor, discrimination in the field of labor and employment.
- in the field of environmental protection** → supports an approach to environmental issues based on the precautionary principle, undertakes initiatives aimed at increasing responsibility for the state of the environment, promotes the development and dissemination of environmentally sound technologies.
- in the field of anti-corruption** → Declares intolerance to all forms of corruption and other illegal actions, including extortion and bribery, and takes necessary measures to prevent these facts.

## Organizational structure of sustainable development management

Sustainable development management of the Company is inextricably linked with the corporate governance system. One of the fundamental principles of the Corporate Governance Code of the Company is the principle of sustainable development.

The Company periodically analyzes and evaluates management processes, if necessary, processes are adjusted and relevant information is brought to the attention of all interested parties.

The Company integrates principles of sustainable development into the Company's Development Strategy and key processes, including planning, reporting, risk management, investments, operational activities and others, as well as into decision-making processes at all levels, starting from management bodies (Sole Shareholder, Board of Directors, Management Board) and ending with ordinary employees.

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

Integration with the Development Strategy implies its actualization taking into account the Company's goals and objectives in the field of sustainable development. Sustainable development measures can be provided for in the Action Plan for the implementation of the Development Strategy of the Company.

The structural divisions of the Company are responsible for compliance with the provisions of Sustainable Development Policy. Responsible structural divisions of the Company, determined by Management Board, implement measures in the field of sustainable development, ensuring the achievement of strategic KPI in this area.

Heads of the responsible structural divisions of the Company bear personal responsibility for the implementation of measures and the achievement

of KPI in the field of sustainable development within their competencies.

Structural divisions of the Company provide information on the results of the implementation of measures in the field of sustainable development, as well as information for inclusion in the annual report of the Company at the request of the structural unit in charge of the direction of activity in the field of sustainable development of the Company, if necessary, make offers to improve activities of the Company in this area.

The structural unit in charge of sustainable development activities of the Company, defined by Management Board, performs the following functions:

1. carries out planning of activities in the field of sustainable development;
2. coordinates the activities of structural divisions of the Company aimed at achieving the goals and objectives of Sustainable Development Policy;
3. prepares a report on the implementation of the action plan and KPI in the field of sustainable development;
4. prepares annual report of the Company with the inclusion of a section on sustainable development;
5. conducts training workshops for the employees of the Company in the field of sustainable development with the involvement of external trainers or independently;
6. interacts with international organizations, institutions, agencies on sustainable development issues.

In order to determine the risks in the field of sustainable development, the Company analyzes both internal and external factors of impact. Risks in the field of sustainable development are included in the risk register of the Company to take measures to minimize them.

# The contribution of the Company on achieving UN Sustainable Development Goals

In 2015, at the UN summit, Heads of State and Government adopted the 2030 Agenda for Sustainable Development, which includes 17 Sustainable Development Goals (SDG) aimed at

eliminating poverty, combating inequality and injustice, as well as solving problems related to climate change.



The Company also strives to contribute to the achievement of SDG as part of its activities. In 2020, work was carried out to integrate Sustainable Development Goals into Development Strategy

of the Company. Within the framework of Development Strategy of the Company approved for 2021-2023, it is planned to achieve 17 KPI, of which 6 efficiencies are relevant to SDG.

## KPI performance for 2021 to achieve SDG

KPI	Relevant SDG	Plan of 2021	Fact of 2021	Performance, %
KPI No. 2: "Commissioning affordable housing" to ensure a sufficient number of economically affordable residential areas	10 REDUCTION OF INEQUALITY, 11 SUSTAINABLE CITIES AND RESIDENTIAL AREAS	988 thousand sq. m.M	2,428 thousand sq. m. (30,047 apartments)	246%
KPI No. 7: "Complex development of a microdistrict" to create a comfortable living environment for the population of Kazakhstan	9 INDUSTRIALIZATION, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND RESIDENTIAL AREAS	-	-	-
KPI No. 8: "Financing a renovation of dilapidated housing" in order to renovate housing facilities and increase the comfort of housing for the population of Kazakhstan	9 INDUSTRIALIZATION, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND RESIDENTIAL AREAS	-	-	-
KPI No. 11: "Realization of apartments for rent with subsequent redemption" in order to ensure housing affordability	10 REDUCTION OF INEQUALITY	KZT 19.2 billion	KZT 8.8 billion (742 contracts for the purchase of housing for rent with redemption)	46%
KPI No. 12: "Creating building materials marketplace" to reduce the cost of housing construction and support Kazakhstani manufacturers of building materials	9 INDUSTRIALIZATION, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Building materials marketplace	Online platform for building materials has been created <a href="http://www.material.kz">www.material.kz</a>	100%
KPI No. 13: "Redemption of local executive bodies securities" to finance infrastructure projects and ensure creation of workplaces	8 DECENT JOB AND ECONOMICAL GROWTH, 9 INDUSTRIALIZATION, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND RESIDENTIAL AREAS	KZT 700 billion in 2020-2021	KZT 751.7 billion in 2020-2021. 6 743 projects have been implemented, about 250 thousand jobs have been created	107%

According to KPI No. 7 and No. 8, there are no planned values for 2021, targets are planned for 2023.



## Performance of Sustainable Development Action Plan of the Company by the end of 2021

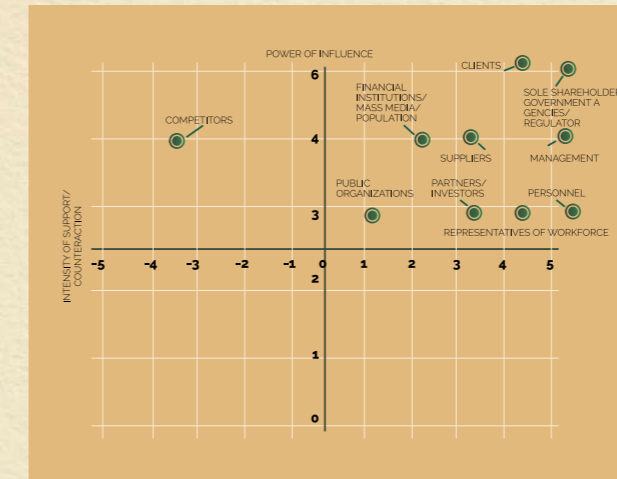
Management Board of the Company approved the Action Plan in the field of sustainable development for 2021. In accordance with the Action Plan in the Field of Sustainable Development in 2021, the following activities were carried out:

1. a report on sustainable development for 2020 has been formed in accordance with GRI standards as part of the annual report of the Company. According to PWC rating, the Company entered the top 50 best companies for ESG information disclosure (13th position). The Company also entered top 4 best financial companies in terms of ESG information disclosure;
2. an internal seminar in the field of sustainable development was held for the employees of the Company;
3. benchmarking was carried out in the field of green construction for sustainable development of the Company;
4. August 25-26, 2021 in Nizhny Novgorod city (Russia), The company took part in "Environment for Life" international forum about "City and water", in order to create comfortable housing as part of the implementation of the strategic direction of complex development of residential districts;
5. employees of individual structural divisions of the Company took part in online conferences on the following topics: "Eco-sustainable architecture. Green Construction" and "Green Office. Green City".

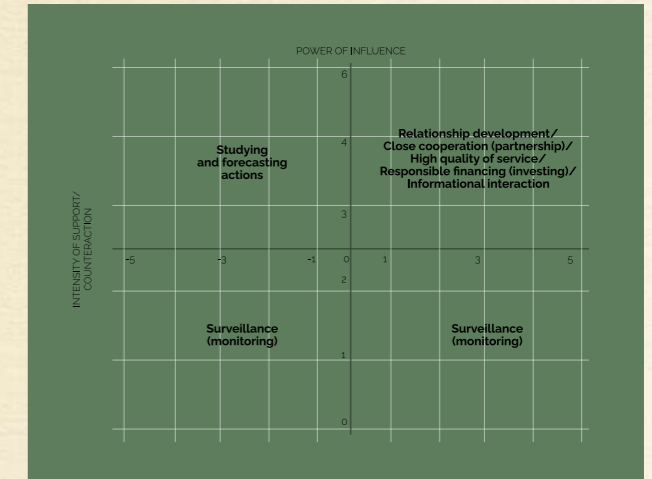
When assessing the importance of stakeholders, the Company ranks stakeholders according to two factors: the degree of support/opposition of the stakeholder, an assessment of the strength of his influence on the Company. Based on the

assessment of the importance of stakeholders, structural divisions of the Company determine the directions of interaction with stakeholders, depending on the specifics of the activity.

Stakeholders map



Engagement strategy



## Interaction with stakeholders

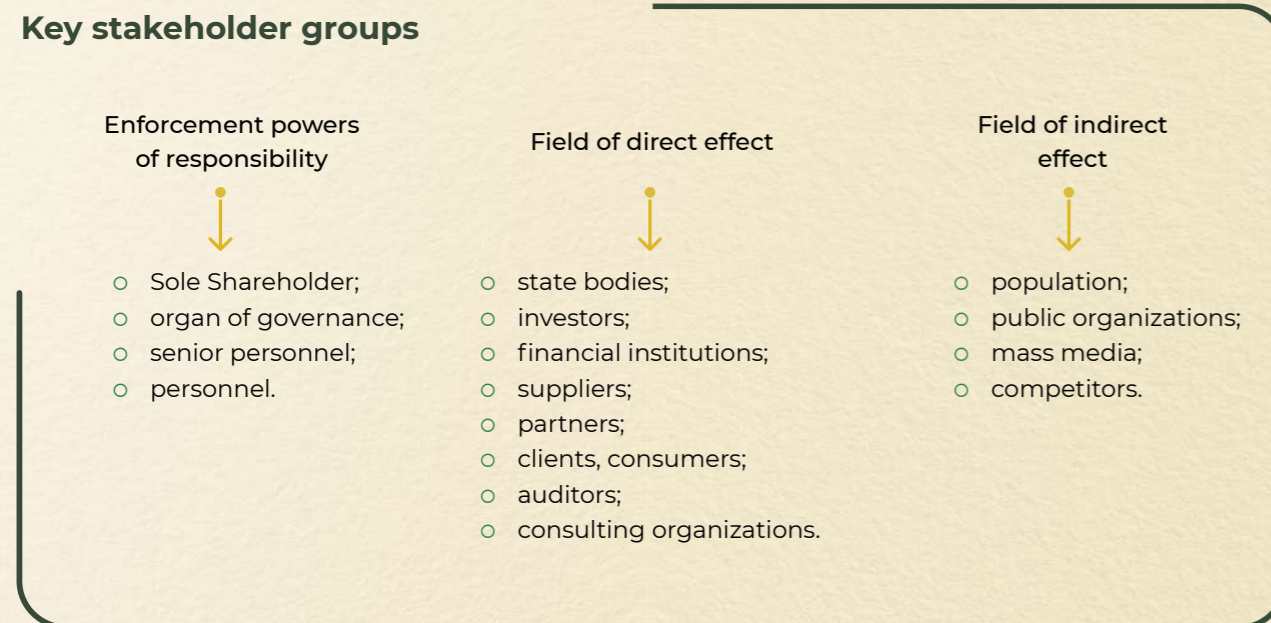
In order to implement a successful and effective sustainable development policy, the Company pays due attention to interaction with stakeholders.

stakeholders of the Company, which complies with international standards for identifying and interacting with stakeholders.

In order to determine the list of stakeholders, the degree of their influence and spheres of influence on the interests of the Company, Management Board has developed and approved a Map of

The Company defines three groups of stakeholders depending on the area of impact: the area of authority and responsibility, the area of direct impact, the area of indirect impact.

### Key stakeholder groups



The main forms of interaction with stakeholders are joint programs and projects, memorandums of cooperation, joint working groups, reporting on activities, meetings, sessions, publications, interviews and other forms of interaction.

The Company interacts with stakeholders on issues such as strategic planning, financial activities, project management, supply of goods, works and services, lawmaking, operational activities, interaction with mass media.

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

In turn, engagement is achieved by observing the following three principles:

- **materiality.** The Company clearly defines its stakeholders and is aware of which stakeholders' interests are essential;
- **completeness.** In the course of its activities, the Company pays attention to the concerns of stakeholders, namely, understands their views,

needs and expected results of activities, as well as opinions on significant issues;

- **response.** The Company consistently responds to all significant issues of stakeholders.

In order to organize the management of relationships with stakeholders, the Company focuses its activities on the following basic principles:

1. respects and takes into account interests of all stakeholders;
2. strives to actively inform target audiences about its activities;
3. ensures objectivity, reliability, independence and a high level of information transparency in the implementation of government programs, certain internal procedures (procurement, competitive selection among external candidates for employment, provision of financial and non-financial services), as well as while using financial resources;
4. ensures open and productive cooperation with all stakeholders;
5. fulfills its obligations to stakeholders;
6. receives feedback from stakeholders on a regular basis.

Approaches to interaction with stakeholders

Stakeholders	Company
Sole Shareholder and government agencies	<ul style="list-style-type: none"> <li>- provides reliable information on the results of financial and economic activities in accordance with the requirements of the legislation of the Republic of Kazakhstan, the Charter and internal regulations of the Company;</li> <li>- ensures the implementation of the rights of Sole Shareholder within the framework of corporate governance principles aimed at effective key decision-making;</li> <li>- provides additional information about plans, achievements, business problems, as well as research by other organizations about the activities of the Company, with the exception of confidential information received from other organizations under contracts and/or agreements on information disclosure and/or confidentiality;</li> <li>- participates in international credit ratings.</li> </ul>
Investors and Counterparties	<ul style="list-style-type: none"> <li>- sufficiently discloses up-to-date information about the financial condition, dividend policy and credit history, as well as about the development prospects of the Company;</li> <li>- Financial and management reports of the Company are prepared and submitted in a timely manner in accordance with legislative and regulatory requirements, while financial statements are reviewed by independent auditors;</li> <li>- information on the influence of Sole Shareholder and other stakeholders (republican, local authorities), as well as on the procedure for monitoring and approving transactions with stakeholders is known, transparent and accessible;</li> <li>- carries out proactive communication when making investment and strategic decisions;</li> <li>- faithfully fulfills its contractual obligations to business partners;</li> <li>- ensures information transparency, openness, equality, fairness, absence of discrimination and unreasonable restrictions on competition in strict accordance with the legislation of the Republic of Kazakhstan;</li> <li>- adheres to the principles of corporate governance and improvement of the corporate governance system in accordance with the world's leading practice.</li> </ul>
Customers	<ul style="list-style-type: none"> <li>- The services of the Company are available to consumers;</li> <li>- ensures the security of consumer data and commercial information in order to protect against their leakage and misuse;</li> <li>- provides services of the same quality and provides the same level of service without discrimination to all groups of consumers;</li> <li>- promotes the improvement of the quality of service and public service, which is reflected in the improvement of customer service standards;</li> <li>- provides customers with information about new tools and principles of operation on a regular basis;</li> <li>- promotes the improvement of financial literacy of consumers and their clients to the best of their abilities and in accessible forms.</li> </ul>
Workers	<ul style="list-style-type: none"> <li>- provides an open, transparent, personnel policy aimed at the formation of qualified and motivated personnel;</li> <li>- provides all employees with equal opportunities to realize their potential in the course of work, an impartial and fair assessment of their activities;</li> <li>- selection and career development of employees in the Company are carried out solely on the basis of professional abilities, knowledge and skills;</li> <li>- effective communication and interaction of employees is ensured by organizing internal corporate sources of regular information to employees and communication channels, including through the work of an internal portal (intranet), regular reviewing employee opinions and suggestions, organization of work groups.</li> </ul>
The public	<ul style="list-style-type: none"> <li>- effectively and promptly interacts with the public (including by organizing regular meetings (round tables, briefings, conferences);</li> <li>- actively participates in the implementation of socially significant projects;</li> <li>- responses to the appeals of individuals and legal entities sent to the Company are provided in a timely manner and in full;</li> <li>- When conducting sponsorship and charitable activities, the Company provides assistance to vulnerable segments of the population and low-income citizens in order to revive national values, support culture, science and education.</li> </ul>

Working with counterparties

As part of the effective management of the value chain, the Company builds work with counterparties based on the principles of sustainable development.

The Company expects from its counterparties:

- application of ecological risk (environment) management system to identify, assess actual and possible impacts on the environment and society, identify and effectively implement appropriate management measures, monitor the level of environmental risks;
- application of a human resource management system and ensuring (preserving) the health of employees, which should be based on respect for the rights of employees, including freedom of

association and the right to conclude collective agreements. This system should ensure fair treatment of employees, creation of safe and healthy working conditions for them, caution and prevention of negative side effects;

- application of a system of good corporate governance based on the principles of fairness, honesty, responsibility, transparency, professionalism and competence. Good corporate governance implies respect for the rights and interests of all stakeholders in the activities of the organization and contributes to its successful operation, including the growth of its market value, maintaining financial stability and profitability.

Economic impact management

Due to its mission, the Company has a significant impact on the sustainable economic development of the Republic of Kazakhstan and performs important socio-economic functions.

Distribution of economic value

KZT thousand

Indicator	2020	2021
<b>Economic value (income)</b>	69 073 858	142 853 616
Income from core business activities	64 577 995	138 803 928
Commission income	23 568	102 919
Net realized income from transactions with investment securities measured at fair value, changes in which are reflected in profit or loss for the period	211 514	430 531
Net earned insurance premiums	297 481	2 132 353
Other income	3 963 300	1 383 885
<b>Distributional economic value</b>	(63 022 180)	(137 679 005)
Expenses from core business activities (payments to capital suppliers)	(40 285 767)	(98 091 584)
Commission expenses	(375 219)	(570 704)
Labor costs	(2 026 861)	(2 589 867)
Expenses on taxes and fees to the state budget	(2 263 980)	(4 061 067)
Incomes/(losses) from impairment of debt financial instruments	(7 040 718)	(934 369)
General and administrative expenses	(1 539 483)	(1 796 489)
Training	(6 380)	(8 636)
Reserves for issued guarantees	(9 483 772)	(3 982 815)
Loss on initial recognition of loans issued to customers measured at fair value through profit or loss	-	(27 512 212)
<b>Economic value to be distributed (net profit)</b>	6 051 678	5 174 611

Source: "Kazakhstan Housing Company" JSC

## Financial support

In order to realize its mission, the Company in 2021 financed the urban development investment project "G4 City" in the Almaty region in the amount of KZT 31.1 billion.

When forming project portfolio, the Company gives preference to projects that meet Sustainable development goals and have a significant impact on sustainable socio-economic development of the Republic of Kazakhstan, including projects that contribute to:

- openness, security, resilience and environmental sustainability of cities and settlements;
- diversification of the economy of the Republic of Kazakhstan.

The Company strives to apply international best practices in the field of environmental protection and the social impact of funded projects and other activities.

As part of the implementation of housing construction projects, the Company is guided by the building regulations and rules of the Republic of Kazakhstan.

The Company intends to consistently expand its participation in international initiatives in the field of sustainable development, including by joining initiatives related to the application of responsible investment practices.

## Anti-corruption

The Company adheres to the policy of zero tolerance to corruption in any of its manifestations in cooperation with all stakeholders and to conceal corruption offenses. In its daily activities, the Company complies with the requirements of anti-corruption legislation and takes maximum organizational and practical steps aimed at uncompromising anti-corruption in all its forms and manifestations.

In order to counter corruption and prevent corruption risks, the Company takes comprehensive measures to improve business processes and analyze factors contributing to the commission of corruption offenses.

The Management Board approved Anti-Corruption and Fraud Policy, which defines the main provisions of anti-corruption in the Company and managerial and organizational foundations for preventing corruption offenses.

As part of the formation of an anti-corruption culture, the Company pays great attention to preventive work aimed at reducing corruption risks. Thus, in order to form employees' intolerance to corruption manifestations, training and testing on compliance with the Law of the Republic of Kazakhstan "On Combating Corruption" are conducted on an annual basis. Training is conducted for all employees of the Company.

Board of Directors of the Company annually approves a compliance program for the reporting year, which contains measures to combat corruption and fraud, monitor compliance with legislation and internal regulations, and form an anti-corruption culture.

In order to strengthen anti-corruption and fraud activities, internal corruption risk analyses are conducted, based on the results of which recommendations are made aimed at reducing corruption risks.

The channels of the telephone hotline +7 727 344-12-00, +7 700 344-12-92 and e-mail are functioning on an ongoing basis [skk@khc.kz](mailto:skk@khc.kz). All stakeholders of "Kazakhstan Housing Company" JSC are given the opportunity to report their concerns regarding actual or alleged violations of legislation, regulatory requirements, as well as internal policies and procedures on corruption and ethics. At the same time, confidentiality and anonymity are guaranteed, as well as consideration of 100% of requests.

In 2021, appeals with signs of corruption and fraud were not received by the senior personnel of the Company and Compliance Control Service to e-mail addresses or through hotline channels.

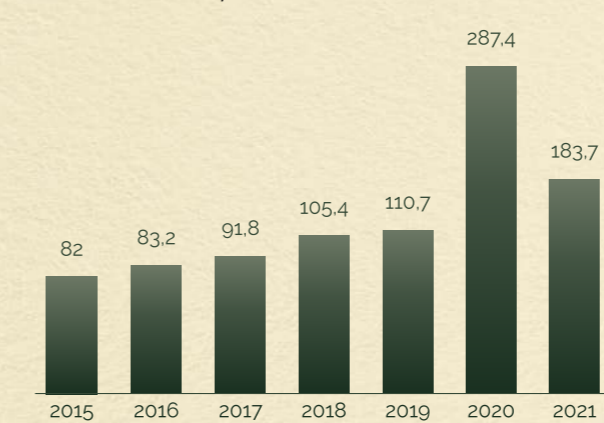
## Social investments

Key socially significant projects implemented by the Company are the purchase of apartments and financing of housing construction through the purchase of local executive bodies bonds for the ones who are on the waiting lists in all regions of Kazakhstan.

According to BNS of ASPaR of RK, the number of citizens on the waiting list in the local executive bodies at the end of 2021 is 605,880 people with an annual increase of about 70 thousand people from the waiting lists.

We see the need to continue this work and its

Investments of the Company and housing for people who are on the waiting list of local executive bodies, KZT billion

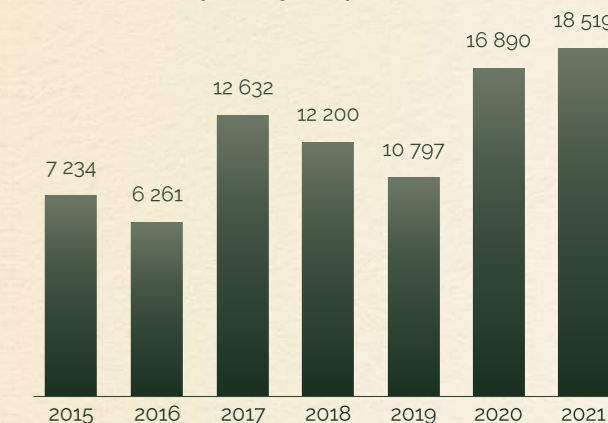


Source: "Kazakhstan Housing Company" JSC

significance. According to the recommendations of Singapore Cooperation Enterprise, in order to maintain the number of people on waiting lists for local executive bodies at the current level, it is necessary to increase the volume of commissioning of affordable housing to 70 thousand apartments per year.

In order to provide affordable housing for all people on the waiting lists in local executive bodies, it is necessary to increase the volume of construction of affordable housing to 124 thousand apartments per year for 10 years.

Placed housing for people who are on the waiting list of local executive bodies at the expense of investments, quantity of apartments



Source: "Kazakhstan Housing Company" JSC

## Procurement management

The selection of suppliers of goods, works and services is carried out by the Company on a transparent basis in accordance with the requirements of the legislation of the Republic of Kazakhstan in the field of procurement and internal regulations and is based on the preference for the best price, quality and terms of delivery of goods, works and services, as well as on the good business reputation of the counterparty.

Procurement is based on the following principles:

- optimal and efficient spending of money used for purchases;
- openness and transparency of the procurement process with respect for the rights and (or) legitimate interests of suppliers on trade secrets (before summing up the results of the tender);
- fair competition among potential suppliers, prevention of collusion between procurement participants;

- responsibility of procurement participants;
- prevention of corruption manifestations;
- providing support to domestic producers of goods, as well as domestic suppliers of works and services to the extent that it does not contradict international treaties ratified by the Republic of Kazakhstan;
- acquisition of innovative and high-tech goods, works, services;
- providing potential suppliers with equal opportunities to participate in the procurement procedure, except in cases provided for by the Law of the Republic of Kazakhstan "On procurement by certain quasi-public sector entities";
- compliance with intellectual property rights contained in the purchased goods.

The authorized body has identified Mitwork LLP as one of the operators of the information system for

procurement, which has the intellectual property right to the Eurasian Electronic Procurement Portal, through which "Baiterek" NMH JSC and its subsidiaries conduct electronic procurement.

According to the results of the purchases in 2021, 272 contracts for a total of KZT 12.4 billion, including VAT, were concluded/extended for 430 lots of the Procurement Plan.

The cost of purchased goods is KZT 9.3 billion, of which 99% – KZT 9.2 billion falls on contracts for the purchase of housing construction facilities (apartments) in Nur-Sultan within the framework of state and/or sectoral housing programs, including:

- within the framework of the Program for refinancing mortgage housing loans (mortgage loans) approved by Resolution No. 69 of Board of the

National Bank of the Republic of Kazakhstan dated April 24, 2015, with amendments and additions dated September 20, 2020;

- purchase of apartments from the liquidation commission of Bank of Astana JSC.

The legislation does not provide for the certification of local maintenance of housing construction facilities.

The average share of local content in the procurement of works and services in 2021 was 97.6%.

The Company is considering the possibility of including principles of sustainable development in the relevant contracts (agreements, contracts) with partners to increase consistency with Sustainable Development Goals.

## Managing Company's own environmental impact

Due to the nature of its activities, the Company does not have a direct significant impact on the environment, however, within the framework of its activities, it strives for the careful use of resources.

### Volume of resource consumption

	2022
Cold water, m <sup>3</sup>	2 237
Hot water, Gcal	163
Heat energy, kJ	1 194
Electricity, kWh	1 054

Source: "Kazakhstan Housing Company" JSC

The main resources consumed by the Company are electricity, thermal energy and water resources. The Company applies principles and methods of rational use of resources that best ensure the prevention of adverse environmental impacts. Energy-efficient technologies are being introduced, work is underway to reduce water consumption, reduce paper consumption for office needs through the implementation of electronic document management system and the practice of double-sided printing.

The company is considering the possibility of introducing the concept of a "green office", an important component of which is an information campaign aimed at increasing the level of environmental awareness of employees.

In 2021, the Company was not subject to fines and other sanctions for non-compliance with the environmental legislation of the Republic of Kazakhstan.

## The social component

Personnel management policy of the Company is aimed at the formation and development of a cohesive team of professionals capable of efficiently and promptly solving tasks. The Company has established unified standards for working with personnel, requirements for the processes of recruitment, training and evaluation, remuneration and social support.

The Company builds labor relations with its employees based on the principle of legality and compliance with generally recognized labor rights of employees.

In carrying out its activities, the Company is guided by the principle of equal opportunities and does not discriminate against its employees when hiring, paying, providing access to training, promotion, dismissal on grounds such as gender, race, language, religious, political and other beliefs, citizenship, national or social origin, limited opportunities.

Human Resources Management Department uses an extensive set of search and recruitment channels to attract the most qualified candidates.

The increase in the level of labor productivity of employees is carried out through a fair and systematic assessment of their activities through using KPI, personnel certification and motivational measures.

In order to ensure fair and competitive remuneration for work, the Company has implemented a grading system, and a regular review of wages in the market and in a comparable industry is carried out.

The Company takes measures to ensure the proper organization of employees' work in the workplace and strives to create safe working conditions that meet the requirements of the legislation of the Republic of Kazakhstan in this area. The Company records and investigates all incidents and problems related to occupational safety and health in order to minimize or eliminate them. The necessary training of employees in the field of occupational safety and health, including training and advanced training, is being carried out.

### Structure and number of personnel

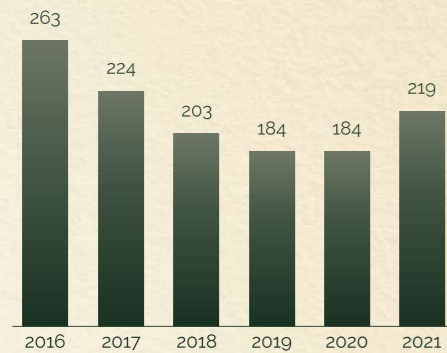
In 2021, the organizational structure of the company was optimized. The new organizational structure of the Company is based on the model of Singapore Housing and Development Board, taking into account strategic directions, goals and objectives of the Company.

A number of management positions have been optimized in the Company: positions of Chief of Staff and Head of Legal Support have been excluded from the structure. Also, within the total number of the Company, two new structural divisions have been created: Information Security Service and Department of Housing Programs and Urbanism.

At the end of 2021, the actual number of employees of the Company was 190 people. At the same time, men and women are almost equally represented. The share of women in leadership positions is 29%, including 14% in the Management Board. The majority of the personnel (78%) represents the age group from 30 to 50 years. The average age of the Company's employees is 37.7 years.

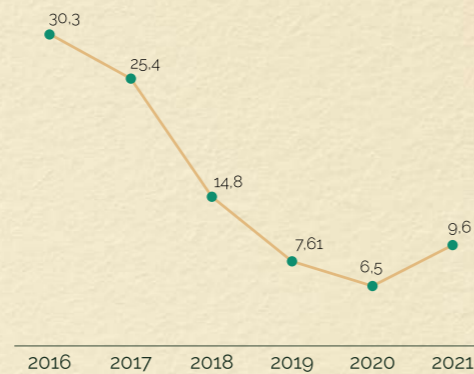
Staff turnover in 2021 was 9.6% (men – 59% of the total number of dismissed and women – 41%).

Average number of workers, person



Source: "Kazakhstan Housing Company" JSC

Personnel turnover,%



Source: "Kazakhstan Housing Company" JSC

Personnel structure as of December 31, 2021, people

Indicator		Total	Governance	Middle managers
Total		190	7	26
Gender groups	Men	91	6	18
	Women	99	1	8
Age groups	Up to 30 years old	28	0	0
	From 30 to 50 years old	149	7	25
	Over 50 years old	13	0	1

Source: "Kazakhstan Housing Company" JSC

## Recruitment and adaptation of personnel

The recruitment of personnel is carried out by the Company based on the need for new employees, and is determined from the staffing and staffing table approved in accordance with the established procedure, as well as the availability of vacancies and applications of Heads of structural divisions.

### Information about the order of placement of vacancies of the Company

In accordance with the Rules of selection of candidates for vacant positions of the Company, the search for candidates consistently includes the following stages:

1. internal selection
2. external selection.

Internal selection is the selection of internal candidates, which grants the right to the employees of the Company to propose their candidacies for the vacant position.

The responsible department posts information on the internal portal, [int.kmc.kz](http://int.kmc.kz), in the electronic document management system or on other internal communication channels.

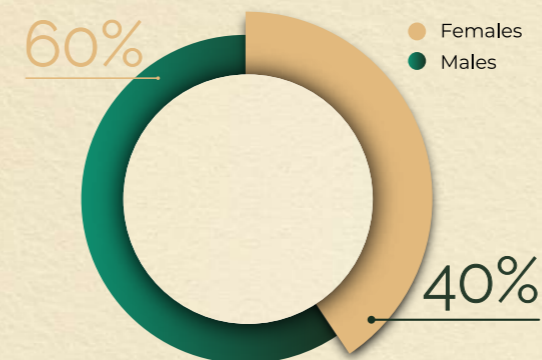
In case of selection of an internal candidate, no further search and selection activities are carried out, and registration for a vacant position is carried out in accordance with the labor legislation of the Republic of Kazakhstan and internal regulations of the Company.

External selection is carried out in the absence of internal candidates by:

- placement of an announcement about the search for a candidate on Company's corporate Internet resource [khc.kz](http://khc.kz) and/or job search sites;
- placement of information on the electronic labor exchange;

- other ways and methods that do not contradict the legislation of the Republic of Kazakhstan and internal regulations of the Company.

Gender composition of workers, %



Source: "Kazakhstan Housing Company" JSC

The recruitment procedure is carried out in accordance with the Rules of the Labor Regulations and the Rules for the selection of candidates for vacant positions.

Basic principles of personnel selection:

- objective and unbiased attitude to the assessment of compliance with a particular position;
- open and fair selection;
- absence of conflicts of interest or their resolution in such way that they do not adversely affect activities of the Company;
- non-admittance and prevention of prejudice (personal gain, intercession, excessive familiarity, threats, etc.).

In order to ensure the effective entry into the position of an employee, the formation of a positive image of the Company, and the reduction of discomfort in the first days of work in the Company,

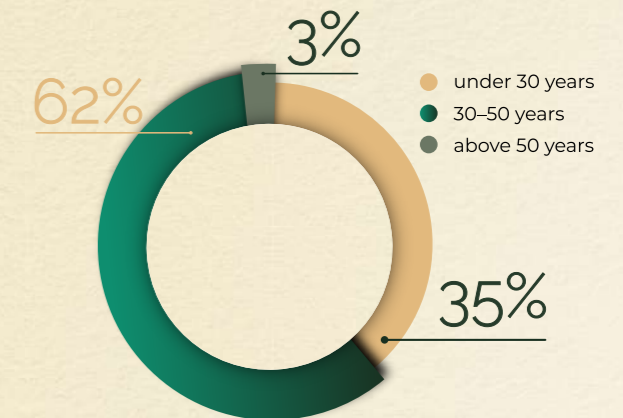
## Remuneration

The main objective of the remuneration policy in the Company is to provide employees with competitive wages and to use a transparent system for evaluating performance and awarding personnel, which contributes to improving the efficiency and material interest of employees in achieving high performance results.

The Company has implemented a salary system based on grades. The grading system allows an employee of the Company to realize the place

In 2021, 65 people were employed by the Company, including 26 women. The share of employees accepted from the full-time staff was 31%. In 2021, 1 person was accepted from Presidential Youth Personnel Reserve.

Composition of workers by age, %



Source: "Kazakhstan Housing Company" JSC

the adaptation of newly hired employees is carried out according to the Instructions for the adaptation of new employees.

The first stage of adaptation involves the formation of a general idea of the Company. On an ongoing basis, HR staff hold communicative meetings with newly hired employees, where they talk about the main activities of the Company, organizational features, features of the relationship between the Company and the employee (the procedure for admission and dismissal, wages, social support), working conditions, etc. In the conditions of a pandemic, a presentation about the Company's activities is sent to newly accepted employees for familiarization.

Individual adaptation program includes a detailed introduction to the activities of the structural unit, specifics of the work, the acquisition of specific skills.

that his position occupies in the existing hierarchy of positions and assess its role for the Company. This is an opportunity to receive fair remuneration for work – depending on the level of complexity, responsibility for the work performed, to assess the prospects for their professional and career growth, to consistently acquire new professional knowledge and skills necessary for effective work in a higher position.

The evaluation of the performance of employees is carried out on the basis of efficiency maps, taking into account the achievement of the Company's strategic goals and individual performance indicators. Within the framework of this approach, a vertically integrated efficiency structure is formed, which makes it possible to distribute responsibility for achieving strategic goals to each responsible employee.

## Personnel evaluation system

The personnel assessment is carried out in order to determine the employee's compliance with the position or work performed and to determine the degree of compliance of the Company's employees with the requirements for the positions held in accordance with the Regulations on

The ratio of the average salary of women to the average salary of men by category:

- top management - 0.89;
- middle managers – 1.04;
- chief specialists and specialists – 0.92.

the Certification of the Company's employees. Scheduled certification of the employees of the Company is carried out no more than once every 3 years. In 2021, the certification of the Company's employees was not carried out.

## Staff training

The Company operates a system of continuous training and development of personnel in order to form and maintain the necessary level of qualification of employees, as well as taking into account requirements and prospects of the strategic development of the Company.

On an annual basis, an annual training plan is formed in accordance with the requests of the Heads of the Company's structural divisions, indicating the name of the training event and the number of employees who need to be trained.

The training and professional development of the Company's employees are based on the following principles:

- compliance of the topic and content of training events with the needs defined in accordance with the official duties of the employee, the goals and objectives set for the employee;
- the focus of the training activities is on solving specific tasks that ensure an increase in the efficiency of the Company's activities, studying the best corporate practices and standards;
- systematic, additional, planned nature of training and professional development;
- coverage of the maximum possible number of employees of the Company with training and professional development programs.

In order for employees to gain theoretical and practical knowledge and skills, participation in workshops, trainings, meetings, conferences, forums, round tables, training courses at the workplace, etc. is provided.

Upon completion of the training, the employee applies the acquired knowledge and skills in the work, which are analyzed by the supervisor, who assesses the success of the training. According to the results of the survey, the average score for evaluating the effectiveness of the training conducted in 2021 was 4.7. In the reporting year, 119 employees or 62.6% of the actual number of employees of the Company were trained, including 42.0% of men (50 employees) and 58.0% of women (69 employees).

The main training programs in 2021 were aimed at advanced training in the following areas:

- construction and architecture (pricing in construction, reconstruction, capital and current repairs, Revit Architecture, etc.);
- financing, including project management (data analysis, financial modeling, financial analysis, countering the legalization (laundering) of proceeds from crime and financing terrorism, etc.);
- programming (programming language "Python");
- formalization, analysis and optimization of business processes;
- strategic risk management;
- other areas requiring annual training (military accounting, conciliation commission, professional accountants' advanced training in areas related to changes in accounting, changes in IFRS, changes in tax legislation, changes in civil legislation, etc.).

## Development of corporate culture

In order to form a corporate culture, various corporate events are held in the Company.

During 2021, activities were carried out to increase the level of satisfaction (staff involvement).

Medical examination of the Company's employees, the Company's participation in charity events, children's drawing contests, etc. are carried out on an ongoing basis.

In addition to that, the following tools are used to form a corporate culture in the Company:

- confirmation of success (certificates, recognition letters);
- team building and development of corporate values;
- motivation (creating a favorable working mood in the team);
- increase employee satisfaction and awareness.

## Occupational health and safety

The Company follows a continuous process to maintain working safety conditions: introductory instruction on safety and labor protection is conducted for newly hired employees and annually for all employees; practical and theoretical measures on civil protection in the Company (civil defense and emergencies) are held annually, as well as instruction of all employees on fire safety in the Company. A systematic inspection and verification of warning devices, interaction of electronic systems in case of fire in case of evacuations, fire extinguishers, gas fire extinguishing systems, pumping stations and a fire hydrant for water discharge is carried out.

In order to ensure compliance with fire safety requirements, a team has been formed in the Company as part of the Company's civil protection

units, and responsible employees have been appointed to comply with fire safety standards in the Company.

Periodically, the responsible department of the Company notifies (reminds) the Company's employees about the need to comply with fire safety measures on the eve of weekends and holidays.

In 2021, in accordance with the plan, a fire safety training session was held. During the exercises, the following activities were carried out: evacuation of the Company's employees from the building by the Alarm signal with the participation of the Department of Emergency Situations, a visual demonstration of the technique of using OU-5 fire extinguisher on a specially diluted fire source, as well as training about using GP-5 gas mask.

In 2021, no injuries were recorded.

## Social policy

The Company provides social support to employees in accordance with the Rules for Providing Social support to employees of the Company. Voluntary medical insurance of employees and their family members is carried out on an annual basis, financial assistance is provided for recovery when providing leave, financial assistance at the birth of a child and other cases provided for by internal regulatory documents of the Company.

Thus, in 2021, financial assistance was provided to 16 employees in connection with the birth of children and 7 employees in connection with the death of close relatives.

The purpose of the Company's social activities is to consistently improve the quality of life of the

Company's employees by providing additional benefits, providing services and making social payments.

During the pandemic and quarantine, the Company carried out a number of measures aimed at reducing the level of morbidity of employees. In order to protect health and safety at work in cases of deterioration of the epidemiological situation associated with the pandemic, most of the workers were transferred to remote work. PCR testing for COVID-19 for employees was carried out at the expense of the Company. The office ensures safety of the working environment, complies with all established sanitary standards in a pandemic.

The employee's rights in terms of the social component, including in terms of issuing notifications, are respected in accordance with the standards of labor legislation.

Since 2008, the Company has a Collective employment agreement. In order to protect the

labor rights of employees or the employer on a parity basis, a conciliation commission has been established in the Company. In 2021, there were no appeals to the conciliation commission.

The Company did not hold any charity events in 2021.

## Conflict of interest management

The members of Board of Directors are obliged to act in the interests of the Company and its Sole Shareholder in good faith, reasonably and fairly, observing the requirements contained in the legislation of the Republic of Kazakhstan, moral principles of the Company, as well as standards of business ethics established by the internal regulations of the Company.

In order to manage a conflict of interest, when selecting candidates for Board of Directors, the presence of a direct or potential conflict of interest is taken into account.

Members of Board of Directors are obliged to immediately inform the Chairman of Board of Directors of any personal commercial or other interest (direct or indirect, real or possible) in transactions, contracts, projects related to the Company, in accordance with the procedure provided for in the Company's internal regulations, as well as the occurrence of affiliation and other circumstances.

Members of Board of Directors are obliged to refrain from actions that may lead to a conflict of interests and from making decisions on issues on which there is a conflict of interests.

Members of Board of Directors are prohibited from receiving gifts, services or any benefits from individuals or legal entities that represent or can be considered as remuneration for decisions or actions taken or performed as a member of Board of Directors of the Company.

Members of Board of Directors are prohibited from disclosing confidential, internal information of the Company and other information that has become known to the Director in connection with the performance of his duties as a member of Board of Directors (with the exception of publicly available information) to persons who do not work for the Company, are not authorized representatives of Sole Shareholder and do not have access to such information, as well as using it for their own purposes, interests or interests of third parties, both during the period of performing the duties of a member of Board of Directors, and within 5 years after the end of the term of office, as well as during the period specified in the documents (information) that have become known.

Members of Board of Directors are required to regularly provide information about their affiliates.

No conflicts of interest were recorded in 2021.

## Opportunities for employees to send complaints and reports of violations and unethical behavior, feedback

The Company has telephone hotline channels and e-mail. All stakeholders of "Kazakhstan Housing Company" JSC are given the opportunity to report their concerns regarding actual or alleged violations of legislation, regulatory requirements, as well as

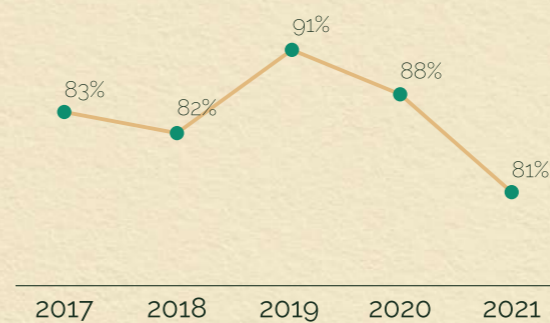
internal policies and procedures on corruption and ethics. The authors of the message are guaranteed confidentiality and anonymity, as well as 100% consideration of appeals.

## Employee satisfaction and engagement research

A study of the involvement and satisfaction of employees of "Baiterek" NMH" JSC and all subsidiaries is conducted annually with the involvement of independent consultants of Ernst & Young Kazakhstan LLP.

The study is conducted using an electronic questionnaire. The level of satisfaction and involvement of the personnel of the Company in 2021 was 81% (above average).

Employee engagement and satisfaction index, %



Source: "Kazakhstan Housing Company" JSC



## Information policy and handling of appeals

Information about services of the Company is posted on the corporate website [www.khc.kz](http://www.khc.kz), information on issued guarantees, reports of engineering companies and information on events with the participation of the Company is constantly updated.

Facebook and Instagram social media pages (responses to comments and personal messages) and 902,331 SMS notifications and 9,992 SMS of telemarketing, 10,657 calls were provided on a regular basis, according to the information of the Company provided, 30,779 calls were processed through the call center line in 2021. An initial consultation on the Company's products has been provided.

Feedback on customer requests is provided by the Company's Public Relations Service via email and incoming calls on an ongoing basis.

The possibility of customer requests is also provided through corporate pages in social networks: Facebook: <https://www.facebook.com/khc.kz>; Instagram: <https://www.instagram.com/khc.kz>.

Public Relations Service of the Company has been running a Blog of the Chairman of Management Board of the Company on the Open Dialogue platform since 2021 <https://dialog.egov.kz/blogs/5373952/welcome>.

In 2021, the number of press releases sent and published in the media about the events and activities of the Company amounted to more than 20.

A large-scale PR campaign was conducted in all regions to inform the public about services and products of the Company. Kazakhstanis were informed about the launch of Orda mortgage program by SMS-mailing, messages on social networks, as well as regular publications in electronic media and on television.

In addition to that, in 2021, the Company held the following events:

- online press briefing on the launch of building materials marketplace together with "Baiterek NMH" JSC;
- briefing on the topic "Digitalization of the construction industry" jointly with Ministry of Industry and Infrastructure Development of the Republic of Kazakhstan;
- Forum of Urbanists of Kazakhstan in Atyrau urbathon.kz together with the Akimat of Atyrau and the Association of Urbanists Q88;
- Bayterek special report conducts digitalization of the apartment block" on Atameken Business TV channel.

Working with appeals from employees

In 2021, the Company received 26,288 appeals from individuals and 8,435 appeals from legal entities. At the same time, the Company promptly responded to 99.5% of appeals.

## The impact of the pandemic on the activities of the Company

Due to the fact that the Company carries out its main activities in the financial services sector and thus does not depend on quarantine restrictions in its activities, the impact of the pandemic on the Company and the implementation of the Strategy cannot be called critical.

At the same time, in the conditions of the pandemic, the Company was forced to adapt to new realities. At this rate, during the pandemic, the Company was forced to transfer 70% of employees to a remote work format in order to protect health and safety at work.

Extensive use of videoconferencing and other online work methods has made it possible to reduce the financial, time and labor costs of the Company. Thus, due to the lack of necessity, the regional directorate was abolished, the number of business trips decreased, and judicial and claims-related work of the Company switched to an online format.

Among the negative effects of the pandemic, the following should be noted:

1. Quarantine measures to a certain extent limited real estate management activities. There were problems and delays in solving the following issues:

- holding meetings of owners/tenants of the housing stock of the Company, including on issues of ensuring proper management of the housing stock and maintenance of the common property of the Company's housing stock, choosing the form of management of condominium facilities;

- conducting scheduled inspections of the Company's housing stock under concluded lease agreements for the purpose of using the housing stock, subletting, technical condition, illegal alterations, etc.

- adjustment of documents of entitlement for prematurely purchased apartments, registration of ownership rights, removal of encumbrances from purchased apartments, etc.

2. The economic crisis as a result of the pandemic indirectly led to an increase in the share of loans with a delay of 90 days or more in the rental portfolio of the Company from 2.55% as of December 31, 2020 to 4.61% as of December 31, 2021.

3. Difficulties in the development of corporate culture in the context of a pandemic. Due to the current situation in the country during the pandemic, 2021 was quite limited in carrying out activities aimed at developing internal communications.





# Corporate governance

## Corporate governance system

In its activities, the Company is guided by the principles of corporate governance defined by the Corporate Governance Code of "Kazakhstan Housing Company" JSC.

Corporate governance is understood as a set of processes that provide management and control over the Company's activities and include relations between shareholders, Board of Directors, Management Board, other bodies of the Company and stakeholders in the interests of shareholders.

- The supreme body is Sole Shareholder. Sole Shareholder is authorized to make decisions on issues determined by the legislation of the Republic of Kazakhstan, the provisions of the Company's charter and its internal regulations. Sole Shareholder of "Kazakhstan Housing Company" JSC is "Baiterek" National managing holding" JSC.

- Board of Directors exercises general management of the activities of the Company, as well as control over the activities of the executive body,

with the exception of issues referred to the exclusive competence of Sole Shareholder.

- Management Board is the executive body that manages the current activities of the Company.

- Internal Audit Service provides control over financial and economic activities, assessment in the field of internal control, risk management, execution of documents in the field of corporate governance and consulting in order to improve activities of the Company. Internal Audit Service reports directly to Board of Directors.

The Company considers corporate governance as a means of increasing the efficiency of the Company, strengthening its reputation and reducing the cost of raising capital.

Corporate governance is based on the principles of fairness, honesty, responsibility, transparency, professionalism and competence.

The principles of corporate governance are aimed at creating trust in relations arising in connection

with the management of the Company, and are the basis of all rules and recommendations. The fundamental principles of corporate governance are:

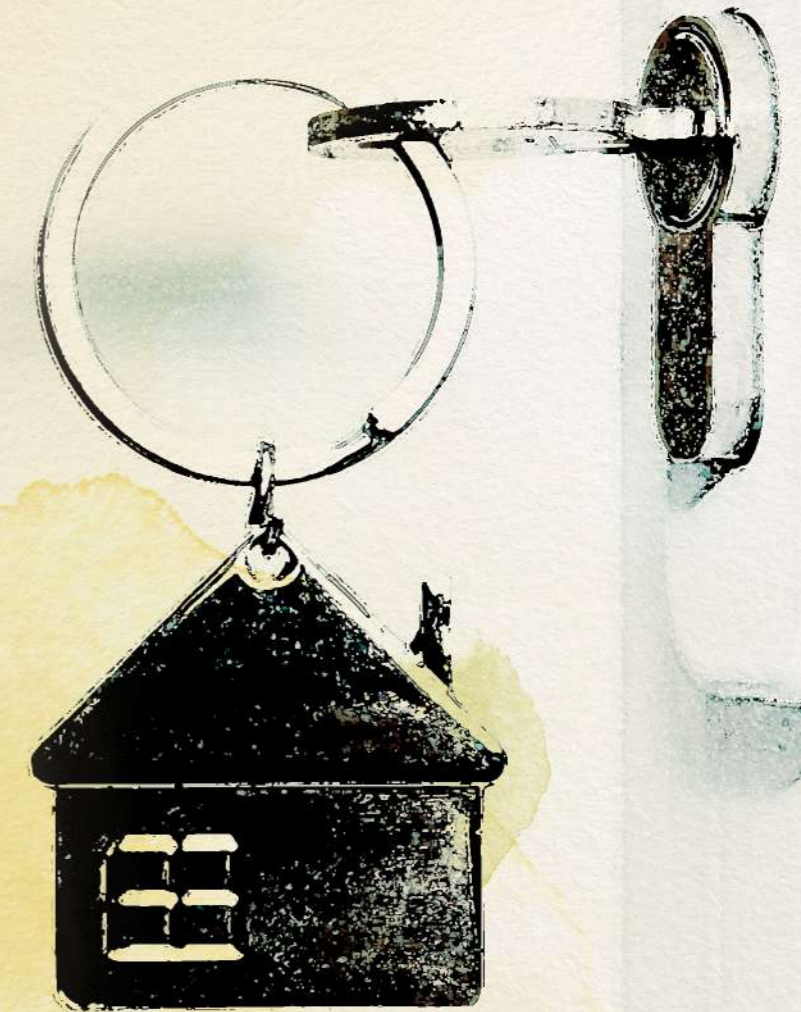
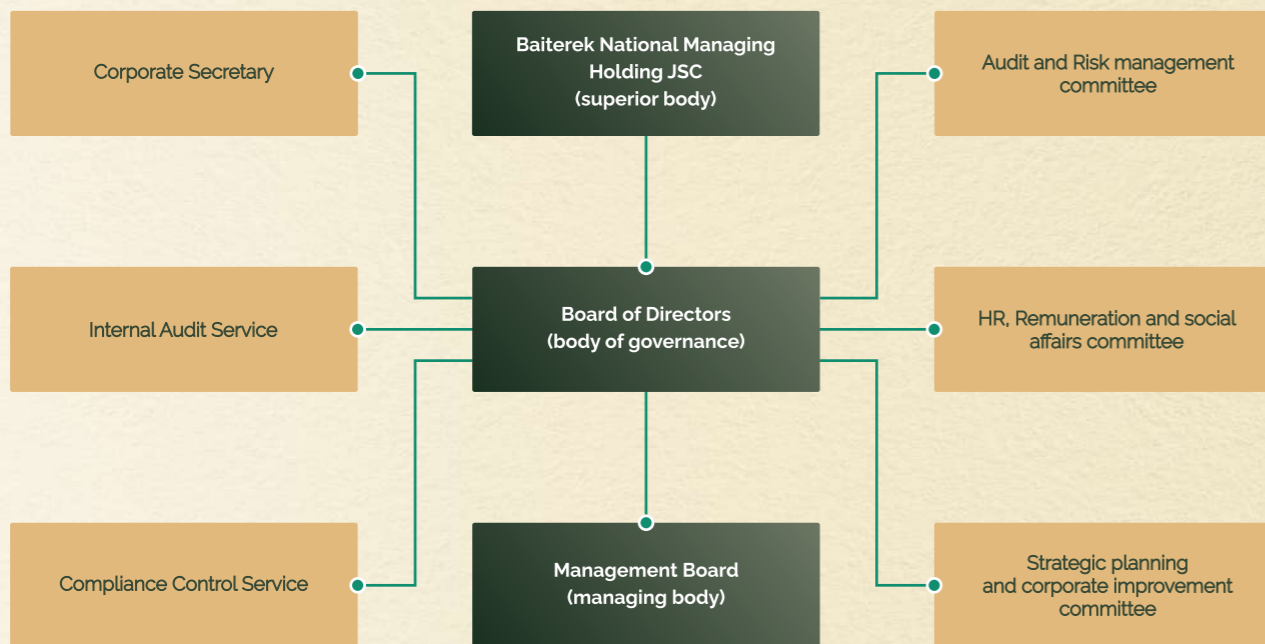
- principle of delineation of powers;
- principle of protecting rights and interests of Sole Shareholder;
- principle of effective management of Board of Directors and Management Board;

- principle of sustainable development;
- principle of risk management, internal control and internal audit;
- principle of regulating corporate conflicts and conflicts of interest;
- principles of transparency and objectivity of disclosure of information about the activities of the Company.

## Sole Shareholder

Sole Shareholder of the Company is "Baiterek" National managing holding" Joint Stock Company, which owns 100% of the voting shares of the Company as of December 31, 2021.

## Corporate governance structure of the Company



# Board of Directors

## Composition of Board of Directors

As of December 31, 2021, Board of Directors consisted of 8 people.



### Arifkhanov Aidar Abdrazakhovich

The Chairman of Board of Directors  
Representative of the Sole Shareholder



Date of election as a member of Board of Directors – June 30, 2021, date of election as Chairman of Board of Directors – July 27, 2021



Year of birth: 1974



Citizen of the Republic of Kazakhstan

Other positions held: Chairman of Management Board of "Baiterek" NMH" JSC since December 2017

#### Work experience in recent years:

Since 2011 till 2015 – Deputy Chairman of Board of "Kazatomprom" National Atomic Company" JSC, Acting Chairman of Board (since March 31, 2015).

Since 2015 till 2017 – Vice Minister of National Economy of the Republic of Kazakhstan.

Since January till December 2017 – Deputy Chairman of Management Board of "Baiterek" NMH" JSC.

Since December 2017 – Chairman of Management Board of "Baiterek" NMH" JSC.

#### Education: higher education (economics).

In 1995 he graduated from the Kazakh State Academy of Management with a degree in Economics, Bachelor of Economics.

In 2000 he graduated from the Diplomatic Academy of the Ministry of Foreign Affairs.

Within the framework of Bolashak presidential program – Columbia University (USA), with a degree in Economic Policy Management.

Has no shares of suppliers and competitors of the Company



### Omarkhodzhayev Anuar Sagynaliyevich

Member of Board of Directors  
Representative of the Sole Shareholder



Date of election as a member of Board of Directors – June 30, 2021



Year of birth: 1973



Citizen of the Republic of Kazakhstan

Other positions held: since October 2016, Deputy Chairman of Management Board – Member of Management Board of "Baiterek" NMH" JSC

#### Work experience in recent years:

Since 2012 till 2014 – Head of the Secretariat of the Head of the Presidential Administration of the Republic of Kazakhstan.

Since April 2014 till October 3, 2016 – Deputy Head of the Office of the Prime Minister of the Republic of Kazakhstan.

Since October 3, 2016 – Deputy Chairman of Management Board of "Baiterek" NMH" JSC.

#### Education: higher (technical).

Kazakh State Agrarian University, a degree in "Mechanization of agriculture" with the qualification of "mechanical engineer".

Within the framework of Bolashak presidential program – Bremen Institute (Germany) with the degree in "Mechanical Engineering" with the qualification of "engineer of industrial machinery".

Has no shares of suppliers and competitors of the Company



## Zhanke Timur Amantayuly

Member of Board of Directors  
Representative of the Sole Shareholder



Date of election as a member of Board of Directors – June 10, 2019



Year of birth: 1977



Citizen of the Republic of Kazakhstan

Other positions held: since May 2019, Managing Director – Member of Management Board of "Baiterek" NMH" JSC

### Work experience in recent years:

Since 2008 till 2014 – General Director of KazMunai-Gaz-Service Compass LLP.

Since 2014 till April 2019 – Deputy Akim of Zhambyl region.

Since 2019 – Managing Director of "Baiterek" NMH" JSC.

Since May 2019 – Member of Management Board of "Baiterek" NMH" JSC

**Education:** higher education (economics).

Al-Farabi Kazakh National University, with the degree in International Relations.

K.I. Satpayev Kazakh National Technical University with the degree in "Field development in oil and gas".

Maastricht School of Management (Netherlands) with a Master of Business Administration (MBA) degree.

*Has no shares of suppliers and competitors of the Company*



## Yelemessov Askar Raushanuly

Member of Board of Directors  
Independent Director



Date of election as a member of Board of Directors – September 10, 2019



Year of birth: 1968

Citizen of the Republic of Kazakhstan

### Work experience in recent years:

Since September 2016 – Chairman of Board of Directors – Independent Director of "SkyBridge Invest" JSC.

Since 2017 till 2018 – Independent Director-Member of Board of Directors of "Kazkommertsbank" JSC.

Since 2018 - Independent Director-Member of Board of Directors of "DAMU" Entrepreneurship Development Fund" JSC.

Since 2019 – Independent Director-Member of Board of Directors of "Kazakhstan Mortgage Company" Mortgage organization" JSC;

**Education:** higher (economic).

In 1990 he graduated from Lomonosov Moscow State University with a degree in Political Economy.

In 1994, he graduated from the University of Washington with a degree in Business Administration.

*Has no shares of suppliers and competitors of the Company*



## Yap Chin Beng

Member of Board of Directors  
Independent Director



Date of election as a member of Board of Directors – October 25, 2021



Year of birth: 1954

Citizen of the Republic of Singapore

### Work experience:

For 40 years he has worked in various positions in the unified housing and development operator of Singapore – Housing and Development Board.

Chairman of Audit Committee of Board of Directors of EM Services Private Limited, Singapore.

### Education: higher (technical, managerial)

In 1977 he received a Bachelor's degree in Geodesy (University of New South Wales, Australia).

In 1988 he completed postgraduate studies in the field of system analysis (Institute of System Science at the National University of Singapore).

In 1994, he received a Master's degree in Business Administration (University of Warwick Business School, UK).

*Has no shares of suppliers and competitors of the Company*



## Aukenov Yerlan Muratovich

Member of Board of Directors  
Independent Director



Date of election as a member of Board of Directors – October 25, 2021



Year of birth: 1984

Citizen of the Republic of Kazakhstan

### Work experience in recent years:

Since 2014 till 2015 – Deputy Akim of the North Kazakhstan region.

Since 2015 till 2019 – Deputy Akim of Almaty.

Since 2019 till 2021 – Vice Minister of Labor and Social Protection of the Population.

From 2021 till present time – Independent Director-member of Board of Directors of "Kazakhstan Housing Company" JSC.

### Education: higher (managerial)

Al-Farabi Kazakh National University. with the degree in "State and Local Government".

Within the framework of Bolashak presidential program - University of Bradford (UK), Master's degree in Public Policy and Project Management.

International Academy of Business (Almaty, Kazakhstan) – Master of Business Administration degree.

London School of Economics (UK) – Master's degree in Urban Development.

*Has no shares of suppliers and competitors of the Company*



## Suentayev Damir Serkbayevich

Member of Board of Directors  
Independent Director



Date of election as a member of Board of Directors – September 10, 2019



Year of birth: 1984

Citizen of the Republic of Kazakhstan

### Work experience:

Over the years, he held managerial and senior positions in "Samruk-Kazyna" Sovereign Wealth Fund" JSC, "DAMU" Entrepreneurship Development Fund" JSC, "KazExportGarant" Export Credit Insurance Corporation" JSC, "Kazakhstan Engineering" National company" JSC, etc.

Since 2014 till 2017 – Chairman of Internal Audit, Strategic Planning and Risk Committee, Independent Director at "Kazagromarketing" JSC ("KazAgro" National managing holding" JSC).

Since 2015 till the present time – Advisor to the Chairman of Management Board at Kazakhstan Engineering Union association of legal entities.

Since September 2019, he has been elected an independent director – member of Board of Directors in "Kazakhstan Housing Company" JSC.

Membership in Boards of Directors/Boards of Trustees of other legal entities: "National Center for Expertise and Certification" JSC, "Passenger Transportation" JSC.

### Education: higher.

Kazakh University of the Humanities and Law, with the degree in "Jurisprudence".

Kazakh Economic University named after T. Ryskulova with the degree in Economics.

The Russian Presidential Academy of National Economy and Public Administration (MBA).

In 2020, he got the status of a certified director – Dip IoD.

*Has no shares of suppliers and competitors of the Company*



## Isayev Rustam Muratovich

Member of Board of Directors  
Chairman of Management Board  
of the Company



Date of election as a member of Board of Directors – June 23, 2021



Year of birth: 1975

Citizen of the Republic of Kazakhstan



Other positions held: Chairman of Management Board of the Company (since June 2021)

### Work experience:

In June 2021, he was appointed Chairman of Management Board of the Company.

He started his professional career in "Kazakhstan Temir Zholy" National company" JSC in 1998.

He worked in various positions in "KazMunayGas" National company" Joint Stock Company, executive director in a subsidiary of "KazTransGas-Almaty" JSC.

He has experience in the private sector.

In the period since September 2016 till June 2021, he held senior positions in "KazAvtoZhol" JSC.

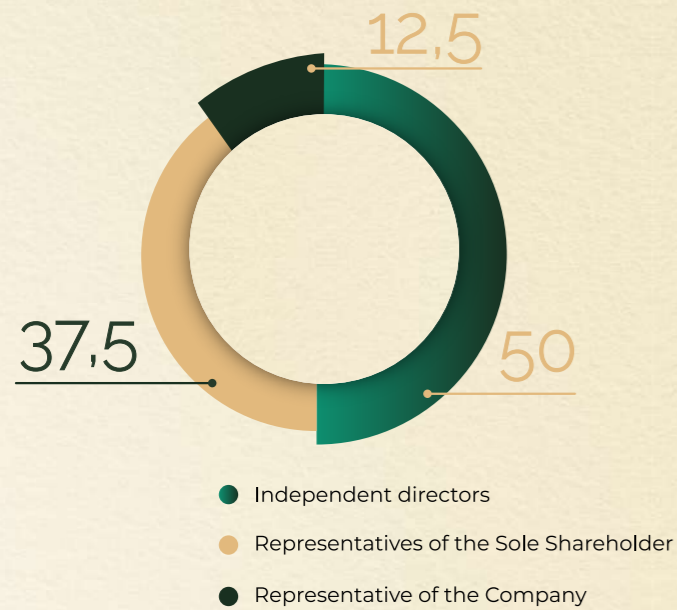
Experience in the financial sector is more than 20 years.

### Education: higher (economic).

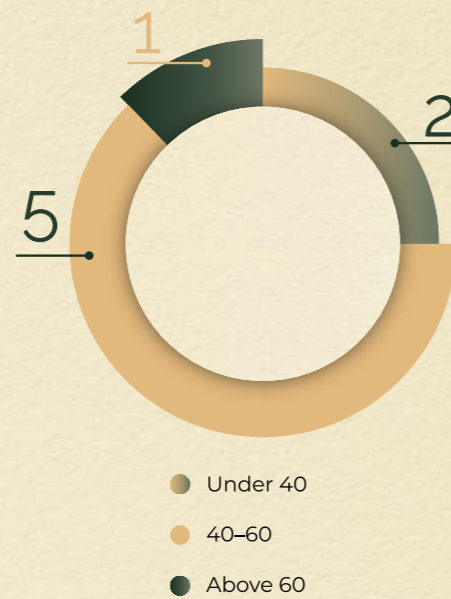
In 1998 he graduated from Dokuz Eylul University (Turkey) with a degree in Public Finance.

*Has no shares of suppliers and competitors of the Company*

Structure of Board of Directors,%



The age of members of Board of Directors



Competencies of the members of Board of Directors

Members of Board of Directors	Arifkhanov A.A.	Omarkhodzhayev A.S.	Zhanke T.A.	Yelemessov A.R.	Yap Chin Beng	Aukenov Y.M.	Suentayev D.S.	Isayev R.M.
Key competencies								
Knowledge of the Company's industry								
Specific skills and experience								
Finance								
Risk management and audit								
Strategy development and implementation								
Sustainable development								
Urbanistics								
Experience in management and law								
Corporate governance								
Experience in politics and regulatory work								

In 2021, there were no trainings for members of Board of Directors.

## Determining the composition of Board of Directors

Sole Shareholder elects members of Board of Directors in accordance with the procedure established by the legislation of the Republic of Kazakhstan, the charter and internal regulations of the Company, taking into account the competencies, skills, achievements, business reputation and professional experience of candidates.

In 2021, the following changes were made in the composition of Board of Directors of the Company by Sole Shareholder of the Company:

- by the decision of "Baiterek" NMH" JSC dated May 26, 2021 (Minutes No. 27/21) terminated the powers of a member of Board of Directors of the Company – Mukhamedzhanov Adil Bektasovich;
- by the decision of "Baiterek" NMH" JSC dated June 23, 2021 (Minutes No. 31/21) Isayev Rustam Muratovich was elected a member of Board of Directors of the Company;
- In accordance with the decision of "Baiterek" NMH" JSC dated June 30, 2021 (Minutes No. 33/21), the quantitative composition of Board of Directors

of the Company was determined - eight people. Elected by the members of Board of Directors of the Company as representatives of Sole Shareholder of the Company Arifkhanov Aidar Abdrazakhovich and Omarkhodzhayev Anuar Sagynaliyevich;

- By the decision of Board of Directors of the Company dated July 27, 2021 (Minutes No. 12), a representative of the Company's Sole Shareholder Aidar Abdrazakhovich Arifkhanov was elected Chairman of Board of Directors of the Company;
- in accordance with the decision of "Baiterek" NMH" JSC dated October 25, 2021 (Protocol No. 57/21), the powers of members of Board of Directors of the Company Salykov Olzhas Zhandosovich and independent Director Tokobayev Nurlan Tursunbekovich were prematurely terminated and members of Board of Directors of the Company were elected as independent directors of Yap Chin Beng and Aukenov Yerlan Muratovich.

## Procedure for nominating candidates to Board of Directors

The search for candidates is initiated by the structural unit of Sole Shareholder, ensuring the effectiveness of Board of Directors of the Company, 60 calendar days before the expiration of the approved term of powers or within 15 calendar days from the moment of the need for the selection of an independent director, by posting information about the search and selection of candidates for the position of an independent director on the website of the Holding and/or the Company with the requirements to the candidate.

The requirements for persons elected to Board of Directors are established by the legislation of the Republic of Kazakhstan and the Charter of the Company.

Applicants for election to the position of independent director submit the following documents:

1. application of the candidate for participation in the competitive selection;
2. a copy of the candidate's identity document;
3. information about the candidate.

The structural division of Sole Shareholder, which ensures the effectiveness of Board of Directors of the Company, based on the results of receiving documents from applicants for the position of independent director, draws up a list of candidates who meet the requirements and, in accordance

with the established procedure, submits the issue of electing an independent director for consideration by Management Board of the Holding, having previously agreed with the structural division of Sole Shareholder responsible for human resources management.

To search for candidates, other ways and methods may be used that do not contradict the legislation of the Republic of Kazakhstan and internal regulations of the Holding, including the involvement of organizations for the search and selection of personnel.

The composition of Board of Directors of the Company consists of persons recommended for election to Board of Directors.

Sole Shareholder elects members of Board of Directors of the Company in accordance with the procedure established by the legislation of the Republic of Kazakhstan, the charter and internal regulations of the Company, taking into account the competencies, skills, achievements, business reputation and professional experience of candidates.

When re-electing individual members of Board of Directors or its full composition for a new term, the results of the evaluation of the activities of the members of Board of Directors of the Company are taken into account.

When selecting candidates for Board of Directors, the following are taken into account:

1. work experience in management positions;
2. work experience as a member of Board of Directors;
3. work experience;
4. education, specialty, including the availability of international certificates;
5. the presence of competencies / managerial experience of at least 2 years in the relevant areas and industries;
6. business reputation;

7. the presence of a direct or potential conflict of interest;
8. availability of professional certification of the Director "Certified Director" (for independent directors).

No person should participate in making decisions related to their own appointment, election and re-election.

In order to ensure diversity in gender composition, in case of equality of assessments of compliance of candidates to Board of Directors of the Company with the requirements, the Company strives to give preference to female candidates.

## Requirements for independent directors

Requirements for independent directors are established in accordance with the legislation of the Republic of Kazakhstan, the Charter and internal regulations of the Company.

According to the Law of the Republic of Kazakhstan "On Joint Stock Companies", independent directors meet the following criteria:

- are not affiliated with the Company and have not been for 3 years prior to their election to Board of Directors, and are not affiliated with the Company's affiliates;
- are not subordinated to officials of the Company or affiliated organizations of the Company and were not subordinated to these persons during 3 years preceding their election to Board of Directors;
- are not government employees;

- are not representatives of Sole Shareholder at meetings of the Company's bodies and have not been for 3 years prior to their election to Board of Directors;

- do not participate in the audit of the Company as auditors working as part of an audit organization, and did not participate in such audit during 3 years preceding their election to Board of Directors.

According to the Regulations on Board of Directors of the "Kazakhstan Housing Company" Joint Stock Company, candidates for independent directors must be free from any material interests or relations with the Company, its management or its property that could jeopardize the exercise of objective judgment, have sufficient professionalism and independence to make independent and objective decisions, free from the influence of Sole Shareholder, the executive body and other interested parties.

## Committees of Board of Directors

There are three committees under the Board of Directors:

- Strategic Planning and Corporate Development Committee;
- Audit and Risk Management Committee;
- HR, Remuneration and Social Affairs Committee.

**Strategic Planning and Corporate Development Committee** is a permanent advisory and advisory body of Board of Directors to make recommendations on priority areas of activity (development), strategic goals (development strategy), corporate development issues, including issues on the development of measures to improve the efficiency of the Company in the medium and long term, its profitable activities and sustainable development. Composition of Strategic Planning

and Corporate Development Committee as of December 31, 2021:

- Yap Chin Beng (Chairman of the Committee);
- Yelemessov A.R. (member of the Committee);
- Aukenov Y.M. (member of the Committee);
- Suentayev D.S. (member of the Committee);
- Omarkhodzhayev A.S. (member of the Committee);
- Zhanke T.A. (member of the Committee).

**Audit and Risk Management Committee** is a permanent advisory body of Board of Directors. Business activities of the Committee are aimed at improving the efficiency and quality of the work of Board of Directors by preparing recommendations on establishing an effective system of control

over the financial and economic activities of the Company (including the completeness and reliability of financial statements), monitoring the reliability and effectiveness of internal control and risk management system, monitoring the independence of external and internal audit, and Compliance control services, compliance with the legislation of the Republic of Kazakhstan, internal regulations, as well as to prepare recommendations to Board of Directors of the Company on the development of priority areas of activity (development), and the functioning of an adequate risk management system in the Company, improving and strengthening risk management system.

Composition of Audit and Risk Management Committee as of December 31, 2021:

- Yelemessov A.R. (Chairman of the Committee);
- Yap Chin Beng (member of the Committee);
- Aukenov Y.M. (member of the Committee);
- Suentayev D.S. (member of the Committee).

## Activities of Board of Directors

### Procedure for submitting offers to the agenda of meetings of Board of Directors

Board of Directors annually draws up its work plan with a schedule of meetings for the previous year. Meetings of Board of Directors should be held regularly, but at least 6 times a year.

If necessary, Board of Directors has the right to consider issues not included in the work plan.

The request to convene a meeting of Board of Directors is submitted to the Chairman of Board of Directors by sending a corresponding written message containing proposed agenda of the meeting. At the same time, draft agenda is preliminarily agreed with the supervising structural unit of Sole Shareholder no later than 5 working days before the date of sending the notification of convocation of the meeting of Board of Directors to the members of Board of Directors.

**HR, Remuneration and Social Affairs Committee** is a permanent advisory and advisory body of Board of Directors, established in order to improve the efficiency and quality of the work of Board of Directors through in-depth study and monitoring of issues within the competence of Board of Directors in the field of personnel policy, appointment and remuneration systems, as well as evaluation of the activities in general and individually of members of Board of Directors of the Company, members of Management Board of the Company, succession planning of the Chairman and members of Management Board and evaluation of the activities of Corporate Secretary.

Composition of HR, Remuneration and Social Affairs Committee as of December 31, 2021:

- Suentayev D.S. (Chairman of the Committee);
- Yap Chin Beng (member of the Committee);
- Yelemessov A.R. (member of the Committee);
- Aukenov Y.M. (member of the Committee);
- Zhanke T.A. (member of the Committee).

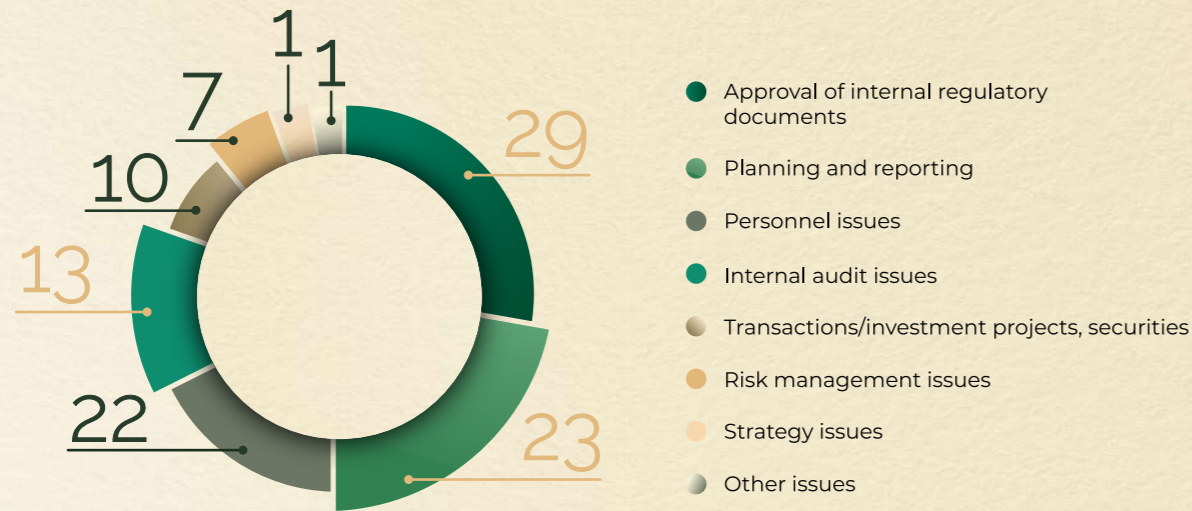
The final formation of materials for meetings of Board of Directors is carried out by the Corporate Secretary. Materials, except for the agenda of the meeting, are provided by the interested structural divisions of the Company to the Corporate Secretary no later than 15 working days before the expected date of the meeting. If necessary materials are not provided within the specified period and (or) they are provided in an improper form, the issue is not included in the agenda of the meeting.

During any meeting of Board of Directors attended by 2/3 (two thirds) of the total membership of Board of Directors, additional issues may be included and considered in the agenda, provided that all the members of Board of Directors present vote for their inclusion in the agenda.

In 2021, 19 meetings of Board of Directors were held (9 in person and 10 offline) and 106 issues were considered.



**Number of issues considered by Board of Directors in 2021**



**Key issues considered by Board of Directors in 2021**

*In the field of investment:*

- The investment policy of the Company has been approved;
- amendments and additions to Investment and Borrowing Policy of the Company have been approved;
- the report on the activities carried out by the Company for the construction, acquisition and distribution of rental housing within the framework of the implementation of "Nurly Zher" Program for 2020 was taken into account;
- The main conditions for financing urban development investment project "G4 City" in the Almaty region have been approved.

*In the field of risk management:*

- Long-term strategy for the development of Corporate risk management system of the Company for 2021-2023 has been approved;
- Risk Register, Risk Management Action Plan and Risk Map of the Company for 2021 have been approved;
- the matrix of business processes, risks and controls of the Company for 2021 has been approved;
- The passport of key risk indicators of the Company for 2021 has been approved;
- target levels and limits on risk appetite components of the Company for 2021 have been approved;
- amendments and additions to Risk Management Policy of the Company have been approved;
- amendments and additions to the Methodology for determining business Processes, their inherent risks and key risk indicators in the Company have been approved;
- Amendments and additions to the Regulations of centralized risk management system of the Company have been approved.

- Risk reports of the Company have been approved;
- compliance risk management reports in the Company have been approved.

*In the field of internal control:*

- Regulation on Compliance Control Service of the Company has been approved;
- amendments and additions to the Regulations on Internal Audit Service (hereinafter referred to as the IAS) have been approved;
- amendments to Rules on the organization of internal audit in the Company have been approved;
- approved reports on the activities of IAS;
- the report on the results of internal assessment of the quality of IAS activities and action plan for the development of the improvement of IAS activities for 2020 have been approved;
- IAS report on the results of diagnostics of corporate governance system in the Company has been approved.

*In the field of planning and reporting:*

- The Action Plan for 2021-2023 for the implementation of Development Strategy of the Company for 2021-2023 has been approved;
- Annual financial statements of the Company for 2020, the procedure for distributing net income for the reporting financial year, paying dividends on common shares and determining the amount of the dividend per common share based on the results of 2020 have been preliminarily approved;
- the report on the implementation of Development Strategy of the Company for 2020 has been approved;
- the report of Management Board of the Company on the results of 2020 was approved;
- The Company's Annual Report for 2020 has been preliminarily approved;

- approved reports on the implementation of Business Plan of the Company for 2019-2023 for the corresponding periods;
- The Company's Sustainable Development Report for 2020 has been approved.

*Other key issues:*

- The regulations on the Strategic Planning and Corporate Development Committee, Audit and Risk Management Committee, HR, Remuneration and Social Affairs Committee of Board of Directors of the Company have been approved;
- Code of Business Ethics of the Company has been approved;

- Ombudsman of the Company has been appointed;
- amendments and additions to the Charter of the Company have been approved in advance;
- Action plan for improving corporate governance in the Company has been approved;
- amendments to the Rules on the General Conditions of the Company's banking operations have been approved;
- amendments and additions to the Rules on Internal Credit Policy of the Company have been approved.

**Attendance of Board meetings**

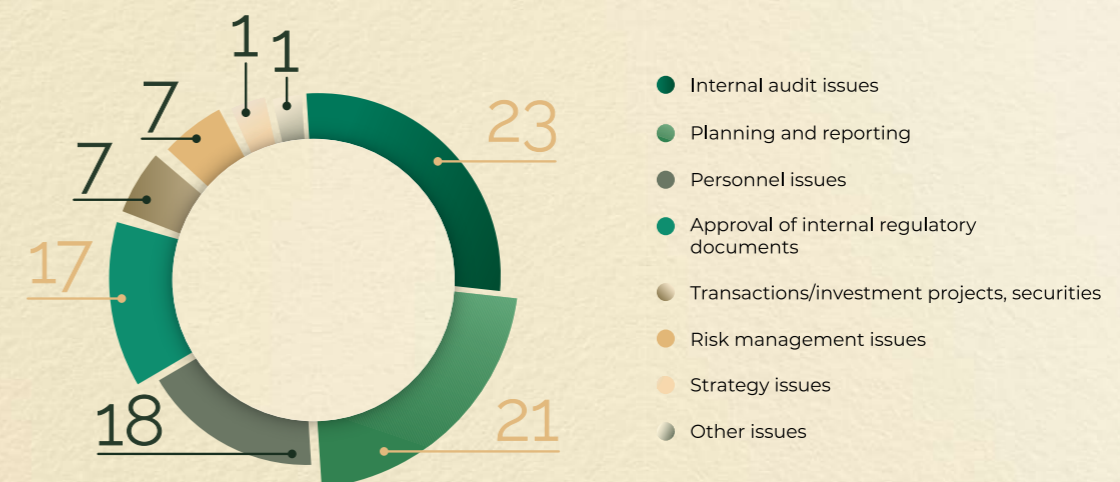
Member of Board of Directors	Execution period of powers of a member of Board of Directors	Number of meetings of Board of Directors held	Number of meetings of Board of Directors attended	Final visit rate
Arifkhanov A. A.	since June 30, 2021	19	8	100%
Omarkhodzhayev A. S.	since June 30, 2021	19	8	
Zhanke T. A.	all year	19	19	
Yelemessov A. R.	all year	19	18	
Yap Chin Beng	since October 25, 2021	19	5	
Aukenov Y. M.	since October 25, 2021	19	5	
Suentayev D. S.	all year	19	18	
Isayev R. M.	since June 23, 2021	19	9	

**Activities of the Committees of Board of Directors**

29 meetings of the committees of Board of Directors were held (9 meetings of Strategic Planning and

Corporate Development Committee, 10 meetings of Audit and Risk Management Committee and 10 meetings of HR, Remuneration and Social Affairs Committee). 95 questions were considered.

**Number of issues considered by the Committees of Board of Directors in 2021**



Attendance of meetings of committees of Board of Directors

Member of the Committee of Board of Directors	Execution period of powers of a member of Committee of Board of Directors	Number of meetings of Committee of Board of Directors held	Number of meetings of Committee of Board of Directors attended	Final visit rate
Yelemessov A.R.	all year	29	29	100%
Yap Chin Beng	since December 14, 2021	29	-	
Aukenov Y. M.	since December 14, 2021	29	-	
Suentayev D.S.	all year	29	29	
Omarkhodzhayev A. S.	since July 27, 2021	29	9	
Zhanke T. A.	since July 27, 2021	29	9	

### Assessment of Board of Directors

In 2021, the work of Board of Directors and Committees for 2020 was assessed. Types of assessment: evaluation of own work (self-assessment) and evaluation of the activities of members of Board of Directors and Committees of Board of Directors.

The assessment was carried out by internal forces, by means of a questionnaire. The final average score for assessment of the work of Board of Directors was 3.88 (on a 4-point scale). The members of Board

of Directors perform their assigned tasks responsibly, are very interested in high performance results, and are quite critical in their approaches and assessments. At the same time, the members of Board of Directors expressed a number of wishes that will be taken into account in further work on the development of the work of Board of Directors.

Board of Directors annually provides Sole Shareholder with information on the results of the evaluation.

### Remuneration policy for members of Board of Directors

The current policy of "Baiterek" NMH JSC and the Company does not provide for the payment of remuneration to members of Board of Directors who are representatives of Sole Shareholder and Management Board.

Remuneration to independent members of Board of Directors is carried out in the following form:

- annual fixed remuneration;

- additional remuneration for participation in meetings of committees of Board of Directors.

The amount of remuneration of independent directors for 2021 amounted to KZT 20.7 million (before taxes and other mandatory deductions).

Independent directors are also compensated for expenses related to travel to meetings of Board of Directors held outside the place of permanent residence of independent directors (travel, accommodation).

### Information about the activities of the Corporate Secretary

In 2021, the activity of the Corporate Secretary of the Company mainly consisted in the formation and submission for preliminary consideration by Committees and subsequent consideration (approval) of materials on the agenda issues by Board of Directors.

In general, the work of Corporate Secretary of the Company in 2021 was carried out in full – according to the functions established by internal regulations of the Company aimed at fully ensuring the work and high-quality interaction of the committees, Board of Directors, members of Board of Directors, Sole Shareholder, Management Board, and structural divisions of the Company.

## Independent assessment of the corporate governance of the Company and further development of corporate governance system

In 2021, an independent assessment of corporate governance of the Company was carried out.

In accordance with Corporate Governance Code, the Company conducts an independent assessment of corporate governance at least once every three years, the results of which are posted on the Internet resource. The assessment is carried out in accordance with the requirements of Methodology for Diagnosing Corporate Governance in Legal Entities, more than fifty percent of whose voting shares are directly or indirectly owned by "Baiterek" NMH JSC, which is an appendix to Standard Rules for the Organization of Internal Audit in subsidiaries of "Baiterek" NMH JSC.

Methodology of the Company that was approved on the basis of the above-mentioned standard internal regulations provides that "The division of the Company responsible for corporate governance issues or other divisions of the Company, by order of the Chairman of Management Board of the Company, can independently or with the

involvement of a third-party organization, diagnose corporate governance in the Company, including to confirm the assessments obtained during the diagnostics by the internal audit of the Company".

Diagnostics was carried out in accordance with Methodology of Diagnosing Corporate Governance in "Kazakhstan Housing Company" Joint Stock Company.

The final result of compliance of the Company's corporate governance level with the best practice (100%) for 2021 was 84.6%, including:

- structure – 92.9 %;
- processes – 74.4%;
- transparency – 89.0%.

In comparison with the results of 2019 (compliance percentage – 84.2%), there was a slight improvement in the corporate governance of the Company (compliance percentage – 84.6%). Below is a comparative table of the results of corporate governance diagnostics for 2019 and for 2021.

Comparative table of diagnostics results of corporate governance system for compliance with best practices for 2019 and 2021

Nº	Components	2019 % compliance	2021 % compliance	Progress in improving corporate governance of the Company (+/- %)
1	Structure	90,5	92,9	+2,4
2	Processes	80,5	74,4	-6,1
3	Transparency	83,5	89,0	+5,5
Average compliance percentage of Company's Corporate governance with best practices		84,2	84,6	+0,4

The results of this assessment will form the basis of action plan for further development of corporate governance system in the Company.

## Management Board

Management Board is the executive body of the Company.

Management Board is accountable to Board of Directors, as well as to Sole Shareholder and manages the operational activities of the Company, is responsible for the implementation of Business plan, Development plan and decisions adopted by Board of Directors and Sole Shareholder.

Management Board has the right to make decisions on any issues of the activities of the Company that are not attributed by the legislation of the Republic of Kazakhstan and the Charter of the Company to the competence of other bodies and officials of the Company.

Meetings of the Management Board are held regularly, and decisions are taken by absentee voting of the members of Management Board as necessary. When considering each issue, a separate discussion is devoted to the risks associated with decision-making/non-decision-making and their impact on the profitability of the Company. Issues submitted for consideration by Board of Directors and Sole Shareholder are preliminarily considered and approved by Management Board in accordance with the Charter of the Company.

In 2021, 133 Board meetings were held, including:

- 133 in-person meetings - 648 questions;
- 0 online meetings - 0 questions.

In total, Management Board reviewed and made decisions on 648 issues.

- large transactions - 0
- interested party transactions – 2.

### Interested party transactions

1. On preliminary consideration of the issue of concluding an interested-party transaction between "Kazakhstan Mortgage Company" MO" JSC and "Baiterek" NMH" JSC by redemption of "Kazakhstan Mortgage Company" MO" JSC, previously placed bonds of the first (ISIN KZ2C00005973) and second (ISIN KZ2C00006179) issues (decision of Management Board of January 12, 2021, Minutes 2. No. 4). According to the decision of Board of Directors dated January 12, 2021, Minutes No. 1, this transaction was concluded.

3. On preliminary consideration of the issue "On the conclusion of a transaction in which "Kazakhstan Housing Company" Joint Stock Company has an interest by concluding a real estate purchase and sale agreement between "Kazakhstan Housing Company" Joint Stock Company and Khamzin Gani Bulatuly for parking spaces No. 142, 143, located at the address: Nur-Sultan city, Kabanbai Batyr avenue, Block B, house 60A, building 13 (The decision of the Board dated October 21, 2021, No. 95). Subsequently, by the decision of Board of Directors dated December 21, 2021, Minutes No. 18, this transaction was concluded.

## Composition of the Management Board



### Isayev Rustam Muratovich

Chairman  
of the Management Board  
Member of Board of Directors of  
the Company



Performs general management of the Company, coordination of Risk Management Department, Human Resources Management Department, Information Security Service, as well as Public Relations Service.



Born in 1975.  
Citizen of the Republic of Kazakhstan.

### Education:

In 1998 he graduated from Dokuz Eylul University (Turkey) with a degree in Public Finance.

### Work experience:

In June 2021, he was appointed Chairman of Management Board of the Company.

He started his professional career in 1998 in "Kazakhstan Temir Zholy" JSC.

He worked in various positions in "KazMunayGas" JSC, as an executive director in a subsidiary of "KazTransGas-Almaty" JSC.

He has experience in the private sector.

In the period since September 2016 till June 2021, he held senior positions in "KazAvtoZhol" JSC.

Experience in the financial sector is more than 20 years.

Has no shares of suppliers and competitors of the Company

Membership in Boards of Directors of other companies – no

Part-time work - no



## Kuzdibayev Altay Shokanovich

Deputy Chairman  
of Management Board



Coordinates activities of Department of Analysis and Strategy, Department of Financial Planning, Department of Information and Communication Technologies and Project Office.



Born in 1985.  
Citizen of the Republic of Kazakhstan.

### Education:

In 2005 he graduated from Lomonosov Moscow State University with a degree in International Economics.

In 2007, he received a Master's degree in Management in Lomonosov Moscow State University.

### Work experience:

Since 2008 till 2009 – Chief Specialist of the Department for Development of International Subsidiaries in "Halyk Bank of Kazakhstan" JSC.

Since 2009 till 2012 – Head of Financial Planning and Service Development Department of First Credit Bureau LLP.

Since 2012 till 2013 – Deputy Chairman of Management Board of State Credit Bureau JSC.

In 2013, he was appointed Managing Director – Member of Management Board of "Baiterek Development" JSC.

Since January 2015 – Deputy Chairman of Management Board of "Baiterek Development" JSC.

Since August 2020 – Deputy Chairman of Board of "Kazakhstan Housing Company" JSC.

Has no shares of suppliers and competitors of the Company

Membership in Boards of Directors of other companies – no

Part-time work - no



## Sagimkulova Bella Don-Irovna

Deputy Chairman  
of Management Board



Coordinates the activities of Accounting and Reporting Department, Payment Processing Department, Treasury and Asset Securitization Department and Administration Department.



Born in 1973.  
Citizen of the Republic of Kazakhstan.

### Education:

In 1997 she graduated from Almaty State University with a degree in Finance & economics.

In 2009 – Center for training, retraining and advanced training of financial system specialists JSC.

### Work experience:

Since 2001 till 2004 – Chief Specialist, Head of Large Taxpayers Administration Department of Large Taxpayers Administration and Monitoring Department, Head of Tax Reporting Code and Analysis Department of Electronic Monitoring and Transfer Pricing Department, Tax Committee of the Ministry of Finance of the Republic of Kazakhstan.

Since 2005 till 2007 – Head of Budget Planning Department of Planning and Methodology Department, Head of Budgeting Division of Accounting Department, Head of Internal Operations Department of the Accounting Department of "Kazakhstan Mortgage Company" MO" JSC.

Since 2007 till 2010 – Deputy Chief Accountant – Deputy Head of Accounting Department of "Kazakhstan Mortgage Company" MO" JSC. Chief Accountant – Head of Accounting Department of "Kazakhstan Mortgage Company" MO" JSC.

Since 2010 till 2013 – Chief Accountant of "Kazakhstan Mortgage Company" MO" JSC.

Since 2013 till 2020 – Managing Director of "Kazakhstan Mortgage Company" MO" JSC.

Since 2020 till 2021 – Financial Director of "Kazakhstan Housing Company" JSC.

In December 2021, she was appointed to the position of Deputy Chairman of Board of "Kazakhstan Housing Company" JSC.

Has no shares of suppliers and competitors of the Company

Membership in Boards of Directors of other companies – no

Part-time work – no



## Zharlykapov Dulat Almasovich

Deputy Chairman  
of Management Board



Coordinates the activities of Department of Construction Guarantees and Subsidies and Department of Investment Project Management.



Born in 1989.  
Citizen of the Republic of Kazakhstan.

### Education:

In 2010, he graduated from the Kazakh Humanitarian Law University with a degree in Law.

He holds degrees in Economics, Bachelor of Engineering and Technology, Master of Public Administration of the Russian Presidential Academy of National Economy and Public Administration.

### Work experience:

Since 2012, he has held a number of senior positions in private structures.

In 2017, as General Director, he headed Reserve Republican State Enterprise of the Committee on State Material Reserves of the Ministry of Defense and Aerospace Industry of the Republic of Kazakhstan.

In 2018 – Managing Director of “Baiterek Development” JSC.

In 2019 – Chairman of the Management Board of “Housing Construction Guarantee Fund” JSC.

In November 2020, he was elected a member of Management Board and appointed Deputy Chairman of Management Board of “Kazakhstan Housing Company” JSC.

*Has no shares of suppliers and competitors of the Company*

*Membership in Boards of Directors of other companies – no*

*Part-time work - no*



## Shabdarbayev Almas Tynyshbayevich

Deputy Chairman  
of Management Board



Coordinates activities of Real Estate Management Department and Customer Relations Department.



Born in 1972.  
Citizen of the Republic of Kazakhstan.

### Education:

In 1995 he graduated from Almaty Veterinary Institute with a degree in: “Zootechnics”.

In 1997 he graduated from the Institute of Market under Kazakh State Academy of Management with a degree in Finance and Credit.

### Work experience:

Since 2003, he has held a number of senior positions.

In 2004, he was the Chief of Staff of Ministry of Health of the Republic of Kazakhstan.

Since 2007 – Chief of Staff of the branch of “Mabco Constriction SA” company (foreign construction company).

Since 2014, he has held the position of General Director of “Zhasyl Damu” JSC under the Ministry of Energy of the Republic of Kazakhstan, member of Board of Directors of “Zhasyl Damu” JSC.

In 2015, he was appointed Managing Director – Chief of Staff of “Kazatomprom” National atomic company” JSC.

Since 2018 – Managing Director for General Issues of APPAK LLP, uranium-mining company of “Kazatomprom” National atomic company” JSC, located in Suzak district of Turkestan region.

Since 2019 – Acting Deputy General Director for Finance and Economics of SKZ-U LLP, a chemical plant for the production of sulfuric acid of “Kazatomprom” National atomic company” JSC, located in the village of Zhanakorgan, Kyzylorda region.

In 2021, he was elected Deputy Chairman of Board of “Kazakhstan Housing Company” JSC.

*Has no shares of suppliers and competitors of the Company*

*Membership in Boards of Directors of other companies – no*

*Part-time work - no*



## Salykov Olzhas Zhandosovich

Deputy Chairman  
of Management Board



Coordinates activities of Department of Technical Expertise and Monitoring, Department of Housing Programs and Urban planning, Department of Methodology and Business Processes.



Born in 1990.  
Citizen of the Republic of Kazakhstan.

### Education:

In 2011 he graduated L.N. Gumilyov Eurasian National University, Faculty of International Relations, Bachelor's degree.

In 2012 – L.N. Gumilyov Eurasian National University, Faculty of Economics, Master of Finance.

In 2020 – Moscow State University named after M.V. Lomonosov, Faculty of Economics, MBA.

### Work experience:

At various times, he held various positions, including senior positions, in “Baiterek” NMH” JSC, he was an employee of “Center for Analysis and Monitoring of Projects of National Agency for Technological Development” JSC, Department of Inter-parliamentary Relations and International Cooperation of the Senate of the Parliament of the Republic of Kazakhstan.

Since 2016 till October 2021 – Director of Department of Housing and Construction Assets Management of “Baiterek” NMH” JSC.

Since 2019 till October 2021 – Member of Board of Directors of “Kazakhstan Housing Company” JSC.

On October 20, 2021, by the decision of Board of Directors of “Kazakhstan Housing Company” JSC, he was elected to the position of Deputy Chairman of Management Board.

Has no shares of suppliers and competitors of the Company

Member of Board of Directors (Independent Director) of Financial Academy JSC

Part-time work - no.



## Mendybayev Maksat Bakhytovich

Deputy Chairman  
of Management Board



Coordinates activities of Department of Legal Support, Department of Business Support, Department of Document Management and Archiving and Department of Collateral Valuation.



Born in 1984.  
Citizen of the Republic of Kazakhstan.

### Education:

Graduate of Bolashak International Presidential scholarship. In 2009 he graduated from the University of Manchester (UK). Master of Public Administration.

### Work experience:

Since 2005 till 2006 he worked in Kazakhstan Temir Zholy NC JSC.

From 2006 to 2010 – Agency of the Republic of Kazakhstan for Regulation of the Regional Financial Center of Almaty.

Since 2010 till 2013, he held the position of Deputy Director of Gas Industry Development Department of Ministry of Oil and Gas.

Since 2013 till 2014, he was Deputy Director of the Department of Integration Processes and Secretariat of the Agency of the Republic of Kazakhstan for Protection of Competition.

Since 2014 till 2015 – worked in the Senate of the Parliament of the Republic of Kazakhstan.

Since 2015 till 2016, he held the position of Chief Consultant of Department of Industrial and Innovative Development of the Office of Prime Minister of the Republic of Kazakhstan.

Since 2016 till 2017 – Director of Department of International Relations of Government for Citizens State Corporation NJSC.

Since 2018 till May 2021 – Managing Director, Advisor to the Chairman of Board of “Kazakhstan Housing Company” JSC.

Since June till October 2021 – Chief of Staff of “Kazakhstan Housing Company” JSC.

Since November 1, 2021, by the decision of Board of Directors of “Kazakhstan Housing Company” JSC, he has been appointed to the position of Deputy Chairman of Management Board.

Has no shares of suppliers and competitors of the Company

Membership in Boards of Directors of other companies – no

Part-time work - no

## Remuneration policy for members of Management Board

Remuneration of members of Management Board consists of the following parts:

- official salary;
- awards for public holidays;
- remuneration based on the results of activities for the reporting period.

The amount of remuneration to the members of Management Board for 2021 amounted to KZT 283.7 million (before taxes and other mandatory deductions).

## Internal audit

Internal Audit Service (IAS) monitors financial and economic activities, provides independent reasonable guarantees and consultations aimed at improving activities of the Company and improving the efficiency of the Company's management, including risk management systems, internal control and corporate governance.

Head and employees of IAS are appointed to the position and dismissed from their positions by the decision of Board of Directors on the submission (recommendation) Audit and Risk Management Committee. Activities of IAS are carried out in accordance with Annual Audit Plan approved by the decision of Board of Directors.

During 2021, IAS performed audit tasks in accordance with the established Annual Audit Plan. All recommendations were evaluated in importance, measures necessary for their implementation were proposed and persons responsible for their implementation were appointed.

In 2021, the following objects were covered by the audit (business processes, systems, procedures, etc.):

- compliance with the limits of certain types of administrative expenses;
- assessment of housing and construction assets management;
- reliability of the actual values of KPI of the Board;
- audit of the process of providing guarantees for residential house (residential building) construction projects;
- audit of the process of monitoring the progress of housing construction projects in the direction of guaranteeing;
- audit of the process of developing and updating unified standards for Company documentation/maintaining a database of internal regulations of the Company;
- audit of information technology systems (ITS) (assessment of the security (security) of information systems (SIS) and effectiveness of their use (co-sourcing/outsourcing);

- audit of efficiency management system (development/updating/evaluation of employee KPI maps and improving the efficiency of business processes);
- audit of economic and internal security procedures;
- audit of implementing Roadmap for the unification of companies into a Single housing construction operator;
- audit of HR policy implementation process;
- audit of stress testing and its compliance with the external operating environment and internal state according to Methodology of stress testing and reserve determination;
- audit of the process of providing comfortable living conditions for tenants under "Nurly Zher" Program;
- audit of the implementation of "Nurly Zher" Program in the direction of "Rental housing with the purchase of "Kazakhstan Mortgage Company" Mortgage organisation" JSC (acquisition).

Diagnostics of the corporate governance system was also carried out using generally accepted standards of activity in the field of internal audit and corporate standards in accordance with the methods approved by Board of Directors. The final result of compliance of the level of corporate governance with the requirements of best practice is 84.6%.

Based on the results of audit assignments conducted by Internal Audit Service in 2021, 128 detections were identified, for which 201 relevant recommendations were given, of which 39 recommendations of category "A", 110 recommendations of category "B" and 52 recommendations of category "C". According to all the recommendations provided, corrective and preventive action plans were drawn up, approved by Management Board of the Company/By Board of Directors (on separate audit assignments). As of December 31, 2021, 79 events have been completed, 1 event has been excluded and 121 events are due in 2022.

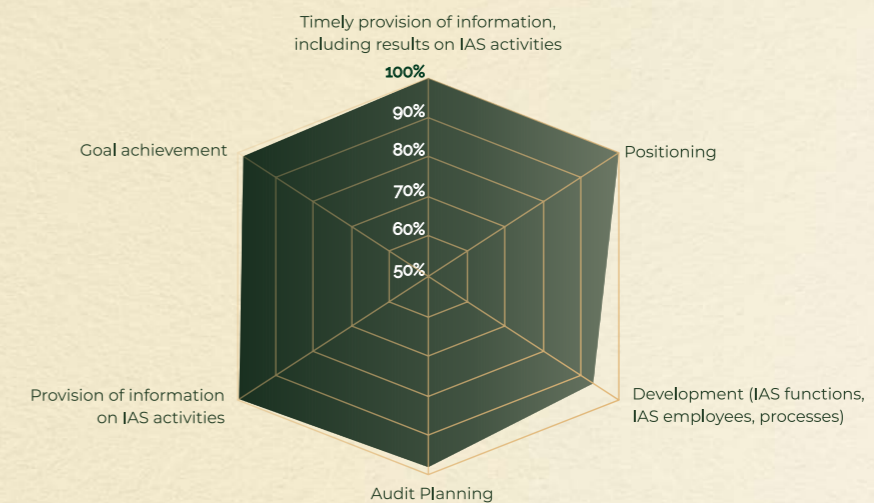
Monitoring of the implementation of internal and external audit recommendations is carried out by IAS on a quarterly basis with the provision of monitoring results to Management Board and Board of Directors.

In 2022, based on the results of IAS activities for 2021, an internal assessment (self-assessment) of the quality of internal audit activities was carried out in accordance with the Program for Ensuring and Improving Quality of Internal Audit, taking into account the results of a questionnaire on satisfaction

with the quality of IAS activities with audit objects and members of Audit and Risk Management Committee. The results of self-assessment showed that main established quality targets of IAS have been achieved.

The activities of IAS generally comply with the definition of internal audit, Code of Business Ethics and International Professional Standards of Internal Audit, as well as internal regulations regulating activities of IAS.

Assessment of IAS by members of Audit and Risk management committee of Board of Directors of the Company



## External audit

In order to audit financial statements in 2015 and 2019, the Company made an Agreement with KPMG Audit LLP on long-term procurement of financial reporting audit services for 2015-2018 and an Agreement on long-term procurement of financial reporting audit services (audit of financial statements) for 2019-2021.

In accordance with External Audit Engagement Policy of the Company, it is prohibited to conduct an audit in the following cases:

1. external auditor or his employees performing this audit are creditors of the Company;
2. Over the past three years, an external auditor has provided services to the Company in the profile of its activities for the restoration and maintenance of accounting, preparation of financial statements;
3. executors of external auditor are in an employment relationship or are close relatives or relatives of Company's officials, as well as Sole Shareholder;
4. executors of the external auditor have personal property interests in the Company;

5. external auditor has monetary obligations to the Company or the Company to him, with the exception of audit obligations;

6. there is a conflict of interests between the Company and external auditor or there is a threat of such a conflict, except for obligations arising from concluded public contracts;

7. external auditor with whom a civil liability insurance contract has been made over the past three years.

In addition to that, when receiving financial reporting audit services, the Company should consider the possibility of threats to the independence of external auditor due to:

- the nature of the services previously received from this external auditor;
- financial or business relations with this external auditor during or after the period covered by the financial statements.

If the Company does not take or cannot take measures to eliminate the threat of self-control for

an external auditor or reduce it to an acceptable level, the Company cannot receive financial reporting audit services from such an external auditor.

For the following types of services received from an external auditor performing an audit of financial statements, a conflict of interest may arise that affects its independence:

1. accounting and financial reporting services. It is not allowed for the Company to purchase and/or receive accounting and financial reporting services from an external auditor, due to the violation of the independence of judgment by such an external auditor;
2. internal audit services;
3. services in the field of taxation;
4. information services;
5. legal services.

If the appointment (election) to the position of a member of Management Board, to senior positions or positions involving a significant impact on the process of preparing financial statements

of the Company of a person participating in the mandatory audit of the Company as an employee of an external auditor or who participated in the mandatory audit of the Company as an employee of an external auditor during the two years preceding the date of its appointment (election) to the Company, in order to exclude a conflict of interests, it is required to obtain the preliminary approval of Audit Committee for the prospective candidate for further consideration of the issue of his appointment (election).

In accordance with the Company's Policy of attracting an external auditor, the rotation of partners, senior personnel and auditors responsible for auditing financial statements of the Company should be carried out at least once every five years.

Remuneration to the auditor in 2021 under the contract with "Kazakhstan Mortgage Company" Mortgage organisation" JSC amounted to KZT 14.4 million and under the contract with "Baiterek Development" JSC – KZT 16.016 million.

## Code of Business Ethics

The Company has a Code of Business Ethics, which is developed in accordance with the provisions of the legislation of the Republic of Kazakhstan, the Charter and internal regulations of the Company, including Code of Business Ethics of the Holding, as well as taking into account recognized international standards of business conduct and corporate governance.

The provisions of Code of Business Ethics are developed taking into account the mission and values of the Company.

The Code is a set of rules that establish fundamental values and principles of corporate (business) ethics that guide officials and employees of the Company. Familiarization with it and its execution are mandatory for all employees of the Company, regardless of their position.

In accordance with Code of Business Ethics in carrying out its activities, the Company:

- complies with the standards of the legislation of the Republic of Kazakhstan, the decisions of Sole Shareholder, as well as the requirements of other documents related to the activities of the Company;
- ensures observance and respect for the rights, honor and dignity of a person and citizen regardless of origin, social, official and property status, gender, race, nationality, language, attitude

to religion, beliefs, place of residence or any other circumstances;

- strives to ensure that all its relations with stakeholders are mutually beneficial;
- creates equal conditions for professional development of employees seeking self-education and professional development, in accordance with training and professional development programs;
- provides employees with remuneration for work, depending on the level of qualification, complexity and quality of the performed work, the results of key performance indicators;
- takes all measures to ensure safety and labor protection of employees in accordance with the legislation, and also creates safe working conditions for employees;
- ensures non-disclosure of confidential information within the limits established by the legislation of the Republic of Kazakhstan and internal regulations of the Company;
- creates conditions for an open and trusting dialogue between officials and employees of the Company;
- evaluates and encourages proactive ideas and suggestions of employees, the implementation of which has a positive effect for the Company;

- does not allow the granting of any privileges and benefits to individual officials and employees of the Company except on a legal basis, with the mandatory provision of equal opportunities to all;
  - is responsible for making decisions that are free from conflicts of interest at any stage of the process, from an official to any decision-making employee.
- To verify compliance with the provisions of Code of Business Ethics, the Company has introduced the

institution of an Ombudsman. The Ombudsman is a person appointed by Board of Directors of the Company, whose role is to advise employees of the Company who have applied to him and assist in resolving labor disputes, conflicts, problematic issues of a social and labor nature, as well as in compliance with the principles of business ethics by the employees of the Company.

## Managing conflicts of interest and corporate conflicts

Avoiding conflicts of interest is an important condition for ensuring the protection of interests of Sole Shareholder, the Company, its officials and employees.

All officials and employees of the Company are responsible for making transparent, timely and adequate decisions, free from conflicts of interest.

Officials and employees of the Company, in order to prevent a conflict of interests, are obliged to:

- avoid any actions and relationships that could potentially cause a conflict of interest or the appearance of such conflict;
- refrain from providing benefits to legal entities that are managed or owned by close relatives;
- immediately report any commercial or other interest (direct or indirect) in transactions, contracts, projects related to the Company or in connection with other issues in accordance with the procedure provided for by internal regulations of the Company;
- notify in a timely manner about the performance of work and/or occupation of a position(s) in other organizations, about changing permanent (main) workplace (service, business activity, etc.);
- before giving your consent to work or hold a position in a third-party organization that is not part of the Holding group, obtain the appropriate

permission in accordance with the established procedure in accordance with the competence of Board of Directors / Board of Directors / Chairman of Management Board;

- not to participate in discussion and voting on issues in which there is an interest;
- do not use resources of the Company, intellectual property, equipment and communications (including corporate mail and computer programs) for personal purposes;
- if the employee is not sure of the right decision, consult with the immediate senior personnel.

In the event of a conflict of interest, officials and employees of the Company are obliged to notify their immediate supervisor or senior personnel of the Company in writing about the conflict of interest or the possibility of its occurrence as soon as they become aware of it.

In case of corporate conflicts, participants seek ways to resolve them through negotiations in order to ensure effective protection of both the rights of Sole Shareholder and business reputation of the Company. The main task of bodies of the Company in the process of resolving a corporate conflict is to find a solution that, being legitimate and justified, would meet the interests of the Company.



## Dividend policy

When implementing the dividend policy, the Company keeps the policy of capitalization growth and the frequency of dividend payments, based on the amount of net income received at the end of the reporting year.

The decision on the amount of dividends on ordinary shares and the procedure for their payment to the shareholders of the Company is made by Sole Shareholder, taking into account the recommendations of Board of Directors.

For 2021, net profit amounted to KZT 5,174,611 thousand.

According to the Procedure for determining the amount of dividends paid by subsidiaries of "Baiterek" NMH" JSC, the target amount of

dividends payable for the period should be at least 70% of net profit for the period. In this regard, the amount of dividends planned to be paid to Sole Shareholder is KZT 3,622,293 thousand (70% of net profit by the results of 2021). The remaining part in the amount of KZT 1,552,318 thousand is planned to be left at the disposal of the company.

In 2021, the Company declared and paid dividends in the amount of KZT 6,051,678 thousand, or KZT 343.24 per ordinary share, based on the results of 2020.

In 2020, the Company declared and paid dividends in the amount of KZT 2,577,532 thousand, or KZT 423.84 per ordinary share, according to the results of 2019.

### Capital structure as of December 31, 2021

Name of the holder	Common shares, pcs.	Common shares, share in %	Preferential shares	Total shares, pcs.	Total shares, share in %
"Baiterek National managing holding" JSC	17 613 022	100,0	–	17 631 022	98,60
Number of declared common shares, pcs.					22 000 000
Number of declared preferential shares, pcs.					–
Number of outstanding common shares, pcs.					17 881 022
Number of outstanding preferential shares, pcs.					–
Number of repurchased common shares, pcs.					250 000
Number of repurchased preferential shares, pcs.					–
Number of common shares in circulation, pcs.					17 631 022
Number of preferential shares in circulation, pcs.					–

Source: KASE

## Risk management

### Risk management system

In accordance with Risk Management Policy, the organizational structure of the Company involved in risk management process is represented by Board of Directors, Management Board, the structural unit responsible for risk management, Internal Audit Service and other structural units.

In the process of risk assessment and identification, the Company adheres to a single standard with the Holding within the framework of a centralized risk management system model. The model includes an assessment of individual types of risk (operational, currency, interest rate, credit, liquidity risk, business risk, real estate risk), as well as their aggregation and assessment of the adequacy of available financial resources (AFR) to cover the aggregated amount of risks calculated in normal stressful situations.

Assessment of internal capital and AFR of the Company is carried out by Risk Management Department, followed by entry into management reporting system.

In 2021, due to changes in the structure of the Company and functional responsibilities of structural units and activities carried out to minimize risks, business process matrix, register and map of risks and controls were updated in accordance with strategic goals of the Company and focus on key business processes.

The centralized risk management system consists of 4 blocks:

- management and assessment of certain types of risk;
- the total amount of risks, taking into account normal and stressful situations;
- capital adequacy;
- risk appetite.

The centralized risk management system is based on the process of assessing the adequacy of internal

capital due to the need to assess all the risks of the Company, which are initially disparate. For each type of risk of the Company, its quantitative assessment is carried out for the purpose of further aggregation for the calculation of internal capital and its comparison with the available financial resources of the Company, designed to cover all the risks of the Company. Each type of risk is assessed in accordance with internal regulations of the Company.

Internal capital takes into account the following types of risks calculated under normal and stressful situations: credit risk, currency and interest rate risk, operational risk, business risk, real estate risk. All these risks are identified and assessed in accordance with internal regulations of the Company. Some of the risks inherent in the activity are reflected on risk map of the Company.

Setting up (updating) risk register and risk management action plan of the Company, taking into account business processes and activities, is a mandatory requirement for the functioning of risk management system.

Risk owners define key risk indicators (KRI) as a risk management tool, with the help of which, applying restrictions on the causes of risk selected by experts, structural unit notifies the risk owner for the latter to take actions to minimize risk in the future. KRI tool is also used to control causes of exposure to risks and predict them.

The components for determining risk appetite are:

1. capital adequacy;
2. profitability;
3. liquidity.

Board of Directors reviews and approves risk appetite annually in order to ensure its compliance with the strategy of the Company, business environment and requirements of stakeholders.

## Key risk management

### Liquidity risk

Liquidity risk arises when maturities of assets and liabilities do not match, which affects the provision of the Company with sufficient liquid funds at an acceptable price in order to meet its balance sheet and off-balance sheet obligations in a timely manner. The coincidence and/or controlled mismatch of maturities and interest rates on assets and liabilities is a fundamental moment in the management of financial institutions. Due to variety of transactions carried out and the uncertainty associated with them, full compliance with the maturities of assets and liabilities is not a common practice for financial institutions, which makes it possible to increase profitability of operations, but increases the risk of cash gaps.

The Company manages liquidity in order to ensure the constant availability of funds necessary to fulfill all obligations as they mature.

The Company manages liquidity risk within the framework of Risk Management Policy of the Company, Investment and Borrowing Policy of the Company, Methodology for Assessing Market Risk and Risk of Loss of Liquidity approved by Board of Directors and Management Board. The documents define the main processes and procedures for managing the risk of loss of liquidity, as well as establish functions and powers of structural units of the Company involved in this process in order to effectively manage the risk of loss of liquidity and ensure that the Company's funds are sufficient to cover all obligations.

Within the framework of the above documents, risk of loss of liquidity is measured and controlled through the following tools/analytical reports: regulatory and contractual liquidity standards; analysis of current balances of liquid funds, planned inflows/outflows of liquid funds; internal liquidity ratios, including LCR and NSFR liquidity ratios recommended by Basel Committee on Banking Supervision; liquidity gaps (gap analysis). In order to avoid an overflow or shortage of liquid funds, Assets, Liabilities and Risks Management Committee of the Company monitors activities to attract and use liquid funds.

The Company's Asset, Liability and Risk Management Committee monitors liquidity risk by analyzing cumulative gaps to take measures on reducing risk of loss of the liquidity of the Company. Liquidity management procedures of the Company consist of:

- forecasting cash flows in the context of major currencies and calculating required level of liquid assets associated with these cash flows;
- maintaining a diversified structure of funding sources;
- managing concentration and structure of borrowed funds;
- development of plans for debt financing;

- servicing a portfolio of highly liquid assets that can be freely implemented as a protective measure in the event of a cash liquidity gap;

- development of reserve plans to maintain liquidity and a given level of financing;

- monitoring compliance of balance sheet liquidity indicators of the Company with legally established standards.

Summary information on liquidity risk of the Company is provided on a monthly basis to Risk Management Department of the Holding and to Management Board, as well as to Board of Directors as part of a quarterly risk report.

### Market risks

The Company is exposed to market risk associated with open positions on currency, interest rate and equity instruments, which are exposed to the risk of general and specific changes in the market. The Company sets limits on the level of accepted risk and monitors their compliance on a periodic basis.

The process of market risk management includes the following sequential steps:

1. management planning – identification of relevant approaches for effective management of exposure to market risks and risks of loss of liquidity;
2. identification – identification and documentation of the types of exposure to market risks that can have a negative impact on the financial result of the Company;

3. qualitative assessment is a qualitative analysis of market risks and risk of loss of liquidity, determining the causes of their occurrence in order to assess their impact on the financial result of the Company;

4. quantitative assessment – quantitative analysis of the probability of occurrence and impact of the consequences of the implementation of market risks;

5. response planning – definition of procedures and methods to mitigate the negative consequences of the implementation of market risks;

6. monitoring and control of exposure – monitoring of market risks and implementation of procedures for their timely management, assessment of the effectiveness of actions taken to minimize exposure to market risks.

The purpose of market risk exposure management systems is to maintain the aggregate risk assumed by the Company at the level determined by the Company in accordance with its own strategic objectives. The priority is to ensure the maximum safety of Company's assets and capital by minimizing exposure to market risks that may lead to unexpected financial losses and reduce Company's ability to meet previously assumed obligations in a timely and complete manner.

Methods of assessing market risks include:

- **currency risk.** Monitoring of the currency position, including the use of sensitivity analysis of changes in exchange rates and the impact on the financial result. The magnitude of the change in the currency position depends on the type of stress scenario used;

- **currency risk.** Calculation of monthly, annual VaR according to the historical method using the covariance-variation matrix;

- **interest rate risk.** Monitoring of the securities portfolio for duration and volume, including changes in yield to maturity and impact on the financial result. The magnitude of the change in yield to maturity depends on the type of stress scenario used;

- monitoring of gaps in assets and liabilities sensitive to changes in interest rates, including changes in the interest rate and the impact on the financial result. The amount of the rate change depends on the type of stress scenario used.

Summary on market risks of the Company is provided on a monthly basis to Risk Management Department of the Holding and to Management Board, as well as to Board of Directors as part of a quarterly risk report.

### Operational risk

The Company is exposed to operational risk in carrying out its activities.

Operational risk is a risk that leads to losses as a result of inadequate or erroneous internal processes, personnel actions, system functioning, as well as losses arising from the implementation of external events.

The purpose of operational risk management is to optimize operational efficiency of the Company by reducing operational losses, rationalizing costs, as well as reducing the time and increasing the adequacy of the Company's response to events beyond its control.

The main objectives of operational risk management are:

- improvement of procedures and mechanisms for managing operational risks to which the Company is exposed;

- business continuity management system;

- inadmissibility of performing other actions of the Company leading to significant changes in the level of operational risks assumed by the Company;

- limitation of losses during operations of the Company due to the implementation of operational risks.

Operational risk management tools:

1. a database of operational losses used to track data on operational risks on an ongoing basis,

including significant losses within each line of business;

2. self-assessment of operational risks used to identify and assess operational risks by structural divisions of the Company for their subsequent control and management;

3. key risk indicators used for assessing, monitoring and early warning of operational risks in order to select areas of activity within structural divisions of the Company for taking control measures to mitigate risks in a timely manner;

4. Risk map is a method of analyzing operational and other risks of the Company, which allows to identify their mutual relationship and mutual influence.

To ensure a holistic and comprehensive operational risk management, operational risk management tools are used in an integrated and interrelated manner.

The Company monitors operational risks by comparing accepted losses to the established capital limit for operational risk (calculated using basic and standardized methods, according to the calculation approaches recommended by Basel Committee on Banking Supervision) and using information filled in by the Company's divisions through an electronic database of operational losses, key risk indicators, risk maps, self-assessment of business processes.

Operational risks are classified according to the categories of events and causes of occurrence according to the recommendations of Basel Committee on Banking Supervision.

Categories of operational risk events:

- risk related to the actions of personnel (risk of losses related to the actions of personnel, agents and intermediaries or related to the Company's relationship with customers, regulatory authorities or third parties);

- risk associated with the functioning of the system (risk associated with failures and shutdown of telecommunications and IT infrastructure);

- process-related risk (risk of losses due to errors in the execution of transactions (erroneous transactions), customer account management and other business processes);

- risk associated with external factors (risk of losses due to the actions of third parties, including external fraud, damage to fixed assets or changes in legislation that may result in interference with the continuation of operational/business activities of the Company).

Summary information on operational risks is submitted on a quarterly basis for consideration by the Asset, Liability and Risk Management Committee, Management Board, as well as Board of Directors as part of the quarterly risk report.

**Credit risk**

The Company is exposed to credit risk, which is the risk that a counterparty to a financial instrument will not fulfill its obligations.

The main objectives of credit risk management system of the Company are to minimize credit risk, prevent it, and reduce the likelihood of financial losses due to non-fulfillment by borrowers of their financial obligations.

The credit risk management process includes the following sequential steps:

- identification – identification and documentation of credit risk factors that can have a negative impact on the financial result of the Company;
- qualitative assessment – qualitative analysis of credit risk, determination of the causes of their occurrence in order to assess their impact on the financial result of the Company;
- quantitative assessment – quantitative analysis of the probability of occurrence and the impact of the consequences of the implementation of credit risk on the financial result of the Company;
- response – definition of procedures and methods to mitigate negative consequences of the implementation of credit risk;
- monitoring and control of exposure – monitoring of credit risk, implementation of procedures for its timely management, assessment of the effectiveness of actions taken to minimize exposure to credit risk.

The Company determines the level of credit risk by setting maximum limits for one borrower and/or a group of related borrowers. When setting limits, credit ratings of counterparties assigned by international rating agencies are used, and financial condition is assessed based on available financial reporting data. These risks are monitored on a regular basis and reviewed on a consolidated basis by the Asset and Liability Management Committee of the Holding. At the same time, limits are reviewed at least once a month.

The Company uses Credit Risk Weighted Assets (RWA) method to assess credit risk.

When conducting stress testing of credit risk, the Company uses a basic approach, for which the following monthly data with a period depth of at least 3 years are used, so that the number of observations n exceeds 30:

- the value of assets weighted by the degree of credit risk of the Company;
- USD/KZT exchange rate;
- Brent oil price;
- the inflation rate (consumer price index).

During stress testing, stress scenarios are divided into basic (reflecting less critical stressful events) and crisis (reflecting the most critical stressful events that entail an extremely high degree of losses).

The results of stress testing are used in the process of determining:

- the level of the reserve for accepted risks;
- the amount of internal capital.

**Business risk**

The company is subject to exposure to various types of risks in the implementation of its business processes. Business risk is one of the important factors affecting sustainability and financial results of the Company.

Business risk is understood as an unfavorable unforeseen change in the scope of activities of the Company, which can lead to significant profit losses. The main factors of business risk are: a significant deterioration in market conditions, changes in the competitive environment, changes in the structure of expenses, etc.

Business risk is assessed regularly by calculating the profit at risk (EaR), which is replaced by VaR indicator and interpreted as the maximum value of probable losses that will not be exceeded at a given confidence interval (99%) and time horizon in a normal market.

In stress testing, the method of historical and hypothetical scenarios is used to model a stress scenario for business risk.

To calculate stress testing, the following quarterly data is used with a period depth of 3 years or more (so that the number of observations n exceeds 30):

- net income of the Company;
- USD/KZT exchange rate;
- Brent oil price;
- the inflation rate (consumer price index).

As mentioned earlier, results of stress testing are used in the process of determining the level of the reserve for accepted risks and the amount of internal capital.

**Real estate risk**

Real estate risk – possible losses due to changes in the market value of real estate objects on the balance sheet of the organization.

In carrying out its activities, the Company is exposed to the risk of real estate, since activities of the Company are directly related to financing construction and generating income from renting out real estate areas.

Real estate risk assessment using VaR calculation is an integral part of centralized risk management model of the Company.

The method of historical and hypothetical scenarios is used to model a stressful scenario for real estate risk.

To calculate stress testing, the following monthly data is used with a period depth of 3 years or more (so that the number of observations n exceeds 30):

- real estate price change index;
- USD/KZT exchange rate;
- Brent oil price;
- the inflation rate (consumer price index).

The results of stress testing are used in the process of determining the level of the reserve for accepted risks and the amount of internal capital.

**The main risks and measures to optimize them**

All identified risks of the Company are reflected in the risk register and on the risk map, which are approved by Board of Directors. The Company's risk map distributes the Company's risks based on the probability and consequences of their implementation into three zones: red, yellow and green.

According to Risk Register of the Company, 61 risks were predicted for 2021 (approved by the Decision No. 3 of Board of Directors dated February 26, 2021).

Risk map of "Kazakhstan Housing Company" JSC for 2021

Consequences	Very high	10																			
		9		4																	
	High	8		20				7													
		7	11	27, 51	2	3, 60	31, 50, 56														
	Average	6		17,35	6, 8, 19, 36, 49, 55	21			52, 59												
		5	22	1,33	5, 12, 13, 15, 26, 28, 29, 36, 58	14, 34, 39	9, 37, 45, 46	57	48												
	Low	4		30	25, 54, 61	10, 32, 40, 47	24	23													
		3		16,42		18	41, 44														
	Very low	2		43, 53																	
		1																			
			1	2	3	4	5	6	7	8	9	10									
			Very low			Low		Average			High		Very high								
			Probability																		

In the red zone – 1 risk;  
 In the yellow zone – 30 risks;  
 There are 30 risks in the green zone.

Risk Register for 2021

Nº	Name of the risk
1	Corporate governance risks
2	Reputational risk
3	Inefficient implementation of development strategy of the Company
4	Inefficient or inappropriate use of funds received from state budget or National Fund
5	Stagnation of the mortgage market in the Republic of Kazakhstan
6	Risks of increased competition
7	Credit risk in terms of deterioration of the financial condition of issuers of counterparty banks to which the Company has requirements
8	Non-fulfillment of obligations by the partner bank to repurchase rights of claims on loans, or to replace the loan
9	Non-fulfillment and/or improper fulfillment by lessee (guarantor)/borrower (co-borrower) of their obligations under lease agreements and bank loan agreements
10	Recognition of mortgage loan agreement and/or mortgage agreement as invalid.
11	The collapse of real estate prices by more than 50%
12	Risk of incorrect assessment of loan collateral/balance sheet property
13	The risk of incorrect registration of collateral encumbrances on loan collateral. The risk of losing collateral in the future
14	The risk of violations of requirements of the Company when assessing the solvency of the borrower/lessee
15	The risk of non-compliance of the borrower under current restructuring/refinancing programs
16	Significant volatility of the refinancing rate (base rate) of the National Bank of the Republic of Kazakhstan
17	Lack of liquid funds to carry out activities, as well as lack of access to capital markets to raise funds
18	Currency risk
19	Interest rate risk
20	Failure to comply with prudential standards of the regulator
21	Violation and improper application of legislation/The occurrence of financial and other obligations within the framework of claim-related work of the Company.
22	Adverse legislative changes
23	Violation/non-fulfillment of the legislation of the Republic of Kazakhstan by the Company on countering the legalization (laundering) of proceeds from crime and financing terrorism
24	Violation/non-fulfillment of the legislation of the Republic of Kazakhstan on credit bureaus by the Company.
25	Violations of the requirements of the legislation on transactions with persons related to the company by special relations/affiliated persons
26	Non-compliance of internal regulations with the requirements of the legislation of the Republic of Kazakhstan/Holding
27	Risks of unforeseen circumstances (external influences leading to the impossibility of activities of the Company)

Nº	Name of the risk
28	Disruption of current activities as a result of failure of information systems and/or unavailability of the service by IT
29	Lack of backup copies of key information systems/key information
30	Incorrect planning when forming business plan/budget of the Company
31	Manifestation of fraud and/or corruption on the part of employees and third parties
32	Information security risks
33	Audit risks. Risk of not being detected. Risks of providing inaccurate recommendations. Formation of a low-quality Annual Audit Plan (AAP). Non-fulfillment or poor-quality implementation of IAS recommendations by the audit objects.
34	Risks of ineffective internal control
35	Incorrect accounting and tax accounting
36	Incorrect accounting of loans and financial leasing
37	Personnel risks associated with staff selection and staff development
38	Procurement system risks
39	Errors and incorrect execution of operations during the implementation of business processes or the performance of official duties
40	Untimely/poor-quality reporting information to the Holding/National Bank of the Republic of Kazakhstan/Financial Monitoring Committee of the Ministry of Finance/other state bodies
41	Untimely consideration of complaints/appeals in the Company
42	Risks of paperwork and documentation management
43	Untimely distribution of rental housing
44	Non-fulfillment of the terms of the contract for construction and installation works (CIW) by the supplier
45	Violation of the delivery terms of finished housing by suppliers
46	Risks associated with the operation of rental housing
47	Untimely extension of lease agreement for plots of land on which residential facilities are built or registration of land use rights to the Company
48	Risk of COVID-19 pandemic and its consequences on the activities of the Company
49	Implementation of inefficient investment projects
50	The risk of non-compliance of the facilities practically put into operation with the approved DED (design estimate documentation) under the implemented "Nurly Zher" Program
51	The risk of inappropriate use of funds on conditional deposits of the Company under "Nurly Zher" Program by STB counterparties
52	The risk of not achieving the indicators of "Nurly Zher" Program for the purchase of bonds of local executive bodies (LEB)
53	The risk of ineffective execution of DGRK No. 1553 in terms of the return of allocated funds
54	The risk of untimely purchase of vacant premises in Baiterek business center

Nº	Name of the risk
55	The risk of inefficient execution of DGRK No. 753 (EXPO-2017 projects) in terms of the return of allocated funds
56	The risk of non-repayment or untimely repayment of the state securities of local executive bodies within the framework of "Nurly Zher" Program
57	The risk of reflecting incomplete and incorrect information on construction projects in "Nurly Zher" information system under "Nurly Zher" Program by purchasing bonds of local executive bodies (LEB)
58	Risk of failure of engineering equipment in Baiterek business center
59	The risk of not achieving the indicators of "Employment Roadmap" for the purchase of bonds of local executive bodies (LEB)
60	Risks associated with guaranteeing housing construction projects (stable projects)
61	Risks associated with the guarantee of residential mortgage loans of STB

**The main risks of the Company and measures to reduce them**

Nº	Name	Measures or Actions
4	Inefficient or inappropriate use of funds received from state budget or National Fund	<ol style="list-style-type: none"> <li>1. Monitoring and control of the development or use of funds received from the state budget or National Fund.</li> <li>2. Control over the implementation of corrective and preventive measures to eliminate identified inconsistencies by reviewing reports on the implementation of this Plan at meetings of authorized bodies of the Company.</li> <li>3. Timely and high-quality reporting on the disbursement of funds from the National Fund of the Republic of Kazakhstan.</li> <li>4. Conducting inspections of the intended use of funds received from state budget or National Fund of the Republic of Kazakhstan.</li> <li>5. IAS control over the implementation of Action Plan to eliminate inconsistencies identified by the external/internal audit.</li> </ol>
7	Credit risk in terms of deterioration of the financial condition of issuers of counterparty banks to which the Company has requirements	<ol style="list-style-type: none"> <li>1. Establishing and monitoring compliance with the Company's limits on counterparty banks.</li> <li>2. Quarterly monitoring of the financial condition of counterparty banks/issuers.</li> <li>3. Application of evaluation measures of early response in the analysis of partner banks.</li> <li>4. Placement of temporarily available funds in accordance with the basic principles of liquidity management described in thy internal regulations of the Company, in which priority is determined by: <ul style="list-style-type: none"> <li>o security (preservation of capital) - assumes, among other things, that the Company follows internal regulations of the Holding and internal regulations of the Company on risk management related to the money management process;</li> <li>o liquidity (the ability to convert assets into cash in the shortest possible time);</li> <li>o profitability (the highest income that can be obtained subject to compliance with principles of security and liquidity).</li> </ul> </li> <li>5. Monitoring and control of invested assets.</li> </ol>
31	Manifestation of fraud and/or corruption on the part of employees and third parties	<ol style="list-style-type: none"> <li>1. Strict compliance with anti-corruption and fraud policies</li> <li>2. Proper accounting, distribution, use and storage of fixed assets and inventories in accordance with regulatory documents.</li> <li>3. Informing Compliance Control Service about suspicions or providing the information received about possible fraudulent or corrupt actions on the part of the Company's employees.</li> <li>4. Ensuring the Company's employees and third parties the right to confidentially report known facts or suspicions of fraud, corruption acts, by any means not contrary to the legislation of the Republic of Kazakhstan.</li> <li>5. Ensuring proper control of fraud and corruption risk management by officials of Compliance Control Service in accordance with internal regulations of the Company.</li> <li>6. Regularly conduct training of employees of the LSD (Laws and Statutory Instruments) and internal regulations Company on combating corruption and fraud.</li> <li>7. Conducting audits and internal service check.</li> </ol>
48	Risk of COVID-19 pandemic and its consequences on the activities of the Company	<ol style="list-style-type: none"> <li>1. Changing access control procedure in the Company.</li> <li>2. Carrying out special sanitary treatments of the building.</li> <li>3. Providing employees with personal protective equipment.</li> <li>4. Transfer of employees to remote operation mode.</li> <li>5. Carrying out antiepidemiological measures.</li> </ol>

№	Name	Measures or Actions
50	The risk of non-compliance of the facilities practically put into operation with the approved DED (design estimate documentation) under the implemented "Nurly Zher" Program	<ol style="list-style-type: none"> <li>1. Constant monitoring and control over the progress of construction with visits to construction sites.</li> <li>2. Conclusion of an agreement with regional representatives for the implementation of technical control. Regional Representative regularly monitors the quality of building and installation work, develops measures to improve the quality of building and installation work, suspends building and installation work in case of identified significant defects, monitors compliance with DED. The company, in turn, carries out internal and technical quality control of building and installation work.</li> <li>3. Monitoring of the provision of information and communication infrastructure (ICI) facilities.</li> <li>4. Sending letters to local executive bodies on the issues of ensuring ICI.</li> <li>5. Identification of non-compliance of completed BIW with the approved DED, sending a notification of the need to eliminate the defect, the need to suspend construction, charging a fine in accordance with the terms of the contract.</li> <li>6. Carrying out a technical inspection of the object in order to inspect the technical condition of the building, identify defects and assess inconsistencies of the performed BIW of DED, assess the risk of identified defects.</li> </ol>
52	The risk of not achieving the indicators of "Nurly Zher" Program for the purchase of bonds of local executive bodies (LEB)	<ol style="list-style-type: none"> <li>1. Monitoring of the volume of sales of credit housing of local executive bodies to the depositors of Otbasy Bank JSC and under the mortgage programs of STB.</li> <li>2. Formation of offers to the authorized body in the field of urban planning and architectural and construction activities for the early withdrawal of funds from local executive bodies.</li> <li>3. Monitoring the return of rental payments from rental housing under the Program.</li> <li>4. Explanatory work with departure together with local executive bodies, as well as in the office of the Company.</li> <li>5. Monitoring the execution of contracts by contractors, tenants.</li> <li>6. Monitoring the timely return of funds of local executive bodies.</li> </ol>
56	The risk of non-repayment or untimely repayment of the state securities of local executive bodies within the framework of "Nurly Zher" Program	<ol style="list-style-type: none"> <li>1. Monitoring by maturity of bonds and coupon rewards.</li> <li>2. Sending letters to local executive bodies regarding the overdue payment of bond loans and coupon rewards.</li> <li>3. Sending letters to authorized bodies regarding the overdue payment of bond loans and coupon rewards of local executive bodies.</li> </ol>
59	The risk of not achieving the indicators of "Employment Roadmap" for the purchase of bonds of local executive bodies (LEB)	<ol style="list-style-type: none"> <li>1. Explanatory work with local executive bodies.</li> <li>2. Monitoring the disbursement of allocated funds.</li> <li>3. Monitoring the timely return of funds of local executive bodies.</li> </ol>

## Emerging risks that may be on the risk map of the Company in the future

Based on the Global Risks Report 2022<sup>6</sup>, environmental risks, such as loss of biodiversity, the crisis of natural resources, as well as the failure of actions to combat climate change, are of particular importance in the ten-year perspective.

Among the highest exposure risks in the foreseeable future, the first place is occupied by infectious diseases, in particular COVID-19, which threatens to negate many years of progress in reducing poverty and inequality and further weaken social cohesion and global cooperation.

Factors of proliferation of weapons of mass destruction, the collapse of countries and international institutions were also highlighted in the group of undesirable scenarios.

The result of the onset of long-term risks, according to the study, may be social unrest, political fragmentation and geopolitical tensions, which will negatively affect "the effectiveness of responses to other key threats of the next decade."

Among the most likely risks, the onset of which is possible over the next two to five years, we can highlight the crisis of employment and livelihood, widespread disillusionment of young people, digital inequality, economic stagnation, erosion of social cohesion and terrorist attacks. According to this study, the world community largely ignores the risk of "youth disappointment", which in the short term will become a serious threat to the world.

<sup>6</sup> <https://www.weforum.org/reports/global-risks-report-2022>


## List of abbreviations


AFR – available financial resources  
 ALE – association of legal entities  
 "Baiterek" NMH" JSC, Holding, Sole Shareholder – "Baiterek" National managing holding" Joint Stock Company  
 BD – Board of Directors  
 BNS of ASPaR of RK – Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan  
 CIW – construction and installation works  
 "DAMU" EDF" JSC – "DAMU" Entrepreneurship Development Fund" Joint Stock Company  
 "DBK" JSC – "Development Bank of Kazakhstan" Joint Stock Company  
 DED – design estimate documentation  
 DGRK – Decree of the Government of the Republic of Kazakhstan  
 EaR – earnings-at-risk  
 EDMS – electronic document management system  
 EDS – electronic digital signature  
 ESG – ESG principles (environmental, social and corporate governance)  
 FIA – farm-in agreement  
 GDP – gross domestic product  
 GRI – Global Reporting Initiative  
 GS – government securities  
 IAS – Internal Audit Service  
 ICI – engineering and communication infrastructure  
 IDR – Issuer default ratings  
 IFRS – International Financial Reporting Standards  
 IMF – International Monetary Fund  
 IR – internal regulations  
 IRD – internal regulatory document  
 IS – information system  
 IT – information and communication technologies  
 JSC – joint stock company  
 KASE – "Kazakhstan Stock Exchange" JSC  
 "Kazakhstan Mortgage Company" MO" JSC, "KMC" MO" JSC – "Kazakhstan Mortgage Company" Mortgage organization" Joint Stock company  
 Qazreestr, Qazreestr IS, Qazreestr UIS of EPHC – Qazreestr unified information system of equity participation in housing construction  
 "KHK" JSC, Company – "Kazakhstan Housing Company" Joint Stock company  
 KPI – key performance indicator

KRI – key risk indicators  
 LEB – local executive body  
 LLP – limited liability partnership  
 LOA – lease option agreement  
 MARC – multi-apartment residential complex  
 NB of RK – National Bank of the Republic of Kazakhstan  
 NC – national company  
 NF of RK – National Fund of the Republic of Kazakhstan  
 NJSC – non-profit joint stock company  
 "Nurly Zher" Program – State program of housing and communal development "Nurly Zher" for 2020-2025  
 PLS – profit and loss statement  
 RD – Regional Directorate  
 REIF – Real estate investment fund  
 RLA – regulatory legal act  
 ROA – return on assets  
 ROE – return on equity  
 RoK – Republic of Kazakhstan  
 RWA – credit risk weighted asset method  
 SDG – Sustainable Development Goals  
 SEC – shopping and entertainment center  
 STB – second tier bank  
 UN – United Nations  
 VaR – value at risk  
 pcs – pieces  
 qty – quantity  
 sq. m, m<sup>2</sup> – square meters  
 thous. – thousands  
 un. – units

## Contact information

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# Appendix 1. About the report

The Company adheres to the principle of openness and strives for effective disclosure of information in all areas of the activities of the Company, both in terms of operational and financial results, as well as in the field of sustainable development and corporate governance.

The Company annually discloses to stakeholders the results of its activities in the field of sustainable development in the relevant section of the corporate website, as well as in its annual reports.

This annual report includes financial and non-financial information about the activities of the Company for the period from January 1 to December 31, 2021, as well as some data from previous periods, plans and forecasts of the Company.

This annual report for 2021 has not been externally certified.

The annual report on the results of 2020, which also includes information in the field of sustainable development, was published in July 2021.

According to the PricewaterhouseCoopers report "TOP 50 Best ESG Information Disclosure Companies", the Company's annual report for 2020 ranked 13th in the ranking and entered the top 4 financial companies in terms of ESG information disclosure.

When preparing the annual report, the Company was guided by the principles of determining the content of the report defined by GRI Standards:

- **interaction with stakeholders** – when disclosing information, interests of stakeholders identified during the interaction with them were taken into account. The information that is most important for stakeholders was disclosed;
- **the context of sustainable development** – the work of the Company in this annual report is presented taking into account a broad socio-economic context. The company defines its work within the framework of the external environment,

including economic, social and environmental aspects;

- **materiality** – in more detail, the annual report covered topics recognized as the most significant internal or external stakeholders of the Company. The rest of the information was given in less detail so as not to overload the document and make it easier for the user to work with the information;

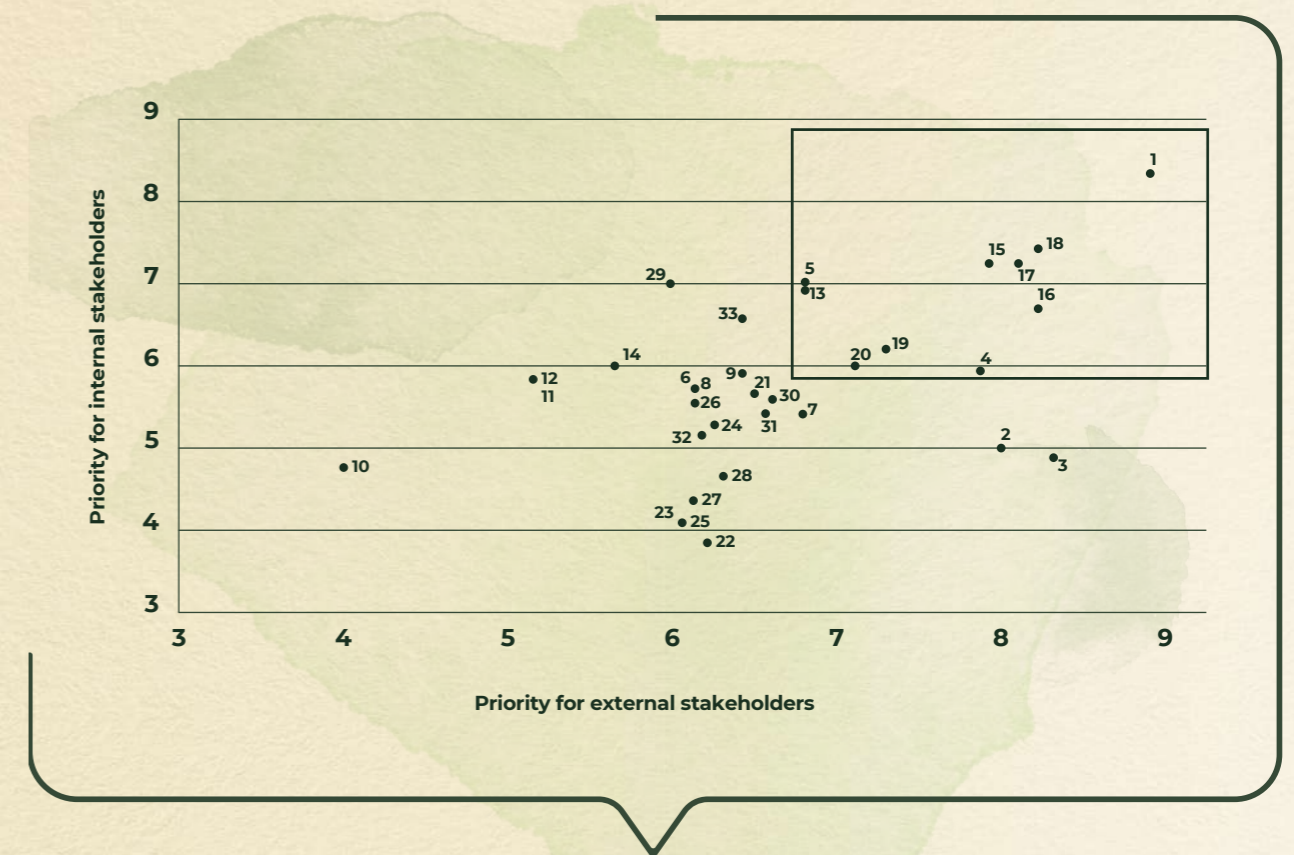
- **completeness** – The Company covers as fully as possible essential topics of its activities in the field of sustainable development, including all the details that are important for a holistic understanding of the situation.

The principles of materiality and interaction with stakeholders helped to select the most significant topics of sustainable development, which are reflected in this annual report. The principles of the context of sustainable development and completeness were applied to a greater extent when disclosing information on selected topics.

The Company conducted an analysis of the materiality of all sustainable development topics based on a survey of internal and external stakeholders. As part of the preparation of the reputation audit report for 2020, a procedure was carried out to identify significant aspects of the Company's activities in the field of sustainable development that are recognized as important by internal and external stakeholders. Based on the results of the reputation audit, important topics were identified from the point of view of stakeholders that need to be disclosed in the Company's financial statements.

Based on the results of the analysis, a materiality matrix was made. The topics that fell into the upper right corner of this matrix were recognized as the most significant and during the preparation of the section on sustainable development, they were revealed in the most detail.

# Materiality matrix





Sustainable development topics	Nº
Economic effectiveness	1
Market presence	2
Indirect economic impacts	3
Procurement practices	4
Anti-corruption	5
Obstacle to competition	6
Materials	7
Energy	8
Water	9
Biodiversity	10
Emissions	11
Discharges and waste	12
Compliance with the requirements of environmental legislation	13
Environmental assessment of suppliers	14
Occupation	15
Relationship between employees and management	16
Workplace health and safety	17
Training and education	18
Diversity and equal opportunities	19
Non-discrimination	20
Freedom of association and collective bargaining	21
The risk of using child labor	22
The risk of using forced or compulsory labor	23
Security practices	24
Rights of indigenous and small-numbered peoples	25
Human rights assessment	26
Local communities	27
Assessing the impact of suppliers on society	28
Political activity	29
Consumer health and safety	30
Marketing communications	31
Personal privacy of the consumer	32
Compliance with the requirements	33

This report is the second report of the Company, which was prepared according to GRI standards. For the most part, this report reflects the results of the activities of the Company by the end of 2021 on the topics that were reflected in last year's report.

Based on the analytical report on the results of the reputation audit and the assessment of the level of trust of the Company's population for 2021, new types of information about the activities of the Company demanded by customers were identified, which were included in this report.

This report discloses information on the following topics for the first time:

Nº	Information	Report section
1	Organizational structure of the Company	<i>Organizational structure</i>
2	Business model of the Company	<i>Business model of the Company</i>
3	Geography of activity	<i>Geography of activity of the Company</i>
4	Execution of strategic KPI and plans	<i>KPI performance based on the results of 2021 and planned KPI until 2023</i>
5	Market share of the Company in the direction of mortgage loans	<i>Mortgage lending market overview</i>
6	A new line of activity since July 1, 2021 – subsidizing loans of developers	<i>Subsidizing loans of private developers</i>
7	Performing KPI that are relevant to SDG	<i>KPI performance for 2021 to achieve SDG</i>
8	Results of performing Sustainable Development Action Plan of the Company by the end of 2021	<i>Performance of Sustainable Development Action Plan of the Company by the end of 2021</i>
9	Information on the capabilities of employees to send complaints and reports of violations and unethical behavior and regarding the feedback mechanism	<i>Employee satisfaction and engagement research</i>
10	Information about the order of placement of vacancies	<i>Recruitment and adaptation of personnel</i>
11	Information policy of the Company and results of work with appeals	<i>Information policy and handling of appeals</i>
12	The impact of the pandemic on the activities of the Company	<i>The impact of the pandemic on the activities of the Company</i>
13	Procedure for nominating candidates to board of directors	<i>Procedure for nominating candidates to Board of Directors</i>
14	Competencies of the members of Board of Directors	<i>Competencies of the members of Board of Directors</i>
15	Information on the procedure for including issues on the agenda of meetings of Board of Directors	<i>Activities of Board of Directors</i>
16	Results of evaluation of the activities of Board of Directors	<i>Assessment of Board of Directors</i>
17	Results of an independent assessment of the corporate governance of the Company	<i>Independent assessment of the corporate governance of the Company and further development of corporate governance system</i>
18	Policy on the approval of audit organization services that are not related to the audit of financial statements and other information, and hiring former employees of the audit organization	<i>External audit</i>
19	Date of election and status of members of Board of Directors	<i>Composition of Board of Directors</i>
20	Part-time work and membership in Boards of Directors of other companies of members of Management Board	<i>Composition of the Management Board</i>
21	Risk map, risk register of the Company and measures to reduce them	<i>The main risks and measures to optimize them</i>
22	Emerging risks	<i>Emerging risks that may be on the risk map of the Company in the future</i>
23	List of affiliated persons	<i>Appendix 4. List of affiliated persons</i>

## Appendix 2. GRI Index

Standard and indicators	Disclosure	Report Sections / Exceptions	Report Sections / Exceptions
<b>GRI 101 (2016): BASICS</b>			
<b>GRI 102 (2016): GENERAL DISCLOSURES</b>			
ORGANIZATION PROFILE			
102-1	Name of the organization	<i>About the Company</i>	17
102-2	Activities, brands, products, and services	<i>Strategic map of the Company</i>	34
102-3	Location of the headquarters	<i>Contact information</i>	125
102-4	Location of operations	<i>Geography of activity of the Company</i>	36
102-5	Ownership and legal form	<i>About the Company</i>	17
102-6	Markets served	<i>About the Company</i>	17
102-7	Scale of the organization	<i>Key indicators at the end of 2021</i>	6
102-8	Information on employees and other workers	<i>Structure and number of personnel</i>	71
102-9	Supply chain	<i>Strategic map of the Company, Business model of the Company, Raising funds</i>	34,20,57
102-10	Significant changes to the organization and its supply chain	<i>About the Company</i>	17
102-11	Precautionary Principle or approach	<i>Risk management</i>	113
102-12	Economic, environmental and social charters, principles or other initiatives that the organization has joined or supports	-	
102-13	Membership of associations	-	
STRATEGY AND ANALYSIS			
102-14	Statement from senior decision-maker	<i>Message of the Chairman of Board of Directors</i>	8
102-15	Key impacts, risks and opportunities	<i>Development strategy, Risk management, Interaction with stakeholders</i>	32,113,64

Standard and indicators	Disclosure	Report Sections / Exceptions	Report Sections / Exceptions
ETHICS AND INTEGRITY			
102-16	Values, principles, standards and standards of conduct of the organization, such as Codes of Conduct and Codes of Ethics	<i>Code of Business Ethics</i>	110
102-17	Mechanisms for advice and concerns about ethics	<i>Code of Business Ethics</i>	110
CORPORATE GOVERNANCE			
102-18	Governance structure	<i>Corporate governance structure of the Company</i>	82
102-19	Delegation of authorities	<i>Corporate governance structure of the Company, Organizational structure</i>	82,22
102-22	Composition of the highest governance body and its committees	<i>Corporate governance structure of the Company</i>	82
102-23	Chair of the highest governance body	<i>Composition of Board of Directors</i>	84
102-24	Nominating and selecting the highest governance body	<i>Composition of Board of Directors, Procedure for nominating candidates to Board of Directors</i>	93
102-25	Conflicts of interest	<i>Conflict of interest management, Managing conflicts of interest and corporate conflicts</i>	76,111
102-27	Collective knowledge of the highest managing body	<i>Trainings and advanced training of knowledge were not held in 2021</i>	92
102-28	Evaluating the highest governance body's performance	<i>Assessment of Board of Directors</i>	98
102-29	Identification and management of economic, environmental and social impacts	<i>Activities of Board of Directors</i>	95
102-30	Effectiveness of risk management processes	<i>Activities of Board of Directors</i>	95
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	<i>Interaction with stakeholders</i>	64
102-41	Percentage of all employees covered by collective agreements	<i>Social policy</i>	75
102-42	Principles of identification and selection of stakeholders	<i>Interaction with stakeholders</i>	64
102-43	Approach to stakeholder engagement	<i>Interaction with stakeholders</i>	64

Standard and indicators	Disclosure	Report Sections / Exceptions	Report Sections / Exceptions
102-44	Key topics and concerns that were raised by stakeholders in the framework of interaction with the organization, as well as how the organization responded to these key topics and concerns	<i>Interaction with stakeholders</i>	64
<b>REPORTING PRACTICE</b>			
102-45	Entities included in the consolidated financial statements	<i>About the report</i>	126
102-46	Methodology for determining the content of the report and the boundaries of aspects	<i>About the report</i>	126
102-47	List of material topics	<i>About the report</i>	126
102-48	Consequences of all reformulations of indicators published in previous reports	<i>There are no reformulations or other formulations in this annual report compared to the previous reporting</i>	-
102-49	Significant changes in the scope and boundaries of aspects compared to previous reporting periods	<i>About the report</i>	126
<b>GENERAL INFORMATION ABOUT THE REPORT</b>			
102-50	Reporting period	<i>About the report</i>	126
102-51	Date of most recent report	<i>About the report</i>	126
102-52	Reporting cycle	<i>About the report</i>	126
102-53	Contact point for questions regarding the report	<i>Contact information</i>	125
102-54	The option of preparing a report in accordance with GRI Standards	<i>About the report</i>	126
102-55	Table of GRI indicators	<i>Appendix 2. GRI Index</i>	130
102-56	The practice of the organization with regard to providing external assurance of financial statements	<i>About the report</i>	126
<b>DISCLOSURES ON SUSTAINABLE DEVELOPMENT TOPICS</b>			
<b>ECONOMIC TOPICS</b>			
<b>GRI 103 (2016): MANAGEMENT APPROACHES</b>			
103-1	Materiality and boundaries	<i>About the report</i>	126
103-2	Management approaches	<i>Economic impact management</i>	67
103-3	Management evaluation	<i>KPI performance based on the results of 2021 and planned KPI until 2023</i>	38

Standard and indicators	Disclosure	Report Sections / Exceptions	Report Sections / Exceptions
<b>GRI 201 (2016): ECONOMIC EFFECTIVENESS</b>			
201-1	Created and distributed direct economic value	<i>Economic impact management, Appendix 3. Financial statements</i>	67, 135
<b>GRI 203 (2016): INDIRECT ECONOMIC IMPACTS</b>			
203-1	Investments in infrastructure and gratuitous services	<i>Redemption of local executive bodies bonds as part of the Employment Roadmap for 2020-2021</i>	52
203-2	Significant indirect economic impacts	<i>Social investments</i>	69
<b>GRI 204 (2016): PROCUREMENT PRACTICES</b>			
204-1	Share of expenses on local suppliers in significant regions of activity	<i>Procurement management</i>	69
<b>GRI 205 (2016): ANTI-CORRUPTION</b>			
205-1	Business processes assessed for corruption risks	<i>Anti-corruption</i>	68
205-2	Informing and training on anti-corruption policy issues	<i>Anti-corruption</i>	68
205-3	Confirmed corruption cases	<i>Anti-corruption</i>	68
<b>ENVIRONMENTAL TOPICS</b>			
<b>GRI 103 (2016): MANAGEMENT APPROACHES</b>			
103-1	Materiality and boundaries	<i>About the report</i>	126
103-2	Management approaches	<i>Corporate governance</i>	80
103-3	Management evaluation	<i>Assessment of Board of Directors, Independent assessment of corporate governance of the Company and further development of corporate governance system</i>	98,99
<b>GRI 307 (2016): COMPLIANCE</b>			
307-1	Monetary value of significant fines and the total number of non-financial sanctions imposed for non-compliance with environmental legislation and regulatory requirements	<i>Managing Company's own environmental impact</i>	70
<b>SOCIAL TOPICS</b>			
<b>GRI 103 (2016): MANAGEMENT APPROACHES</b>			
103-1	Materiality and boundaries	<i>About the report</i>	126

Standard and indicators	Disclosure	Report Sections / Exceptions	Report Sections / Exceptions
103-2	Management approaches	<i>The social component</i>	71
103-3	Management evaluation	<i>The social component</i>	71
<b>GRI 401 (2016): EMPLOYMENT</b>			
401-1	Number of employees hired and staff turnover	<i>Structure and number of personnel, Recruitment and adaptation of personnel</i>	71,72
401-3	Maternity/paternity leave	<i>Social policy</i>	75
<b>GRI 402 (2016): EMPLOYEE-MANAGER RELATIONS</b>			
402-1	Minimum period for notifying employees about changes in the company	<i>Minimum period for notifying employees of changes in the Company that may affect them is 30 days.</i>	-
<b>GRI 403 (2018): WORKPLACE HEALTH AND SAFETY</b>			
403-1	Occupational health and safety management system	<i>Occupational health and safety</i>	75
403-7	Occupational safety activities	<i>Occupational health and safety</i>	75
403-9	Injury rates	<i>Occupational health and safety</i>	75
<b>GRI 404 (2016): TRAINING AND EDUCATION</b>			
404-1	Average number of hours of training per employee	<i>Staff training</i>	74
404-2	Lifelong skills development and education programs designed to support employees' ability to find employment, as well as to support them at the end of their careers	<i>Staff training</i>	74
<b>GRI 405 (2016): DIVERSITY AND EQUAL OPPORTUNITIES</b>			
405-1	The composition of the governing bodies and the main categories of personnel of the organization, broken down by gender, age groups, belonging to minority groups and other signs of diversity	<i>Structure and number of personnel</i>	71
<b>GRI 406 (2016): NON-DISCRIMINATION</b>			
406-1	Confirmed cases of discrimination	<i>The social component</i>	71

## Appendix 3. Financial statements

The full set of financial statements, including auditor's report, can be found on the Company's corporate website: [khc.kz/en/financial-statements/](http://khc.kz/en/financial-statements/).



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### Independent Auditors' Report

**To the Shareholder and Board of Directors of Kazakhstan Housing Company JSC**

**Opinion**

We have audited the financial statements of Kazakhstan Housing Company JSC (the "Company"), which comprise the statement of financial position as at 31 December 2021, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

«КПМГ Аудит» ЖШС, Қазақстан Республикасы аумағына сайлас тұлғасы компания жауапкершілігі шектеулі серіктестігінің кәсіпкерлік қызметтерімен шектелген KPMG International Limited меншік иелігіндегі компания құрылымына кіретін KPMG тәуелсіз фирмалары жүйесінің бір бөлігі болып табылады.

KPMG Audit LLC, a company incorporated under the Laws of the Republic of Kazakhstan and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Statement of Financial Position as of 31 December 2021

	Appli- cation	2021 KZT thousand	2020 KZT thousand
<b>ASSETS</b>			
Cash and cash equivalents	12	100,684,841	63,619,060
Funds in banks and other financial institutions	13	80,722,166	69,728,933
Investment securities:			
- Measured at fair value, changes in which are reflected in profit or loss	14	2,079,816	2,932,039
- Measured at depreciable cost	14	928,960,811	917,887,952
Loans issued to customers and long-term accounts receivable from the sale of real estate in installments:			
- Measured at fair value, changes in which are reflected in profit or loss	15	3,599,878	-
- Measured at depreciable cost	15	135,649,359	135,292,670
Finance lease receivables	16	153,630,813	164,270,564
Current tax asset		3,485,872	2,843,520
Advances paid for the purchase and construction of real estate		-	147,859
Assets to be transferred under finance lease agreements	17	3,029,851	4,121,178
Construction work in progress	18	986,751	1,883,436
Basic assets		3,627,824	4,867,901
Investment property		6,750,175	5,834,999
Non-current assets held for sale		240,529	306,540
Other assets		1,187,868	1,201,557
<b>Total assets</b>		<b>1,424,636,554</b>	<b>1,374,938,208</b>
<b>OBLIGATIONS</b>			
Debt securities issued	19	755,618,219	738,066,735
Other funds raised	20	218,164,832	208,647,686
Government subsidies	21	182,324,636	197,563,476
Deferred income and reserves for guarantees issued	22	18,403,082	13,456,567
Deferred tax liability	11	20,102,307	11,098,775
Other liabilities		10,218,646	5,853,535
<b>Total obligations</b>		<b>1,204,831,722</b>	<b>1,174,686,774</b>
<b>EQUITY CAPITAL</b>			
Share capital	23	193,432,016	193,432,016
Issue income		12,661	12,661
Own shares repurchased from shareholders		(2,597,522)	(2,597,522)
Additional paid-in capital		3,389,392	3,389,392
Reserve capital		2,734,447	2,734,447
Retained earnings		22,833,838	3,280,440
<b>Total equity capital</b>		<b>219,804,832</b>	<b>200,251,434</b>
<b>Total equity and liabilities</b>		<b>1,424,636,554</b>	<b>1,374,938,208</b>




Kazakhstan Housing Company JSC  
Independent Auditors' Report  
Page 6

The engagement partner on the audit resulting in this independent auditors' report is:

  
Assel Urdabayeva  
Certified Auditor  
of the Republic of Kazakhstan  
Auditor's Qualification Certificate  
No. МФ-0000096 of 27 August 2012

KPMG Audit LLC

State License to conduct audit # 0000021 dated 6 December 2006 issued by the Ministry  
of Finance of the Republic of Kazakhstan

  
Sergey Dementyev  
General Director of KPMG Audit LLC  
acting on the basis of its Charter

5 March 2022

**Statement of Profit or Loss and Other Comprehensive Income for the year ended December 31, 2021**

	Appli- cation	2021 KZT thousand	2020 KZT thousand
Interest income calculated using the effective rate method		124,966,137	53,360,267
Other interest income		13,837,791	11,217,728
Interest expense		(98,091,584)	(40,285,767)
<b>Net interest income</b>	5	<b>40,712,344</b>	<b>24,292,228</b>
Commission income		102,919	23,568
Commission expenses		(570,704)	(375,219)
<b>Net commission expense</b>		<b>(467,785)</b>	<b>(351,651)</b>
Net income from foreign currency transactions		232,304	74,885
Net realized income from transactions with investment securities measured at fair value, changes in which are reflected in profit or loss for the period		430,531	211,514
Net earned insurance premiums	7	2,132,353	297,481
Reserves for issued guarantees	22	(3,982,815)	(9,483,772)
Loss on initial recognition of loans issued to customers measured at fair value through profit or loss	15	(27,512,212)	-
Other operating income	8	1,151,581	3,888,415
<b>Operating income</b>		<b>12,696</b>	<b>18,929,100</b>
Incomes/(losses) from impairment of debt financial instruments	6	934,369	(7,040,718)
Staff costs	9	(2,589,867)	(2,026,861)
General and administrative expenses	10	(1,970,276)	(1,615,747)
<b>Profit before tax</b>		<b>9,070,527</b>	<b>8,245,774</b>
Income tax expense	11	(3,895,916)	(2,194,096)
<b>Profit and total comprehensive income for the year</b>		<b>5,174,611</b>	<b>6,051,678</b>

**Statement of Cash Flows at the end of the year December 31, 2021**

	2021 KZT thousand	2020 KZT thousand
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Interest income received	80,997,493	24,598,328
Interest expense paid	(53,834,405)	(10,464,732)
Commission income received	105,906	29,608
Commission expenses paid	(624,976)	(373,783)
(Disposals) receipts on other (expenses) income	(69,548)	657,993
Staff costs paid	(2,502,463)	(1,903,753)
General and administrative expenses paid	(1,672,557)	(1,796,779)
	<b>22,399,450</b>	<b>10,746,882</b>
<b>(Increase)/decrease in operating assets</b>		
Funds in banks and other financial institutions	(6,244,817)	(36,913,378)
Financial assets measured at fair value through profit or loss for the period	1,201,380	9,675
Loans issued to customers and long-term accounts receivable from the sale of real estate in installments	(24,172,436)	401,647
Assets to be transferred under finance lease agreements	(4,586,129)	(3,769,760)
Construction work in progress	(213,527)	(252,080)
Finance lease receivables	16,865,788	7,835,671
Other assets	(208,837)	1,309,910
<b>Increase/(decrease) in operating liabilities</b>		
Government subsidies	1,436,241	146,637
Deferred income on guarantees issued	3,529,487	216,499
Other liabilities	(792,707)	161,467
<b>Net cash flow received from/(used in) operating activities before income tax</b>	<b>9,213,893</b>	<b>(20,106,830)</b>
Income tax paid	(108,984)	(63,016)
<b>Receipt/(use) of cash from/(in) operating activities</b>	<b>9,104,909</b>	<b>(20,169,846)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of investment securities measured at depreciable cost	(873,933,504)	(656,053,351)
Repayment of investment securities measured at depreciable cost	872,191,744	190,066,288
Acquisition of basic assets and intangible assets	(167,446)	(2,573)

Sale of investment property	70,700	16,189
Cash flow as a result of joining (Note 27)	-	35,103,426
<b>Using cash in investment activities</b>	<b>(1,838,506)</b>	<b>(430,870,021)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repurchase/repayment of debt securities issued	(65,000,000)	(16,507,000)
Proceeds from the issuance of debt securities	80,467,812	500,479,994
Receipt of other attracted funds	20,370,000	478,500
Dividends paid	(6,051,678)	(2,577,532)
<b>Cash flow from financing activities</b>	<b>29,786,134</b>	<b>481,873,962</b>
<b>Net increase in cash and cash equivalents</b>	<b>37,052,537</b>	<b>30,834,095</b>
Effect of changes in expected credit losses on cash and cash equivalents	11,840	13,540
Effect of changes in exchange rates on the amount of cash and cash equivalents	1,404	36,302
Cash and cash equivalents at the beginning of the year	63,619,060	32,735,123
<b>Cash and cash equivalents at the end of the year</b> (Note 12)	<b>100,684,841</b>	<b>63,619,060</b>



**Statement of Changes in Equity capital for the year ended December 31, 2021**

KZT thousand	Share capital	Issue income	Own shares repurchased from shareholders	Additional paid-in capital	Reserve capital	Non-distributed profit	Total
<b>Balance as of January 1, 2020</b>	<b>63,313,800</b>	<b>12,661</b>	<b>(2,597,522)</b>	<b>5,822,856</b>	<b>2,734,447</b>	<b>(193,706)</b>	<b>69,092,536</b>
<b>Total comprehensive income and profit for the year</b>							
Profit and total comprehensive income for the year	-	-	-	-	-	6,051,678	6,051,678
<b>Transactions with owners reflected directly in equity capital</b>							
Dividends declared and paid (Note 23 (b))	-	-	-	-	-	(2,577,532)	(2,577,532)
Capital contributions (share issue) related to business combination (Note 27)	130,118,216	-	-	(2,433,464)	-	-	127,684,752
<b>Balance as of December 31, 2020</b>	<b>193,432,016</b>	<b>12,661</b>	<b>(2,597,522)</b>	<b>3,389,392</b>	<b>2,734,447</b>	<b>3,280,440</b>	<b>200,251,434</b>
<b>Balance as of January 1, 2021</b>	<b>193,432,016</b>	<b>12,661</b>	<b>(2,597,522)</b>	<b>3,389,392</b>	<b>2,734,447</b>	<b>3,280,440</b>	<b>200,251,434</b>
<b>Total comprehensive income and profit for the year</b>							
Profit and total comprehensive income for the year	-	-	-	-	-	5,174,611	5,174,611
<b>Transactions with owners reflected directly in equity capital</b>							
Dividends declared and paid (Note 23 (b))	-	-	-	-	-	(6,051,678)	(6,051,678)
Recognition of the effect of a significant modification on long-term loans received from the Parent Company, net of taxes (Note 20)	-	-	-	-	-	20,430,465	20,430,465
<b>Balance as at December 31, 2021</b>	<b>193,432,016</b>	<b>12,661</b>	<b>(2,597,522)</b>	<b>3,389,392</b>	<b>2,734,447</b>	<b>22,833,838</b>	<b>219,804,832</b>



## Appendix 4.

# List of affiliated persons

List of affiliated legal entities of the Company  
as of December 31, 2021

Nº	Name of the legal entity	Affiliation with the Company
1	"Ministry of National Economy of the Republic of Kazakhstan" State Institution	Sole Shareholder of "Baiterek" NMH" JSC.
2	"Kazakhstan Center for Public-Private Partnership" JSC	Subordinate organization of Sole Shareholder of "Baiterek" NMH" JSC
3	"Institute of Economic Research" JSC	Subordinate organization of Sole Shareholder of "Baiterek" NMH" JSC
4	"Baiterek" National managing holding" JSC	Sole Shareholder of the Company
5	"Development Bank of Kazakhstan" JSC	Subsidiary of "Baiterek" NMH" JSC
6	"KazakhExport EIC" JSC	Subsidiary of "Baiterek" NMH" JSC
7	"Otbasy Bank" JSC	Subsidiary of "Baiterek" NMH" JSC
8	"Fund for Financial Support of Agriculture" JSC	Subsidiary of "Baiterek" NMH" JSC
9	"Agrarian Credit Corporation" JSC	Subsidiary of "Baiterek" NMH" JSC
10	"KazAgroFinance" JSC	Subsidiary of "Baiterek" NMH" JSC
11	"KazynaCapitalManagement" JSC	Subsidiary of "Baiterek" NMH" JSC
12	"DAMU" Entrepreneurship Development Fund" JSC	Subsidiary of "Baiterek" NMH" JSC

The full list of the Company's affiliates, including individuals, is published on the Company's website: <https://knc.kz/реестр-аффилированных-лиц>.



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