



# Development Bank of Kazakhstan

## JSC Development Bank of Kazakhstan

(a joint stock company organised in the Republic of Kazakhstan)

**U.S.\$3,000,000,000**

### MEDIUM TERM NOTE PROGRAMME

Under this U.S.\$3,000,000,000 Medium Term Note Programme (the “**Programme**”), JSC Development Bank of Kazakhstan (the “**Issuer**” or “**DBK**”) may from time-to-time issue notes (the “**Notes**”) denominated in any currency agreed between DBK and the relevant Dealer(s) (as defined below). The maximum aggregate nominal amount of Notes outstanding under the Programme will not exceed U.S.\$3,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement referred to herein), subject to increase, as described herein. The Notes will be constituted by, and have the benefit of, an amended and restated trust deed dated 13 November 2012 (as may be further supplemented, amended or restated from time-to-time) (the “**Trust Deed**”) between DBK and Deutsche Trustee Company Limited (the “**Trustee**”, which term shall include any successor trustee under the Trust Deed).

This Base Prospectus supersedes all previous offering circulars and prospectuses relating to the Programme, including the Base Prospectus dated 29 January 2020. Any Notes issued after the date hereof are issued subject to the provisions hereof. This Base Prospectus does not affect any Notes issued prior to the date hereof, which were issued subject to the provisions of the relevant offering circular or prospectus in effect at the time of issuance.

This Base Prospectus has been approved by the United Kingdom Financial Conduct Authority (the “**FCA**”), as competent authority under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”) (the “**UK Prospectus Regulation**”) (the “**UK Prospectus Regulation**”). The FCA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of DBK or the quality of the Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in Notes.

Application has been made (i) to the FCA under Part VI of the Financial Services and Markets Act 2000, as amended (the “**FSMA**”) for Notes issued under the Programme during the period of twelve months from the date of this Base Prospectus to be admitted to the official list of the FCA (the “**Official List**”) and (ii) to the London Stock Exchange plc (the “**London Stock Exchange**”) for such Notes to be admitted to trading on the London Stock Exchange’s regulated market (the “**Market**”). References in this Base Prospectus to Notes being “listed” (and all related references) shall mean that such Notes have been admitted to the Official List and have been admitted to trading on the Market. The Market is a regulated market for the purposes of Article 2(1)(13A) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK MiFIR**”). Notice of the aggregate nominal amount of interest (if any) payable in respect of, the issue price of, and any other terms and conditions not contained herein that are applicable to, each Tranche (as defined below) of Notes will be set forth in a final terms document (the “**Final Terms**”) or in a separate prospectus specific to such Tranche (a “**Drawdown Prospectus**”), as described below in “*Final Terms and Drawdown Prospectuses*”, which, with respect to Notes to be admitted to the Official List and to be admitted to trading by the London Stock Exchange, will be delivered to the FCA and to the London Stock Exchange on or before the date of issue of the Notes of such Tranche.

In addition, unless otherwise agreed with the relevant Dealer(s) (as defined below) and provided for in the Final Terms or Drawdown Prospectus, DBK will use its reasonable endeavours to call all Notes issued by DBK under the Programme to be admitted to the “Bonds” category of the “Debt Securities” sector of the “Main” platform of the Kazakhstan Stock Exchange (the “**KASE**”) from (and including) the date of issue of the relevant Notes in respect of such Notes (the “**Issue Date**”). In addition, no Notes issued by DBK may be issued and/or placed (including the listing thereof) outside of the Republic of Kazakhstan without the prior permissions of the Financial Market Supervision and Development Agency for (i) issuance and (ii) placement of the Notes outside of Kazakhstan (the “**Agency Permissions**”). The Agency Permissions in respect of any Notes are not a recommendation or endorsement by the Financial Market Supervision and Development Agency of such Notes.

Simultaneously with an offering of Notes outside of the Republic of Kazakhstan, the Notes must be offered through the KASE on the same terms on which the Notes are being offered in a foreign state. Subject to sufficient demand, investors’ orders submitted through the KASE must be satisfied in the volume of not less than 20% of the total volume of Notes to be placed. If the total volume of investors’ orders submitted through the KASE is less than 20% of the total volume of the Notes to be placed, such orders will be satisfied in full and any and all Notes remaining after the satisfaction of the investors’ orders submitted through the KASE may be offered and placed outside of Kazakhstan. In connection with the listing of the Notes on the KASE and the offer and sale of Notes in Kazakhstan, JSC Halyk Finance will act as sole Dealer and the other Dealer(s) will not be involved in such process.

The Programme also permits Notes to be issued on an unlisted basis or to be listed on such other or further listing authorities, stock exchanges or quotation systems as may be agreed between DBK and the relevant Dealer(s). Any Notes issued on an unlisted basis will not be issued from this Base Prospectus.

**AN INVESTMENT IN NOTES INVOLVES A HIGH DEGREE OF RISK.  
SEE “RISK FACTORS” FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED  
IN CONNECTION WITH AN INVESTMENT IN THE NOTES ISSUED UNDER THE PROGRAMME.**

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any state of the United States or other jurisdiction and, subject to certain exceptions, may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“**Regulation S**”). The Notes may be offered and sold (i) within the United States to persons who are qualified institutional buyers (each, a “**QIB**”), as defined in Rule 144A under the Securities Act (“**Rule 144A**”) and are also qualified purchasers (each, a “**QP**”), as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended (the “**Investment Company Act**”), in reliance on the exemption from registration provided by Rule 144A (such Notes so offered and sold, the “**Rule 144A Notes**”) and (ii) to non-U.S. persons in offshore transactions in reliance on Regulation S (such Notes so offered and sold, the “**Regulation S Notes**”). Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain other restrictions, see “*Subscription and Sale*” and “*Transfer Restrictions*”.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under “*General Description of the Programme*” and any additional Dealer appointed under the Programme from time-to-time by DBK (each, a “**Dealer**” and together, the “**Dealers**”), which appointment may be for a specific issue of Notes or on an ongoing basis. References in this Base Prospectus to the “relevant Dealer” shall, in relation to an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all the Dealers agreeing to subscribe for such Notes, or in the case of a syndicated issue of Notes, the lead manager of such issue, as the case may be.

As at the date of this Base Prospectus, the long-term foreign currency debt of the Issuer has been rated BB+ (stable outlook) by S&P Global Ratings Europe Limited (“**S&P**”), BBB (stable outlook) by Fitch Ratings Limited (“**Fitch**”) and Baa3 (positive outlook) by Moody’s Investors Service Limited (“**Moody’s**”). Each of Fitch and Moody’s is established in the United Kingdom (“**UK**”) and is registered under Regulation (EU) No 1060/2009 as it forms part of domestic law by virtue of the EUWA (the “**UK CRA Regulation**”). S&P is not established in the UK but the rating it has given to the long-term foreign currency debt of the Issuer is endorsed by S&P Global Ratings UK Limited which is established in the UK and registered under the UK CRA Regulation. Notes issued under the Programme may be rated or unrated. Where an issue of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms or Drawdown Prospectus, as applicable. Such rating will not necessarily be the same as the rating assigned to the Issuer by the relevant rating agency. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

#### Arrangers and Dealers

**CITIGROUP**

**HALYK FINANCE**

**J.P. MORGAN**

**VTB CAPITAL**

**Development Finance Structuring Agent**

**J.P. Morgan**

**The date of this Base Prospectus is [•] 2021.**

This Base Prospectus should be read and construed together with any supplements hereto and, in relation to any Tranche of Notes, should be read and construed together with the relevant Final Terms or the relevant Drawdown Prospectus, as the case may be. This Base Prospectus constitutes a base prospectus for the purposes of Article 8 of the UK Prospectus Regulation.

Notes issued under the Programme shall have a minimum denomination of not less than €100,000 (or its equivalent in another currency). Subject thereto and in compliance with all applicable legal, regulatory and central bank requirements, Notes will be issued in such denominations as may be specified in the relevant Final Terms or Drawdown Prospectus, as applicable.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by DBK or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by DBK, the Trustee or any Dealer or any of their respective affiliates.

None of the Arrangers, the Dealers or the Trustee has independently confirmed the completeness and accuracy of the information contained herein. Accordingly, no representation or warranty is made or implied by the Arrangers, the Dealers, the Trustee or any of their respective affiliates, and none of the Arrangers, the Dealers, the Trustee nor any of their respective affiliates makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in, and each of them disclaims all and any liability whether arising in tort or contract or otherwise, which it might otherwise have in respect of, this Base Prospectus or any supplement hereto. Neither the delivery of this Base Prospectus or any Final Terms or any Drawdown Prospectus nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of DBK since the date hereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus, any Final Terms and Drawdown Prospectuses and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms or Drawdown Prospectus comes are required by DBK and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see “*Transfer Restrictions*” and “*Subscription and Sale*”.

Regulation S Notes and Rule 144A Notes in a particular Tranche will each initially be represented by a separate global note (a “**Regulation S Global Note**” and a “**Rule 144A Global Note**”, respectively, and, together, the “**Global Notes**”).

This Base Prospectus may be communicated solely to (A) persons outside the United Kingdom or (B) persons inside the United Kingdom who are (i) persons with professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”), (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order or (iii) persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any securities of DBK or any of its subsidiaries (DBK and its subsidiaries together, the “**Group**”) may otherwise lawfully be communicated or caused to be communicated (all such persons in (A) and (B) above being “**relevant persons**”). Any investment activity to which this communication relates will only be available to and will only be engaged with relevant persons. Any person who is not a relevant person should not act or rely on this communication.

Neither this Base Prospectus, any Final Terms, any Drawdown Prospectus nor any other information supplied in connection with the Programme constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by DBK, the Dealers, the Trustee or any of their respective affiliates that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms or Drawdown Prospectus shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of DBK. The contents of this Base Prospectus are not to be construed as, and should not be relied on as, legal, business or tax advice and each prospective investor should consult its own legal and other advisers for any such advice relevant to it.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (EEA). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail

client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of the Directive 2016/97/EU (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS.** The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (“**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**MiFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET** – The Final Terms in respect of any Notes will include a legend entitled “MiFID II product governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

**UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY target market** – The Final Terms in respect of any Notes will include a legend entitled “UK MiFIR Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

**UK Benchmarks Regulation** - Interest and/or other amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/2011 as it forms part of domestic law by virtue of the EUWA (the “**UK Benchmarks Regulation**”). If any such reference rate does constitute such a benchmark, the Final Terms or Drawdown Prospectus will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the FCA pursuant to Article 36 (Register of administrators and benchmarks) of the UK Benchmarks Regulation. Transitional provisions in the UK Benchmarks Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the Final Terms or Drawdown Prospectus. The registration status of any administrator under the Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the relevant Final Terms or Drawdown Prospectus to reflect any change in the registration status of the administrator.

Amounts payable on the Notes may be calculated by reference to one of LIBOR or EURIBOR, as specified in the relevant Final Terms. As at the date of this Base Prospectus, the administrator of LIBOR, ICE Benchmark Administration Limited, is included in FCA’s register of administrators under Article 36 of the UK Benchmarks Regulation. However, as at the date

of this Base Prospectus, the administrator of EURIBOR, the European Money Markets Institute, is not included in FCA's register of administrators under Article 36 of the UK Benchmarks Regulation.

As far as DBK is aware, the transitional provisions in Article 51 of the UK Benchmarks Regulation apply, such that the European Money Markets Institute (as administrator of EURIBOR), is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).

The language of the Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law. In connection with the listing of the Notes on the KASE, DBK will furnish the KASE with a Russian translation of this Base Prospectus (the "**Translation**"). The Translation has been prepared by DBK solely for the purpose of listing the securities described in the Base Prospectus on the KASE. None of the Dealers or any of their affiliates has verified, makes any representation or warranty, or takes any responsibility for the accuracy or completeness of the Translation. The Base Prospectus in English is the authentic and definitive version for the investment decision making process. In the event of any conflict or discrepancy between the English version of the Base Prospectus and the Translation, or any dispute regarding the interpretation of any statement in the English version or the Translation, the English version shall prevail.

This Base Prospectus has been prepared on the basis that any offer of Notes in the UK will be made pursuant to an exemption under the UK Prospectus Regulation, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in the UK of Notes, which are the subject of an offering contemplated by the relevant Final Terms or Drawdown Prospectus may only do so in circumstances in which no obligation arises for DBK or any Dealer to publish a prospectus pursuant to Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation, in each case, in relation to such offer. Neither DBK nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for DBK or any Dealer to publish or supplement a base prospectus for such offer.

**NEITHER THE NOTES NOR ANY BENEFICIAL INTERESTS THEREIN HAVE BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE NOTES OR THE ACCURACY OR THE ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.**

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Base Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes may have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's home currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. A potential investor should not invest in Notes, which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes are expected to perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The investment activities of certain investors may be subject to law or review or regulation by certain authorities. Each potential investor should determine for itself, on the basis of professional advice where appropriate, whether and to what extent Notes are lawful investments for it, Notes can be used as collateral for various types of borrowing, and other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the

appropriate regulators to determine the appropriate treatment of Notes under any applicable risk based capital or similar rules.

## STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

DBK is required to maintain its accounts in accordance with relevant laws and regulations in the Republic of Kazakhstan (“**Kazakhstan**”), including those adopted by its regulator (since 1 January 2020, the Financial Market Supervision and Development Agency and, prior to that date, the Financial Market Supervision Committee of the National Bank of Kazakhstan (the “**NBK**”). These laws and regulations require that DBK’s accounts be prepared in Tenge (as defined below) and in accordance with International Financial Reporting Standards (“**IFRS**”), as promulgated by the International Accounting Standard Board (the “**IASB**”). Accordingly, DBK’s audited annual consolidated financial statements contained in this Base Prospectus, including the notes thereto, as at and for the year ended 31 December 2020, which include comparative data as at and for the year ended 31 December 2019 (the “**2020 Annual Financial Statements**”), and as at and for the year ended 31 December 2019, which include comparative data as at and for the year ended 31 December 2018 (the “**2019 Annual Financial Statements**” and, together with the 2020 Annual Financial Statements, the “**Financial Statements**”) were prepared in Tenge in accordance with IFRS and applicable laws and regulations in Kazakhstan.

The contents of DBK’s website (or any other website) nor the content of any website accessible from hyperlinks on any such website is incorporated into, or forms any part of, this Base Prospectus.

### Currencies

In this Base Prospectus:

- “**EUR**”, “**Euros**” or “**€**” refers to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended;
- “**MYR**” refers to Malaysian Ringgits, the lawful currency of Malaysia;
- “**RUB**” refers to Russian Roubles, the lawful currency of the Russian Federation;
- “**Tenge**” or “**KZT**” refers to Kazakhstan Tenge, the lawful currency of the Republic of Kazakhstan;
- “**U.S.\$**” or “**U.S. Dollars**” refers to United States Dollars, the lawful currency of the United States of America; and
- “**¥**” or “**Yen**” refers to Japanese Yen, the lawful currency of Japan.

[Solely for convenience, this Base Prospectus includes conversions of certain Tenge amounts into U.S. Dollars at specified rates. Unless otherwise stated, data presented in U.S. Dollars is converted from Tenge at the applicable market exchange rate on the date or at the period-end of the relevant data. In line with the Resolution of the Board of the NBK № 15 dated 25 January 2013 and the Order of the Minister of Finance of the Republic of Kazakhstan № 99 dated 22 February 2013, the market exchange rate for the translation of Tenge amounts into U.S. Dollars is determined based on the weighted average exchange rate of the Tenge to the U.S. Dollar, calculated at 15:30 hours (Nur-Sultan time) on the basis of morning (main) and daily (additional) sessions of the KASE.]

Although DBK uses the market exchange rate when preparing its financial statements, the Tenge to U.S. Dollar translations included in this Base Prospectus are not reflective of a translation in accordance with IFRS and should not be construed as a representation that the Tenge amounts have been or could be converted into U.S. Dollars at that rate or any other rate.

The following table sets forth the period-end, average and low and high rates for Tenge, each expressed in Tenge and based on the Tenge/U.S. Dollar market exchange rates quoted on the KASE, as reported by the NBK (after rounding adjustments):

<b>Period</b>	<b>Period end</b>	<b>Average<sup>(1)</sup></b>	<b>High</b>	<b>Low</b>
		<i>(KZT/U.S.\$1.00)</i>		
Year ended 31 December 2018.....	384.20	344.90	384.20	318.31
Year ended 31 December 2019.....	382.59	382.87	390.13	373.56
Year ended 31 December 2020.....	420.91	413.38	448.52	375.87
Three months ended 31 March 2021 .....	[●]	[●]	[●]	[●]

Note:

(1) The average of the rate reported by the KASE for each month during the relevant period.

The Tenge/U.S. Dollar exchange rate as reported by the NBK on [●] 2021, was KZT [●] per U.S.\$1.00.

The above rates may differ from the actual rates used in the preparation of DBK’s financial statements or other financial information appearing in this Base Prospectus. No representation is made that the Tenge amounts in this Base Prospectus could have been converted into U.S. Dollars, at any particular rate or at all. Fluctuations in exchange rates between the Tenge and U.S. Dollar are not necessarily indicative of fluctuations that may occur in the future.

## **Rounding**

Certain amounts which appear in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be the sum of the figures which precede them.

## **Market and Industry Data**

Certain statistical and market information that is presented in this Base Prospectus on such topics as Kazakhstan’s banking sector and Kazakhstan’s economy in general and related subjects has, unless otherwise stated herein, been extracted from documents and other publications released by the NBK, the Financial Market Supervision and Development Agency and the National Statistics Office of Kazakhstan (the “**National Statistics Office**”).

DBK has accurately reproduced such information and, so far as DBK is aware and is able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Nevertheless, prospective investors are advised to consider this data with caution. Where third party information has been used in this Base Prospectus, the source of such information has been identified. Prospective investors should note that some of DBK’s estimates are based on such third party information. None of DBK, the Arrangers or the Dealers have independently verified the figures, market data or other information on which third parties have based their studies.

Official data published by Kazakhstan governmental or regional agencies are substantially less complete or researched than those of more developed countries. Further, official statistics, including those produced by the FMSC, the NBK, the Financial Market Supervision and Development Agency and the National Statistics Office, may be produced on different bases than those used in more developed countries. DBK has not independently verified such official statistics and other data, and any discussion of matters relating to Kazakhstan in this Base Prospectus is, therefore, subject to uncertainty due to questions regarding the completeness or reliability of such information. Specifically, investors should be aware that certain statistical information and other data contained in this Base Prospectus has been extracted from official Kazakhstan government (the “**Government**”) sources and was not prepared in connection with the preparation of this Base Prospectus. Unless otherwise stated, macroeconomic data, which appear in this Base Prospectus have been derived from statistics published by the National Statistics Office. In addition, certain information contained in this Base Prospectus is based on the knowledge and research of DBK’s management using information obtained from non-official sources. DBK has accurately reproduced such information, and, so far as DBK is aware and is able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Nevertheless, prospective investors are advised to consider this data with caution. This information has not been independently verified and, therefore, is subject to uncertainties due to questions regarding the completeness or reliability of such information, which was not prepared in connection with the preparation of this Base Prospectus.

Any discussion of matters relating to Kazakhstan’s banking sector, economy and related topics as well as other participants in the Kazakhstan banking sector in this Base Prospectus is, therefore, subject to uncertainty due to concerns about the completeness or reliability of available official and public information.

## SEC Reporting Requirements

The financial information included in this Base Prospectus is not intended to comply with SEC reporting requirements. Compliance with such requirements may require the modification or exclusion of certain financial measures, including the conversion of Tenge into U.S. Dollars for any period other than as at and for the six months ended 30 June 2019 and the presentation of certain other information not included herein.

## Presentation of Alternative Performance Measures

In this Base Prospectus, DBK uses the following metrics in the analysis of its business and financial position, which DBK considers to constitute Alternative Performance Measures (“APMs”), as defined in the European Securities and Market Authority Guidelines on Alternative Performance Measures dated 5 October 2015 (the “ESMA Guidelines”). For further information see “*Overview of Financial Information*”.

Set out below is a summary of the APM metrics used, the definition, bases of calculation and reconciliation of such metrics and the rationale for the inclusion of such metrics.

<b>Metric</b>	<b>Definition, method of calculation and reconciliation to financial statement line item</b>	<b>Rationale</b>
Return on average assets (ROAA)	Calculated as profit/(loss) for the period divided by average period total assets. Average period total assets are calculated based on opening and closing balances for each relevant period.	Performance measure
Return on average equity (ROAE)	Calculated as profit/(loss) for the period divided by average equity balances for the period. Averages are calculated as the average of the opening and closing balances for each relevant period.	Performance measure
Net interest margin	Calculated as net interest income as a percentage of average interest-bearing assets. Interest-bearing assets are comprised of cash and cash equivalents, placements with banks and other financial institutions, loans to banks, loans to customers, finance lease receivables, debt securities and amounts receivable from IFK JSC.	Performance measure
Net interest spread	Calculated as the difference between the average interest rate on interest-bearing assets and the average interest rate on interest-bearing liabilities. Average interest rates are calculated as the ratio of net interest income to the average balance of interest-bearing assets or liabilities. Interest-bearing liabilities are comprised of loans from the Government and SWF Samruk-Kazyna JSC, loans from the Parent Company, loans and deposits from banks and other financial institutions, current accounts and deposits from customers, debt securities issued and subordinated debt.	Performance measure
Non-interest expense/net interest income plus non-interest income	Calculated as non-interest expense/net interest income plus non-interest income.  Non-interest expense is comprised of fee and commission expense and general administrative expenses.  Non-interest income is comprised of net foreign exchange gain/(loss), net realised gain/(loss) on debt securities at fair value through other comprehensive income, net gain/(loss) on financial instruments at fair value through profit or loss, net loss resulted from de-recognition of financial assets measured at amortised cost and other (expense)/income.	Performance measure
Non-interest expense as a percentage of net interest income	Calculated as non-interest expense divided by net interest income.	Performance measure

Non-interest expense as a percentage of average total assets	Calculated as non-interest expense divided by average total assets. Average total assets are calculated based on opening and closing balances for each relevant period.	Performance measure
Allowance of impairment losses/loans to customers and banks	Calculated as impairment allowance divided by gross loans to customers measured at amortised cost, loans to customers measured at fair value through profit or loss and gross loans to banks.	Liquidity measure
Loans to customers and banks to total assets	Calculated as loans to customers and banks divided by total assets.	Liquidity measure
Total equity to total assets	Calculated as total equity divided by total assets.	Performance measure
Liquid assets to total assets	Calculated as liquid assets divided by total assets. Liquid assets comprise cash and cash equivalents, placements with banks and other financial institutions and debt securities measured at fair value through other comprehensive income.	Liquidity measure
Contingent liabilities to total equity	Calculated as contingent liabilities divided by total equity. Contingent liabilities include loan, credit line and finance lease commitments, as well as letters of credit, guarantees and other commitments related to settlement operations.	Liquidity measure
Direct liabilities to total equity	Calculated as direct liabilities divided by total equity. Direct liabilities include loans from the Government and SWF Samruk-Kazyna JSC, loans and deposits from banks and other financial institutions, current accounts and deposits from customers, debt securities issued, loans from the Parent Company, subordinated debt and derivative financial instruments.	Liquidity measure

The above APMs have been included in this Base Prospectus to facilitate a better understanding of DBK’s historic trends of operation and financial condition. DBK uses APMs as supplementary information to its IFRS operating results. See the Financial Statements and the notes thereto included in this Base Prospectus. The APMs are not defined by, or presented in accordance with, IFRS. The APMs are not measurements of DBK’s operating performance under IFRS and should not be considered as alternatives to any measures of performance under IFRS. In addition, other companies, including those in DBK’s industry, may calculate similarly titled APMs differently from DBK. Because companies do not calculate these APMs in the same manner, DBK’s presentation of such APMs may not be comparable to other similarly titled APMs used by other companies.

## FORWARD-LOOKING STATEMENTS

Certain statements included herein may constitute forward-looking statements that involve a number of risks and uncertainties. Certain such forward-looking statements can be identified by the use of forward-looking terminology such as “believes”, “expects”, “may”, “are expected to”, “intends”, “will”, “will continue”, “should”, “would be”, “seeks”, “approximately” or “anticipates” or similar expressions or the negative or other variations thereof or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Base Prospectus and include statements regarding DBK’s intentions, beliefs or current expectations concerning, amongst other things, DBK’s results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which it operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

Prospective investors should be aware that forward-looking statements are not guarantees of future performance and that DBK’s actual results of operations, financial condition and liquidity and the development of the sectors and economy in which it operates may differ materially from those made in or suggested by the forward-looking statements contained in this Base Prospectus. In addition, even if DBK’s results of operations, financial condition and liquidity and the development of the sectors and economy in which it operates are consistent with the forward-looking statements contained in this Base Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause those differences include, but are not limited to:

- the impact of the COVID-19 pandemic on the Kazakhstan economy, DBK’s customers and DBK’s business;
- economic and political conditions, as well as the stability of the banking sector, in Kazakhstan generally;
- continued support and indirect control of DBK by the Government;

- changes in Government policies with respect to the application by DBK of Government funding;
- anticipated growth of DBK’s business;
- economic and political conditions in the countries of residence of DBK’s borrowers, which may impact their ability to repay loans owed to DBK and, accordingly, the asset quality of DBK’s loan portfolio;
- expectations as to the impact of projects undertaken to improve cost efficiencies and enhance revenue growth; and
- estimates and financial targets for increasing and diversifying the composition of DBK’s loan portfolio.

Factors that could cause actual results to differ materially from DBK’s expectations are contained in cautionary statements in this Base Prospectus and include, among other things, the following:

- overall macro-economic and national and international business conditions and commodity prices;
- regional and geopolitical challenges, including changes in economic, social or political conditions in Kazakhstan, Russia and the Central Asia region, including changes in government;
- the demand for DBK’s products or services;
- competitive factors in the sectors and economy in which DBK’s customers compete;
- changes in legislation or regulations or Government policy;
- any decline in the value of collateral securing the loans granted by DBK to its borrowers;
- changes in tax requirements, including tax rate changes, new tax laws and revised tax law interpretations;
- interest rate fluctuations and other capital market conditions;
- exchange rate fluctuations;
- hostilities and restrictions on the ability to transfer capital across borders; and
- the timing and impact of other uncertainties relating to future actions.

The sections of this Base Prospectus entitled “*Risk Factors*”, “*Selected Financial Information and Other Data*”, “*Management’s Discussion and Analysis of Results of Operations and Financial Condition*” “*Selected Statistical and Other Data*” and “*Business*” contain a more complete discussion of the factors that could affect DBK’s future performance and the sectors and economy in which it operates. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Base Prospectus may not occur.

DBK does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to DBK or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Base Prospectus.

## **ADDITIONAL INFORMATION**

DBK is not required to file periodic reports under Section 13 or 15 of the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). For so long as DBK is not a reporting company under Section 13 or 15(d) of the Exchange Act, or exempt from reporting pursuant to Rule 12g3-2(b) thereunder, DBK will, upon request, furnish to each holder or beneficial owner of Notes that are “restricted securities” (within the meaning of Rule 144(a)(3) under the Securities Act) and to each prospective purchaser thereof designated by such holder or beneficial owner upon request of such holder, beneficial owner or prospective purchaser, in connection with a transfer or proposed transfer of any such Notes, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act. See “*Terms and Conditions of the Notes—Negative Pledge and Covenants*”. As long as the relevant Notes are represented by a Rule 144A Global Note, for the purposes of this

paragraph the expression “holder” shall be deemed to include account holders in the clearing systems who have interests in the relevant Rule 144A Global Note.

## **RESPONSIBILITY STATEMENT**

This Base Prospectus constitutes a base prospectus for the purposes of the UK Prospectus Regulation. DBK accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of DBK, the information contained in this Base Prospectus is in accordance with the facts and this Base Prospectus makes no omission likely to affect its import.

Certain information in this Base Prospectus contained under the headings “*Risk Factors*” and “*The Banking Sector in Kazakhstan*” and certain other macroeconomic data which appear in this Base Prospectus have been extracted from documents and other publications released by the National Statistics Office, the NBK, the Financial Market Supervision and Development Agency and the FMSC. DBK accepts responsibility for accurately reproducing such extracts, and as far as it is aware and is able to ascertain from information published by such sources, no facts have been omitted which would render such information inaccurate or misleading. See “*Presentation of Financial and Other Information – Market and Industry Data*”.

## **SUPPLEMENTS TO THIS BASE PROSPECTUS**

DBK has undertaken, in connection with the listing of Notes, that if there is a significant new factor, material mistake or inaccuracy relating to the information contained in this Base Prospectus, which is capable of affecting the assessment of any Notes, whose inclusion would reasonably be required by investors, and would reasonably be expected by them to be found in this Base Prospectus, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of DBK, and the rights attaching to the relevant Notes, DBK will prepare or procure the preparation of a supplement to this Base Prospectus or, as the case may be, publish a new base prospectus, for use in connection with that or any subsequent issue by DBK of listed Notes.

## **FINAL TERMS AND DRAWDOWN PROSPECTUSES**

In this section the expression “necessary information” means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes. In relation to the different types of Notes, which may be issued under the Programme, the Issuer has endeavoured to include in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or Drawdown Prospectus.

For a Tranche of Notes, which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, complete this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Terms and Conditions of the Notes described in the relevant Final Terms as supplemented to the extent described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Terms and Conditions of the Notes as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes, which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

## **ENFORCEMENT OF FOREIGN JUDGMENTS**

DBK is a joint stock company organised under the laws of Kazakhstan and certain of its officers and directors and certain other persons referred to in this Base Prospectus are residents of Kazakhstan. All or a substantial portion of the assets of DBK and such persons are located in Kazakhstan. As a result, it may not be possible to effect service of process upon DBK or any such person outside Kazakhstan, to enforce against any of them, in courts of jurisdictions other than Kazakhstan,

judgments obtained in such courts that are predicated upon the laws of such other jurisdictions or to enforce against any of them, in Kazakhstan's courts, judgments obtained in jurisdictions other than Kazakhstan, including judgments obtained in the courts of England.

The Notes and the Trust Deed are governed by the laws of England, and DBK has agreed in the Notes and the Trust Deed that disputes arising thereunder are subject to arbitration in London, England or at the election of the Trustee or, in certain circumstances, a Noteholder to the jurisdiction of the English courts. See Condition 23 under "*Terms and Conditions of the Notes*". Kazakhstan's courts will likely not enforce any judgment obtained in a court established in a country other than Kazakhstan unless (i) there is in effect a treaty between such country and Kazakhstan providing for reciprocal enforcement of judgments and then only in accordance with the terms of such treaty; or (ii) there is a proved reciprocity in enforcement of judgments of Kazakhstan courts in that country, which can be very hard or impossible to prove. There is no such treaty in effect between Kazakhstan and the United Kingdom. However, each of Kazakhstan and the United Kingdom are parties to the 1958 New York Convention on Recognition and Enforcement of Arbitral Awards and, accordingly, an arbitral award obtained in the United Kingdom should generally be recognised and enforceable in Kazakhstan provided the conditions to enforcement set out in that Convention and applicable Kazakhstan laws are met.

The Law "On Arbitration" (№ 488-V, dated 8 April 2016) (the "**Arbitration Law**") was signed by the President of Kazakhstan on 8 April 2016. The introductory language to the Arbitration Law, as well as other provisions of the Arbitration Law, imply that the Arbitration Law should apply only where the matter involves dispute resolution in Kazakhstan (*i.e.*, in respect of arbitration bodies with a seat in Kazakhstan). In particular, the preamble to the Arbitration Law states that: "This [l]aw regulates social relations arisen in the process of arbitration activity on the territory of the Republic of Kazakhstan as well as the procedure and terms of recognition and enforcement of arbitral awards in Kazakhstan..."

There are, however, certain provisions in the Arbitration Law, which may have implications (as described below) in respect of the arbitration provisions contained in the Notes and the Trust Deed. In particular, the provisions of the Arbitration Law do not clearly differentiate between domestic and foreign arbitration. In particular:

- Article 8.8 of the Arbitration Law restricts the trying of disputes involving quasi-sovereign companies by arbitration. DBK falls under the definition of a quasi-sovereign company. More specifically, Article 8.8 provides that a dispute between quasi-sovereign companies cannot be resolved by arbitration. While there is no established practice in relation to Article 8.8 of the Arbitration Law, DBK's management ("**Management**") believes that this requirement only applies when two or more quasi-sovereign companies are involved in a dispute as adverse parties. Accordingly, Article 8.8 should not apply if two or more quasi-sovereign companies are not adverse parties to the dispute, which would be the case in respect of the Notes, the Agency Agreement and the Trust Deed.
- Article 8.10 of the Arbitration Law requires state-controlled companies to obtain consent from the competent authority of a relevant industry in order to enter into an arbitration agreement. DBK falls under the definition of a state-controlled company. Although, there is no established practice in relation to Article 8.10 of the Arbitration Law, Management believes that the Arbitration Law does not govern conduct of arbitration proceedings outside of Kazakhstan and that, accordingly, no consent of the competent authority is required for DBK to enter into arbitration agreements under the Notes and the Trust Deed.

Given that there is not a well-developed practice in Kazakhstan on the application of the Arbitration Law, there can be no assurance that Kazakhstan courts would support the above interpretation of the Arbitration Law and that an award against DBK in arbitral proceedings in London under English law would be enforced in Kazakhstan. See "*Risk Factors—Factors that are material for assessing the market risks associated with Notes issued under the Programme—Enforceability of Judgments.*"

## TABLE OF CONTENTS

	Page
STABILISATION .....	v
PRESENTATION OF FINANCIAL AND OTHER INFORMATION .....	v
FORWARD-LOOKING STATEMENTS.....	viii
ADDITIONAL INFORMATION .....	ix
RESPONSIBILITY STATEMENT .....	x
SUPPLEMENT TO THIS BASE PROSPECTUS .....	x
FINAL TERMS AND DRAWDOWN PROSPECTUSES .....	x
ENFORCEMENT OF FOREIGN JUDGMENTS.....	x
GENERAL DESCRIPTION OF THE PROGRAMME .....	1
RISK FACTORS.....	4
CAPITALISATION .....	20
SELECTED FINANCIAL INFORMATION AND OTHER DATA .....	21
MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION.....	24
SELECTED STATISTICAL AND OTHER DATA .....	36
ASSET AND LIABILITY MANAGEMENT.....	63
BUSINESS .....	70
MANAGEMENT .....	86
SHARE CAPITAL, SOLE SHAREHOLDER AND RELATED PARTY TRANSACTIONS .....	93
THE BANKING SECTOR IN KAZAKHSTAN .....	95
TERMS AND CONDITIONS OF THE NOTES .....	100
FORM OF FINAL TERMS.....	123
SUMMARY OF THE PROVISIONS RELATING TO NOTES IN GLOBAL FORM.....	130
TAXATION .....	136
TRANSFER RESTRICTIONS .....	144
FORM OF THE NOTES .....	147
SUBSCRIPTION AND SALE .....	147
GENERAL INFORMATION .....	151
INDEX TO FINANCIAL STATEMENTS .....	F-1

## GENERAL DESCRIPTION OF THE PROGRAMME

*The following general description does not purport to be complete and is qualified in its entirety by the remainder of this Base Prospectus. Words and expressions defined in “Forms of the Notes” or “Terms and Conditions of the Notes” below shall have the same meanings in this general description.*

<b>Issuer</b> .....	JSC Development Bank of Kazakhstan.
<b>Legal Entity Identifier</b> .....	213800LCDPGJ1BI7KX98
<b>Arrangers</b> .....	Citigroup Global Markets Limited, J.P. Morgan Securities plc, JSC Halyk Finance and VTB Capital plc.
<b>Dealers</b> .....	Citigroup Global Markets Limited, J.P. Morgan Securities plc, JSC Halyk Finance, VTB Capital plc and any other Dealer(s) appointed in accordance with the Programme Agreement (as defined below).
<b>Trustee</b> .....	Deutsche Trustee Company Limited.
<b>Principal Paying and Transfer Agent</b> .....	Deutsche Bank AG, London Branch.
<b>Luxembourg Registrar</b> .....	Deutsche Bank Luxembourg S.A.
<b>U.S. Paying and Transfer Agent</b> .....	Deutsche Bank Trust Company Americas.
<b>U.S. Registrar</b> .....	Deutsche Bank Trust Company Americas.
<b>Size</b> .....	U.S.\$3,000,000,000 (or its equivalent in other currencies calculated in accordance with the provisions of the Programme Agreement) outstanding at any one time. DBK may increase the amount of the Programme at any time in accordance with the Programme Agreement.
<b>Issuance</b> .....	<p>Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.</p> <p>Each Tranche will be the subject of Final Terms or Drawdown Prospectus (as the case may be) which, for the purposes of that Tranche only, supplements the Terms and Conditions of the Notes and this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes are the Terms and Conditions of the Notes, as supplemented, amended or replaced by the relevant Final Terms or the relevant Drawdown Prospectus (as the case may be).</p>
<b>Agency Permissions</b> .....	No Notes issued by DBK may be issued and/or placed (including the listing thereof) outside of the Republic of Kazakhstan without prior getting the Agency Permissions.
<b>Forms of Notes</b> .....	Each Series of Notes will be issued in registered form only. Regulation S Notes and Rule 144A Notes will initially be represented by a Regulation S Global Note and a Rule 144A Global Note, respectively. The Global Notes will be exchangeable for Definitive Notes (as defined herein) in the limited circumstances specified in the Global Notes.
<b>Clearing Systems</b> .....	DTC (in the case of Rule 144A Notes), unless otherwise agreed, and Clearstream, Luxembourg and Euroclear (in the case of Regulation S Notes), unless otherwise agreed, and such other clearing system as may be agreed between DBK, the Principal Paying and Transfer Agent, the Trustee and the relevant Dealer.
<b>Currencies</b> .....	Notes may be denominated in any currency or currencies, subject to compliance with all applicable legal, regulatory and central bank

	requirements. Payments in respect of Notes may, subject to such compliance, be made in or linked to, any currency or currencies other than the currency in which such Notes are denominated.
<b>Status of the Notes</b> .....	The Notes will constitute direct, general and unconditional obligations of DBK, which will at all times rank <i>pari passu</i> among themselves and <i>pari passu</i> in right of payment with all other present and future unsubordinated obligations of DBK, save for such obligations, as may be preferred by provisions of law that are both mandatory and of general application.
<b>Issue Price</b> .....	Notes may be issued at any price, as specified in the relevant Final Terms.
<b>Maturities</b> .....	Any maturity, subject, in relation to specific currencies, to compliance with all applicable legal, regulatory and central bank requirements.
<b>Redemption</b> .....	Notes may be redeemable at par or at such other Redemption Amount (detailed in a formula, index or otherwise), as may be specified in the relevant Final Terms. Notes may also be redeemable in two or more instalments on such dates and in such manner, as may be specified in the relevant Final Terms.
<b>Optional Redemption</b> .....	Notes may be redeemed before their stated maturity at the option of DBK (either in whole or in part), the Noteholders or both to the extent (if at all) specified in the relevant Final Terms.
<b>Tax Redemption</b> .....	Early redemption will be permitted for tax reasons, as set out in Condition 10.2 under “ <i>Terms and Conditions of the Notes</i> ”.
<b>Interest</b> .....	Notes may be interest-bearing or non interest-bearing (as set out in the relevant Final Terms). Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series (as set out in the relevant Final Terms).
<b>Denominations</b> .....	Notes will be issued in such denominations as may be specified in the relevant Final Terms (the “ <b>Specified Denomination</b> ”), provided that the Specified Denomination(s) shall not be less than €100,000 or its equivalent in another currency. For so long as the Notes are represented by a Global Note, and the relevant clearing system(s) so permit, the Notes shall be tradeable only in the minimum authorised denomination of €100,000 and higher integral multiples of any smaller amount specified in the relevant Final Terms.  Interests in the Rule 144A Notes shall be held in amounts of not less than U.S.\$200,000 or its equivalent in another currency.  Notes (including Notes denominated in Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by DBK in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA will have a minimum denomination of £100,000 (or its equivalent in another currency).
<b>Negative Pledge and Covenants</b> .....	The Notes will have, among others, the benefit of a negative pledge and covenants relating to (i) compliance with the legislative act constituting DBK and (ii) provision of certain information, each as set out in Condition 6 under “ <i>Terms and Conditions of the Notes</i> ”.
<b>Cross Default</b> .....	The Notes will have the benefit of a cross default clause as described in Condition 13.3 under “ <i>Terms and Conditions of the Notes</i> ”.
<b>Taxation</b> .....	All payments in respect of Notes will be made free and clear of withholding taxes of Kazakhstan unless the withholding is required by law. In that event, DBK will (subject as provided in Condition 12 under “ <i>Terms and Conditions of the Notes</i> ”) pay such additional amounts as will result in the Noteholders receiving such amounts as they would

have received in respect of such Notes had no such withholding been required.

**Redenomination**..... The applicable Final Terms may provide that Notes may be redenominated in Euros in accordance with Condition 22 under “*Terms and Conditions of the Notes*”.

**Governing Law** ..... English law.

**Listing**..... Application has been made for Notes issued under the Programme to be admitted to the Official List and to be admitted to trading on the Regulated Market. Application has also been made for the Notes issued under the Programme to be admitted to the “Bonds” category of the “Debt Securities” sector of the “Main” platform of the official list of the KASE. This Base Prospectus and any supplement will only be valid for listing Notes on the Official List and admitting Notes to trading on the Regulated Market during a period of twelve months from the date of this Base Prospectus.

The Programme also permits Notes to be issued on an unlisted basis outside of Kazakhstan or to be listed on such other or further listing authorities, stock exchanges or quotation systems outside of Kazakhstan, as may be agreed between DBK and the relevant Dealer. In addition, DBK shall make an application to the KASE for Notes issued under the Programme to be listed on KASE, although no assurance can be given such listing will be obtained.

**Selling Restrictions** ..... For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the United Kingdom, Kazakhstan and Japan. See “*Subscription and Sale*”.

**Risk Factors** ..... Investing in the Notes involves a high degree of risk, which investors should ensure they fully understand. These include factors that may affect DBK’s ability to fulfil its obligations under, or in connection with, Notes issued under the Programme and factors that are material for assessing the market risks associated with Notes issued under the Programme. See “*Risk Factors*”.

**DEVELOPMENT IMPACT**  
**[TO BE INCLUDED]**

## RISK FACTORS

*The following factors may affect the ability of DBK to fulfil its obligations under the Notes.*

*Prior to making an investment decision, prospective purchasers of Notes should carefully consider, along with the other matters referred to in this Base Prospectus, the following risks associated with investment in Kazakhstan entities generally and with investment in securities issued by DBK (such as the Notes), which could be material for the purpose of assessing the market risks associated with Notes issued under the Programme. Prospective investors should pay particular attention to the fact that DBK operates in the legal and regulatory environment in Kazakhstan, which in some respects may differ from that prevailing in other countries.*

*Prospective investors should note that the risks described below are not the only risks faced by DBK. These are the risks that DBK considers to be material. However, there may be additional risks that DBK currently considers immaterial or of which it is currently unaware, and any of these risks could have the effect set forth above.*

### **FACTORS THAT MAY AFFECT DBK'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER, OR IN CONNECTION WITH, NOTES ISSUED UNDER THE PROGRAMME**

#### **A. OPERATIONAL RISKS RELATING TO DBK AND ITS BUSINESS**

##### ***State Ownership***

DBK was established on 31 May 2001, as the Government's primary vehicle for promoting economic development and exports from non-extractive sectors of the Kazakhstan economy and is part of Kazakhstan's overall industrial development programme. Pursuant to the Decree of the President of the Republic of Kazakhstan №. 571 dated 22 May 2013, which was enacted with immediate effect, the entire issued share capital of DBK was transferred from the wholly Government-owned Sovereign Wealth Fund "Samruk Kazyna" JSC ("**Samruk-Kazyna**") to Baiterek National Management Holding JSC ("**Baiterek JSC**"), a then-newly established holding company to consolidate all state holdings in peer development and financial institutions such as the Bank. Baiterek JSC is, in turn, wholly-owned by the Government. Accordingly, the ultimate controlling party of DBK is the Government, represented by the Ministry of Industry and Infrastructural Development.

Due to its 100% shareholding in DBK, Baiterek JSC has the right to determine all matters requiring a vote of shareholders, including the election of DBK's Board of Directors (the "**Board of Directors**") and setting DBK's dividend policy. The Board of Directors is the main management body of DBK, responsible for the approval of credit decisions for projects whose value exceeds KZT 17 billion and DBK's financial strategy. Baiterek JSC, as shareholder, appoints the chairman of the Management Board in accordance with the recommendation of, or agreement with, the Prime Minister. As a result, there can be no assurance that Baiterek JSC will not influence DBK's funding, lending or other policies.

Baiterek JSC is tasked with optimising the management system of development institutions, national companies and other legal entities in Kazakhstan with the goal of supporting and diversifying Kazakhstan's economy. Accordingly, the interests of Baiterek JSC may conflict with the interests of DBK's creditors, and, as a result, there can be no assurance that Baiterek JSC will exercise influence over DBK in a manner that is in the best interests of DBK or the Noteholders. In addition, being controlled by the Government may slow DBK's decision-making process and subject DBK to the risks of bureaucracy and inefficiencies commonly attributed to state-controlled companies. Furthermore, there is a risk that any change of administration in Kazakhstan may result in changes in Baiterek JSC's policies, and such new policies may conflict with the interests of DBK and the Noteholders.

There can be no assurance that the Government or Baiterek JSC will not change their respective policies in respect of DBK. Any such changes could have a material adverse effect on DBK's current strategies and management and on its ability to operate on a commercial basis and ensure the timely repayment of its debt obligations.

##### ***Impact of the COVID-19 Pandemic***

The ongoing COVID-19 pandemic is having an indeterminable adverse impact on the world economy, including the Kazakhstan economy, as well as on DBK's customers and, in turn, DBK's business. The pandemic has affected investment sentiment and resulted in sporadic volatility in the global capital and financial markets. The 2020 real GDP growth rate for Kazakhstan was estimated by the IMF to have decelerated by 2.6% (as compared to growth of 4.5% in 2019) as a result of the impact of the COVID-19 pandemic. In particular, the Kazakhstan economy has been significantly impacted by the sharp decrease in oil prices following the outbreak of the COVID-19 pandemic. The occurrence and future spread of the pandemic, as well as the response of the Government, is beyond DBK's control and the impact of the COVID-19 pandemic on the Kazakhstan economy, or the resulting impact on DBK's business, financial condition or results of operations cannot yet be fully assessed.

The Government has implemented measures, including periods of lockdown and quarantines in an effort to combat the spread of the virus in Kazakhstan and alleviate the negative effects of the pandemic. A state of emergency was declared in Kazakhstan between 16 March 2020 and 12 May 2020. During this period, regional authorities gradually introduced additional measures to enhance social distancing, including closing schools, universities, restaurants, cinemas, theatres and museums and sport facilities.

In addition to affecting DBK's customers, the COVID-19 pandemic has impacted DBK's business operations and processes, with DBK implementing remote working since early in 2020. *[DBK to provide further details on timings of measures taken]* In response to the COVID-19 pandemic, DBK developed an anti-crisis plan, which includes measures designed to mitigate the effects of the pandemic and the impact of changes in the Tenge/U.S. Dollar exchange rate on DBK's credit portfolio. Due to the anti-crisis plan measures, DBK avoided losses and a significant increase in NPLs in 2020. There can be no assurance, however, that it will be able to continue to do so if the COVID-19 pandemic is further prolonged or Kazakhstan is subject to a further wave of COVID-19 infections.

*[DBK to comment on any changes to risk policies/customer ratings in response to COVID-19]*

*[DBK to comment on any increase in requests from customers to reschedule loans owed to DBK]*

*[DBK to comment on any specific COVID-19 support measures/economic packages offered to customers]*

*[To be further updated in line with due diligence]*

#### ***Majority of DBK's Assets and Operations are in Kazakhstan***

A significant portion of DBK's investment portfolio consists of securities issued by the Government, Samruk-Kazyna, Baiterek JSC and state-owned companies deemed to have a significant role in the country's economy, such as JSC National Company KazMunayGas, and, as at 30 December 2020, 100% of DBK's investments were made in Kazakhstan. Accordingly, DBK is exposed to the risks of an adverse event occurring in Kazakhstan. For example, the COVID-19 pandemic has had a significant adverse impact on the Kazakhstan economy in 2020, and, in turn, on DBK's business and that of its customers. In addition, DBK's operations are located principally in Kazakhstan, and a majority of DBK's costs are incurred in Kazakhstan. Since the majority of DBK's expenses are denominated in Tenge, inflationary pressures in Kazakhstan are a significant factor affecting DBK's expenses. Any adverse change on a national basis in economic or political conditions in Kazakhstan could negatively affect DBK's borrowers and their ability to repay loans due to DBK, thereby negatively affecting DBK's income and profitability ratios (including by increasing DBK's non-performing loans "NPLs"). Any such adverse changes could also negatively impact DBK's ability to attract funding for its projects either from the Government (through the State budget) or from the international capital markets or lenders on terms that are commercially acceptable to DBK, thereby reducing its ability to offer funding to its clients and to operate its business as currently operated.

The Kazakhstan market, being an emerging market, is subject to greater risk than more developed markets, including in some cases significant legal, economic and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment is only suitable for sophisticated investors who fully appreciate the significance of the risks involved.

#### ***DBK is subject to Regulatory Restrictions on its Activities***

DBK's operations are regulated by the Law on the Development Bank of Kazakhstan dated 25 April 2001, as amended (the "DBK Law"), the Memorandum on Credit Policy of JSC Development Bank of Kazakhstan, which was most recently amended on [4 September 2019] (the "Credit Policy Memorandum"), DBK's Charter dated 24 December 2014, as amended (most recently on [23 October 2019]) (the "DBK Charter"), DBK's Strategy on Investment Portfolio Management, which was adopted on 10 April 2018 has been updated several times (most recently on [22 October 2019]), and other relevant laws and regulations. DBK's Development Strategy (as defined below) envisages the opening of a dialogue with Government authorities to explore the deregulation of certain lending activities to encourage a more flexible approach to project financing. There can be no assurance, however, that any amendments to the current regulations will be adopted. There can also be no assurance that the current regulatory regime will not change or that the Government will not implement other regulations or policies, or adopt new or modified legal interpretations of existing regulations or policies, relating to or affecting taxation, interest rates, inflation or exchange controls, or otherwise take action that could have a material adverse effect on DBK's business, prospects, financial condition, cash flows or results of operations.

### ***Concentration of Funding Sources; DBK's Development Mandate***

Pursuant to its development bank mandate, DBK's lending and investment policies are different from those of a standard commercial bank, in that DBK's business activities are generally driven by the development goals and policy of the Government rather than purely commercial considerations. As a development bank, DBK does not compete with commercial lending and financial institutions in providing finance to customers and has declined lending opportunities in the past where financing was available elsewhere. In addition, DBK does not generally accept customer deposits, and its primary funding sources are concessional loans made by the Government, Samruk-Kazyna and Baiterek JSC, issuances of debt securities and loans from international and multi-lateral institutions. As 31 December 2020, 2019 and 2018, funding from banks and other financial institutions, as a percentage of DBK's total liabilities, represented 24.8%, 25.0% and 33.3%, respectively. As at 31 December 2020, 2019 and 2018, funding from debt securities issued, as a percentage of DBK's total liabilities, represented 48.2%, 48.6% and 43.8%, respectively. DBK concentrates on providing funding to investment projects, such as infrastructure projects and high-value manufacturing projects in Kazakhstan, which are not typically eligible for financing or refinancing on terms acceptable to commercial banks and other non-specialist market investors. Loans and investments made by DBK often involve relatively large principal amounts, have longer-term maturities and are extended at preferential rates, all of which make these activities of relatively high risk and low return. As a result, DBK may experience higher losses in its loan portfolio or may receive lower profit margins than commercial banks operating in Kazakhstan, which could, in turn, have a material adverse effect on DBK's business, prospects, financial condition, cash flows or results of operations.

A number of factors, many of which are outside DBK's control, may affect DBK's ability to obtain such funding in the future, including, *inter alia*, the condition of the Kazakhstan and international banking sectors, the condition of the international capital markets, capital controls that are or may be imposed globally, the willingness of multilateral institutions to fund specific projects, the actual and perceived economic conditions in Kazakhstan and DBK's financial condition. See "*—C. Macroeconomic and Geopolitical Risks*". There can also be no assurance that DBK will be able to continue to satisfy all or part of its future funding requirements as it has in the past or that the Government, Samruk-Kazyna and Baiterek JSC will or will be able to provide adequate support. To the extent that banks and other financial institutions are unwilling or unable to continue to provide sufficient funding to DBK, or DBK is not able to raise such financing through the issuance of debt securities or increased funding by the Government, Samruk-Kazyna or Baiterek JSC, DBK may not be able to access alternative sources of funding to compensate for any shortfall in funding. Accordingly, any reduction in the amount of such funding provided to DBK could have a material adverse effect on DBK's business, prospects, financial condition, cash flows or results of operations and ability to make payments on the Notes.

### ***DBK's ratings are subject to change***

The international credit ratings agencies have indicated that the ratings and outlook assigned by them to DBK remain constrained principally by the sovereign risk of Kazakhstan. This has, on occasion, had a positive effect on DBK's credit ratings, for example, in March 2021, DBK's long-term issuer default rating was upgraded by Fitch to BBB (with a stable outlook), in line with the sovereign, and, in August 2019, Moody's changed the outlook on DBK's long-term ratings from stable to positive. However, this had also led to negative ratings actions. For example, in February 2016, in line with the change of outlook to the sovereign rating, S&P revised its outlook on DBK's long-term foreign currency rating from stable to negative. In the past, DBK's credit rating has also been affected by its exposure to the Kazakhstan banking sector. Any future downgrade of Kazakhstan's sovereign credit rating and liquidity problems in Kazakhstan's economy could adversely affect its economic development, which could, in turn, make it more expensive for DBK to raise financing in the future, which could have a materially and adversely affect DBK's business, prospects, financial condition, cash flows or results of operations.

### ***DBK is subject to Information Systems Risk***

DBK relies on information systems to conduct its business. Any failure of, or interruption to, these systems, or any breach of security could result in failures of, or interruptions to, DBK's risk management and loan origination systems or errors in its accounting books and records. DBK has invested in the development of its information systems since 2016 and has strengthened its internal procedures to provide for the backing up of important information on a daily basis; however, if DBK's information systems were to fail, DBK could be unable to service customers' needs in a timely manner. Likewise, a temporary shutdown of DBK's information systems may result in additional expenditure associated with information retrieval and verification. The hardware and software that is used by DBK may be damaged by human error, natural disasters, power loss, sabotage, computer viruses, cyber intrusion, network attacks and other events. No assurance can be given that such failures or interruptions will not occur. Accordingly, the occurrence of any failures or interruptions could have a material adverse effect on DBK's business, prospects, financial condition, cash flows or results of operations. Notwithstanding

anything in this paragraph, this risk factor should not be taken as implying that DBK will be unable to comply with its obligations as a company with securities admitted to the Official List.

### ***There may be a Shortage of Qualified Personnel***

There is a considerable shortage of adequately qualified personnel in Kazakhstan's financial sector, particularly in areas such as risk management. If the shortage of adequately qualified personnel persists, DBK's ability to offer the desired range, volume and quality of services may be affected which may, in turn, have a material adverse effect on DBK's business, prospects, financial condition, cash flows or results of operations. In addition, a shortage of adequately qualified personnel may force DBK to offer additional financial and other incentives to retain existing personnel and recruit additional personnel, which would increase operating expenses.

## **B. FINANCIAL RISKS RELATING TO DBK AND ITS BUSINESS**

### ***Loan Portfolio Growth***

Continuing overall growth in the size of DBK's loan portfolio increases DBK's credit exposure. As a result, DBK will be required to implement continued and improved monitoring of credit quality and the adequacy of provisioning levels, as well as continued improvement in DBK's credit risk management programme. Failure to do so could result in significant impairment losses, which DBK has experienced in the past. For the year ended 31 December 2020, DBK recognised KZT 37,207.9 million in impairment losses on debt financial assets, as compared to KZT 20,907.3 million for the year ended 31 December 2019 and KZT 20,832.0 million for the year ended 31 December 2018. While DBK's policy is to limit impairment losses through the restructuring of problem loans on a prompt basis (and it has historically used such policy to maintain a low level of NPLs) (see "*Selected Statistical and Other Data—Loan Policies and Credit Approval Procedures—Loan Restructuring Policies*"), there can be no assurance that impairment losses will not increase in the future and that such impairment losses will not further increase as the size of DBK's loan portfolio increases.

Pursuant to DBK's long-term strategy for the period 2014-2023 (the "**Development Strategy**") which was approved by the Board of Directors on 14 July 2014 and was most recently amended on 29 September 2017, DBK aims to become the leading public operator in assessing, structuring and financing large infrastructure and industrial projects within Kazakhstan, both for the private sector and for the Government. In line with this aim, DBK is focused on increasing the availability of credit for the private sector, particularly for entrepreneurs and exporters. See "*Business—Strategy*". Failure by DBK to diversify its portfolio could limit DBK's ability to increase the size of its loan portfolio, maintain loan portfolio quality and meet its strategic aims, all of which could have a material adverse effect on DBK's business, prospects, financial condition, cash flows or results of operations.

Continued growth of DBK's loan portfolio is, to an extent, dependent upon the availability of funds allocated by the Government to finance development projects, the ability of DBK to identify suitable corporate guarantors for such development projects, the ability of DBK to borrow in the domestic and international markets and the ability of DBK to attract and retain qualified personnel and to train new personnel to monitor asset quality. Failure by DBK in any of these areas could limit DBK's ability to increase the size of its loan portfolio and maintain its quality and, accordingly, could result in have a material adverse effect on DBK's business, prospects, financial condition, cash flows or results of operations.

### ***Loan Portfolio Concentration***

DBK was established, among other reasons, to provide credit and certain other banking services at preferential interest rates to certain sectors of the Kazakhstan economy, including the non-extractive and raw materials sectors, to support the Government's development goals. As a result, DBK's loan portfolio is, from time-to-time, characterised by a high concentration in one or more particular economic sectors. As at 31 December 2020, the largest proportion of DBK's loans to customers was granted in the carbon and petrochemical manufacturing sector accounting for 29.9% of total gross loans granted to customers. In addition, as a result of the scale of investment projects funded by DBK, DBK's loan portfolio is, from time-to-time, characterised by a concentration of borrowers. As at 31 December 2020, DBK had six borrowers whose balances exceeded 10% of DBK's equity and outstanding loans to the top ten groups of borrowers comprised [●]% of DBK's total gross loans to customers measured at amortised cost.

As a result of the nature of DBK's lending activities, DBK continues to have, from time-to-time, concentrated exposure to particular industries or economic sectors, particular groups of borrowers and borrowers whose businesses are not mature and, ultimately, could adversely affect the diversity and quality of DBK's overall loan portfolio. As a result, DBK may experience higher losses in its loan portfolio than would be the case if it had a more diversified portfolio of lending to more established and varied businesses, which could, in turn, have a material adverse effect on DBK's business, prospects, financial condition, capitalisation, cash flows or results of operations.

### ***Collateral Value***

Pursuant to the DBK Law, DBK requires security from all borrowers, except in the circumstances where DBK provides financing to its wholly-owned subsidiaries or DBK's participation in the financing is made through mezzanine financing or interbank financing. As at 31 December 2020, while there were no unsecured loans to customers, loans to banks with a carrying amount of KZT 124,810.7 million were unsecured with no collateral or other credit enhancement, as compared to KZT 110,945.8 million as at 31 December 2019. At least 30% of security for loans must be comprised of "tangible assets collateral", which includes immovable, movable property, cash and commodities. Collateral may also include legal rights of use and possession property rights, securities, cash and commodities and other forms of security not prohibited under Kazakhstan law. DBK also accepts security by way of third party guarantees, provided that such guarantees meet DBK's requirements. Downturns in the relevant markets or a general deterioration of economic conditions may result in reductions in the value of collateral securing a number of loans to levels below the amounts of the outstanding principal and accrued interest on such loans. If collateral values decline, they may not be sufficient to cover uncollectable amounts on DBK's secured loans. Furthermore, DBK may face difficulties with enforcing collateral under Kazakhstan law, which may also lead to lower than expected recovery levels on secured loans. A failure to recover the expected value of collateral may expose DBK to losses, which could, in turn, have a material adverse effect on DBK's business, prospects, financial condition, cash flows or results of operations.

### ***Long-Term Projects and Liquidity Risk***

A key area of DBK's business is the limited recourse financing of large and long-term infrastructure projects. As a result, DBK is exposed to significant risks if such projects are not successful. The macro-economic and political risks inherent in emerging economies, such as Kazakhstan, has a significant effect on the success or failure of these projects, and it is impossible to predict at the outset of a project all of the factors, which may affect it in the long-term. The main risks are likely to be that a project will not be completed within the agreed timeframe, on budget, or it may fail altogether. There is also the risk that if an event of default occurs under a project financing, the collateral provided may not be sufficient to cover the value of the loans. The occurrence of any of these events could have a material adverse effect on DBK's business, prospects, financial condition, cash flows or results of operations.

In addition, the long-term nature of the projects that DBK finances may expose DBK to increased liquidity risk if its financial liabilities are mismatched with the long-term maturities of its loans to customers. An unmatched position potentially enhances profitability, but can also increase the risk of losses. See "*Selected Statistical and Other Data*" and "*Asset and Liability Management—Liquidity Risk*". While DBK maintains liquidity management with the objective of ensuring that funds will be available at all times to honour all cash flow obligations as they become due, there can be no assurance that its liquidity management policies will continue to be effective, that it will be able to effectively manage the mismatch of its assets and liabilities going forward and that it will not be exposed to resulting future losses, which could, in turn, have a material adverse effect on DBK's business, prospects, financial condition, cash flows or results of operations.

### ***Credit Risks***

The DBK Law, the Credit Policy Memorandum and DBK's internal credit policy rules set out the principal guidelines in relation to DBK's lending policies, including the duration, limits and bases for the calculation of interest rates charged for credit instruments, which include, *inter alia*, loans, letters of credit and guarantees. DBK has implemented specific credit risk policies and procedures, including guidelines to limit portfolio concentration and the establishment of a Credit Committee to actively monitor DBK's credit risk. See "*Asset and Liability Management*" and "*Selected Statistical and Other Data—Loan Policies and Credit Approval Procedures—Credit Monitoring*". However, DBK's credit portfolio consists of medium- to long-term loans, and there has been little historical experience in Kazakhstan with such loans. There can be no assurance that DBK's credit policies are or will be sufficient to mitigate the risks involved in making medium to long-term loans in an emerging market such as Kazakhstan. Kazakhstan's economy is substantially influenced by commodity prices and customers operating in industries that are susceptible to commodity price fluctuations may find their financial condition affected by such fluctuations. In particular, the oil price has been severely negatively impacted since March 2020 as a result of the impact of the COVID-19 pandemic. Consequently, the ability of such customers to service loans extended by DBK fully and on time may be adversely affected. In particular, there can be no assurance that DBK's credit risk policies and procedures will protect DBK from increased levels of cost of risk and NPLs in such circumstances. There can be no assurance that DBK's current level of loan recovery will be maintained in the future, and any failure to accurately assess the credit risk of potential borrowers and the additional risks relating to such medium- to long-term loans or any acceptance of a higher degree of credit risk in the

future may result in a deterioration in DBK's loan portfolio and a corresponding increase in loan impairment, which would, in turn, have a material adverse effect on DBK's financial condition and results of operations.

### ***Foreign Currency Risk***

DBK is exposed to the effects of fluctuations in prevailing foreign currency exchange rates on its financial position and cash flows. DBK has set limits on the level of exposure to currencies, primarily, the U.S. Dollar, and has entered into forward and swap transactions to hedge some of its foreign currency risk. Certain of DBK's cash flows are generated in U.S. Dollars and any future movements in the exchange rate between the Tenge and the U.S. Dollar may adversely affect the carrying value of DBK's Tenge denominated monetary assets and liabilities and DBK's ability to realise investments in non-monetary assets measured in Tenge.

Additionally, in line with DBK's policy of limiting its exposure to currency fluctuations, DBK's loan portfolio consists of non-Tenge loans, particularly loans denominated in U.S. Dollars. Loans to customers denominated in U.S. Dollars accounted for 48.7% of total net loans as at 31 December 2020 and 49.5% and 58.5% of total net loans as at 31 December 2019 and 2018, respectively. Any fluctuation in the value of the Tenge relative to the U.S. Dollar might result in a change in costs for DBK and its customers, which could have a material adverse effect on DBK's business, financial condition, results of operations and prospects.

Many of DBK's borrowers have revenues principally generated in Tenge and, to the extent they borrow in U.S. Dollars, any decrease in the value of the Tenge relative to the U.S. Dollar may generally adversely affect their financial condition and, in particular, could have a negative effect on the ability of such borrowers to repay U.S. Dollar denominated loans extended by DBK. In February 2014, and in anticipation of a devaluation of the Tenge, DBK began periodically conducting stress testing and reviewed all projects financed with loans denominated in foreign currencies and, for those projects most affected by the devaluation, converted the principal of such loans into Tenge, in order to minimise the impact of any devaluation. As a matter of policy, DBK now only finances projects with foreign currency-denominated loans if the project or the customer has sufficient export earnings or income to cover such foreign currency-denominated financing and, in turn, DBK will only seek funding in foreign currencies if such eligible customers request that DBK provide foreign currency-denominated loans.

DBK is also subject to foreign currency risk as a portion of its borrowings and debt securities are denominated in U.S. Dollars, and, in the past, has been adversely affected by past devaluations of the Tenge and their impact on the Tenge-value of loans from banks and other financial institutions, as well as U.S. Dollar-denominated debt securities. As at 31 December 2020, 45.6% of DBK's debt securities issued were denominated in U.S. Dollars. Accordingly, while DBK takes measures to naturally hedge its foreign currency risk (as referred to above), and DBK has increased its Tenge-denominated borrowings in recent years, any future devaluation of the Tenge against the U.S. Dollar may have an adverse effect on DBK. In addition, in the event of any shortage of availability of U.S. Dollars in Kazakhstan in the future, this would have a material adverse impact on DBK's ability to service payments under its U.S. Dollar-denominated borrowings, including Notes issued under the Programme, which are denominated or payable in U.S. Dollars.

DBK is also subject to exchange rate fluctuations in the KZT/RUB exchange rate as a result of borrowings denominated in Russian Roubles. For example, Industrial Development Fund JSC ("**IDF JSC**"), DBK's wholly-owned subsidiary, has entered into a number of facility agreements with Roseximbank JSC. Such facilities increase DBK's exposure to any future devaluation of the Tenge against the Russian Rouble.

DBK's exposure to exchange rate risk may increase, particularly as it continues to obtain foreign currency funding by accessing the international capital markets and syndicated and bilateral lending markets. Currency exchange rates can be particularly volatile in times of national or global financial instability, such as the recent period of economic turmoil. Accordingly, any future changes in such rates could have a material adverse effect on DBK's business, prospects, financial condition, cash flows or results of operations.

### ***Interest Rate Risk***

DBK is exposed to risk resulting from mismatches between the interest rates on its interest-bearing liabilities and interest-earning assets. Generally, the maturities of DBK's assets and liabilities are not balanced and, accordingly, an increase or decrease in interest rates could have an adverse effect on DBK's net interest margin and results of operations. To the extent that DBK's assets reprice more frequently than its liabilities, if interest rates fall, DBK's interest expenses will decrease more slowly than its interest income, which could negatively affect interest margins and result in liquidity problems. According to DBK's credit policy, DBK intends to pass on such risks to borrowers by lending on similar conditions as it borrows; however, DBK may not always be able to do so. In addition, in order to manage the risk of mismatch in interest rates inherent to DBK's operations, the Government grants low-interest loans to DBK. There can be no assurance that DBK will continue to benefit from such loans in the future. DBK's ability to mitigate interest rate risks is, accordingly, limited and, as such, its financial

condition may be negatively affected. In addition, volatility in interest rate movements may have a material adverse effect on DBK's business, prospects, financial condition, cash flows or results of operations.

## **C. MACROECONOMIC AND GEOPOLITICAL RISKS**

### ***Political, Economic and Related Considerations***

DBK is a Kazakhstan-based development bank, with 100% of its investments as at 31 December 2020 made in Kazakhstan. Accordingly, DBK is affected by political, economic and other events in Kazakhstan.

Kazakhstan became an independent sovereign state in 1991, as a result of the dissolution of the former Soviet Union. Since then, Kazakhstan under two presidents, Nursultan Nazarbayev and, from June 2019, Kassym-Jomart Tokayev, has experienced significant changes as it has emerged from a centrally controlled command economy to a market-oriented economy. The transition was initially marked by political uncertainty and tension, a stagnant economy marked by high inflation, instability of the local currency and rapid, but incomplete, changes in the legal environment. However, Kazakhstan actively pursued a programme of economic reform designed to establish a free market economy through privatisation of government-owned enterprises and deregulation and it is more advanced in this respect than some other countries of the former Soviet Union. Under President Nazarbayev's leadership, Kazakhstan has moved toward a market-oriented economy.

In March 2019, President Nazarbayev announced his retirement as President (although he remains head of the ruling Nur Otan party and the Security Counsel). Kassym-Jomart Tokayev, who was at the time the chairperson of the Senate, was appointed as acting President. The latest presidential election took place on 9 June 2019 and Kassym-Jomart Tokayev, who competed with six other candidates, won the election with 71% of the vote.

Prior to this transfer of presidential power from Nursultan Nazarbayev to Kassym-Jomart Tokayev, Kazakhstan's constitutional succession processes had never been tested. If this recent transfer of presidential power, for whatever reason, encounters difficulties in the near future or there is a reversal of reform policies, Kazakhstan's socio-political situation and economy could become unstable and the investment climate could change, which could have a material adverse effect on the economy of Kazakhstan, which could, in turn, have a material adverse effect on DBK's financial condition and results of operations. In particular, any change to the current administration's outlook, which effect the economy, including in property, tax or regulatory regimes or other changes could have a material adverse effect on DBK's business, prospects, financial condition, cash flows or results of operations.

As Kazakhstan produces and exports large quantities of commodity products (primarily oil and gas), its economy is particularly vulnerable to fluctuations in the prices of such commodities in the international markets. While the Government has been promoting economic reform to diversify the economy, Kazakhstan's revenue continues to depend on the prices of export commodities. Weak demand in its export markets and low commodity prices, especially within the oil and gas industry, may adversely affect Kazakhstan's economy in the future, which may in turn have a material adverse effect on DBK's business, financial condition, results of operations or prospects. For example, the decline in world prices for oil and other commodities in 2014 and subsequent devaluation of the Tenge against the U.S. Dollar in 2015 affected the public finances and resulted in revisions of the State budget of Kazakhstan. The State budget for 2021-2023 reflects an assumed world oil price in 2011, 2022 and 2023 of U.S.\$35 per barrel, significantly below budgeted amounts of U.S.\$55 per barrel in the 2020-2022 State budget and U.S.\$90 per barrel in 2013 and U.S.\$95 per barrel in each of 2014, 2015 and 2016.

Due to business disruption and lockdowns in many countries as a result of the COVID-19 pandemic, global oil demand has substantially decreased, leading to oversupply and a significant decrease in oil prices. On 12 April 2020, major global oil producers, including Kazakhstan, agreed to a record cut in crude oil production aimed at stabilising the market. Such actions have not, however, reversed the downward pressure on the oil market. Such decreases in oil prices and production volumes have resulted in corresponding decreases in oil producers' income and payments to the State budget, which could, in turn, have a material adverse effect on the Kazakhstan economy and public sector spending. In April 2020, the Minister of Finance reported a further increase of the State budget deficit by KZT 840.7 billion and, in October 2020, the Kazakhstan parliament adopted amendments to the State budget for 2020-2022, which reflected an increase in State budget expenditures in 2020 by approximately KZT 1.5 trillion to KZT 13.9 trillion. State budget expenditures in 2021 are budgeted at KZT 13.8 trillion.

There can be no assurance that further revisions of the State budget will not be required in light of continuing oil price volatility and continuing impact of the COVID-19 pandemic. This may, in turn, affect funding available to DBK from the State budget. An oversupply of oil or other commodities in world markets, a general turndown in the economies of any significant markets for oil or other commodities or a weakening of the U.S. Dollar relative to other currencies would have

a material adverse effect on the Kazakhstan economy, which, in turn, could indirectly have a material adverse effect on DBK's business, financial condition, results of operations or prospects.

DBK is particularly affected by Kazakhstan's budgetary revenues and general economic performance as it relies on funding from the State Budget to finance its customers' projects and run its business. Such funding is also affected by political and economic events in Kazakhstan. The budget for 2019-2021 allocated the following amounts to DBK in 2019: KZT 11 billion for the implementation of the Industrialisation Programme, KZT 21.2 billion for the implementation of the Business Road Map 2020 and the following additional loans to DBK: (i) a KZT 23.5 billion loan to DBK to finance the Saryarka Gas pipeline project; and (ii) a KZT 10 billion loan to finance the local manufacturing of cars, as well as KZT 30 billion loan to DBK-Leasing to finance leasing of passenger wagons. The budget for 2020-2022 allocates the following amounts to DBK in 2020: a KZT 30 billion loan to DBK to provide export financing and the following loans to DBK-Leasing; (i) a KZT 10 billion loan to finance the leasing of buses; (ii) a KZT 20 billion loan to finance the leasing of passenger wagons; and (iii) a KZT 8 billion loan to finance the leasing of buses, combine harvesters and tractors. An amount of KZT 48.3 billion is also allocated for the implementation of the Business Road Map 2025 (as defined below) initiative under the 2020-2022 budget. DBK funding from the budget for 2021 comprised KZT 10 billion for the implementation of financing relating to the multifunctional tourist complex in Karayan-Saray, KZT 16 billion to stimulate export finance, KZT 22 billion to IDF JSC to finance the leasing of buses and KZT 14.7 billion to finance the purchase of new passenger rail cars. The budget for 2021-2023 allocated KZT 12 billion to DBK for 2022 to stimulate export finance. ***[DBK team to elaborate on why the budget for 2021-2023 did not allocate any funds for DBK]*** There can be no assurance that DBK will continue to benefit from funding from the State Budget at the same levels or at all.

Kazakhstan's economy and finances have and continue to experience slower levels of growth since the global financial crisis which began in 2008 and, most recently, due to the impact of the COVID-19 pandemic. The rate of GDP growth in Kazakhstan, according to statistics published by the National Statistics Office, was 1.9% for 2020, 4.5% for 2019 and 4.1% for 2018. According to the National Statistics Office, annual consumer price inflation for 2018, 2019 and 2020 was 5.3%, 5.4% and 7.4%, respectively.

There can be no assurance that either the economic performance of, or political stability in, Kazakhstan can or will be sustained. To the extent that economic growth or performance in Kazakhstan slows or begins to decline, there is a return to high or sustained inflation, or political conditions deteriorate materially DBK's business, financial condition, results of operations and prospects may be adversely affected.

### ***Legislative, Regulatory, Tax and Judicial Considerations***

Although a large volume of legislation and regulation has been enacted since early 1995 (including new tax codes in January 2002, January 2009 and January 2018 and new or amended laws and regulations relating to foreign arbitration, foreign investment and foreign currency, additional regulation of the banking sector and other legislation covering such matters as securities exchanges, economic partnerships and companies, and State enterprise reform and privatisation throughout the period), the legal framework in Kazakhstan (although one of the most developed among the countries of the former Soviet Union) is still evolving compared to countries with established market economies.

The judicial system, judicial officials and other Government officials in Kazakhstan may not be fully independent of external social, economic and political forces. For example, there have been instances of improper payments being made to public officials. Therefore, court decisions can be difficult to predict and administrative decisions have on occasion been inconsistent. Kazakhstan is a civil law-based jurisdiction and, as such, judicial precedents have no binding effect on subsequent decisions.

Further, the legal and tax authorities may make arbitrary judgments and assessments of tax liabilities and challenge previous judgments and tax assessments, thereby rendering it difficult for companies to ascertain whether they are liable for additional taxes, penalties and interest. As a result of these ambiguities, including, in particular, the uncertainty surrounding judgments rendered under the tax code introduced with effect from 1 January 2018 (as amended from time-to-time, the "2018 Tax Code"), as well as a lack of an established system of precedent or consistency in legal interpretation, the legal and tax risks involved in doing business in Kazakhstan are substantially more significant than those in jurisdictions with a more developed legal and tax system.

The Budget Code of the Republic of Kazakhstan grants DBK the status of a financial agency. The 2018 Tax Code exempts debt securities, such as Notes issued under the Programme, issued by a financial agency, as well as gains realised on the disposal, sale, exchange or transfer of such securities from Kazakhstan income tax. In past years, DBK's tax burden has increased as a result of changes to tax legislation.

Kazakhstan's tax system is still in a transitional phase and it is expected that tax legislation in Kazakhstan will continue to evolve. There can be no assurance that DBK will retain its status of a financial agency or that new taxes and duties or

new tax rates will not be introduced in the future or that any tax legislation passed in the future will not materially adversely affect DBK's business, prospects, financial condition, cash flows or results of operations. Investors in Notes should be aware that further changes in the withholding tax regime may give DBK the right to redeem Notes prior to their stated maturity.

The continuous development of Kazakhstan's legislative and regulatory environment may result in further reduced predictability of its legislative and regulatory landscape, which may result in inconsistent interpretations due to the lack of court precedents or guidance from the regulators. Any of these factors could be significant and could have a material adverse effect on DBK's business, financial condition, results of operations or prospects and/or the Noteholders' rights and remedies under the Notes.

### ***Exchange Rate Policies***

Although the Tenge is convertible for current account transactions, it is not a fully convertible currency for capital account transactions outside Kazakhstan. Since the NBK adopted a floating rate exchange policy for the Tenge in April 1999, the Tenge has fluctuated significantly and the NBK has adopted a number of exchange rate policies. The Tenge had generally appreciated in value against the U.S. Dollar over the previous decade until its devaluation by the NBK in February 2009. In February 2009, the NBK established a trading band of KZT 150: U.S.\$1.00 +/- 3%. This trading band was widened in February 2010, and set at an asymmetric KZT 150/U.S.\$1.00 +10/-15%. In February 2011, the trading band was officially abolished, and the formal exchange rate arrangement was changed from a pegged exchange rate within horizontal bands to a managed floating exchange rate regime. On 11 February 2014, the NBK devalued the Tenge by 18.3% against the U.S. Dollar to KZT 184.50 per U.S.\$1.00, stating that such devaluation was made in light of the situation in the global financial and commodity markets and the depreciation of the Russian Rouble in 2013 and 2014, as well as the overall situation in the global financial and commodity markets. In September 2014, the NBK re-established the trading band at KZT 170-188: U.S.\$1.00. In August 2015, the NBK announced the adoption of a free-floating exchange rate and medium-term inflation targeting policy, which resulted in a 26.2% depreciation against the U.S. Dollar. As at 31 December 2020, the official KZT/U.S.\$ market exchange rate reported by the NBK was KZT 420.91 per U.S.\$1.00, as compared to KZT 382.59 per U.S.\$1.00 as at 31 December 2019 and KZT 384.20 per U.S.\$1.00 as at 31 December 2018.

As a majority of DBK's loans to customers and debt securities are denominated in U.S. Dollars, DBK's loan portfolio and financial condition are sensitive to currency exchange rate fluctuations, and any devaluation of the Tenge against the U.S. Dollar may have an overall adverse effect on DBK. See "*—Foreign Currency Risk*".

The Group is also subject to exchange rate fluctuations in the KZT/RUB exchange rate as a result of borrowings denominated in Russian Roubles. As at 31 December 2020, the official KZT/RUB exchange rate reported by the NBK was KZT 5.65 per RUB 1.00, as compared to KZT 6.17 per RUB 1.00 as at 31 December 2019 and KZT 5.52 per RUB 1.00 as at 31 December 2018. Any devaluation of the Tenge against the Russian Rouble may have an overall adverse effect on DBK. See "*—Foreign Currency Risk*".

There can be no assurance that the NBK will maintain its current exchange rate policy. Any change in the NBK's exchange rate policy could have an adverse effect on Kazakhstan's public finances and economy, which could, in turn, have a material adverse effect on DBK's business, prospects, financial condition, cash flows or results of operations.

### ***Kazakhstan's Currency Control Law***

The Law of Kazakhstan "On Currency Regulation and Currency Control" dated 13 June 2005 (the "**2005 Currency Law**") empowered the Government, by special action and under circumstances when the economic stability of Kazakhstan is threatened, to introduce a special currency regime that would (i) require the compulsory sale of foreign currency received by Kazakhstan residents; (ii) require the placement of a certain portion of funds resulting from currency transactions into a non-interest bearing deposit in an authorised bank or the NBK; (iii) restrict the use of accounts in foreign banks; (iv) limit the volumes, amounts and currency of settlements under currency transactions; and (v) require a special permit from the NBK to conduct currency transactions. Moreover, the Government is authorized to impose other requirements and restrictions on currency transactions when the economic stability of Kazakhstan is threatened.

On 2 July 2018, the President signed a new Law on Currency Regulation and Currency Control (the "**2018 Currency Law**") that replaced the 2005 Currency Law with effect from 1 July 2019. The 2018 Currency Law retained the Government's power to impose restrictions under the special currency regime. As at the date of this Base Prospectus, the Government has not invoked such restrictions.

In response to the low oil price environment, the adverse impact of the COVID-19 pandemic and the volatility of the Tenge, on 19 March 2020, the NBK decreased the amount of foreign currency that Kazakhstan companies can buy in the domestic foreign exchange market without supporting documents from U.S.\$100,000 to U.S.\$50,000. On 21 April 2020,

the NBK limited the amount of cash that Kazakhstan companies can withdraw from their accounts. In particular, large businesses cannot withdraw more than KZT 150 million from their accounts per calendar month. Withdrawal of any amount in excess of such limit must be backed up with supporting documents and is subject to approval by the Kazakhstan tax authorities. There can be no assurance that the currency laws and regulations will not be amended further or that any such amendments passed in the future will not materially adversely affect DBK. For instance, any imposition of significant restrictions on DBK's foreign currency dealings could have a material adverse effect on DBK's business, prospects, financial condition or results of operations and ability to make payments on the Notes.

### ***DBK is subject to the volatility of Kazakhstan's Banking Industry***

The global financial and economic crisis of 2008-2009 significantly affected the Kazakhstan banking system, which continues to remain under stress, with banks seeking to deleverage through partial repayments and debt restructurings. A number of distressed asset takeovers and mergers have occurred in the Kazakhstan banking sector. In addition, in the past several years the regulator revoked the licences of a number of banks of varying size. While, along with the regulator's measures to support the liquidity of financial institutions, such restructurings, consolidations and revocation of licences have contributed to the general stability of the Kazakhstan banking industry, the sector continues to operate in a challenging environment where further defaults or debt restructurings cannot be ruled out.

The Kazakhstan banking sector has been particularly affected by the lack of availability of international wholesale debt financing and the volatility of deposits. Kazakhstan banks have previously relied heavily on such financing and deposits as a source of funding. The high dependence on capital market funding poses a significant refinancing risk for both individual banks and the banking system as a whole and wholesale debt financing became significantly more expensive. In addition, the banking sector in Kazakhstan has been burdened by high levels of non-performing assets and NPLs across the sector, with NPLs increasing to 31.2% as at 1 January 2014 from 8.2%, as at 1 January 2009. NPLs in the banking sector in Kazakhstan decreased to 7.4% as at 1 January 2019 before increasing to 8.2% as at 1 December 2019.

The negative impact of the continuing problems in the banking sector may affect the willingness of foreign investors and banks to consider lending to, or investing in, Kazakhstan banks, such as DBK. This reluctance could have an adverse effect on DBK's ability to attract finance from foreign financial institutions. While DBK's regulator and the Government have taken steps to support the Kazakhstan banking sector, such as the adoption by the NBK (DBK's then-regulator) of the "Program Improving Financial Stability of the Banking Sector of the Republic of Kazakhstan" (the "**2017 Programme**") aimed at, inter alia, improving the banking sector's financial health and promoting consolidation of Kazakhstan banks, the Kazakhstan banking system remains under stress.

It is also uncertain what impact the on-going problems in the sector may have on investors' perceptions of Kazakhstan. Such problems could have a negative impact on the country's sovereign credit rating or other adverse developments, which could, in turn, have a material adverse effect on DBK's business, prospects, financial condition, cash flows or results of operations.

### ***Corporate Governance and Disclosure Laws***

The corporate governance laws and rules applicable to DBK are, in the first instance, the DBK Law, the Kazakhstan Joint Stock Company Law (the "**JSC Law**") and other laws of Kazakhstan. The corporate governance regime in Kazakhstan is less developed than that in the United States or the United Kingdom, and the responsibilities of the members of the Board of Directors and DBK's management board (the "**Management Board**") under Kazakhstan law are different from those generally applicable to corporations organised in the United States, the United Kingdom or other jurisdictions.

A principal objective of the securities laws of the United States, the United Kingdom and certain other countries is to promote the full and fair disclosure of all material corporate information to the public. Although DBK is subject to certain disclosure requirements under Kazakhstan law, these requirements are less stringent than the comparable requirements in the United States, the United Kingdom or certain other jurisdictions and, therefore, there is less information publicly-available about DBK than would be required if DBK were organised in the United States, the United Kingdom or certain other jurisdictions. This could have a material adverse impact on an investor's ability to assess the suitability of Notes issued by DBK for its purposes.

While the Government has stated that it intends to continue to reform the corporate governance regulations to which DBK is subject, in common with all other joint stock companies, with a view toward increasing disclosure and transparency in the corporate sector in order to promote growth and stability, it may not continue to pursue such a policy in the future or such policy, if continued, may not ultimately prove to be successful. It is not possible to predict the effect in this regard of future legislative developments. Accordingly, investment is only suitable for sophisticated investors who fully appreciate the significance of the risks involved and such investors cannot rely on the same level of public information about DBK as may be required of issuers in more developed jurisdictions.

## ***Corruption and Business Environment Weaknesses in Kazakhstan***

As in many other emerging market jurisdictions, the incidence and perception of elevated levels of corruption remains a significant issue in Kazakhstan. Kazakhstan was ranked 94 out of 179 countries in Transparency International's 2020 Corruption Perceptions Index. Kazakhstan's score in the 2020 index was 38 (with 1 the most corrupt score and 100 being the least corrupt). Kazakhstan's business climate and competitive indicators are also negatively affected by the need for reform in investor protection arrangements, the cost of establishing a business, the tax system, resolving insolvency and contract enforcement. In the World Bank's Doing Business Survey, Kazakhstan ranked 25 out of 190 countries for ease of doing business, while Kazakhstan ranked 55 out of 141 countries in the World Economic Forum 2019 Global Competitiveness Index. See *"Asset and Liability Management—Anti-Money Laundering, Countering the Financing of Terrorism, Anti-Corruption and Anti-Bribery Policies and Procedures"*.

Failure to address continued or perceived corruption and governance failures in the public sector and any future allegations, or perceived risk, of corruption in Kazakhstan, could have a material adverse effect upon Kazakhstan's ability to attract foreign investment, which could, in turn, have a material adverse effect on Kazakhstan's economy and, in turn, a material adverse effect on DBK's business, prospects, financial condition, cash flows or results of operations.

In January 2017, the National Anti-Corruption Bureau of Kazakhstan arrested the former head of Baiterek JSC, Mr. Kuandyk Bishimbayev, on corruption charges in connection with alleged bribes and kickbacks from construction companies and other parties in a number of Baiterek JSC projects. These projects included an engineering, procurement and turnkey construction project for a float glass manufacturing and processing plant in Kyzylorda (the **"Kyzylorda Project"**). The Kyzylorda Project, which is still ongoing, was partially financed by DBK on the basis of an approval of DBK's Board of Directors of which Mr. Bishimbayev, as a representative of Baiterek JSC, was chairman at the time. Following an investigation, a trial in respect of the allegations against Mr. Bishimbayev commenced on 31 October 2017. On 14 March 2018, Mr. Bishimbayev was convicted of bribery and embezzlement and was sentenced to ten years in prison. On 11 October 2019 Mr. Bishimbayev was released on parole. No charges or proceedings have been brought and, to the best of DBK's knowledge, no charges or proceedings are threatened and no investigations have been conducted against DBK or any of its current officers or employees in connection with this matter. There can be no assurance, however, that any further investigation into these or similar allegations against Mr. Bishimbayev would not result in investigations into DBK or any of its officers or employees.

## ***Lack of Information and Risk Assessments***

Kazakhstan's system for gathering and publishing statistical information relating to its economy, specific economic sectors, and corporate or financial information relating to companies and other economic enterprises is not as comprehensive as that of countries with established market economies. Thus, the statistical, corporate and financial information, including audited financial statements, available to DBK relating to its corporate borrowers or other clients makes the assessment of credit risk, including the valuation of collateral, more difficult. The absence of accurate statistical, corporate and financial information may decrease the accuracy of DBK's credit risk assessment. This could increase the risk of borrower default, decrease the likelihood that DBK would be able to enforce any collateral in respect of the corresponding loan or decrease the likelihood that the relevant collateral has a value commensurate to the loan secured on it, each of which could, in turn, reduce DBK's loan recovery, increase its impairment losses and NPLs and have a corresponding negative impact on its financial condition and results of operations. Further, DBK finances long-term development projects about which there may be little historical information. Accordingly, DBK is subject to greater risks than a commercial bank and the potential negative impact of such risks materialising could be more substantial than with respect to a commercial bank that focuses on other types of project or that does not engage in the funding of development projects.

In 2004, in co-operation with an international credit reference agency, Experian, Kazakhstan's commercial banks established a credit reference bureau in Kazakhstan to provide information about potential borrowers. However, the credit reference bureau may still not be as developed as credit reference agencies in other jurisdictions and, as a result, the quality of information it provides may not be adequate, which could, in turn, adversely affect the quality of DBK's lending decisions.

## ***Sanctions imposed on Russia***

The United States and the EU (including the United Kingdom), as well as other nations, such as Australia, Canada, Japan and Switzerland, have extended sanctions on certain Russian and Ukrainian persons and entities in connection with the current political crisis and armed conflict in Ukraine. The sanctions and related measures imposed to date, including certain non-Ukraine related sanctions such as the Countering America's Adversaries Through Sanctions Act (signed into law by President Trump on 2 August 2017), the introduction by the U.S. Senate of the *"To strengthen the North Atlantic Treaty Organisation, to combat international cybercrime, and to impose additional sanctions with respect to the Russian Federation, and for other purposes"* bill (also known as DASKAA) on 13 February 2019 and the *"Defending Elections from Threats by Establishing Redlines Act of 2019"* bill on 8 April 2019 and the determination by the U.S. State

Department on 6 August 2018 that the Russian government had violated the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991, have had an adverse effect on the Russian economy, causing extensive capital outflows from Russia and impairing the ability of certain Russian issuers to access the international capital markets. The governments of the United States and certain EU member states, as well as certain EU officials, have indicated that they may consider additional sanctions should such tensions between Russia and Ukraine continue.

While Kazakhstan maintains strong independent diplomatic relationships with both Russia and Ukraine and has confirmed its neutral position with respect to the tensions between Russia and Ukraine, Kazakhstan has significant economic and political relations with Russia. In 2014, Kazakhstan, Russia and Belarus signed the treaty establishing the Eurasian Economic Union (“EEU”) (which came into force in 2015), marking a new milestone of economic integration and ensuring the free movement of goods, services, capital and labour within the EEU and establishing coordinated, coherent or unified policies in key sectors of the economy. A new customs code came into force on 1 January 2018. The EEU is expected to continue to strengthen Kazakhstan’s economic relations with Russia going forward. Russia is one of Kazakhstan’s largest export partners and, according to information published by the National Statistics Office, as at 31 December 2019, Kazakhstan’s imports from Russia accounted for 36.7% of Kazakhstan’s total imports, and its exports to Russia accounted for approximately 9.7% of its total exports. Key exports to Russia include oil, chemicals and minerals. On 10 February 2021, Kazakhstan’s Minister of Trade and Integration met Russian Minister of Economic Development. The ministers acknowledged that the volume of trade between the countries in January-November 2020 decreased by 4.6%, as compared to the same period of 2019. Both Ministers noted the decrease was primarily driven by the restrictions imposed to combat the impact of the COVID-19 pandemic.

Kazakhstan’s close economic links with Russia, the existing sanctions imposed on Russia or any future sanctions could have a material adverse effect on Kazakhstan’s economy, which could, in turn, have a material adverse effect on DBK’s business, prospects, financial condition, cash flows or results of operations.

In addition, if the instability in Ukraine continues, tensions between Russian and Ukraine escalate further or new tensions between Russia and other countries emerge, or if further economic or other sanctions, such as further limitations on trade, are imposed in response to such instability and tensions, this could have a further adverse effect on the economies in the region, including the Kazakhstan economy, as well as on companies active in the region, including DBK.

## **FACTORS THAT ARE MATERIAL FOR ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME**

### ***Absence of Trading Market for the Notes***

Notes issued under the Programme may have no established trading market when issued and none may develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Application has been made for the listing of the Notes on the Official List and for trading on the Market. In addition, unless otherwise agreed with the relevant Dealer and provided for in the Final Terms or Drawdown Prospectus, DBK will cause all Notes issued by DBK under the Programme to be admitted to the “Bonds” category of the “Debt Securities” sector of the “Main” platform of the official list of the KASE, and no Notes issued by DBK may be issued and/or placed (including the listing thereof) outside of the Republic of Kazakhstan without prior getting the Agency Permissions. There can be no assurance that either such listings or Agency Permissions will be obtained or, if obtained, that an active trading market will develop or be sustained. The liquidity of any market for the Notes will depend on the number of holders of the Notes, the interest of securities dealers in making a market in the Notes and may be affected by political, economic, social and other developments both in Kazakhstan and in other emerging markets. Accordingly, there can be no assurance as to the development or liquidity of any market for the Notes.

### ***The Notes may not be a suitable investment for all investors seeking exposure to “development finance” assets***

There is currently no market consensus on what precise attributes are required for a particular project or financing to be defined as “development,” and therefore no assurance can be provided to investors that the Notes to be issued under the Programme and the use of proceeds by DBK or any development impact projects, will satisfy, whether in whole or in part, any expectations or requirements of any investor or any present or future expectations or requirements with respect to development finance. Neither DBK nor the Development Finance Structuring Agent makes any representations or assurances as to whether (and are not responsible for ensuring that) (a) the characterization of the Notes to be issued under

the Programme as development finance or the level of its expected development intensity rating impact will (i) comport with any investor's definition of development finance, (ii) meet any investor's criteria and expectations with regard to developmental impact, or (iii) comport with the characterization or definitions used by any other development finance institution in the public or private sectors or (b) the proceeds of the Notes, will in fact be used for eligible development finance projects. The Notes to be issued under the Programme will not constitute Green or Social Bonds for ICMA purposes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus regarding the use of proceeds and its purchase of Notes should be based upon such investigation as it deems necessary.

In addition, although the proceeds from the issue of the Notes under the Programme are expected to enable the development finance initiatives described under "Development Impact" above, it will not be an event of default under the Conditions of the Notes if DBK fails to comply with such development finance initiatives.

Furthermore, there can be no assurance that the projects or financings defined as "development" will be capable of being implemented in or substantially in such a manner and/or accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such projects. Nor can there be any assurance that such projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by DBK. Any such event or failure by DBK will not constitute an event of default under the Conditions.

### *Structure of a Particular Issue of Notes*

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors.

Set out below is a description of the most common such features:

#### *Notes Subject to Optional Redemption by DBK*

An optional redemption feature in Notes is likely to limit their market value. During any period when DBK may elect to redeem Notes, the market value of those Notes generally shall not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

DBK may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### *Variable Rate Notes*

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

#### *Floating Rate Notes*

The Programme allows for the issuance of floating rate Notes where the Reference Rate (as defined in the Conditions) may be LIBOR or EURIBOR. Reference rates and indices, including interest rate benchmarks such as LIBOR and EURIBOR, which are used to determine the amounts payable under financial instruments or the value of such financial instruments ("**Benchmarks**") have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a Benchmark or its discontinuation, could have a material adverse effect on the Notes referencing or linked to such Benchmark.

#### *Inverse Floating Rate Notes*

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate, such as LIBOR. The market values of these Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate on the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where DBK has the right to effect such a conversion, this is likely to affect the secondary market and the market value of the Notes since DBK may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If DBK converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than the prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If DBK converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than the prevailing rate on the relevant Notes.

### *Notes Issued at a Substantial Discount or Premium*

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

### *Collective Action Clauses*

The Conditions contain collective action clauses, which are provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined percentages of Noteholders voting in favour to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a contrary manner.

### *Further Issues of Notes with Original Issue Discount*

DBK may offer further Notes with original issue discount for U.S. federal income tax purposes (“**OID**”) as part of a further Tranche of Notes to be consolidated with and form a single Series with another Tranche. Purchasers of Notes after the date of consolidation of any further issue of Notes will not be able to differentiate between the Notes sold as part of the further issue and previously issued Notes. If DBK were to issue further Notes with OID, purchasers of Notes after such a further issue of Notes may be required to accrue OID (or greater amounts of OID than they would otherwise have accrued) with respect to their Notes. These OID consequences may affect the price of outstanding Notes following a further issue. Prospective purchasers of Notes should consult their own tax advisers with respect to the implications of any decision by DBK to undertake a further issue of Notes with OID.

### *Trading in the Clearing Systems*

The Conditions provide that Notes shall be issued with a minimum denomination of €100,000 (or its equivalent in another currency) and in amounts in excess thereof which are integral multiples of an amount of the relevant Specified Currency. Where Notes are traded in a clearing system, it is possible that processing of trades in the clearing systems may result in amounts being held in denominations smaller than the minimum denominations specified in the relevant Final Terms related to an issue of Notes. If Definitive Notes are required to be issued in relation to such Notes in accordance with the provisions of the terms of the relevant Global Notes, a holder who does not have an integral multiple of the minimum denomination in his account with the relevant clearing system at the relevant time may not receive all of its entitlement in the form of Definitive Notes unless and until such time as its holding becomes an integral multiple of the minimum denomination. Holdings of less than a minimum denomination, or integral multiple thereof, may also be less liquid and there may be difficulties in trading such holdings.

### *Volatility of the Trading Price of the Notes*

In recent years stock markets have experienced significant price fluctuations. These fluctuations often were unrelated to the operating performance of the companies whose securities are traded on such stock markets. Market fluctuations as well as adverse economic conditions have negatively affected the market price of many securities and may affect the market price of the Notes.

In particular, the markets for securities bearing emerging market risks, such as risks relating to Kazakhstan, may be volatile. Markets for such securities are, to varying degrees, influenced by economic and securities market conditions in other emerging market countries. Although economic conditions are different in each country, investors’ reactions to developments in one country may affect securities of issuers in other countries, including Kazakhstan. In 2008, the global markets experienced significant financial turmoil that had a ripple effect on other emerging markets. These events caused significant volatility in prices of emerging market debt. Events may occur which would cause significant volatility of the sort which occurred in

worldwide financial markets in 1997 and 1998. Any such volatility may adversely affect the liquidity of the market for, or price of, the Notes.

### ***Exchange Rate Risks and Exchange Controls***

DBK is obliged to pay principal and interest on the Notes in the relevant Specified Currency, as specified in the applicable Final Terms or Drawdown Prospectus (the “**Specified Currency**”). This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Specified Currency or the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the Specified Currency would decrease equivalent in the Investor’s Currency of the yield on the Notes, the principal payable on the Notes and the market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

### ***Interest Rate Risks***

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

### ***Credit Ratings***

One or more independent credit rating agencies may assign credit ratings to Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional factors discussed above or other factors that may affect the value of Notes. A credit rating is not a recommendation to buy, sell, or hold securities and may be revised or withdrawn by the rating agency at any time.

### ***Enforceability of Judgments***

Kazakhstan’s courts will not enforce any judgment of a court established in a country other than Kazakhstan unless: (i) there is in effect a treaty between such country and Kazakhstan providing for reciprocal enforcement of judgments and then only in accordance with the terms of such treaty; or (ii) there is a proved reciprocity in enforcement of judgments of Kazakhstan courts in that country, which can be very hard or impossible to prove. There is no such treaty in effect between Kazakhstan and the United Kingdom. However, each of Kazakhstan and the United Kingdom are parties to the 1958 New York convention on Recognition and Enforcement of Arbitral Awards and, accordingly, an arbitration award should be recognised and enforceable in Kazakhstan provided the conditions of enforcement set out in such Convention and applicable Kazakhstan laws are met. See “*Enforcement of Foreign Judgments*”.

On 8 April 2016, the Arbitration Law was signed by the President of Kazakhstan. Whilst the introductory language to the Arbitration Law, as well as other provisions of this law, imply that the Arbitration Law should only apply where the matter involves dispute resolution in Kazakhstan (*i.e.*, in respect of arbitration bodies with a seat in Kazakhstan) and should not apply to foreign arbitration such as the LCIA with a seat outside of Kazakhstan. In particular, the preamble to the Arbitration Law states that: “This [l]aw regulates social relations arisen in the process of arbitration activity on the territory of the Republic of Kazakhstan as well as the procedure and terms of recognition and enforcement of arbitral awards in Kazakhstan...”. There are, however, certain provisions in the Arbitration Law which may have implications (as described below) in respect of the arbitration provisions contained in the Notes, the Agency Agreement and the Trust Deed. In particular, the provisions of the Arbitration Law do not clearly differentiate between domestic and foreign arbitration. However, given that there is no well-developed practice in Kazakhstan on the application of the Arbitration Law, there can be no assurance that Kazakhstan courts would support the interpretation of the Arbitration Law set out in “Enforcement of Civil Liabilities” and that an award against DBK in arbitral proceedings in London under English law would be enforced in Kazakhstan. If the Arbitration Law applies to disputes under the Notes and the Trust Deed, there is a risk that an LCIA award in a proceeding related to the Notes and the Trust Deed may not be recognised and enforced in Kazakhstan as being contrary to Kazakhstan public order and/or a dispute under the Notes and the Trust Deed cannot be resolved by arbitration. Furthermore, an event of default could occur under the Notes and the Trust Deed to the extent that DBK’s obligations under the Notes and/or the Trust Deed to settle disputes by arbitration in the LCIA and/or under English law become illegal or unenforceable.

## CAPITALISATION

The following table sets forth the capitalisation and long-term indebtedness of DBK as at 31 December 2020. This table should be read in conjunction with “Selected Financial Information and Other Data” and “Management’s Discussion and Analysis of Results of Operations and Financial Condition” and the Financial Statements, and the notes thereto, included elsewhere in this Base Prospectus.

	As at 31 December 2020	
	(U.S.\$ millions) <sup>(1)(2)</sup>	(KZT millions) <sup>(2)</sup>
<i>Long-term debt</i> <sup>(3)</sup>		
Current accounts and deposits from customers .....	[•]	[•]
Loans from Samruk-Kazyna .....	[•]	[•]
Loans from banks and other financial institutions.....	[•]	[•]
Loans from Baiterek JSC .....	[•]	[•]
Government grants.....	[•]	[•]
Debt securities issued.....	[•]	[•]
Subordinated debt .....	[•]	[•]
Other liabilities .....	[•]	[•]
Provisions .....	[•]	[•]
Deferred tax liabilities.....	[•]	[•]
<b>Total long-term debt</b> .....	<b>[•]</b>	<b>[•]</b>
<i>Equity:</i>		
Share capital.....	1,196.6	503,667.5
Revaluation reserve.....	(3.3)	(1,380.1)
Additional paid-in capital.....	81.3	34,239.2
Accumulated losses.....	(58.2)	(24,493.5)
<b>Total equity</b> .....	<b>1,216.5</b>	<b>512,033.1</b>
<b>Total capitalisation and long-term liabilities</b> .....	<b>[•]</b>	<b>[•]</b>

Note:

- (1) For convenience, these figures have been translated into U.S. Dollars at the KZT/U.S.\$ market exchange rate quoted on the KASE, as reported by the NBK, as at 31 December 2020, which was KZT 420.91 per U.S.\$1.00.
- (2) Nominal amount of long-term debt.
- (3) Indebtedness is classified as long-term if its remaining maturity is not less than one year as at the reporting date.

## SELECTED FINANCIAL INFORMATION AND OTHER DATA

The audited selected financial information for DBK presented below as at and for the years ended 31 December 2020, 2019 and 2018 has been derived from, should be read in conjunction with, and is qualified in its entirety by, the Financial Statements, including the notes thereto, included elsewhere in this Base Prospectus.

Prospective investors should read the selected financial information in conjunction with the information contained under the headings “Risk Factors”, “Capitalisation”, “Management’s Discussion and Analysis of Results of Operations and Financial Condition”, “Selected Statistical and Other Data”, and “Business”, as well as the Financial Statements, including the notes thereto, included elsewhere in this Base Prospectus.

### Selected Information from the Consolidated Statement of Comprehensive Income and Financial Position

#### Consolidated Statement of Comprehensive Income

	For the year ended 31 December			
	2020	2019	2018	2017
	<i>(U.S.\$ millions)<sup>(1)</sup></i>	<i>(KZT millions)</i>	<i>(KZT millions)</i>	<i>(KZT millions)</i>
Interest income calculated using the effective interest method.....	369.7	155,607.2	144,098.4	147,148.2
Other interest income.....	102.9	43,310.9	30,354.7	23,947.3
Interest expense.....	(343.4)	(144,536.1)	(123,647.5)	(121,868.1)
<b>Net interest income</b> .....	<b>129.2</b>	<b>54,382.0</b>	<b>50,805.6</b>	<b>49,227.4</b>
Fee and commission income .....	1.7	727.2	3,699.5	643.7
Fee and commission expense .....	(2.3)	(960.1)	(3,010.1)	(1,762.9)
<b>Net fee and commission income/(expense)</b> .....	<b>(0.6)</b>	<b>(232.9)</b>	<b>689.3</b>	<b>(1,119.2)</b>
Net foreign exchange loss .....	(5.2)	(2,179.8)	(1,487.1)	(1,524.5)
Net realised gain/(loss) on debt securities at fair value through other comprehensive income.....	16.2	6,808.5	(61.8)	(46.8)
Net gain/(loss) on financial instruments at fair value through profit or loss..	15.3	6,459.1	936.6	(3,369.2)
Net loss resulted from derecognition of financial assets measured at amortised cost .....	(0.6)	(266.2)	(1,550.4)	—
Other expenses, net .....	(10.6)	(4,462.2)	(1,996.6)	(1,018.6)
<b>Operating income</b> .....	<b>143.8</b>	<b>60,508.6</b>	<b>47,335.7</b>	<b>42,149.1</b>
Impairment loss on debt financial assets .....	(88.4)	(37,207.9)	(20,907.3)	(20,832.0)
Recovery/(charge) of impairment losses on loan commitments .....	4.2	1,763.5	1,744.9	(1,114.5)
Recovery/(charge) of impairment losses on other non-financial assets	12.5	5,270.2	(5,927.2)	(161.0)
General administrative expenses.....	(16.9)	(7,094.8)	(7,204.4)	(6,729.6)
<b>Profit before income tax</b> .....	<b>55.2</b>	<b>23,239.6</b>	<b>15,041.7</b>	<b>13,312.0</b>
Income tax expense.....	(2.1)	(869.8)	(4,083.2)	(10,068.2)
<b>Profit for the year</b> .....	<b>53.1</b>	<b>22,369.8</b>	<b>10,958.5</b>	<b>3,243.8</b>
<b>Other comprehensive (loss)/income</b>				
<b>Movement in revaluation reserve:</b>				
Net change in fair value .....	18.0	7,565.4	5,296.3	(5,115.3)
Net amount reclassified to profit or loss.....	(16.2)	(6,808.5)	61.8	46.8
<b>Other comprehensive income/(loss) for the period</b> .....	<b>1.8</b>	<b>756.9</b>	<b>5,358.2</b>	<b>(5,068.5)</b>
<b>Total comprehensive income/(loss) for the period</b> .....	<b>54.9</b>	<b>23,126.8</b>	<b>16,316.6</b>	<b>(1,824.7)</b>

Note:

(1) For convenience, these figures have been translated into U.S. Dollars at the KZT/U.S.\$ market exchange rate quoted on the KASE, as reported by the NBK, as at 31 December 2020, which was KZT 420.91 per U.S.\$1.00.

## Consolidated Statement of Financial Position

	As at 31 December			
	2020	2019		2018
	(U.S.\$ millions) <sup>(1)</sup>	(KZT millions)	(KZT millions)	(KZT millions)
<b>Assets</b>				
Cash and cash equivalents.....	576.8	242,786.1	144,173.7	290,168.4
Placements with banks and other financial institutions.....	289.3	121,779.5	91,562.9	70,173.7
Loans to banks.....	296.5	124,810.7	110,945.8	57,350.9
Loans to customers <sup>(2)</sup> .....	4,385.5	1,845,916.2	1,618,204.5	1,638,865.2
Finance lease receivables <sup>(3)</sup> .....	775.8	326,539.9	190,304.3	113,323.5
Debt securities.....	497.2	209,257.7	225,466.1	238,373.5
Advances paid under finance leases.....	292.6	123,159.0	133,273.1	70,677.8
Assets to be transferred under finance lease agreements.....	66.2	27,855.4	14,822.0	8,774.7
Equity investments.....	35.3	14,841.0	19,506.3	9,152.9
Investment property.....	0.5	222.5	227.2	319.4
Property, plant and equipment and intangible assets.....	14.2	5,991.3	5,951.4	5,363.9
Other assets.....	74.4	31,327.8	26,056.8	24,464.2
Current tax asset.....	2.3	963.5	124.7	501.0
Deferred tax assets.....	2.5	1,040.1	—	—
Derivative financial instruments.....	27.3	11,489.2	10,160.7	9,099.8
<b>Total assets</b> .....	<b>7,336.4</b>	<b>3,087,979.9</b>	<b>2,590,815.5</b>	<b>2,536,608.9</b>
<b>Liabilities</b>				
Current accounts and deposits from customers.....	37.5	15,793.7	17,236.3	19,325.7
Loans from the Government and Samruk-Kazyna.....	66.4	27,966.9	26,986.3	34,988.3
Loans and deposits from banks and other financial institutions.....	1,520.5	640,008.0	540,295.4	718,773.2
Loans from the Parent Company.....	540.7	227,597.0	175,229.0	121,561.9
Government grants.....	620.1	261,839.0	210,833.4	175,264.8
Debt securities issued.....	2,948.4	1,241,012.7	1,051,544.3	946,066.1
Subordinated debt.....	264.1	111,163.0	104,534.6	98,342.0
Other liabilities.....	113.4	47,741.1	27,916.5	28,858.8
Provisions.....	6.7	2,825.4	7,563.5	14,809.1
Deferred tax liabilities.....	—	—	198.4	2,584.7
<b>Total liabilities</b> .....	<b>6,119.9</b>	<b>2,575,946.8</b>	<b>2,162,437.7</b>	<b>2,160,574.5</b>
<b>Equity</b>				
Share capital.....	1,196.6	503,667.5	445,667.5	408,667.5
Revaluation reserve for changes in fair value of securities.....	(3.3)	(1,380.1)	(2,137.1)	(7,495.2)
Additional paid-in capital.....	81.3	34,239.2	28,423.2	28,423.2
Accumulated losses.....	(58.2)	(24,493.5)	(43,575.8)	(53,561.1)
<b>Total equity</b> .....	<b>1,216.5</b>	<b>512,033.1</b>	<b>428,377.8</b>	<b>376,034.3</b>
<b>Total liabilities and equity</b> .....	<b>7,336.4</b>	<b>3,087,979.9</b>	<b>2,590,815.5</b>	<b>2,536,608.9</b>

### Notes:

- (1) For convenience, these figures have been translated into U.S. Dollars at the KZT/U.S.\$ market exchange rate quoted on the KASE, as reported by the NBK, as at 31 December 2020, which was KZT 420.91 per U.S.\$1.00.
- (2) Represents net loans to customers. See Note 16 to the 2020 Annual Financial Statements and Note 16 to the 2019 Annual Financial Statements and “Selected Statistical and Other Data”.
- (3) Represents net finance receivables. See Note 17 to the 2020 Annual Financial Statements and Note 17 to the 2019 Annual Financial Statements and “Selected Statistical and Other Data”.

## Selected Financial Ratios and Economic Data

The table below sets forth DBK's selected financial ratios and economic data for Kazakhstan as at, and for the years ended, 31 December 2020, 2019 and 2018:

	<b>As at and for the year ended 31 December</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
	(%, unless otherwise indicated)		
<b>Profitability Ratios<sup>(1)</sup></b>			
Return on average equity .....	4.76	2.72	0.8
Return on average assets <sup>(2)</sup> .....	0.79	0.43	0.1
Net interest margin <sup>(3)</sup> .....	2.01	1.94	2.1
Net interest spread <sup>(4)</sup> .....	[•]	[•]	0.9
Non-interest expense/net interest income plus non-interest income <sup>(5)(6)</sup> .....	(13.10)	(20.95)	(19.3)
Non-interest expense as a percentage of net interest income <sup>(5)</sup> .....	(14.81)	(20.75)	(17.3)
Non-interest expense as a percentage of average total assets <sup>(5)</sup> .....	(0.3)	(0.4)	(0.3)
<b>Loan Portfolio Quality</b>			
Allowance for impairment losses/loans to customers and banks <sup>(7)</sup> .....	(5.60)	(4.68)	(3.7)
<b>Balance Sheet Ratios and Capital Adequacy</b>			
Loans to customers and banks-total assets .....	63.83	66.74	66.9
Total equity-total assets .....	16.58	16.53	14.8
Liquid assets-total assets <sup>(8)</sup> .....	18.58	17.8	23.0
Contingent liabilities-total equity <sup>(9)</sup> .....	[•]	[•]	90.5
Direct liabilities-total equity <sup>(10)</sup> .....	4.42	4.72	5.2
Capital adequacy ratio <sup>(11)</sup> .....	20.15	20.53	18.76
<b>Economic Data<sup>(12)</sup></b>			
Period-end exchange rate (KZT/U.S.\$) .....	420.91	381.18	384.20
Average exchange rate for period (KZT/U.S.\$) .....	412.95	382.75	344.90
Inflation growth rate (CPI) <sup>(13)</sup> .....	7.5	5.4	5.3
GDP growth (real) <sup>(13)</sup> .....	[(2.6)]	4.5	4.1

### Notes:

- (1) Averages are based upon opening and closing balances. Average equity was calculated using opening and closing balances for each relevant period.
- (2) Return on average assets is profit/(loss) for the period divided by average period total assets. Average period total assets are calculated based on opening and closing balances for each relevant period.
- (3) Net interest margin is a percentage of average interest-bearing assets. Interest-bearing assets are comprised of cash and cash equivalents, placements with banks and other financial institutions, loans to banks, loans to customers, finance lease receivables, debt securities and amount receivable from IFK JSC. See "Selected Statistical and Other Data—Average Balance Sheet and Interest Rates".
- (4) Net interest spread is the difference between the average interest rate on interest-bearing assets and the average interest rate on interest-bearing liabilities. Average interest rates are calculated as the ratio of net interest income to the average balance of interest-bearing assets or liabilities. Interest-bearing liabilities are comprised of loans from the Government and SWF Samruk-Kazyna JSC, loans from the Parent Company, loans and deposits from banks and other financial institutions, current accounts and deposits from customers, debt securities issued and subordinated debt. See "Selected Statistical and Other Data—Average Balance Sheet and Interest Rates".
- (5) Non-interest expense is comprised of fee and commission expense, and general administrative expenses.
- (6) Non-interest income is comprised of net foreign exchange gain/(loss), net realised gain/(loss) on debt securities at fair value through other comprehensive income, net gain/(loss) on financial instruments at fair value through profit or loss, net loss resulted from derecognition of financial assets measured at amortised cost and other (expense)/income.
- (7) Loan portfolio quality is calculated using gross loan balances.
- (8) Liquid assets comprise cash and cash equivalents, placements with banks and other financial institutions and debt securities measured at fair value through other comprehensive income.
- (9) Contingent liabilities include loan, credit line and finance lease commitments, as well as letters of credit, guarantees and other commitments related to settlement operations.
- (10) Direct liabilities include loans from the Government and SWF Samruk-Kazyna JSC, loans and deposits from banks and other financial institutions, current accounts and deposits from customers, debt securities issued, loans from Parent Company, subordinated debt and derivative financial instruments.
- (11) Calculated as a ratio of DBK's consolidated equity capital to its risk-weighted assets, calculated according to Basel II (International Convergence of Capital Measurement and Capital Standards) Convention ("Basel II") principles.
- (12) Based on data from the NBK and the NSA.
- (13) Year-on-year rate.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

*The following management's discussion and analysis is intended to assist in the understanding and assessment of the trends and significant changes in DBK's results of operations and financial condition. The selected financial and operating data set forth below, subject to rounding, has been extracted without material adjustment from the Financial Statements. Such data, together with the related discussion and analysis, should be read in conjunction with, and is qualified in its entirety by reference to, the Financial Statements, including the notes thereto, as well as the information set forth under the captions "Selected Statistical and Other Data" and "Asset and Liability Management" included elsewhere in this Base Prospectus. Unless otherwise indicated, all figures are expressed in or derived from amounts in Tenge. The Financial Statements are consolidated and reflect the results of operations of DBK and its subsidiaries, DBK-Leasing and DBK Capital Structure Fund B.V. DBK prepares its Financial Statements in accordance with IFRS. This management's discussion and analysis contains forward-looking statements, which involve risks and uncertainties. See "Forward-looking Statements". DBK's actual results could differ materially from those anticipated in the forward-looking statements contained herein for several reasons, including those set forth under "Risk Factors" and elsewhere in this Base Prospectus. This discussion, insofar as it refers to average amounts, has, unless otherwise stated, been based upon annual opening and closing balances. See "Presentation of Financial and Other Information".*

### Introduction

DBK was incorporated on 31 May 2001 and is organised under the Decree of the President of the Republic of Kazakhstan dated 28 December 2000, the Law of the Republic of Kazakhstan № 178-II dated 25 April 2001 and the Resolution of the Government of the Republic of Kazakhstan № 659 dated 18 May 2001, for an unlimited duration as Closed Joint Stock Company "Development Bank of Kazakhstan". On 18 August 2003, DBK was re-registered as Joint Stock Company "Development Bank of Kazakhstan" in line with the requirements of the amended JSC Law. A re-registration certificate (№ 4686-1900-AO) was issued in respect of DBK by the Registration Service and Legal Assistance Committee of the Ministry of Justice on 18 August 2003. DBK is a national development bank that is authorised to implement State investment policies and State support for industrial and innovative projects.

DBK operates under business identification number 010540001007 and its registered office is n-r. pr. 15, building 55A Mangilik Yel Avenue, Yesil district, Nur-Sultan, Republic of Kazakhstan and its telephone number is +7 7172 792 604. DBK's sole shareholder is Baiterek JSC, which is, in turn, wholly-owned by the Government. Accordingly, the ultimate controlling party of DBK is the Government, represented by the Ministry of Industry and Infrastructural Development.

In accordance with the DBK Law, DBK's objectives are:

- to improve and increase the efficiency and effectiveness of governmental investment activity;
- to develop industrial infrastructure and the manufacturing industry in Kazakhstan; and
- to promote foreign and domestic investment in Kazakhstan.

As a part of its role under Kazakhstan's industrial development programme and in furtherance of such purposes, and in accordance with the Credit Policy Memorandum, DBK provides medium and long-term financing for investment projects (other than food or beverage projects and public private partnership projects) of KZT 7 billion or more, food or beverage investment projects and public private partnership projects of KZT 3 billion or more and export transactions of KZT 1 billion or more. See "*Business—Participation in Government Programmes*" and "*Business—Lending*". In determining which projects or transactions to finance, DBK gives priority to projects and transactions related to the modernisation and establishment of competitive industries, in particular, non-extracting industries, and infrastructure in Kazakhstan. Approximately 48% of the projects financed by DBK are greenfield projects. DBK's lending activities are primarily funded through the issuance and placement of domestic and international debt securities and through borrowings from Baiterek JSC, Samruk-Kazyna, international financial institutions and the State budget.

IDF JSC, DBK's wholly-owned subsidiary, offers short and long-term (up to 20 years) lease financing in various forms, including for industrial equipment, leasing of industrial buildings and certain combined services, and credit and leasing. IDF JSC invests only in large-scale projects valued at over U.S.\$1 million. IDF JSC provides financial leasing for investment projects in priority sectors of the economy in an amount of U.S.\$450,000 or more under Government support programmes. See "*Business—DBK-Leasing*".

In July 2017, DBK established its wholly-owned subsidiary DBK Capital Structure Fund B.V. (“**DBK CSF**”), a closed private limited liability company established in the Netherlands. DBK CSF was established for the purpose of participating in a direct investment fund in the Netherlands. In November 2017, DBK CSF and Kazyna Capital Management Fund (“**KCM**”) established DBK Equity Fund CV (“**DBK Equity Fund**”), a direct investment fund, for purposes of investing in domestic and foreign projects, which promote the interests of the Kazakhstan economy and in which DBK is not permitted to invest directly as a result of the restrictions imposed on it under the Credit Policy Memorandum. DBK Equity Fund is 97% owned by DBK CSF. See “*Business—DBK CSF*”.

For the year ended 31 December 2020, DBK’s profit for the year was KZT 22,369.8 million, as compared to KZT 10,958.5 million for the year ended 31 December 2019 and KZT 3,243.8 million for the year ended 31 December 2018. As at 31 December 2020, DBK had total assets of KZT 3,087,979.9 million, as compared to total assets of KZT 2,590,815.5 million as at 31 December 2019 and KZT 2,536,608.9 million as at 31 December 2018.

## **Critical Accounting Policies**

DBK’s accounting policies are integral to understanding the results of operations and financial condition presented in the Financial Statements and notes thereto. DBK’s significant accounting policies are described in Note 3 to the Financial Statements appearing elsewhere in this Base Prospectus. In addition, the preparation of the Financial Statements requires DBK’s management to make estimates and judgments. See Note 2(d) to the Financial Statements. Set out below is a summary of certain significant accounting policies which DBK’s management believe to be of particular importance.

### ***Financial Instruments***

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt financial assets measured at FVOCI, gains and losses are recognised in other comprehensive income, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest income using the effective interest method;
- expected credit losses (“**ECL**”) and reversals; and
- foreign exchange gains and losses.

When a debt financial asset measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

On initial recognition of an equity investment that is not held for trading, DBK may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, DBK may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### *Financial liabilities*

DBK classified its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL. Financial liabilities are not reclassified subsequent to their initial recognition.

#### ***Impairment***

DBK recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- net investment in finance lease;
- financial guarantee contracts issued; and
- loan commitments issued.

DBK measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

A financial asset is “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by DBK on terms that DBK would not consider otherwise;
- force majeure and other circumstances that caused significant material damage to the borrower (including the revocation or suspension of a licence for activities of the borrower);
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation, as well as involvement in litigation; or
- the disappearance of an active market for a security because of financial difficulties.

#### ***Government Grants***

Government grants are assistance by the Government, Government agencies and state-owned entities in the form of transfers of resources to DBK in return for past or future compliance with certain conditions relating to the operating activities of DBK. Government grants are not recognised until there is reasonable assurance that DBK will comply with the conditions attaching to them and the grants will be received. If there are conditions that may require repayment, the grant is recognised as “deferred income” in other liabilities.

The benefit of a Government loan at a below-market rate of interest is treated as a Government grant. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan and the proceeds received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which DBK recognises as expenses the related costs for which the grants are intended to compensate. See also “*Selected Statistical and Other Data—Principal Sources of Funding—Borrowings—Government Grants*”.

### **Primary Factors affecting DBK’s Results of Operations**

The primary factors that have affected DBK’s results of operations during the years ended 31 December 2020, 2019 and 2018, and that can be expected to affect DBK’s results of operations in the future, are: (i) DBK’s role as a development bank; (ii) the current economic environment in Kazakhstan, including the impact of the COVID-19 pandemic; (iii) fluctuations in interest rates; (iv) fluctuations in exchange rates; (v) fluctuations in oil prices; (vi) shifts in composition of borrowers and funding sources; and (vii) taxation.

### ***DBK’s Role as a Development Bank***

DBK is a development bank that is wholly-owned by Baiterek JSC, which is, in turn, wholly-owned by the Government. Accordingly, DBK’s lending and investment policies are different from those of a standard commercial bank, in that DBK’s business activities are generally driven by macro-economic policy in Kazakhstan as a whole rather than purely commercial considerations. As a development bank, DBK does not compete with commercial lending and financial institutions in providing finance to customers and has declined lending opportunities in the past where financing was available elsewhere. In addition, DBK does not generally accept customer deposits, and its primary funding sources are concessional loans made by the Government, its sole shareholder and Baiterek JSC, issuances of debt securities and loans from international and multi-lateral institutions. DBK concentrates on providing funding to investment projects, such as infrastructure projects and high-value manufacturing projects in Kazakhstan, which are not typically eligible for financing or refinancing on terms acceptable to commercial banks and other non-specialist market investors. Loans and investments made by DBK often involve relatively large principal amounts, have longer-term maturities and are extended at preferential rates, all of which make these activities of relatively high risk and low return. In general, DBK sets interest rates by reference to its cost of funding a particular loan plus a margin reflecting its administrative costs and a risk premium.

### ***The Current Economic Environment***

The Kazakhstan economy may be influenced by market downturns and economic slowdowns elsewhere in the world. The general slowdown and challenging macroeconomic conditions in the global financial market that began in 2008 resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the banking sector and tighter credit conditions within Kazakhstan and generally for Kazakhstan companies, as well as weakened global demand for and a decline in prices of crude oil and other commodities. Since 2020, the Kazakhstan economy has been materially adversely affected by the COVID-19 pandemic.

The sharp decline in global economic activity, the disruption of the supply chains of goods and services, the restriction of the free movement of people, and the transition to self-isolation caused by the COVID-19 pandemic led to a significant drop in GDP around the world in 2020. According to the World Bank and the IMF, the fall in global GDP in 2020 was 4.3% and 3.5%, respectively. According to statistics published by the Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, the Kazakhstan’s real GDP decreased by 2.6% in 2020. In 2019 and 2018, GDP increased by 4.5% and 4.1% respectively. According to IMF forecasts, real GDP growth is projected to be 3.3% in 2021 and 3.6% in 2022. The IMF’s forecasted unemployment rate for 2021 and 2022 is 5.8% and 4.8%, respectively. According to the IMF, inflation was 5.3%, 5.4% and, 7.5% in 2018, 2019 and 2020, respectively. Inflation is forecasted by the IMF to be 5.9% in 2021 and 5.0% in 2022.

The ongoing COVID-19 pandemic is having an indeterminable adverse impact on the world economy, including the Kazakhstan economy, as well as on DBK’s counterparties and, in turn, DBK’s business. The pandemic has affected investment sentiment and resulted in sporadic volatility in the global capital and financial markets. This has had a material adverse effect on the global economy, slowing national economic development and adversely affecting the Kazakhstan economy. The duration, impact and severity of the outbreak on financial markets may be significant.

The Government has implemented measures, including periods of lockdown and quarantines in an effort to combat the spread of the virus in Kazakhstan and alleviate the negative effects of the pandemic. A state of emergency was declared in Kazakhstan between 16 March 2020 and 12 May 2020. During this period, regional authorities gradually introduced additional measures to enhance social distancing, including closing schools, universities, restaurants, cinemas, theatres and museums and sport facilities.

Due to business disruption and lockdowns in many countries as a result of the COVID-19 pandemic, global oil demand has substantially decreased, leading to oversupply and a significant decrease in oil prices. On 12 April 2020, major global oil producers, including Kazakhstan, agreed to a record cut of 9.7 million barrels per day in crude oil production aimed at stabilising the market. Such actions have not, however, reversed the downward pressure on the oil market. Such

decreases in oil prices and production volumes have resulted in corresponding decreases in oil producers' income and payments to the State budget, which have had, and continue to have, a material adverse effect on the Kazakhstan economy and public sector spending.

[The Government's measures to support the economy and minimise the adverse effects of the COVID-19 pandemic and the level of stability and predictability of state institutions have stimulated the nation's fiscal stance.]

On 11 February 2014, the NBK devalued the Tenge by 18.3% against the U.S. Dollar in light of the depreciation of the Russian Rouble over the course of 2013 and 2014, as well as the overall situation in the global financial and commodity markets. In August 2015, the NBK announced the adoption of a free-floating exchange rate, which resulted in a 26.2% depreciation against the U.S. Dollar. The Tenge/U.S. Dollar exchange rate weakened by 10% in 2020, from KZT 382.59 to KZT 420.91 per U.S.\$1.00. The pressure on the Tenge was highest in March 2020 following a failed attempt to reach a deal regarding a cut to crude oil production, with the exchange rate reaching KZT 448.50 per U.S.\$1.00. After the announcement of the crude oil deal in April 2020, oil prices and the Tenge have moved into a phase of gradual recovery.

As at 31 December 2020, the official KZT/U.S.\$ market exchange rate reported by the NBK was KZT 420.91 per U.S.\$1.00, as compared to KZT 381.18 per U.S.\$1.00 as at 31 December 2019 and KZT 384.20 per U.S.\$1.00 as at 31 December 2018. See "*Exchange Rate Devaluations and Depreciations*". Past devaluations of the Tenge have resulted in reduced access to capital, a higher cost of capital, increased inflation and uncertainty regarding economic growth, all of which have had, and are expected to continue to have, a material effect on DBK's financial position and results of operations.

Concern about the stability of the banking sector in Kazakhstan in recent years has led to a material reduction in liquidity as wholesale funding has become more expensive and less available. The Government has taken a number of steps to support the Kazakhstan banking sector, including by making significant capital injections. According to Fitch Ratings, with the completion of the 2020 asset quality review, banks have raised shareholder capital, improving the sector's total aggregate capital adequacy ratio to 26.9% of risk-weighted assets as at the end of November 2020 (end of 2019: 24.3%). System non-performing loans ("NPL") fell to 6.8% of total loans as of the end of 2020 (end of 2019: 8.1%). Asset quality issues from the COVID-19 pandemic's impact on the economy are not yet captured in NPL numbers, but are expected to be manageable. See "*The Banking Sector in Kazakhstan*".

The future stability of the Kazakhstan economy is largely dependent upon the continued implementation of economic reform programmes and the effectiveness of economic, financial and monetary measures undertaken by the Government, as well as developments in other economies in the region, particularly the Russian economy and related effects on the value of the Russian Rouble.

### ***Fluctuations in Interest Rates***

Changes in interest rates affect DBK's net interest income, net interest margin and overall results of operation. During the height of the global financial crisis in 2008, lending generally involved the provision of funding at low rates in order to combat the effects of the global financial crisis on Kazakhstan. DBK has continued lending at low rates in line with its mission as a development bank and the generally low interest rate climate globally.

Interest rates are sensitive to many factors beyond DBK's control, including the policies of central banks, such as the NBK, adverse domestic and international economic conditions and political factors. DBK's intentions to diversify its funding sources by continuing to access the domestic and international capital markets may increase these risks.

DBK is exposed to risks resulting from mismatches between the interest rates on its interest-bearing liabilities and interest-earning assets. To the extent that DBK's assets may reprice more frequently than its liabilities, if interest rates fall, DBK's interest expense will increase more rapidly than its interest income, which could negatively affect interest margins. As a measure to manage the risk of mismatches in interest rates, which is inherent in DBK's operations, the Government grants loans to DBK with low interest rates to ensure DBK is able to sustain margins in a falling interest rate environment through the interest income generated by such loans. In addition, DBK structures its assets with floating interest rates and its overall balance sheet in such a way that a fixed portion of its interest income from assets with floating rates covers possible fluctuations in interest rate, resulting in an acceptable balance between interest-bearing liabilities and interest-earning assets. In particular, in accordance with DBK's credit policy, DBK seeks to pass on interest rate risks to borrowers by on-lending under similar conditions. DBK's interest rate management policies are strengthened by a system of limits and reporting requirements to control and monitor interest rate risk on monthly basis.

Although nearly all of DBK's assets are match-funded, an increase in interest rates may generally raise DBK's funding costs and may also increase interest income in the future, but overall demand for new loans may be reduced and the risk of customer defaults may increase. Increased interest rates may also generally decrease the market value of fixed-rate debt securities held by DBK.

See “*Asset and Liability Management*”.

### ***Fluctuations in Exchange Rates***

Fluctuations in exchange rates impact DBK’s financial condition and results of operations. DBK maintains open foreign currency positions, which give rise to foreign exchange rate risk. DBK’s exposure to exchange rate risk may increase, particularly as it continues to access international capital markets. A significant portion of DBK’s exposure to foreign exchange rate risk also depends on numerous factors beyond its control, such as overall market trading activity, fluctuations in interest-rate levels and exchange rates, government actions and general market volatility.

On 11 February 2014, the NBK devalued the Tenge by 18.3% against the U.S. Dollar in light of the depreciation of the Russian Rouble over the course of 2013 and 2014, as well as the overall situation in the global financial and commodity markets. On 20 August 2015, the NBK adopted a free-floating exchange rate and medium-term inflation targeting policy, as a result of which the official exchange rate depreciated from KZT 188.38 per U.S.\$1.00 to KZT 340.01 per U.S.\$1.00.

Ahead of the devaluation of the Tenge on 11 February 2014 (and in anticipation of such measures), DBK began to stress test (on a half-yearly basis) the impact of exchange rates on its loan portfolio. At the beginning of 2015, stress tests indicated that there were a number of borrowers subject to exchange rate risk in DBK’s loan portfolio. Recommendations were made aimed at reducing such exchange risks, including converting certain loans denominated in foreign currencies into Tenge-denominated loans. In 2015, DBK received funding from the Government to convert such problem loans denominated in foreign currencies into Tenge-denominated restructured loans. Although difficult to quantify, DBK considers that the potential losses to DBK in connection with any repayment failure of such loans (many of which were granted to borrowers in respect of nationally strategic projects), that could have resulted from not taking such measures, could have significantly exceeded all losses that were incurred by the Bank as a result of the conversion of such loans into Tenge. As a result of the implementation of such recommendations, the further devaluations of the Tenge in 2015 and 2016 did not have as much of a significant impact on DBK’s loan portfolio. Additional liquidity was also provided through capital injections from the Government in Tenge. DBK continues to stress test the impact of exchange rates on its loan portfolio.

DBK is also subject to foreign currency risk as a portion of its borrowings and debt securities are denominated in U.S. Dollars, and, in the past, has been adversely affected by past devaluations of the Tenge and their impact on the Tenge-value of loans from banks and other financial institutions, as well as U.S. Dollar-denominated debt securities. As at 31 December 2020, 45.6% of DBK’s debt securities issued were denominated in U.S. Dollars. Accordingly, while DBK takes measures to naturally hedge its foreign currency risk by undertaking U.S. Dollar-denominated borrowings only for certain projects that have corresponding hard currency revenues, and DBK has increased its Tenge-denominated borrowings in recent years, any future devaluation of the Tenge against the U.S. Dollar may have an adverse effect on DBK.

The following table sets forth the period end, average and low and high KZT/U.S.\$ exchange rates quoted on the KASE, as reported by the NBK, (after rounding adjustment) for the periods indicated:

<b>Period</b>	<b>Period end</b>	<b>Average<sup>(1)</sup></b>	<b>High</b>	<b>Low</b>
		<i>(KZT/U.S.\$1.00)</i>		
Year ended 31 December 2018 .....	384.20	344.90	384.20	318.31
Year ended 31 December 2019 .....	382.59	382.87	390.13	373.56
Year ended 31 December 2020 .....	420.91	413.38	448.52	375.87

Note:

(1) The average of the rate reported by the KASE for each month during the relevant period.

DBK is also subject to exchange rate fluctuations in the KZT/RUB exchange rate as a result of borrowings denominated in Russian Roubles, in particular, credit facilities entered into between IDF JSC and Roseximbank JSC. As at 31 December 2020, the official KZT/RUB exchange rate reported by the NBK was KZT 5.65 per RUB 1.00, as compared to KZT 6.17 per RUB 1.00 as at 31 December 2019 and KZT 5.52 per RUB 1.00 as at 31 December 2018.

### ***Fluctuations in Oil Prices***

*[Subject to further discussion with DBK]*

### ***Shifts in Composition of Borrowers and Funding Sources***

DBK’s lending activities and business can be both positively and negatively affected by shifts in the composition of its borrowers and funding sources. In general, as a result of the borrower concentration and relatively large size of individual

loans within the loan portfolio, the breakdown of loans granted to customers in different economic sectors can fluctuate significantly as a result of a single loan disbursement being repaid in a given period. Such fluctuations in loans to customers by economic sector, for the most part, occur in the ordinary course of DBK's business.

Changes in policy in respect of DBK's lending and funding strategies, can result in changes to the composition of its borrowers and funding sources. For example, in 2014, the Bank began lending to second-tier Kazakhstan banks for on-lending, particularly to the private sector, primarily through the implementation of Government programmes. As a result there has been a significant shift in DBK's borrower portfolio since 2014. Such shifts have in the past had, and may continue in the future to have, a positive effect of increasing the size of the loan portfolio, thereby helping DBK to further grow its business. Such changes can also, however, result in an increased cost of risk of impairment, depending on the borrower concentration.

As part of its Development Strategy, DBK also aims to diversify its funding sources by attracting funds from non-Governmental sources while also maintaining its focus on cost control. Any concentration in new sources of funding will increase DBK's exposure to political and economic conditions in the resident country of the lender, which could have both positive and negative effects on the rates and level of funding available to DBK.

### ***Taxation***

Income tax expense represents the sum of the current and deferred tax expense. The current tax expense is the expected tax payable on the taxable income for the year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. DBK's current tax expense is calculated using tax rates that have been enacted or substantively enacted at the statement of financial position date and includes any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: (i) the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and (ii) temporary differences related to investments in subsidiaries and associates where the shareholder is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantially enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences, unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

DBK's impairment losses are tax deductible, in line with the Government's rules on creating provisions (reserves).

### **Results of operations for the years ended 31 December 2020, 2019 and 2018**

#### ***Net Interest Income***

The following table sets forth the principal components of DBK's net interest income for the years ended 31 December 2020, 2019 and 2018:

	<b>Year ended 31 December</b>			<b>Percentage change</b>	
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2020/19</b>	<b>2019/18</b>
	<i>(KZT millions)</i>			<i>(%)</i>	
Interest income calculated using the effective interest method.....	155,607.2	144,098.4	147,148.2	8.0	(2.1)
Other interest income.....	43,310.9	30,354.7	23,947.3	42.7	26.8
Interest expense.....	(144,536.1)	(123,647.5)	(121,868.1)	16.9	1.5
<b>Net interest income</b> .....	<b>54,382.0</b>	<b>50,805.6</b>	<b>49,227.4</b>	<b>7.0</b>	<b>3.2</b>

DBK's net interest income increased in 2020 by KZT 3,576.4 million, or 7.0%, to KZT 54,382.0 million for the year ended 31 December 2020 from KZT 50,805.6 million for the year ended 31 December 2019, having increased in 2019 by KZT 1,578.2 million, or 3.2%, from KZT 49,227.4 million for the year ended 31 December 2018. The increase in net interest income in 2020 was primarily due to increases in interest income calculated using the effective interest method and other interest income, which were only partially offset by increases in interest expense.

### Interest Income calculated using the effective interest method

The following table sets forth the principal components of DBK's interest income for the years ended 31 December 2020, 2019 and 2018:

	Year ended 31 December			Percentage change	
	2020	2019	2018	2020/19	2019/18
	(KZT millions)			(%)	
Loans to customers.....	124,466.8	106,262.4	108,490.0	17.1	(2.1)
Cash and cash equivalents.....	3,131.1	15,410.8	18,242.9	(79.7)	(15.5)
Debt securities.....	6,299.5	6,548.0	9,188.3	(3.8)	(28.7)
Placements with banks and other financial institutions .....	7,708.5	6,668.9	5,770.6	15.6	15.6
Loans to banks.....	11,840.8	7,243.2	5,417.4	63.5	33.7
Other financial assets .....	2,160.4	1,965.1	39.1	9.9	4,925.8
<b>Interest income calculated using the effective interest method.....</b>	<b>155,607.2</b>	<b>144,098.4</b>	<b>147,148.2</b>	<b>8.0</b>	<b>(2.1)</b>

Interest income calculated using the effective interest method increased in 2020 by KZT 11,508.8 million, or 8.0%, to KZT 155,607.2 million for the year ended 31 December 2020 from KZT 144,098.4 million for the year ended 31 December 2019, having decreased in 2019 by KZT 3,049.8 million, or 2.1%, from KZT 147,148.2 million for the year ended 31 December 2018.

The year-on-year increase in 2020 was primarily due to the increase in interest received on loans to customers of KZT 18,204.4 million, or 17.1%, in 2020, from KZT 106,262.4 million for the year ended 31 December 2019 to KZT 124,466.8 million for the year ended 31 December 2020, primarily reflecting increased lending to corporate clients. The year-on-year increase in 2020 was also due to the year-on-year increase in interest income on loans to banks by KZT 4,597.6 million, or 63.5%, in 2020, from KZT 7,243.2 million for the year ended 31 December 2019 to KZT 11,840.8 million for the year ended 31 December 2020, which largely reflected increased lending within the banking sector.

The year-on-year decrease in 2019 was primarily due to a 2.1% decrease in interest received on loans to customers and a 15.5% decrease in cash and cash equivalents, which were partially offset by a 15.6% increase in placements with banks and other financial institutions and a 33.7% increase in interest received on loans to banks.

### Other Interest Income

DBK generates other interest income from finance lease receivables, loans to customers and debt securities measured at fair value through profit or loss.

The following table sets out the principal components of DBK's other interest income for the years ended 31 December 2020, 2019 and 2018:

	Year ended 31 December			Percentage change	
	2020	2019	2018	2020/19	2019/18
	(KZT millions)			(%)	
Finance lease receivables.....	35,088.1	24,422.3	20,228.6	43.7	20.7
Loans to customers.....	8,091.5	5,707.7	3,118.2	41.8	83.0
Debt securities measured at fair value through profit or loss ...	131.3	224.7	600.5	(41.6)	(62.6)
<b>Total other interest income.....</b>	<b>43,310.9</b>	<b>30,354.7</b>	<b>23,947.3</b>	<b>42.7</b>	<b>26.8</b>

Total other interest income increased by KZT 12,956.2 million, or 42.7%, to KZT 43,310.9 million for the year ended 31 December 2020, as compared to KZT 30,354.7 million for the year ended 31 December 2019 and KZT 23,947.3 million for the year ended 31 December 2018. This increase was primarily due to a KZT 10,665.8 million, or 43.7%, increase in interest income in respect of finance lease receivables and a KZT 2,383.8 million, or 41.8%, increase in interest income in respect of loans to customers, which was, in turn, a result of further lending to corporate clients.

## Interest Expense

The following table sets forth the principal components of DBK's interest expense for the years ended 31 December 2020, 2019 and 2018:

	Year ended 31 December			Percentage change	
	2020	2019	2018	2020/19	2019/18
	(KZT millions)			(% )	
Debt securities issued.....	(93,014.7)	(74,616.6)	(67,202.5)	24.7	11.0
Loans and deposits from banks and other financial institutions.....	(24,974.5)	(27,492.8)	(37,002.2)	(9.2)	(25.7)
Loans from the Parent Company.....	(17,236.4)	(12,697.6)	(9,120.4)	35.7	39.2
Subordinated debt.....	(7,014.8)	(6,579.1)	(6,472.5)	6.6	1.6
Loans from SWF "Samruk-Kazyna".....	(1,395.7)	(1,364.6)	(1,331.6)	2.3	2.5
Current accounts and deposits from customers ...	(900.0)	(896.7)	(738.9)	0.4	21.4
<b>Total interest expense.....</b>	<b>(144,536.1)</b>	<b>(123,647.5)</b>	<b>(121,868.1)</b>	<b>16.9</b>	<b>1.5</b>

For the year ended 31 December 2020, DBK's interest expense increased by KZT 20,888.6 million, or 16.9%, to KZT 144,536.1 million from KZT 123,647.5 million for the year ended 31 December 2019, having increased in 2019 by KZT 1,779.4 million, or 1.5%, from KZT 121,868.1 million for the year ended 31 December 2018.

The year-on-year increase in interest expense in 2020 was primarily due to a 24.7% increase in interest expense on debt securities (which was, in turn, primarily due to DBK's issuance of the Series 9 (as defined below) Eurobonds under the Programme in February 2020, (see "Selected Statistical and Other Data—Principal Sources of Funding—Debt Securities") and a 35.7% increase in interest expense on loans from the Parent Company. The year-on-year increase in interest expense in 2020 was partially offset by a 9.2% decrease in interest expense on loans and deposits from banks and other financial institutions.

The year-on-year increase in interest expense in 2019 was primarily due to an 11.0% increase in interest expense on debt securities and a 39.2% increase in interest expense on loans from the Parent Company. See "Selected Statistical and Other Data—Principal Sources of Funding—Borrowings—Loans from Parent Company". The increase in total interest expense in 2019 was partially offset by a 25.7% decrease in interest expense on loans and deposits from banks and other financial institutions.

## Net Non-Interest Income

The following table sets forth the principal components of DBK's net non-interest income for the years ended 31 December 2020, 2019 and 2018:

	Year ended 31 December			Percentage change	
	2020	2019	2018	2020/19	2019/18
	(KZT millions)			(% )	
Net fee and commission (expense)/income.....	(232.9)	689.3	(1,119.2)	(133.8)	(161.6)
Net foreign exchange loss.....	(2,179.8)	(1,487.1)	(1,524.5)	46.6	(2.5)
Net realised gain/(loss) on debt securities at fair value through other comprehensive income.....	6,808.5	(61.8)	(46.8)	(11,117.0)	32.1
Net gain/(loss) on financial instruments at fair value through profit or loss.....	6,459.1	936.6	(3,369.2)	589.6	(127.8)
Other expense, net.....	(4,462.2)	(1,996.6)	(1,018.6)	123.5	96.0
<b>Net non-interest (expense)/income.....</b>	<b>6,392.7</b>	<b>(1,919.6)</b>	<b>(7,078.3)</b>	<b>(433.0)</b>	<b>(72.9)</b>

Net non-interest income increased by KZT 8,312.6 million or 433.0%, in 2020 from net non-interest expense of KZT 1,919.6 million for the year ended 31 December 2019 to net non-interest income of KZT 6,392.7 million for the year ended 31 December 2020. The year-on-year increase in net non-interest income in 2020 was primarily due to an 11,117.0% increase in net realised gains on debt securities at fair value through other comprehensive income.

Net non-interest expense decreased by KZT 5,158.7 million, or 72.9%, in 2019 from KZT 7,078.3 million for the year ended 31 December 2018 to KZT 1,919.6 million for the year ended 31 December 2019. The year-on-year decrease in net non-interest expense in 2019 was primarily due to a 161.6% increase in net fee and commission income and a 127.8% increase in net gains on financial instruments at fair value through profit or loss.

The change from net commission income to expense for the year ended 31 December 2020 was primarily due to a KZT 547.5 million write-off of commission for provisioning of cash under an unused credit facility due to its expiry. The change from net commission expense to income for the year ended 31 December 2019 was primarily due to recognition of KZT 2,801.6 million of reimbursements relating to the partial early repayment of a loan from a foreign bank. See Notes 6 and 24 to the 2020 Annual Financial Statements.

DBK recognised a net foreign exchange loss of KZT 2,179.8 million for the year ended 31 December 2020, as compared to a net foreign exchange loss of KZT 1,487.1 million for the year ended 31 December 2019 and a net foreign exchange loss of KZT 1,524.5 million for the year ended 31 December 2018. The net foreign exchange losses in 2020, 2019 and 2018 were primarily due to the increase in U.S. Dollar liabilities and the depreciation of the Tenge/ U.S. Dollar exchange rate.

Net realised gain on debt securities at fair value through other comprehensive income was KZT 6,808.5 million for the year ended 31 December 2020.

Net other expense was KZT 4,462.2 million for the year ended 31 December 2020, as compared to KZT 1,996.6 million for the year ended 31 December 2019 and KZT 1,018.6 million for the year ended 31 December 2018. The net other expense in 2020 was primarily due to losses arising on initial recognition of loans issued, as well as expenses on the valuation of liabilities on provision of loans at below-market rates, which were, in turn, partially offset by other income from the utilisation of government grants and income from initial recognition of debt liabilities acquired.

### **Operating Income**

As a result of the foregoing, operating income increased by KZT 13,172.9 million, or 27.8%, to KZT 60,508.6 million for the year ended 31 December 2020 from KZT 47,335.7 million for the year ended 31 December 2019, having increased by KZT 5,186.6 million, or 12.3%, from KZT 42,149.1 million for the year ended 31 December 2018.

### **Impairment losses**

The following table sets forth the principal components of DBK's impairment losses for the years ended 31 December 2020, 2019 and 2018:

	<b>Year ended 31 December</b>			<b>Percentage change</b>	
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2020/19</b>	<b>2019/18</b>
	<i>(KZT millions)</i>			<i>(%)</i>	
Loans to customers .....	(27,026.1)	(19,681.2)	(14,444.6)	37.3	36.3
Finance lease receivables .....	(8,629.8)	(1,093.8)	(4,265.0)	689.0	(74.4)
Debt securities.....	224.6	(125.0)	(1,383.7)	(279.7)	(91.0)
Loans to banks .....	176.2	(352.1)	(1,253.8)	(150.0)	(71.9)
Other financial assets .....	(1,926.1)	98.4	(284.6)	(2,057.4)	(134.6)
Cash and other cash equivalents.....	—	12.3	(9.6)	(100.0)	(228.1)
Placements with banks and other financial institutions.....	(26.7)	234.3	809.3	(111.4)	(71.0)
<b>Losses on impairment of debt financial assets .....</b>	<b>(37,207.9)</b>	<b>(20,907.3)</b>	<b>(20,832.0)</b>	<b>78.0</b>	<b>0.4</b>
<b>Reversal of impairment loss/(impairment loss) in relation to loan commitments issued and financial guarantee contracts .....</b>	<b>1,763.5</b>	<b>1,744.9</b>	<b>(1,114.5)</b>	<b>1.1</b>	<b>(256.6)</b>
<b>Reversal of impairment losses/(impairment losses) on other non-financial assets.....</b>	<b>5,270.2</b>	<b>(5,927.2)</b>	<b>(161.0)</b>	<b>(188.9)</b>	<b>(3,581.5)</b>

Losses on impairment of debt financial assets increased in 2020 by KZT 16,300.6 million, or 78.0%, to KZT 37,207.9 million for the year ended 31 December 2020 from KZT 20,907.3 million for the year ended 31 December 2019, having increased slightly in 2019 by KZT 75.3 million, or 0.4%, from KZT 20,832.0 million for the year ended 31 December 2018.

The year-on-year increase in impairment losses in 2020 was primarily due to a 37.3% increase in losses on loans to customers and a 689.0% increase in losses on finance lease receivables.

### General administrative expenses

The following table sets forth the principal components of DBK's general administrative expenses for the years ended 31 December 2020, 2019 and 2018:

	Year ended 31 December			Percentage change	
	2020	2019	2018	2020/19	2019/18
	(KZT millions)			(% )	
Wages and salaries .....	3,560.4	3,623.1	3,008.8	(1.7)	20.4
Taxes other than income tax .....	451.1	419.1	985.7	7.6	(57.5)
Maintenance and repair of property, plant and equipment and intangible assets .....	431.7	335.6	194.7	28.6	72.4
Consulting services .....	416.4	431.4	475.3	(3.5)	(9.2)
Administration expense of the Board of Directors .....	322.3	352.6	280.1	(8.6)	25.9
Depreciation of property, plant and equipment, intangible assets and investment property .....	291.7	236.9	144.9	23.1	63.5
Recruitment.....	269.3	332.0	280.6	(18.9)	18.3
Wage bill deduction .....	254.6	332.3	273.5	(23.4)	21.5
Information services.....	215.3	209.6	172.7	2.7	21.4
Amortisation of intangible assets .....	213.9	142.2	80.7	50.4	76.2
Communication services .....	126.9	30.0	40.7	323.0	(26.3)
Rating services .....	123.9	120.4	80.0	2.9	50.5
Social expenditure .....	71.7	70.0	62.1	2.4	12.7
Audit expenses .....	70.0	72.2	35.3	(3.0)	104.5
Advertising and marketing .....	59.4	97.5	106.1	(39.1)	(8.1)
Employee training and advanced training .....	50.4	87.1	79.7	(42.1)	9.3
Travel expenses.....	30.8	103.4	59.6	(70.2)	73.5
Charitable giving and sponsorship .....	19.3	—	—	—	—
Office rental .....	17.9	21.6	267.0	(17.1)	(91.9)
Insurance.....	16.5	5.2	1.5	217.3	246.7
Inventories .....	12.2	1.7	3.2	617.6	(46.9)
Occupational health and safety .....	6.8	—	—	—	—
Transport services .....	4.5	9.0	9.9	(50.0)	(9.1)
Banking services .....	4.2	2.3	2.4	82.6	(4.2)
Office supplies and printing.....	2.9	20.5	18.0	(85.9)	13.9
Expenditure on festive, entertainment and sports events.....	2.8	2.5	2.3	12.0	8.7
Security .....	2.6	2.6	2.8	—	(7.1)
Other expenses.....	45.1	143.3	62.0	(68.5)	131.1
<b>Total .....</b>	<b>7,094.8</b>	<b>7,204.4</b>	<b>6,729.6</b>	<b>(1.5)</b>	<b>7.1</b>

General administrative expenses decreased in 2020 by KZT 109.6 million, or 1.5%, to KZT 7,094.8 million for the year ended 31 December 2020 from KZT 7,204.4 million for the year ended 31 December 2019, having increased in 2019 by KZT 7,204.4 million, or 7.1%, from KZT 6,729.6 million for the year ended 31 December 2018.

The year-on-year decrease in general administrative expenses in 2020 was primarily due to lower expenses relating to wages and salaries, recruitment, advertising and marketing, travel and employee training, in large part due to the impact of the COVID-19 pandemic and corresponding restrictions on travel and in person meetings, as well as the introduction of remote working. The year-on-year increase in general administrative expenses for the year ended 31 December 2019, as compared to 2018, was primarily due to higher expenses related to wages and salaries, maintenance, depreciation and amortisation, which were only partially offset by a decrease in taxes other than income tax.

Wages and salaries generally comprise the largest portion of DBK's total general administrative expenses, representing 50.2% of total general administrative expenses for the year ended 31 December 2020, 50.3% for the year ended 31 December 2019 and 44.7% for the year ended 31 December 2018.

Wages and salaries decreased by KZT 62.7 million, or 1.7%, in 2020 to KZT 3,560.4 million for the year ended 31 December 2020 from KZT 3,623.1 million for the year ended 31 December 2019, having increased by KZT 614.3 million, or 20.4%, from KZT 3,008.8 million for the year ended 31 December 2018.

### Profit before income tax

As a result of the foregoing, profit before income tax increased by KZT 8,197.9 million, or 54.5%, to KZT 23,239.6 million for the year ended 31 December 2020 from KZT 15,041.7 million for the year ended 31 December 2019, having increased by KZT 1,729.7 million, or 13.0% from KZT 13,312.0 million in 2018.

### ***Income tax expense***

Income tax expense decreased by KZT 3,213.4 million, or 78.7%, to KZT 869.8 million for the year ended 31 December 2020, as compared to KZT 4,083.2 million for the year ended 31 December 2019, having decreased by KZT 5,985.0 million, or 59.4%, from KZT 10,068.2 million for the year ended 31 December 2018. The year-on-year decreases in income tax expense were primarily due to credits for the overpayment of tax in prior periods and the application of deferred income tax benefit, and impairment loss.

DBK's applicable tax rate for current and deferred tax was 20% for each of 2020, 2019 and 2018.

### ***Profit for the year***

As a result of all the foregoing, DBK's profit for the year increased by KZT 11,411.3 million, or 104.1%, in 2020 to KZT 22,369.8 million for the year ended 31 December 2020, from KZT 10,958.5 million for the year ended 31 December 2019, having increased by KZT 7,714.7 million, or 237.8%, from KZT 3,243.8 million for the year ended 31 December 2018.

### ***Other comprehensive income/loss***

The following table sets forth the principal components of DBK's other comprehensive income for the years ended 31 December 2020, 2019 and 2018:

	<b>Year ended 31 December</b>			<b>Percentage change</b>	
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2020/19</b>	<b>2019/18</b>
	<i>(KZT millions)</i>			<i>(%)</i>	
Net change in fair value .....	7,565.4	5,296.3	(5,115.3)	42.8	(203.5)
Net amount reclassified to profit or loss .....	<u>(6,808.5)</u>	<u>61.8</u>	<u>46.8</u>	(11,117.0)	32.1
<b>Other comprehensive income/(loss) for the year .....</b>	<b><u>756.9</u></b>	<b><u>5,358.2</u></b>	<b><u>(5,068.5)</u></b>	<b>(85.9)</b>	<b>(205.7)</b>

Other comprehensive income was KZT 756.9 million for the year ended 31 December 2020. For the year ended 31 December 2019, DBK's other comprehensive income increased by KZT 10,426.7 million to KZT 5,358.2 million from a loss of KZT 5,068.5 million for the year ended 31 December 2018.

The other comprehensive income in 2020 was primarily due to an increase in the net change in fair value, offset by the net amount reclassified to loss. The other comprehensive income in 2019 was primarily due to a significant increase in the net change in fair value. The other comprehensive loss in 2018 was primarily due to loss from the net change in fair value of debt securities measured at fair value through other comprehensive income.

### ***Total comprehensive income/(loss)***

As a result of all the foregoing, DBK had a total comprehensive income of KZT 23,126.8 million for the year ended 31 December 2020, as compared to a total comprehensive income of KZT 16,316.6 million for the year ended 31 December 2019 and a loss of KZT 1,824.7 million for the year ended 31 December 2018.

## SELECTED STATISTICAL AND OTHER DATA

The selected statistical information and other data set forth below have been extracted, subject to rounding, without material adjustment from the Financial Statements, which are included elsewhere in this Base Prospectus and from management reports and accounting records. The selected statistical information and other data set forth below should be read in conjunction with, and is qualified in its entirety by reference to, the Financial Statements, as well as the information set forth under the caption “*Management’s Discussion and Analysis of Results of Operations and Financial Condition*” included in this Base Prospectus. Unless otherwise indicated, all figures are expressed in or derived from amounts in Tenge. All average balances are calculated as the average of annual opening and closing balances. Were a different method of calculating averages to be used, such as using averages of quarterly balances, the averages so determined may be materially different from those set forth in this Base Prospectus.

### Average Balance Sheet and Interest Rates

The following tables set forth the average balances for DBK’s interest-earning assets and interest-bearing liabilities, together with weighted average rates and the corresponding amount of interest income (expense) for the years ended 31 December 2020, 2019 and 2018:

	For the year ended 31 December								
	2020			2019			2018		
	Average balance <sup>(1)</sup>	Average interest rate <sup>(2)</sup>	Interest Income/ Expense	Average balance <sup>(1)</sup>	Average interest rate <sup>(2)</sup>	Interest Income/ Expense	Average balance <sup>(1)</sup>	Average interest rate <sup>(2)</sup>	Interest Income/ Expense
	<i>(KZT millions)</i>	<i>(%)</i>	<i>(KZT millions)</i>	<i>(KZT millions)</i>	<i>(%)</i>	<i>(KZT millions)</i>	<i>(KZT millions)</i>	<i>(%)</i>	<i>(KZT millions)</i>
<b>Interest-earning assets</b>									
Cash and cash equivalent Placements with banks and other financial institutions .....	193,479.9	1.6	3,131.1	217,171.1	7.1	15,410.8	371,381.7	4.9	18,242.9
Loans to banks .....	106,671.2	7.2	7,708.5	80,868.3	8.2	6,668.9	71,688.2	8.0	5,770.7
Loans to customers .....	117,878.3	10.0	11,840.8	84,148.4	8.6	7,243.2	62,074.0	8.7	5,417.4
Finance lease receivables	1,732,060.3	7.7	132,558.4	1,628,534.8	6.9	111,970.1	1,552,657.8	7.2	111,608.0
Debt securities .....	258,440.1	13.6	35,088.0	151,831.9	16.1	24,422.3	104,370.6	19.4	20,228.6
Amounts receivable from IFK JSC .....	217,361.9	3.0	6,430.9	231,919.8	2.9	6,772.7	205,303.3	4.8	9,788.8
	23,535.5	9.2	2,160.4	21,978.4	8.9	1,965.1	21,610.1	0.2	39.1
<b>Total interest-earning assets .....</b>	<b><u>2,649,427.2</u></b>	<b><u>7.5</u></b>	<b><u>198,918.1</u></b>	<b><u>2,416,452.7</u></b>	<b><u>7.2</u></b>	<b><u>174,453.1</u></b>	<b><u>2,389,085.7</u></b>	<b><u>7.2</u></b>	<b><u>171,095.5</u></b>
<b>Interest-bearing liabilities</b>									
Current accounts and deposits from customers . Loans from the Government and SWF “Samruk-Kazyna” .....	16,515.0	(5.4)	(900.0)	18,281.0	(4.9)	(896.7)	22,303.9	(3.3)	(738.9)
Loans and deposits from banks and other financial institutions .....	27476.6	(5.1)	(1,395.7)	30,987.3	(4.4)	(1,364.6)	36,693.8	(3.6)	(1,331.6)
Loans from the Parent Company .....	590,151.7	(4.2)	(24,974.5)	629,534.3	(4.4)	(27,492.8)	798,012.2	(4.6)	(37,002.2)
Debt securities issued .....	201,413.0	(8.6)	(17,236.4)	148,395.4	(8.6)	(12,697.6)	106,299.1	(8.6)	(9,120.4)
Subordinated debt .....	1,146,278.5	(8.1)	(93,014.7)	998,805.2	(7.5)	(74,616.6)	872,511.8	(7.7)	(67,202.5)
	107,848.8	(6.5)	(7,014.8)	101,438.3	(6.5)	(6,579.1)	95,299.0	(6.8)	(6,472.5)
<b>Total interest-bearing liabilities .....</b>	<b><u>2,089,683.6</u></b>	<b><u>(6.9)</u></b>	<b><u>(144,536.1)</u></b>	<b><u>1,927,441.5</u></b>	<b><u>(6.4)</u></b>	<b><u>(123,647.5)</u></b>	<b><u>1,931,119.8</u></b>	<b><u>(6.3)</u></b>	<b><u>(121,868.1)</u></b>
<b>Net interest income .....</b>	<b>—</b>	<b>—</b>	<b>54,382.0</b>	<b>—</b>	<b>—</b>	<b>50,805.6</b>	<b>—</b>	<b>—</b>	<b>49,227.4</b>

Notes:

- (1) Average balances are calculated as the arithmetic average of the opening and closing balances for the relevant period.
- (2) Average interest rates are calculated as the ratio of interest income/expense to the average balance for the relevant period. Figures are not annualised.

The average interest rate on interest-earning assets increased to 7.5% for the year ended 31 December 2020 from 7.2% for the year ended 31 December 2019. The increase in the average interest rate on interest-earning assets in 2020, as compared to 2019, was primarily due to the increase in average interest rates on loans to customers.

The average interest rate on interest-bearing liabilities increased to 6.9% for the year ended 31 December 2020 from 6.4% for the year ended 31 December 2019, having increased from 6.3% for the year ended 31 December 2018. The increase in the average interest rate on interest-bearing liabilities in 2020, as compared to 2019, was primarily due to the increase in average interest rates on debt securities issued. See “—*Principal Sources of Funding*”.

As at 31 December 2020, DBK's cash and cash equivalents increased by KZT 98,612.1 million, or 68.4%, to KZT 242,786.1 million from KZT 144,173.7 million as at 31 December 2019, having decreased by KZT 145,994.7 million, or 50.3%, from KZT 290,168.4 million as at 31 December 2018. The increase in 2020 was primarily due to an increase in cash in current accounts with the NBK, while the decrease in 2019 was primarily due to a decrease in cash in current accounts both at the NBK and other banks, and also in reverse repurchase agreements with original maturities of less than three months.

### Loans to customers

Net total loans increased in 2020 by KZT 227,711.7 million, or 14.1%, to KZT 1,845,916.2 million from KZT 1,618,204.5 million as at 31 December 2019, having decreased, in 2019, by KZT 20,660.7 million, or 1.3%, from KZT 1,638,865.2 million as at 31 December 2018.

The increase in DBK's loan portfolio in 2020 was primarily due to an increase in loans to corporate customers. The decrease in DBK's loan portfolio in 2019 primarily reflected a decrease in loans to corporate customers.

DBK is targeting increasing the share of its credit portfolio of total assets by up to 77% by 31 December 2023 (as compared to 31 December 2014) and its annual lending volume by up to KZT 544 million per year until 2023, as set out in its Development Strategy.

### Loans to Customers by Type of Borrower

In line with DBK's status as a development bank, large corporate borrowers, which are borrowers with over 250 employees and average assets in excess of U.S.\$3 million, seeking funding for large infrastructure and industrial projects have historically comprised the largest component of DBK's loan portfolio, with loans to large corporate borrowers accounting for 93.9% of total gross loans to customers as at 31 December 2020, as compared to 94.2% and 94.9% of gross total loans to customers as at 31 December 2019 and 2018, respectively.

As at 31 December 2020, DBK had six borrowers whose balances exceeded 10% of DBK's equity, as compared to eight such borrowers as at 31 December 2019 and ten such borrowers as at 31 December 2018.

### Loans to Customers by Type

The following table sets forth an analysis of DBK's loan portfolio as at 31 December 2020, 2019 and 2018:

	As at 31 December					
	2020		2019		2018	
	(KZT millions)	(%)	(KZT millions)	(%)	(KZT millions)	(%)
Loans to corporate customers.....	1,764,252.8	93.9	1,534,129.9	94.2	1,573,828.1	94.9
Mortgage loans.....	110.3	0.0	159.3	0.0	209.5	0.0
Accrued interest .....	113,783.4	6.1	94,019.9	5.8	85,078.9	5.1
<b>Gross loans to customers</b>						
<b>measured at amortised cost.....</b>	<b>1,878,146.6</b>	<b>100.0</b>	<b>1,628,399.1</b>	<b>100.0</b>	<b>1,659,116.5</b>	<b>100.0</b>
Loss allowance.....	(111,292.4)	—	(79,087.7)	—	(58,507.4)	—
<b>Total net loans to customers</b>						
<b>measured at amortised cost.....</b>	<b>1,766,854.2</b>	—	<b>1,549,311.4</b>	—	<b>1,600,609.1</b>	—
<b>Loans to customers measured at</b>						
<b>fair value through profit or loss</b>	<b>79,062.0</b>	—	<b>68,893.1</b>	—	<b>38,256.0</b>	—
<b>Total loans to</b>						
<b>customers.....</b>	<b>1,845,916.2</b>	—	<b>1,618,204.5</b>	—	<b>1,638,865.2</b>	—

Loans to corporate customers in the carbon and petrochemicals manufacturing, metal industry, mining, energy and electricity distribution sectors accounted for the largest proportion of such lending as at 31 December 2020, accounting for 74.2% of total gross loans to customers measured at amortised cost and loans measured at fair value through profit or loss.

### Loans to Customers by Economic Sector

The following table sets forth an analysis of DBK’s loan portfolio, by economic sector, before impairment, as at 31 December 2020, 2019 and 2018:

	As at 31 December					
	2020		2019		2018	
	(KZT millions)	(%)	(KZT millions)	(%)	(KZT millions)	(%)
Carbon and petrochemicals manufacturing.....	585,581.3	29.9	531,518.5	31.3	662,586.7	39.0
Metal industry.....	334,248.7	17.1	348,927.1	20.6	—	—
Mining.....	297,412.8	15.2	212,440.6	12.5	—	—
Manufacturing.....	—	—	—	—	506,877.3	29.9
Energy and electricity distribution ..	234,713.0	12.0	271,162.2	16.0	254,157.7	15.0
Chemical.....	56,585.7	2.9	60,096.9	3.5	64,740.6	3.8
Transportation and warehousing.....	112,478.7	5.7	59,040.1	3.5	58,418.0	3.4
Information and telecommunication	66,354.7	3.4	61,029.4	3.6	51,251.9	3.0
Real estate [and catering].....	77,382.7	4.0	40,198.9	2.4	31,351.9	1.8
Food processing.....	—	—	—	—	21,281.0	1.3
Foodstuff manufacturing.....	42,340.6	2.2	36,218.6	2.1	—	—
Arts, entertainment and leisure .....	29,443.9	1.5	—	—	—	—
Machinery manufacturing.....	92,982.5	4.8	71,598.6	4.2	19,583.3	1.2
Agriculture.....	—	—	—	—	14,762.4	0.9
Construction materials .....	27,439.6	1.4	4,768.1	0.3	12,018.1	0.7
Mortgages .....	—	—	—	—	209.5	0.0
Financial services.....	244.4	0.0	293.4	0.0	—	—
Other .....	—	—	—	—	134.0	0.0
	<b>1,957,208.6</b>	<b>100.0</b>	<b>1,697,292.2</b>	<b>100.0</b>	<b>1,697,372.5</b>	<b>100.0</b>
Impairment allowance.....	(111,292.4)	—	(79,087.7)	—	(58,507.4)	—
<b>Total loans to customers .....</b>	<b>1,845,916.2</b>	—	<b>1,618,204.5</b>	—	<b>1,638,865.2</b>	—

Since 31 December 2018, loans to customers have been concentrated predominantly in the carbon and petrochemical manufacturing industry. See “*Business—Lending*”.

As a percentage of total gross loans to customers measured at amortised cost and total loans measured at fair value through profit or loss, as at 31 December 2020, as compared to 31 December 2019, loans to customers in the mining sector increased from 12.5% to 15.2%, primarily due to an increase in loans to corporate customers, while loans to customers in the carbon and petrochemical manufacturing sector decreased from 31.3% to 29.9% of total gross loans to customers measured at amortised cost. Loans to customers in the energy and electrical distribution sector decreased from 16.0% as at 31 December 2019 to 12.0% as at 31 December 2020 of total gross loans to customers measured at amortised cost and measured at fair value through profit or loss, primarily due to repayments. Such fluctuations in loans to customers by economic sector, for the most part, occur in the ordinary course of DBK’s business and generally results from the disbursement or repayment of one or more large loans.

As at 31 December 2020, the [five] largest investment projects and export operations were in the [manufacturing] sector. DBK’s participation in such projects accounted for approximately U.S.\$[•] million. See “*Business—Investment Projects*”.

In general, as a result of the borrower concentration and relatively large size of individual loans within the loan portfolio, the breakdown of loans granted to customers in the different economic sectors can fluctuate significantly as a result of a single loan disbursement repaid in a given period. See “*—Loan Policies and Credit Approval Procedures*” for a description of DBK’s lending policy.

### Loans to Customers by Geographic Location

As at 31 December 2020, 100% of total loans to customers were loans to customers in Kazakhstan. DBK lends in all regions of Kazakhstan. See “*Business—Participation in Government Programmes*”. The regional distribution across the loan portfolio varies depending on the nature and industry of investment projects being undertaken as at any given date. As at 31 December 2020, outstanding loans to customers were granted to customers in each of Nur-Sultan (3.3% of total loans to customers), Karaganda (4.3%), Aktobe (4.9%), Atyrau (9.9%), Eastern Kazakhstan (17.9%), Shymkent (16.3%) and Pavlodar (17.4%), while inter-regional projects accounted for 26% of total loans to customers.

### Loans to Customers by Currency

The following table sets forth an analysis of DBK's loan portfolio, by currency, as at 31 December 2020, 2019 and 2018:

	As at 31 December					
	2020		2019		2018	
	(KZT millions)	(%)	(KZT millions)	(%)	(KZT millions)	(%)
U.S. Dollars.....	898,304.6	48.7	800,381.0	49.5	958,431.8	58.5
Tenge .....	947,611.6	51.3	806,353.1	49.8	664,321.5	40.5
Euros .....	—	—	11,470.3	0.7	14,618.3	0.9
Other currencies .....	—	—	—	—	1,493.5	0.1
<b>Total loans to customers .....</b>	<b>1,845,916.2</b>	<b>100.0</b>	<b>1,618,204.5</b>	<b>100.0</b>	<b>1,638,865.2</b>	<b>100.0</b>

DBK lends in Tenge and foreign currencies, principally U.S. Dollars, depending on customer requirements. As a matter of policy, however, DBK only finances projects with foreign currency-denominated loans if the project or the customer has sufficient export earnings to cover such foreign currency-denominated financing. Loans to customers denominated in Tenge generally carry a higher interest rate than loans in U.S. Dollars.

In recent years, the currency mix of DBK's loans has fluctuated, particularly when a large loan is disbursed or repaid, although U.S. Dollar-denominated loans continue to represent a majority of the loan portfolio, the proportion of Tenge denominated loans as a percentage of DBK's total loan portfolio has been increasing since 2014. This increase is in line with DBK's aim to increase the portion of its loan portfolio denominated in Tenge as set out in its Development Strategy. See "Business—Strategy".

Fluctuations may occur when a single large loan is disbursed or repaid. As a percentage of total loans to customers as at 31 December 2020, loans to customers denominated in Tenge increased to 51.3%, as compared to 49.8% as at 31 December 2019, having increased from 40.5% as at 31 December 2018. Loans to customers denominated in Tenge comprised the largest proportion of lending as at 31 December 2020 and 2019.

In order to minimise the impact of devaluations of the Tenge, since February 2014, DBK has reviewed all projects financed with loans denominated in foreign currencies and, for those projects most affected, or potentially affected by such devaluations, converted the principal of such loans into Tenge. Although difficult to quantify, DBK considers that the potential losses to DBK in connection with any repayment failure of such loans (many of which were granted to borrowers in respect of nationally strategic projects), that could have resulted from not taking such measures, could have significantly exceeded all losses that were incurred by the Bank as a result of the conversion of such loans into Tenge. DBK conducts stress tests to identify projects that are sensitive to currency risk. See "Management's Discussion and Analysis of Results of Operations and Financial Condition—Primary Factors affecting DBK's Results of Operations—Fluctuations in Exchange Rates".

### Loans to Customers by Maturity

The following table sets forth an analysis of DBK's loan portfolio after allowances for losses, by maturity, as at 31 December 2020, 2019 and 2018:

	As at 31 December					
	2020		2019		2018	
	(KZT millions)	(%)	(KZT millions)	(%)	(KZT millions)	(%)
Less than one month .....	542.5	0.0	—	—	3,194.1	0.2
One month to three months .....	20,732.4	1.1	11,091.4	0.7	3,563.6	0.2
Three months to one year .....	76,798.4	4.2	83,269.4	5.1	124,380.9	7.6
One year to five years .....	477,049.2	25.8	259,144.3	16.0	256,785.4	15.7
More than five years .....	1,264,370.2	68.5	1,262,524.8	78.0	1,250,536.8	76.3
Overdue.....	6,423.5	0.3	2,174.6	0.1	404.2	0.0
<b>Total net loans to customers.....</b>	<b>1,845,916.2</b>	<b>100.0</b>	<b>1,618,204.5</b>	<b>100.0</b>	<b>1,638,865.2</b>	<b>100.0</b>

Reflecting its principal mission as a development bank to provide financing for large-scale investment projects, DBK's loan portfolio is principally comprised of loans with more than five years until maturity, which accounted for 68.5% of total net loans as at 31 December 2020, as compared to 78.0% and 76.3% as at 31 December 2019 and 2018, respectively. In addition, loans with between one and five years until maturity comprised 25.8% of total net loans to customers as at 31 December 2020, as compared to 16.0% and 15.7% as at 31 December 2019 and 2018, respectively.

Overdue loans comprised 0.3% of total loans to customers as at 31 December 2020, as compared to 0.1% as at 31 December 2019 and 0.0% as at 31 December 2018.

### Loans to Customers by Size

The following table sets forth an analysis of DBK's loan portfolio (for investment projects only), by size, as at 31 December 2020, 2019 and 2018:

	As at 31 December					
	2020		2019		2018	
	Principal Amount	№ of Investment Projects	Principal Amount	№ of Investment Projects	Principal Amount	№ of Investment Projects
	(KZT millions)		(KZT millions)		(KZT millions)	
Under U.S.\$25 million .....	[•]	[•]	[•]	[•]	58,002	11
U.S.\$25-50 million.....	[•]	[•]	[•]	[•]	128,070	10
U.S.\$50-100 million.....	[•]	[•]	[•]	[•]	470,265	16
U.S.\$100-200 million.....	[•]	[•]	[•]	[•]	295,052	6
Over U.S.\$200 million .....	[•]	[•]	[•]	[•]	1,370,292	7

As at 31 December 2020, [•]% of DBK's loans to customers were in an amount of less than U.S.\$25 million, as compared to [•]% and 3.5% as at 31 December 2019 and 2018, respectively. As at 31 December 2020, [•]% of DBK's loans to customers were in an amount of between U.S.\$50 million and U.S.\$100 million, as compared to [•]% and 28.7% as at 31 December 2019 and 2018, respectively.

### Loans to Banks

In 2014, the Bank began lending to second-tier banks for on-lending, particularly to the private sector, primarily through the implementation of Government programmes. Loans to banks increased by KZT 13,864.9 million, or 12.5%, to KZT 124,810.7 million as at 31 December 2020 from KZT 110,945.8 million as at 31 December 2019, having increased by KZT 53,594.9 million, or 93.5%, from KZT 57,350.9 million as at 31 December 2018. See Note 15 to the 2020 Annual Financial Statements and "Business—Participation in Government Programmes".

The increase in loans issued to banks as at 31 December 2020, as compared to 31 December 2019, was primarily due to the issue of new loans to banks. At the same time, the volume of disbursed loans amounted to KZT 24,630.3 million, an decrease of KZT 60,078.0 million, as compared to the corresponding period of 2019. The increase in loans issued to banks as at 31 December 2019, as compared to 31 December 2018, was primarily due to issue of new loans to banks.

As at each of 31 December 2020, 2019 and 2018, [100]% of DBK's loans to banks were denominated in Tenge.

### Loans to Banks by Maturity

The following table sets forth an analysis of DBK's loans to banks after allowances for losses, by maturity, as at 31 December 2020, 2019 and 2018:

	As at 31 December					
	2020		2019		2018	
	(KZT millions)	(%)	(KZT millions)	(%)	(KZT millions)	(%)
Less than one month .....	—	—	—	—	1,782.9	3.1
One month to three months.....	—	—	—	—	1,405.9	2.5
Three months to one year.....	—	—	—	—	—	—
One year to five years .....	1,916.2	1.5	2,240.0	2.0	—	—
More than five years .....	122,894.5	98.5	108,705.8	98.0	54,162.1	94.4
Overdue.....	—	—	—	—	—	—
<b>Total net loans to banks.....</b>	<b>124,810.7</b>	<b>100.0</b>	<b>110,945.8</b>	<b>100.0</b>	<b>57,350.9</b>	<b>100.0</b>

As at 31 December 2020, 98.5% of DBK's loans to banks was comprised of loans with maturities of more than five years, as compared to 98.0% as at 31 December 2019 and 94.4% as at 31 December 2018.

## *Loans to First Heartland Jusan Bank and Eurasian Development Bank*

As at 31 December 2020, DBK had no outstanding balances of loans issued to banks whose balances exceeded 10% of equity.

As at 22 January 2019, debt owed by First Heartland Jýsan Bank JSC to DBK amounted to KZT 8,408.0 million. The claims were restructured in accordance with the terms and conditions of a framework agreement with First Heartland Jýsan Bank JSC. As part of such restructuring, DBK's loans were exchanged for bonds issued by First Heartland Jýsan Bank JSC and DBK recognised the bonds as credit-impaired debt securities. Pursuant to the restructuring, the use of loan proceeds for intended purposes provisions were waived and the nominal interest rate on loans was reduced from 2.0% to 0.1%.

During 2019, the Group issued a loan of KZT 51,000 million to the Eurasian Development Bank (“**EADB**”), with a nominal interest rate of 8% *per annum*, for the subsequent financing of Astana Gas KMG JSC, to finance a gas supply project in the city of Nur-Sultan, as well as to implement other development programmes in the gas industry. See Note 15(b) to the 2020 Annual Financial Statements.

### **Loan Policies and Credit Approval Procedures**

The DBK Law, the Credit Policy Memorandum and DBK's internal credit policy rules set out the principal guidelines in relation to DBK's lending policies, including the duration, limits and the bases for the calculation of interest rates charged for credit instruments, which include, *inter alia*, loans, letters of credit and guarantees.

Pursuant to the Credit Policy Memorandum, which was most recently amended on [4 September 2019], the Board of Directors makes decisions in relation to the financing of investment projects and export transactions and the granting of loans otherwise in amounts exceeding KZT 17 billion (or its equivalent) and in relation to the financing to be provided by DBK to IDF JSC. Applications for the financing of investment projects, export transactions and leasing transactions will only be reviewed by the Board of Directors upon receipt of positive recommendations from the Management Board and the Credit Committee. Pursuant to the Credit Policy Memorandum, DBK's Management Board may make decisions in relation to the financing of investment projects, export transactions and the granting of credit instruments up to an amount not exceeding KZT 17 billion (or its equivalent). The Management Board also reports to the Board of Directors in relation to problem investment projects, export transactions and leasing transactions. Applications for the financing of investment projects, export transactions, leasing transactions will only be reviewed by the Management Board upon receipt of positive recommendations from the Credit Committee. [**DBK to confirm/update**]

DBK's credit approval process is based on the Credit Policy Memorandum, its regulations on internal lending policies and other internal regulations and procedures approved by DBK's Board of Directors and Management Board. In 2011, following the amendments to the DBK Law, DBK updated its *Guidelines for the Implementation of Investment Projects and Export Operations* in light of DBK's special status and to permit the analysis of strategic investment projects as part of its participation in the industrialisation programme in place at that time (which has since been replaced with the Industrialisation Programme (see “*Business—Participation in Government Programmes—Industrialisation Programme*”). In particular, as a result of these changes, the lending decision-making process has been divided into stages: preliminary review and in-depth project expertise. At the preliminary stage, analysis is undertaken to understand the structure of the project, as well as the project-related risks. In the event that the project is deemed suitable following such preliminary review, DBK will proceed to analyse the project in more detail. The introduction of this preliminary phase allows DBK to eliminate projects prior to conducting a more detailed, and costly, analysis. As many of the projects undertaken by DBK are of strategic importance, DBK has cancelled commission fees relating to the complex, technical and financial analysis of projects. As part of these changes, DBK has also updated its internal decision making procedures and forms used in the lending process.

The Credit Policy Memorandum provides that the level of DBK's exposure to any single borrower or group of affiliated borrowers shall be set by the Board of Directors. Such exposure is limited to 25% of its total equity at any given time, unless such borrower is an entity in which the State or Samruk-Kazyna owns 50% or more of the voting shares or participatory interests, in which case the exposure is not limited but may be specially defined by the Board of Directors.

As with DBK's exposure to a single borrower or group of affiliated borrowers, industry sector exposure limits are also set by the Board of Directors. Such exposure is limited to 10% of “exposure at default” for all sectors, unless increased by a decision of the Board of Directors.

[As at the date of this Base Prospectus, DBK is in compliance with the exposure limits set out in the Credit Policy Memorandum.] [**DBK to confirm/update**]

Pursuant to DBK's internal credit policy rules, the structure of DBK's loan portfolio, in terms of sources, maturities and fees charged for credit, is set by the Assets and Liabilities Management Committee (“**ALMC**”). DBK's Financial Department, Project Management Divisions, Asset Restructuring Department, Problem Loan Department and Risk Management

Department are responsible for evaluating DBK's loan portfolio, including its credit quality, and establishing allowances and provisions in relation thereto.

Since the start of its operations in 2001, DBK has approved more than [•] credit applications to finance investment projects and [•] export transactions. Many of these projects and operations have been and continue to be are co-financed with other financial institutions.

### ***Loan Classification Policies***

Loans to customers include:

- loans to customers measured at amortised cost, which are initially measured at fair value, plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method; and
- loans to customers mandatorily measured at FVTPL due to non-compliance solely with payments of principal and interest criterion, which are measured at fair value with changes recognised immediately in profit or loss.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, DBK considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

DBK classifies its loan portfolio by credit quality into not credit-impaired and credit-impaired loans. As at 31 December 2020, credit-impaired loans accounted for approximately 7.2% of total gross loans to customers measured at amortised cost (comprising the credit portfolio of DBK's investment projects). See "*—Loan Provisioning Policy*".

DBK classifies loans overdue by more than 90 days as NPLs. As a result of the foregoing, as at 31 December 2020, 1.2% of gross loans to customers were classified as non-performing, as compared to 1.5% and 1.3% as at 31 December 2019 and 2018, respectively.

Pursuant to amendments to the DBK Law dated 29 December 2011, DBK was exempted from the reporting requirements of the regulator in respect of loan classifications and collateral classifications, which are applicable for commercial banks. DBK is required to classify its loan portfolio and form reserve capital pursuant to the Rules for Creation of Reserves approved by Resolution № 212 of the Government on 20 April 2019 and the Methodology of Calculating Provisions (Reserves) in Accordance with International Standards of Financial Reporting, as approved by the decision of the Management Board dated 28 November 2018, as amended and approved by the decision of the Management Board dated 6 October 2020.

### ***Loan Restructuring Policies***

If the terms of a financial asset are modified, DBK evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different (referred to as "substantial modification"), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value, plus any eligible transaction costs.

Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

DBK performs a quantitative and qualitative evaluation of whether the modification is substantial, *i.e.*, whether the cash flows of the original financial asset and the modified or replaced financial asset are substantially different. DBK assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined effect of qualitative and quantitative factors. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset deemed to have expired. In making this evaluation, DBK analogises to the guidance on the derecognition of financial liabilities.

DBK makes a determination as to whether the modification is substantial based on the following qualitative factors:

- change in the currency of the financial asset;
- change in collateral or other credit enhancement; and
- change of terms of the financial asset that lead to non-compliance with the “Solely Payment of Principal and Interest” criterion (such as the inclusion of a conversion feature).

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then DBK first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss.

### ***Loan Provisioning Policy***

IFRS 9 became effective on 1 January 2018. In preparation for the implementation of IFRS 9, DBK developed a methodology for the calculation of provisions, which was agreed with its then-regulator, the NBK. According to this methodology, provisions are calculated on the basis of an ECL model. ECL are a probability-weighted estimates of credit losses. The determination of the required ECL depends on the allocation of the loan to one of three stages in the model.

Loans for which a 12-month ECL is recognised are referred to as “Stage 1”. These are loans upon initial recognition independently of their credit quality unless they are originally credit impaired at origination (i.e., restructured loans). 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument. Loans, other than purchased or originated credit-impaired assets, for which a lifetime ECL is recognised are referred to as “Stage 2”. These are loans for which there has been a significant increase in credit risk since the initial recognition financial instruments (if the credit risk has increased significantly since initial recognition, but the financial instruments are not credit-impaired).

Credit-impaired loans are classified as “Stage 3”, if there is objective evidence of credit loss. At each reporting date, DBK assesses whether financial assets measured at amortised cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- *force majeure* and other circumstances that caused significant material damage to the borrower (including the revocation or suspension of a license for activities of the borrower);
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation, as well as involvement in litigation; or
- the disappearance of an active market for a security because of financial difficulties.

### ***Credit Monitoring***

DBK has developed policies and procedures for the management of credit exposures, including guidelines to limit portfolio concentration and the establishment of a Credit Committee to actively monitor DBK’s credit risk. See “*Asset and Liability Management—Principal Committees—Credit Committee*”.

Credit risk assessment and management is carried out by the Risk Management Department in accordance with DBK’s internal regulations. The Customer Relationship Management Department, Credit Analysis and Deal Structuring Department, Legal Department, Collateral Appraisal Department, Security Department and Compliance Service undertake thorough analyses of each credit applicant, which includes a project feasibility study, financial analysis and examination of the reputation and experience of the potential borrower. Once this analysis has been completed, the Risk Management Department will prepare its recommendations in relation to the application on the basis of risks relating to the project structure, the borrower and the proposed collateral.

Once the credit instrument has been approved, DBK monitors the following on an ongoing basis: (i) compliance with the intended purpose of the loan, including monitoring the use of proceeds over the tenor of the loan; (ii) the financial standing of

borrowers, co-borrowers, guarantors and other related parties on a quarterly basis; (iii) the status of the project site through site due diligence visits on an annual or more frequent basis; (iv) the value and quality of collateral on an at least semi-annual basis; (v) the borrowers, co-borrowers and guarantors credit history and payment behaviour; and (vi) covenant compliance. In addition, DBK maintains and updates a credit file in respect of the loan and borrower on an ongoing basis.

Monitoring reports are produced by the relevant Bank units; Customer Relationship Management Department, Credit Analysis and Deal structuring Department, Problem Loan Department, Collateral Management Department, Credit Administration Department, Security Department, Legal Department and Risk Management Department. Such reports are based on standard templates approved by the Credit Committee and are subject to periodic reviews to ensure compliance with both DBK's internal requirements and local laws and regulations. DBK also maintains watch tables with information on credit instrument early-warning signs in order to perform ongoing and effective credit control. In addition, DBK has implemented an internal credit rating system that produces internal ratings as part of the lending process. These internal ratings are periodically reviewed on the basis of financial and qualitative data.

Problem loans are handled by the Customer Relationship Management Department, Credit Analysis and Deal structuring Department, in accordance with DBK's internal policies.

In the event that an attempted restructuring of a loan is unsuccessful, the loan is then handled by the Problem Loan Department. Borrowers whose loans are in the Problem Loan Department are generally considered to be collateral-reliant. As at 31 December 2020, there were nine loans being handled by the Distressed Loan Department. *[DBK to comment on any increases in distressed loans due to the impact of COVID-19 on borrowers]*

#### *Analysis of Loans by Credit Quality*

DBK estimates loan loss provisions on a monthly basis, applying the policies described above. See "Management's Discussion and Analysis of Results of Operations and Financial Condition—Critical Accounting Policies—Impairment—Financial assets carried at amortised cost".

The following tables set forth information on the credit quality of DBK's loans to customers (by loans measured at amortised cost) as at 31 December 2020, 2019 and 2018:

	Stage 1 12-month ECL	Stage 2 Lifetime ECL for assets not credit impaired	Stage 3 Lifetime ECL for assets credit impaired	Credit impaired on initial recognition	Total
<i>(KZT millions)</i>					
<b>As at 31 December 2020</b>					
Not overdue.....	1,432,366.6	299,098.1	75,889.2	9,897.3	1,817,251.2
Overdue more than 90 days.....	—	—	33,455.8	—	33,455.8
Overdue more than 180 days and less than 1 year .....	—	—	—	240.2	240.2
Overdue more than 1 year .....	—	—	23,547.9	3,651.4	27,199.3
<b>Total .....</b>	<b>1,432,366.6</b>	<b>299,098.1</b>	<b>132,893.0</b>	<b>13,788.9</b>	<b>1,878,146.6</b>
Loss allowance.....	(15,699.4)	(19,951.5)	(72,201.2)	(3,440.3)	(111,292.4)
<b>Total loans to customers at amortised cost .....</b>	<b>1,416,667.1</b>	<b>279,146.7</b>	<b>60,691.7</b>	<b>10,348.7</b>	<b>1,766,854.2</b>
<b>As at 31 December 2019</b>					
Not overdue.....	1,194,574.1	325,373.2	61,206.4	9,729.8	1,590,883.5
Overdue more than 90 days.....	—	—	10,582.4	—	10,582.4
Overdue more than 180 days and less than 1 year .....	—	—	22,165.2	—	22,165.2
Overdue more than 1 year .....	—	—	—	4,768.1	4,768.1
<b>Total .....</b>	<b>1,194,574.1</b>	<b>325,373.2</b>	<b>93,954.0</b>	<b>14,497.9</b>	<b>1,628,399.1</b>
Loss allowance.....	(4,933.7)	(25,669.7)	(44,155.9)	(4,328.5)	79,087.7)
<b>Total loans to customers at amortised cost .....</b>	<b>1,189,640.5</b>	<b>299,703.4</b>	<b>49,798.2</b>	<b>10,169.4</b>	<b>1,549,311.4</b>
<b>As at 31 December 2018</b>					

	Stage 1 12-month ECL	Stage 2 Lifetime ECL for assets not credit impaired	Stage 3 Lifetime ECL for assets credit impaired	Credit impaired on initial recognition	Total
<i>(KZT millions)</i>					
Not overdue.....	992,282.4	608,058.0	45,726.4	7,978.5	1,654,045.3
Overdue more than 90 days and less than 180 days.....	—	—	434.1	—	434.1
Overdue more than 1 year.....	—	—	—	4,637.2	4,637.2
<b>Total</b> .....	<b>992,282.4</b>	<b>608,058.0</b>	<b>46,160.4</b>	<b>12,615.6</b>	<b>1,659,116.5</b>
Loss allowance.....	(5,230.1)	(28,389.7)	(18,359.2)	(6,528.4)	(58,507.4)
<b>Total loans to customers at amortised cost</b> .....	<b>987,052.3</b>	<b>579,668.3</b>	<b>27,801.3</b>	<b>6,087.3</b>	<b>1,600,609.1</b>

As at 31 December 2020, the ratio of impairment allowance to total gross loans to customers measured at amortised cost (in respect of credit-impaired loans) was 49,98%, as compared to 43,46% and 42.3% as at 31 December 2019 and 2018, respectively. The increase in impairment provisions as at 31 December 2020, as compared to 31 December 2019, was primarily due to the transfer of certain loans from Stage 2 to Stage 3, reflecting increased credit-impaired loans in 2020, in turn due to the negative economic impact of the COVID-19 pandemic on DBK's customers.

The increase in impairment allowance to total gross loans to customers measured at amortised cost as at 31 December 2019, as compared to 31 December 2018, was primarily due to a higher amount of charged impairment allowances in 2019.

DBK classifies loans overdue by more than 90 days as NPLs. As a result of the foregoing, as at 31 December 2020, 1.4% of gross loans to customers were classified as non-performing, as compared to 1.6% and 0.3% as at 31 December 2019 and 2018, respectively. The decrease in NPLs as at 31 December 2020, as compared to as at 31 December 2019, was due to the overall growth in the credit portfolio in 2020 but stability in the number overdue loans, as compared to 2019.

***[DBK to comment on any payment holidays or other measures granted to customers in response to the impact of COVID-19]***

### **Policies relating to Collateral**

Pursuant to the DBK Law, DBK requires security from all borrowers except in circumstances where the financing is provided to wholly-owned subsidiaries of DBK or DBK's participation in the financing is made through mezzanine financing, as well as interbank financing. As at 31 December 2020, while there were no unsecured loans to customers, loans to banks with a carrying amount of KZT 124,810.7 million were unsecured with no collateral or other credit enhancement, as compared to KZT 110,945.8 million as at 31 December 2019. In accordance with DBK's internal policies, at least 30% of the security must be comprised of "tangible assets collateral", which includes immovable, movable property, cash and commodities. DBK also accepts security by way of third party guarantees, provided that such guarantees meet DBK's requirements. The main requirements in relation to collateral are set forth in DBK's Policy on Securing the Fulfilment of Obligations, which was approved by the Board of Directors. See Note 16(b) to the 2020 Annual Financial Statements.

The procedures for collateral appraisal and evaluation are set forth in the Collateral Appraisal Policy as approved by the Board of Directors and internal rules relating to the adequacy and monitoring of collateral as set out by the Management Board. Collateral is appraised by independent valuation companies. The Collateral Appraisal Department is responsible for the inspection and valuation of collateral and for preparing an internal report in relation to the same. The Collateral Appraisal Department reviews the quality of collateral at least twice a year.

See Note [•] to the [•] Annual Financial Statements for further information on collateral and other credit enhancements securing loans to corporate customers, by type of collateral.

As at 31 December 2020, credit-impaired or overdue loans measured at amortised cost with an aggregate gross value of KZT 146,681.9 million were secured by collateral with a fair value of KZT 169,420.0 million. In 2020, DBK [did not acquire any assets by foreclosure on collateral accepted as security for loans].

As a result of the foregoing, as at 31 December 2020, the coverage ratio of total collateral to total loans was 142%, as compared to 144% and 127% as at 31 December 2019 and 2018, respectively.

In July 2017, DBK established its wholly-owned subsidiary, DBK CSF, a closed private limited liability company established in the Netherlands. DBK CSF was established for the purpose of participating in a direct investment fund in the Netherlands. In November 2017, DBK CSF and KCM established DBK Equity Fund, a direct investment fund, for purposes of investing in domestic and foreign projects, which promote the interests of the Kazakhstan economy and in which DBK is not permitted to invest directly as a result of the restrictions imposed on it under the Credit Policy Memorandum.

In respect of the normative documents for DBK Equity Fund, on 3 November 2017, a limited partnership agreement was signed among DBK CSF and KCM and, on 29 December 2017, a share premium contribution agreement was signed between DBK and CSF for the contribution of shares in an amount equivalent to U.S.\$97.0 million. See “*Business—DBK CSF*”.

## Contingent Liabilities and Other Off-Balance Sheet Exposures

### *Credit related commitments*

In the normal course of business, DBK makes contractual commitments on behalf of its customers and, in order to meet the financing needs of its customers, is a party to financial instruments with off-balance sheet risk. Such commitments comprise principally loans or credit lines, whereby DBK agrees to make payments for customers’ accounts under certain conditions or in the event of default by a customer and financial guarantees and letters of credit to guarantee the performance of customers to third parties. In return for such payments, DBK receives a counter-indemnity from the customer, as well as (to a lesser extent), documentary credits for imports and exports, finance leases (under similar stand-by terms) and commitments with respect to recourse risks arising from discounted bills. These services are normally provided on a fee-paying basis.

The following table sets forth an analysis of DBK’s credit related commitments as at 31 December 2020, 2019 and 2018:

	<b>As at 31 December</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
	<i>(KZT millions)</i>		
Loan, credit line and finance lease commitments.....	204,832.4	420,524.9	323,589.1
Letters of credit, guarantees and other commitments related to settlement operations.....	5,386.0	8,570.4	16,709.1

As at 31 December 2020, loan, credit line and finance lease commitments decreased by KZT 215,692.5 million, or 51.3%, to KZT 204,832.4 million, as compared to KZT 420,524.9 as at 31 December 2019, having increased in 2019 by KZT 96,935.8 million, or 30.0%, from KZT 323,589.1 million as at 31 December 2018. [Fluctuations in loan, credit line and finance lease commitments were due to the granting or repayment of such commitments with customers in the relevant periods.]

As at 31 December 2020, letters of credit, guarantees and other commitments related to settlement operations decreased by KZT 3,184.4 million, or 37.2%, to KZT 5,386.0 million from KZT 8,570.4 million as at 31 December 2019, having decreased in 2019 by KZT 8,138.7 million, or 48.7%, from KZT 16,709.1 million as at 31 December 2018. [Fluctuations in letters of credit and other commitments were due to the entry into and fulfilment of such commitments during the relevant periods.]

### Investment Portfolio and Management of Share Capital

Pursuant to the Credit Policy Memorandum, DBK is not restricted from using its share capital to fund investment projects and leasing transactions and DBK may use its share capital as a funding source, including by mixing such capital with market funding resources.

A significant portion of DBK’s investment portfolio consists of securities issued by the Government, and Samruk-Kazyna and companies deemed to have a significant role in the country’s economy, such as JSC National Company KazMunayGas.

In accordance with DBK’s Strategy on Investment Portfolio Management, which was adopted on 10 April 2018 and amended most recently, [on 22 October 2019], DBK aims to maintain adequate levels of liquidity and maximise the profitability of its assets. The long-term objectives for the management of DBK’s investment portfolio are:

- to maintain the actual cost of funds in DBK’s investment portfolio;
- to maintain an appropriate level of liquidity for DBK’s assets; and
- to ensure a sufficient level of return on assets (taking into consideration the degree of risk assumed).

DBK actively manages its investments, selling selective assets in order to generate profits or minimise loss, enhance DBK's liquidity and funding base and maintain the diversity of its investment portfolio.

The Strategy of Investment Portfolio Management sets forth, among others, the following requirements to maintain a diversified investment portfolio. In this respect, short-term investments may comprise between 10% and 100% of DBK's investment portfolio and long-term investments may comprise between 0% and 90% of DBK's investment portfolio. In addition, the currency diversification of DBK's investment portfolio must comply with limits established by the ALMC.

The following table sets forth maximum exposure limits to certain types of investment pursuant to DBK's Strategy on Investment Management:

<u>Instruments in investment portfolio</u>	<u>Maximum exposure</u>
Deposits with the NBK (except money on correspondent accounts), securities issued by the NBK and securities issued by Kazakhstan .....	90%
Deposits with domestic and foreign commercial banks, except money on correspondent accounts if counterparty is rated not lower than BBB- (S&P, Fitch or Moody's) .....	70%
Money on correspondent accounts .....	90%
Sovereign securities of foreign states and bonds of international institutions with credit ratings of not lower than A (S&P, Fitch or Moody's) .....	70%
Sovereign securities of foreign states and bonds of international institutions with credit ratings of lower than A but not lower than BBB (S&P, Fitch or Moody's Investors Services) .....	30%
Sovereign securities of foreign states and bonds of international institutions with credit ratings of lower than BBB but not lower than BB- (S&P, Fitch or Moody's) .....	10%
Corporate bonds or municipal bonds (both domestic and international) if counterparty is rated not lower than BBB- (S&P, Fitch or Moody's). Bonds issued by members of the Baiterek JSC group .....	70%
Corporate bonds or municipal bonds (both domestic and international) if counterparty is rated lower than BBB- but not lower than B- (S&P, Fitch or Moody's) .....	30%
Derivatives and structured securities, whose value is based on the value of the securities listed above ..	30%
Repo or reverse repo transactions .....	Transaction dependent

DBK also intends to develop its own benchmark credit rating to assist with the assessment of investment opportunities and investment portfolio management.

Pursuant to the Strategy of Investment Portfolio Management, the ALMC approves limits with respect to sovereign risks, industry risks and counterparty risks pursuant to DBK's internal policy requirements. The Financial Risks Management Department is responsible for monitoring compliance of the investment portfolio with such limits, based upon information provided by the Treasury Department.

The Treasury Department monitors DBK's investment portfolio on a daily basis and provides data on the composition of the investment portfolio to the CEO, Management Director responsible for overseeing the investment portfolio, the Financial Risks Management Department and other financial departments. The Financial Risks Management Department monitors and assesses the risks associated with DBK's investment portfolio management and provides recommendations to the Treasury Department. The investment portfolio is assessed against a benchmark set forth in DBK's budget. In addition, the Treasury Department provides a report to the Investment Committee on the management of DBK's investment portfolio, which the Investment Committee uses to establish the key parameters of DBK's investment policy for the following quarter.

### **Finance Lease Receivables**

DBK conducts all of its finance lease operations through its wholly-owned subsidiary, DBK-Leasing. See "*Business—DBK-Leasing*".

As at 31 December 2020, DBK's finance lease receivables increased by KZT 136,199.60 million, or 71.6%, to KZT 326,539.9 million from KZT 190,340.3 million as at 31 December 2019, having increased by KZT 77,016.8 million, or 68.0%, from KZT 113,323.5 million as at 31 December 2018.

### Finance Lease Receivables by Type of Lessee

The following table sets forth the components of DBK’s finance lease receivables, by type of lessee, as at 31 December 2020, 2019 and 2018:

	As at 31 December					
	2020		2019		2018	
	(KZT millions)	(%)	(KZT millions)	(%)	(KZT millions)	(%)
Leases to large corporates <sup>(1)</sup> .....	140,916.2	40.9	99,399.1	50.8	62,771.9	51.7
Leases to small- <sup>(2)</sup> and medium-sized <sup>(3)</sup> companies .....	203,533.7	59.1	96,248.7	49.2	58,619.6	48.3
<b>Gross investment in finance leases</b> .....	<b>344,449.90</b>	<b>100.0</b>	<b>195,647.80</b>	<b>100.0</b>	<b>121,391.5</b>	<b>100.0</b>
Less impairment allowance.....	(20,527.8)	—	(11,899.4)	—	(11,902.2)	—
<b>Net investment in finance leases</b> .....	<b>323,922.1</b>	<b>100.0</b>	<b>183,688.4</b>	<b>100.0</b>	<b>109,489.3</b>	<b>100.0</b>
Embedded financial derivative measured at fair value through profit or loss .....	2,617.8	—	6,651.9	—	3,834.2	—
<b>Finance lease receivables</b> .....	<b>326,539.9</b>	—	<b>190,340.3</b>	—	<b>113,323.5</b>	—

Notes:

- (1) Large corporates are corporate entities with more than 250 employees and average assets in excess of U.S.\$3 million.
- (2) Small companies are companies with up to 50 employees and average assets of up to U.S.\$0.5 million.
- (3) Medium companies are companies with between 50 and 250 employees and average assets of between U.S. \$0.5 million and U.S.\$3 million.

Since 31 December 2018, as a matter of strategic policy, leases to small- and medium-sized companies (“SMEs”) have comprised the largest component of DBK’s portfolio of finance lease receivables, with such leases accounting for 59.1% of total gross investments in finance leases as at 31 December 2020, as compared to 49.2% and 48.3% as at 31 December 2019 and 2018, respectively.

The increase in leases to SMEs in the year ended 31 December 2020 was primarily due [to DBK and DBK-Leasing’s participation in Government programmes aimed at providing support to SMEs, in particular, DBK-Leasing’s involvement in the “Business Road Map 2020” Programme]. See “Business—Participation in Government Programmes”. [DBK to confirm or amend]

### Finance Lease Receivables by Maturity

The following table sets forth an analysis of DBK’s finance lease receivables, by maturity, as at 31 December 2020, 2019 and 2018:

	As at 31 December					
	2020		2019		2018	
	(KZT millions)	(%)	(KZT millions)	(%)	(KZT millions)	(%)
Less than one month .....	4,728.2	1.4	1,394.0	0.7	842.2	0.7
One month to three months .....	6,454.7	2.0	3,937.7	2.1	3,158.6	2.8
Three months to one year .....	43,286.9	13.3	18,120.1	9.5	11,776.3	10.4
One year to five years .....	155,320.1	47.6	72,628.5	38.2	43,706.4	38.6
More than five years .....	112,095.5	34.3	93,315.3	49.0	53,065.6	46.8
Overdue .....	4,654.5	1.4	944.7	0.5	774.5	0.7
<b>Total finance lease receivables</b> .....	<b>326,539.9</b>	<b>100.0</b>	<b>190,340.3</b>	<b>100.0</b>	<b>113,323.5</b>	<b>100.0</b>

As at 31 December 2020, 34.3% of total finance lease receivables had more than five years remaining until contractual maturity, as compared to 49.0% and 46.8% of total finance lease receivables as at 31 December 2019 and 2018, respectively, in line with the long-term nature of IDF JSC’s lease-financing portfolio and, in turn, DBK’s role as a development bank.

## Analysis of Finance Lease Receivables by Credit Quality

The following tables set forth information on the credit quality of the finance lease portfolio as at 31 December 2020, 2019 and 2018:

<b>As at 31 December 2020</b>					
	<b>Stage 1 12-month ECL</b>	<b>Stage 2 Lifetime ECL for credit unimpaired assets</b>	<b>Stage 3 Lifetime ECL for credit impaired assets</b>	<b>At FVPL (embedded Financial Derivative)</b>	<b>Total</b>
<i>(KZT millions)</i>					
<b>Leases to large corporates</b>					
- not overdue .....	124,963.5	4,021.7	11,596.3	1,867.6	142,449.1
- overdue 90-360 days.....	—	334.7	—	—	334.7
<b>Gross leases to large corporates.....</b>	<b>124,963.5</b>	<b>4,356.4</b>	<b>11,596.3</b>	<b>1,867.6</b>	<b>142,783.8</b>
<b>Loss allowance.....</b>	<b>(1,056.9)</b>	<b>(117.4)</b>	<b>(6,702.9)</b>	<b>—</b>	<b>(7,877.2)</b>
<b>Total leases to large corporates.....</b>	<b>123,906.6</b>	<b>4,239.0</b>	<b>4,893.4</b>	<b>1,867.6</b>	<b>134,906.6</b>
<b>Leases to small and medium-sized companies</b>					
- not overdue .....	137,050.9	19,766.7	1,161.5	750.1	158,729.2
- overdue up to 30 days.....	4,310.9	8.6	38.9	—	4,358.3
- overdue 30-89 days.....	174.6	3,056.4	11.3	—	3,242.3
- overdue 90-360 days.....	—	30,203.2	4,872.4	—	35,075.6
- overdue more than 360 days .....	—	—	2,878.4	—	2,878.4
<b>Gross leases to small and medium sized companies .....</b>	<b>141,536.4</b>	<b>53,034.8</b>	<b>8,962.5</b>	<b>750.1</b>	<b>204,283.8</b>
<b>Loss allowance.....</b>	<b>(3,948.5)</b>	<b>(4,805.2)</b>	<b>(3,896.9)</b>	<b>—</b>	<b>(12,650.6)</b>
<b>Total leases to small and medium sized companies .....</b>	<b>137,587.9</b>	<b>48,229.6</b>	<b>5,065.6</b>	<b>750.1</b>	<b>191,633.2</b>
<b>Total finance leases .....</b>	<b>261,494.5</b>	<b>52,468.6</b>	<b>9,959.0</b>	<b>2,617.8</b>	<b>326,539.9</b>
<b>As at 31 December 2019</b>					
	<b>Stage 1 12-month ECL</b>	<b>Stage 2 Lifetime ECL for credit unimpaired assets</b>	<b>Stage 3 Lifetime ECL for credit impaired assets</b>	<b>At FVPL (embedded Financial Derivative)</b>	<b>Total</b>
<i>(KZT millions)</i>					
<b>Leases to large corporates</b>					
- not overdue .....	86,943.0	—	—	5,504.6	92,447.7
- overdue up to 30 days.....	—	—	11,316.3	—	11,316.3
- overdue more than 360 days.....	—	—	1,079.8	—	1,079.8
<b>Gross leases to large corporates.....</b>	<b>86,943.0</b>	<b>—</b>	<b>12,396.1</b>	<b>5,504.6</b>	<b>104,843.7</b>
<b>Loss allowance.....</b>	<b>(687.2)</b>	<b>—</b>	<b>(6,624.8)</b>	<b>—</b>	<b>(7,311.9)</b>
<b>Total leases to large corporates.....</b>	<b>86,255.9</b>	<b>—</b>	<b>5,771.3</b>	<b>5,504.6</b>	<b>97,531.8</b>
<b>Leases to small and medium-sized companies</b>					
- not overdue .....	74,030.7	7,646.8	3,963.2	1,147.3	86,788.0
- overdue up to 30 days.....	4,291.3	—	2,851.2	—	7,142.5
- overdue 30-89 days.....	4.9	1,439.2	261.0	—	1,705.1
- overdue 90-360 days.....	—	—	1,073.6	—	1,073.6
- overdue more than 360 days .....	—	—	687.0	—	687.0
<b>Gross leases to small and medium sized companies .....</b>	<b>78,326.9</b>	<b>9,086.0</b>	<b>8,835.9</b>	<b>1,147.3</b>	<b>97,396.1</b>
<b>Loss allowance.....</b>	<b>(2,0115.6)</b>	<b>(74.6)</b>	<b>(2,497.3)</b>	<b>—</b>	<b>(4,587.5)</b>
<b>Total leases to small and medium sized companies .....</b>	<b>76,311.3</b>	<b>9,011.4</b>	<b>6,338.6</b>	<b>1,147.3</b>	<b>92,808.5</b>
<b>Total finance leases .....</b>	<b>162,567.1</b>	<b>9,011.4</b>	<b>12,109.9</b>	<b>6,651.9</b>	<b>190,340.3</b>

As at 31 December 2018

	Stage 1 12-month ECL	Stage 2 Lifetime ECL for credit unimpaired assets	Stage 3 Lifetime ECL for credit impaired assets	At FVPL (embedded Financial Derivative)	Total
<i>(KZT millions)</i>					
<b>Leases to large corporates</b>					
- not overdue .....	49,722.7	—	11,195.6	3,663.2	64,581.5
- overdue 90-360 days.....	—	—	69.8	—	69.8
- overdue more than 360 days.....	—	—	1,783.8	—	1,783.8
<b>Gross leases to large corporates.....</b>	<b>49,722.7</b>	<b>—</b>	<b>13,049.2</b>	<b>3,663.2</b>	<b>66,435.1</b>
<b>Loss allowance.....</b>	<b>(1,264.8)</b>	<b>—</b>	<b>(6,901.2)</b>	<b>—</b>	<b>(8,166.0)</b>
<b>Total leases to large corporates.....</b>	<b>48,457.9</b>	<b>—</b>	<b>6,147.9</b>	<b>3,663.2</b>	<b>58,269.0</b>
<b>Leases to small and medium-sized companies</b>					
- not overdue .....	50,713.7	1,322.8	1,992.7	171.0	54,200.2
- overdue less than 30 days.....	1,74.7	3.6	43.0	—	221.2
- overdue 30-89 days.....	—	482.4	1,909.7	—	2,392.1
- overdue 90-360 days.....	—	—	1,977.2	—	1,977.2
<b>Gross leases to small and medium sized companies .....</b>	<b>50,888.4</b>	<b>1,808.7</b>	<b>5,922.5</b>	<b>171.0</b>	<b>58,790.6</b>
<b>Loss allowance.....</b>	<b>(1,702.0)</b>	<b>(135.6)</b>	<b>(1,898.7)</b>	<b>—</b>	<b>(3,736.2)</b>
<b>Total leases to small and medium sized companies .....</b>	<b>49,186.4</b>	<b>1,673.1</b>	<b>4,023.9</b>	<b>171.0</b>	<b>55,054.4</b>
<b>Total finance leases .....</b>	<b>97,644.3</b>	<b>1,673.1</b>	<b>10,171.8</b>	<b>3,834.2</b>	<b>113,323.5</b>

As at 31 December 2020, impairment as a percentage of total gross finance leases was 5.9%, as compared to 5.9% and 9.5% as at 31 December 2019 and 2018, respectively.

#### Debt securities measured at fair value through other comprehensive income (FVOCI)

DBK's portfolio of debt securities measured at fair value through other comprehensive income consists of bonds and bills held by DBK and DBK-Leasing comprised of, *inter alia*, bonds issued by corporates, Government entities and local authorities, banks and other credit institutions and treasury bills of the Treasury Department of the Ministry of Finance of Kazakhstan.

#### Debt securities measured at FVOCI by Type

The following table sets forth the composition of DBK's investment portfolio of debt securities measured at fair value through other comprehensive income, by type, as at 31 December 2020, 2019 and 2018:

	As at 31 December					
	2020		2019		2018	
	<i>(KZT millions)</i>	(%)	<i>(KZT millions)</i>	(%)	<i>(KZT millions)</i>	(%)
<b>Debt securities measured at FVOCI</b>						
Debt securities of government bodies of other countries .....	177,507.9	90.3	138,633.2	64.8	16,734.9	7.5
Bonds of Kazakhstan banks .....	10,945.4	5.6	10,307.2	4.8	12,355.2	5.5
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan.....	5,476.0	2.8	6,656.1	3.1	133,236.1	59.5
Corporate bonds of non-resident issuers .....	2,682.8	1.3	7,940.2	3.7	—	—
Bonds of the Sovereign Wealth Fund «Samruk-Kazyna» JSC.....	—	—	23,791.3	11.1	22,588.4	10.1
Corporate bonds of Kazakhstan issuers.....	—	—	26,465.5	12.5	8,663.4	3.9
Notes of NBRK.....	—	—	—	—	948.4	0.4
Bonds of Kazakhstan credit institutions other than banks....	—	—	—	—	21,450.1	9.6
Bonds of CIS-based financial institutions.....	—	—	—	—	7,762.6	3.5
<b>Total .....</b>	<b>196,612.1</b>	<b>100.0</b>	<b>213,793.5</b>	<b>100.0</b>	<b>223,739.0</b>	<b>100.0</b>

Debt securities measured at FVOCI held by DBK decreased by KZT 17,181.4 million, or 8%, to KZT 196,612.1 million as at 31 December 2020, as compared to KZT 213,793.5 million as at 31 December 2019, having decreased by KZT 9,945.5

million, or 4.4%, from KZT 223,739.0 million as at 31 December 2018. This decrease in 2020 was primarily due to the sale of corporate bonds of Kazakhstan issuers (in an amount of KZT 26,465.5 million) and the sale of bonds of the Samruk-Kazyna (in an amount of KZT 23,791.3 million). This decrease in 2019 was primarily due to the sale of treasury bills issued by the Ministry of Finance of Kazakhstan and sale of notes issued by NBRK (in an amount of KZT 117.5 million), partially offset by the purchase of debt securities of government bodies of other countries.

#### ***Debt securities measured at FVOCI by Maturity***

The following table sets forth an analysis of DBK's investment portfolio of debt securities measured at fair value through other comprehensive income, by maturity, as at 31 December 2020, 2019 and 2018:

	As at 31 December					
	2020		2019		2018	
	(KZT millions)	(%)	(KZT millions)	(%)	(KZT millions)	(%)
Less than one month .....	10,945.4	5.6	—	—	6,283.5	2.8
One month to three months .....	—	—	—	—	—	—
Three months to one year .....	44.2	0.0	25,063.2	11.7	2,581.6	1.2
One year to five years .....	3,525.3	1.8	19,923.0	9.3	70,357.5	31.4
More than five years .....	182,097.2	92.6	168,807.3	79.0	144,516.4	64.6
<b>Total FVOCI-debt securities .....</b>	<b>196,612.1</b>	<b>100.0</b>	<b>213,793.5</b>	<b>100.0</b>	<b>223,739.0</b>	<b>100.0</b>

As at 31 December 2020, 1.8% of total debt securities measured at FVOCI had between one and five years until maturity, as compared to 9.3% as at 31 December 2019 and 31.4% as at 31 December 2018. The decrease in the proportion of debt securities measures at FVOCI with a maturity of between one and five years as at 31 December 2020, as compared to previous years, was primarily due to the sale of debt securities with maturities of more than five years.

As at 31 December 2020, 92.6% of total debt securities measured at FVOCI had more than five years until maturity, as compared to 79.0% as at 31 December 2019 and 64.6% as at 31 December 2018. The increase in the proportion of debt securities measures at FVOCI with a maturity of more than five years as at 31 December 2020, as compared to previous years, was primarily due to the purchase of debt securities with maturities of more than five years.

#### ***Debt securities measured at FVOCI by Credit Rating***

The following table sets forth information on the credit rating of DBK's debt securities measured at fair value through other comprehensive income as at 31 December 2020, 2019 and 2018:

	As at 31 December					
	2020		2019		2018	
	(KZT millions)	(%)	(KZT millions)	(%)	(KZT millions)	(%)
Rated AA- to AA+ .....	38,446.1	19.6	87,835.7	41.1	6,110.3	2.7
Rated A- to A+ .....	67,710.2	34.4	17,752.0	8.3	—	—
Rated BBB- to BBB+ .....	72,726.7	37.0	37,678.4	17.6	163,732.3	73.2
Rated from BB- to BB+ .....	17,729.1	9.0	67,628.7	31.6	50,093.2	22.4
Rated from B- to B+ .....	—	—	2,898.8	1.4	3,803.2	1.7
<b>Total available-for-sale financial assets...</b>	<b>196,612.1</b>	<b>100.0</b>	<b>213,793.5</b>	<b>100.0</b>	<b>223,739.0</b>	<b>100.0</b>

Note:

(1) Ratings as reported by Reuters

As at 31 December 2020, 37.0% of total debt securities measured at FVOCI had a rating of BBB- to BBB+, as compared to 17.6% as at 31 December 2019 and 73.2% as at 31 December 2018. The increase in the proportion of debt securities measures at FVOCI with a rating of BBB- to BBB+ as at 31 December 2020, as compared to as at 31 December 2019, was primarily due to the purchase of such securities.

As at 31 December 2020, 9.0% of total debt securities measured at FVOCI had a rating of BB- to BB+, as compared to 31.6% as at 31 December 2019 and 22.4% as at 31 December 2018. The decrease in the proportion of debt securities measures at FVOCI with a rating of BB- to BB+ as at 31 December 2020, as compared to as at 31 December 2019, was primarily due to the sale of a portion of the portfolio of such securities.

## Derivative Financial Instruments

DBK enters into derivatives transactions, most commonly swap agreements and other types of over-the-counter transactions with broker-dealers or other financial institutions, for hedging purposes and not speculative purposes. The Risk Management Department monitors risks associated with derivatives, particularly market risks, and derivative instruments (other than such instruments qualifying for hedge accounting) are periodically marked-to-market to reflect their realisable values. According to DBK's existing policy, some of DBK's derivative instruments qualify for hedge accounting, either through fair value or cash flow hedges. See Notes 17 and 22 to the 2020 Annual Financial Statements and Notes 17 and 23 to the 2019 Annual Financial Statements See also "*Presentation of Financial and Other Data*".

As at 31 December 2020, derivative financial instruments increased by KZT 1,328.5 million, or 13.1%, to KZT 11,489.2 million from KZT 10,160.7 million as at 31 December 2019. This increase was mainly due to [changes in currency rates and discount rates used in the valuation of such assets].

As at 31 December 2019, derivative financial instruments decreased by KZT 1,060.9 million, or 11.7%, to KZT 10,160.7 million from KZT 9,099.8 million as at 31 December 2018. This increase was mainly due to changes in currency rates and discount rates used in the valuation of such assets.

## Principal Sources of Funding

DBK's activities are funded through the issuance and placement of bonds, in both the domestic and international capital markets, and through loans from the Government of the Republic of Kazakhstan, loans from Samruk-Kazyna and Baiterek JSC, loans from banks and other financial institutions, Government grants and current accounts and deposits from customers and financial institutions, including subsidiaries of Baiterek JSC.

DBK may take inter-bank deposits and open and maintain correspondent accounts for the purpose of managing its liquidity.

The following table sets forth DBK's principal external sources of funding (*i.e.*, other than capital) as at 31 December 2020, 2019 and 2018:

	As at 31 December					
	2020		2019		2018	
	(KZT millions)	(%)	(KZT millions)	(%)	(KZT millions)	(%)
Current accounts and deposits from customers ...	15,793.7	0.6	17,236.3	0.8	19,325.7	0.9
Loans from the Government of the Republic of Kazakhstan and SWF "Samruk-Kazyna" .....	27,966.9	1.1	26,986.3	1.2	34,988.3	1.6
Loans and deposits from banks and other financial institutions .....	640,008.0	24.8	540,295.4	25.0	718,773.2	33.3
Loans from the Parent Company .....	227,597.0	8.8	175,229.0	8.1	121,561.9	5.6
Government grants .....	261,839.0	10.2	210,933.4	9.8	175,264.8	8.1
Debt securities issued, of which: .....	1,241,012.7	48.2	1,051,544.3	48.6	946,066.1	43.8
Eurobonds denominated in U.S.\$.....	573,035.3	—	559,124.7	—	561,477.6	—
Eurobonds denominated in KZT .....	162,500.0	—	200,000.0	—	200,000.0	—
Local Bonds .....	543,042.0	—	312,492.0	—	194,008.0	—
Subordinated debt.....	111,163.0	4.3	104,534.6	4.8	98,342.0	4.6
Other liabilities.....	47,741.1	1.9	27,916.5	1.3	28,858.8	1.3
Provisions.....	2,825.4	0.1	7,563.5	0.3	14,809.1	0.7
Deferred tax liabilities.....	—	—	198.4	0.0	2,584.7	0.1
<b>Total .....</b>	<b>2,575,946.8</b>	<b>100.0</b>	<b>2,162,437.7</b>	<b>100.0</b>	<b>2,160,574.5</b>	<b>100.0</b>

To diversify its funding base and to enable it to better manage its maturity profile, DBK has entered into various credit facilities as described in "*Borrowings*", established the Programme and issued various debt securities as described in "*Debt Securities*". DBK has also signed a number of framework agreements and memorandums of co-operation with Japan Bank for International Cooperation, China Export-Import Bank, Deutsche Bank, Korea Export-Import Bank, Oesterreichische Kontrollbank Aktiengesellschaft, Vnesheconombank, BNP Paribas, Sumitomo Mitsui Banking Corporation, BPI (COFACE), Bank of Tokyo Mitsubishi UFJ, China Export & Credit Insurance Corporation Sinosure, European Investment Bank and Korea Trade Insurance Corporation K-Sure, China Development, Deutsche Bank, Commerzbank, KfW IPEX-Bank GmbH and EULER HERMES A.G.

## Borrowings

A major source of funding for DBK is debt securities, which accounted for 48.2%, 48.6% and 43.8% of DBK's total liabilities as at 31 December 2020, 2019 and 2018, respectively. Loans and deposits from banks and other financial institutions accounted for 24.8%, 25.0% and 33.3% of DBK's total liabilities as at 31 December 2020, 2019 and 2018, respectively. Loans from Samruk-Kazyna, from Baiterek JSC and from the Government also contribute to the funding of DBK, with loans from the Government and Samruk-Kazyna accounting for 1.1% of DBK's total liabilities as at 31 December 2020, as compared to 1.2% and 1.6%, respectively, as at 31 December 2019 and 2018, and loans from Baiterek JSC accounting for 8.8% of DBK's total liabilities as at 31 December 2020, as compared to 8.1% and 5.6%, respectively, as at 31 December 2019 and 2018.

### Loans and deposits from Banks and Other Financial Institutions

The table below sets forth certain information in respect of the composition of DBK's loans and deposits from banks and other financial institutions, as at 31 December 2020, 2019 and 2018:

	As at 31 December					
	2020		2019		2018	
	(KZT millions)	(%)	(KZT millions)	(%)	(KZT millions)	(%)
<b>Loans with fixed interest rates</b>						
Loans from OECD banks.....	—	—	11,088.4	2.1	15,693.9	2.2
Loans from non-OECD banks.....	173,962.3	27.2	176,983.9	32.8	199,072.5	27.7
<b>Total loans with fixed interest rates.....</b>	<b>173,962.3</b>	<b>27.2</b>	<b>188,072.3</b>	<b>34.8</b>	<b>214,766.5</b>	<b>29.9</b>
<b>Loans with floating interest rates</b>						
Loans from OECD banks.....	—	—	—	—	—	—
Loans from non-OECD banks.....	497,585.9	77.7	364,305.3	67.4	520,981.2	72.5
<b>Total loans with floating interest rates.....</b>	<b>497,585.9</b>	<b>77.7</b>	<b>364,305.3</b>	<b>67.4</b>	<b>520,981.2</b>	<b>72.5</b>
Less unamortised portion of borrowing costs.....	(31,540.2)	(4.9)	(12,082.2)	(2.2)	(16,974.5)	(2.4)
<b>Net total loans from banks and other financial institutions.....</b>	<b>640,008.0</b>	<b>100.0</b>	<b>540,295.4</b>	<b>100.0</b>	<b>718,773.2</b>	<b>100.0</b>

As at 31 December 2020, loans and deposits from banks and other financial institutions increased by KZT 99,712.60 million, or 18.5%, to KZT 640,008.0 million from KZT 540,295.4 million as at 31 December 2019, primarily reflecting a KZT 133,280.6 million, or 36.6%, increase in the amount of loans from non-OECD banks and other financial institutions with floating interest rates as at 31 December 2020, as compared to 31 December 2019, partially offset by a KZT 11,088.4 million, or 100%, decrease in the amount of loans from OECD banks with fixed interest rates.

The increase in loans with floating interest rates from non-OECD banks in 2020 was primarily due to drawdowns under credit lines totalling U.S.\$310 million.

As at 31 December 2019, loans from banks and other financial institutions decreased by KZT 178,477.8 million, or 24.8%, to KZT 540,295.4 million from KZT 718,773.2 million as at 31 December 2018, primarily due to a KZT 156,675.9 million, or 30.1%, decrease in loans from non-OECD banks and other financial institutions with floating interest rates.

The decrease in loans from non-OECD banks with floating interest rates in 2019 was primarily due to the partial prepayment of two loans from foreign banks in an amount of U.S.\$302.1 million. Expenses of KZT 1,737.7 million were incurred on loans from non-OECD banks as a result of this early repayment and commission and fee expenses of KZT 2,071.3 million, which were reimbursed to the borrowers under the terms and conditions of loan agreements.

DBK's principal loans from banks and other financial institutions are as follows:

#### Roseximbank JSC

On 15 December 2016, DBK-Leasing entered into an RUB 2,268 million Loan Facility Agreement with Roseximbank JSC at an interest rate of 9.0% *per annum* for the purchase of passenger wagons. The interest is paid on a quarterly basis and the principal is repaid quarterly. The loan matures on 16 December 2030. According to the signed Amendment Agreement dated 30 July 2018 the interest rate was changed from 9.0% to 7.5% *per annum*. As at 31 December 2020, the aggregate principal amount outstanding under the facility agreement was RUB [•] million.

On 9 November 2017, DBK-Leasing entered into an RUB 558 million Loan Facility Agreement with Roseximbank JSC at an interest rate of 5.75% *per annum* for the purchase of passenger wagons. The interest and principal due under the loan are paid

on a monthly basis. The loan matures on 9 November 2027. As at 31 December 2020, the aggregate principal amount outstanding under the facility agreement was RUB [•] million.

On 28 April 2018, IDF JSC entered into an RUB 455 million Loan Facility Agreement with Roseximbank JSC at an interest rate of 5.0% *per annum* for the purchase of passenger wagons. The interest and the principal due under the loan are paid on a monthly basis. The loan matures on 28 April 2025. As at 31 December 2020, the aggregate principal amount outstanding under the facility agreement was RUB [•] million.

#### Sumitomo Mitsui Banking Corporation Europe Limited

On 27 October 2015, DBK entered into a U.S.\$37.3 million loan with Sumitomo Mitsui Banking Corporation Europe Limited, to be used for general corporate purposes. U.S.\$32.3 million was drawn down on 16 May 2016. This loan was scheduled to mature on 16 November 2022 and bore interest at a rate of 2.75% *per annum*, plus LIBOR. However, the loan was fully prepaid on 14 December 2018.

On 29 December 2017, DBK entered into a Sinosure-insured U.S.\$225.0 million loan with a syndicate of banks (comprising Sumitomo Mitsui Banking Corporation Europe Limited, MUFG Bank, Ltd. (formerly known as The Bank of Tokyo-Mitsubishi UFJ, Ltd.), Deutsche Bank AG, Hong Kong Branch and Crédit Agricole Corporate and Investment Bank). The loan was scheduled to mature on 25 April 2030 and bore interest at a rate of three month LIBOR, plus 1.8%. As at 31 December 2020, the principal amount outstanding under this loan was U.S.\$214 million. ***[DBK to advise when drawdown was as previous drawdown amounts were fully repaid in 2018]***

#### HSBC Bank plc

On 24 April 2014, DBK entered into three agreements with HSBC Bank plc: (i) a €500 million framework agreement for the purchase of certain goods and services to be supported by export credit agencies; (ii) a SACE Supported Facility Agreement relating to an agreement dated 7 March 2013 between Aktobe Rail-Beam Plant Limited Liability Partnership and Siemens S.p.A. (the “**Exporter**”); and (iii) a SACE reimbursement agreement. Loans made pursuant to the SACE Supported Facility Agreement may only be used to finance or refinance payments made or to be made by DBK to the Exporter (or an advising banks for the benefit of the Exporter) pursuant to a letter of credit, provided that the aggregate total of such payments do not exceed: (x) 85% of €81.2 million in respect of goods produced in Italy, Austria, the Czech Republic and Russia and services rendered by persons ordinarily resident in such countries; or (y) 2% of €81.2 million in respect of goods produced in the EU and services rendered by persons ordinarily resident in the EU. Under the SACE reimbursement agreement, DBK is entitled to request that SACE issue an insurance policy providing cover to HSBC Bank plc in respect of certain payments due from DBK under the SACE Supported Facility Agreement.

On 6 June 2014, DBK signed a €56.1 million credit agreement with HSBC Bank plc. Between 6 June 2014 and 18 January 2016, loans aggregating €47.7 million were drawn down under this credit agreement. The credit agreement was scheduled to mature on 5 July 2023 and bore interest at a rate of 2.85% *per annum*. However, all amounts drawn down under this loan were repaid in May 2020.

#### Export-Import Bank of China

On 1 August 2009, DBK entered into a master facility agreement for a period of up to 15 years with the Export-Import Bank of China permitting DBK to draw down up to U.S.\$5.0 billion (the “**China Ex-im Bank Facility**”). The China Ex-im Bank Facility is divided into restricted (U.S.\$3.5 billion) and unrestricted (U.S.\$1.5 billion) portions. The restricted portion of the China Ex-im Bank Facility is for use on projects with a Chinese component, whereas the unrestricted portion can be used for DBK’s general purposes. The China Ex-im Bank Facility agreement contains certain covenants, which, *inter alia*, prohibit DBK from creating security over its indebtedness in an amount exceeding 25% of its assets or disposing of over 25% of its assets. In addition, there is a change of control clause put option in favour of the Export-Import Bank of China.

Under the unrestricted portion of the China Ex-im Bank Facility, on 24 October 2009, DBK entered into an individual credit agreement with the Export-Import Bank of China for the amount of U.S.\$1.5 billion. This credit agreement was entered into for a period of ten years and principal and interest under this individual credit agreement initially payable semi-annually. On 20 January 2011, DBK prepaid a portion of the amounts outstanding under this individual credit agreement. In addition, on 9 June 2011, DBK and the Export-Import Bank of China entered into an amendment to the China Ex-im Bank Facility, which permitted DBK to draw down again, as a second tranche, the prepaid portion, subject to entering into a supplemental agreement. This amendment also modified the terms of the individual credit agreement and, as a result, since 21 July 2011, interest applies at a fixed rate of 5.8% *per annum* (rather than a floating rate) and is payable semi-annually. Pursuant to an amendment agreement dated 19 July 2013, the interest rate was further reduced to 4% *per annum*. Principal repayments began in January 2017 and will be repaid over three years in semi-annual instalments.

On 11 June 2011, DBK entered into the supplemental loan agreement described above for the amount of U.S.\$500 million, which is provided on the same basis as the amended agreement described above. The full amount of loan agreement was prepaid voluntarily in 2019.

The restricted portion of the China Ex-im Bank Facility is aimed at the development of energy, transport and communication infrastructure and the funding of strategic projects in metallurgy, chemical and oil industries pursuant to the Kazakhstan State Commission on Modernisations of the Economy's consideration of such projects. The funds of this credit facility will be used for the realisation of investment projects of Kazakhstan companies, including particularly those exporting of industrial output, services and equipment to China.

Under the restricted portion of the China Ex-im Bank Facility, on 12 December 2009, DBK entered into an individual credit agreement with the Export-Import Bank of China for the amount of U.S.\$884 million of which U.S.\$874 million had been drawn as at 30 June 2017. This loan was granted for the purpose of providing financing for the reconstruction of the Atyrau Refinery and was amended on 19 December 2013, 8 May 2014 and 30 October 2014. This individual credit agreement matures on 21 July 2023. Principal and interest under this individual credit agreement is paid semi-annually. The loan was prepaid in full in July 2019.

In addition, in May 2010, DBK entered into a loan with the Export-Import Bank of China for the amount of U.S.\$400 million. This loan is for a period of 15 years. Under the loan agreement, principal and interest is paid semi-annually. This loan matures on 21 May 2025. The loan agreement contains certain covenants prohibiting DBK from incurring indebtedness exceeding 25% of its assets, disposing of over 25% of its assets or declaring or paying more than 50% of dividends or other income distribution whilst there is an outstanding event of default or potential event of default. The funds from this loan have been used for the aluminium smelter construction project in Pavlodar. As at 31 December 2020, the principal amount outstanding under this loan was U.S.\$191 million. See "*Business—Lending—Investment Projects—Metallurgy Sector*".

On 22 February 2011, DBK entered into a further individual credit agreement with the Export-Import Bank of China for the amount of U.S.\$1.4 billion. No amounts have been drawn down under this individual credit agreement. This loan was granted for the purpose of financing the construction of an integrated petrochemical project. As at the date of this Base Prospectus, no amounts have been drawn down under this individual credit agreement due the termination of the engineering, procurement and construction contract in respect of the integrated petrochemical project.

On 15 October 2012, DBK entered into a U.S.\$199.5 million preferential buyer credit loan agreement with the Export-Import Bank of China to finance the construction of a deep oil refining complex in Atyrau, which was amended on 30 October 2014. This loan matures on 15 October 2025 and bears interest at a rate of 3% *per annum*. As at 31 December 2020, the aggregate principal amount outstanding under this preferential buyer credit loan agreement was U.S.\$110 million.

#### China Development Bank

On 27 March 2017, DBK entered into a facility agreement with China Development Bank in the principal amount of U.S.\$650 million for on-lending to customers and use in projects in sectors, including transportation, infrastructure and communication, to the mutual benefit of Kazakhstan and China. The facility agreement was subsequently amended on 28 July 2016. The facility matures on 15 June 2025 and bears interest at a rate of 2.7% *per annum* plus LIBOR. As at 31 December 2020, the aggregate principal amount outstanding under the facility agreement was U.S.\$198 million.

On 9 June 2017, DBK signed a U.S.\$607 million term facility agreement with China Development Bank for the financing of modernisation and reconstruction works at the Shymkent Oil Refinery owned by Petro Kazakhstan Oil Products LLP. The facility matures on 25 April 2030 and bears interest at a rate of 2.7% *per annum* plus LIBOR. In September 2017 and December 2017, DBK drew down two tranches of U.S.\$100 million each, in June 2018, DBK drew down a further U.S.\$65 million and in May 2020, DBK drew down a further U.S.\$130 million tranche under the facility agreement. As at 31 December 2020, the aggregate principal amount outstanding under the facility agreement was U.S.\$386 million.

On 6 June 2018, DBK signed a U.S.\$500 million term facility agreement with China Development Bank for on-lending to customers and to use in projects to the mutual benefit of Kazakhstan and China in certain economic sectors supported by the Government of Kazakhstan, including, but not limited to, the oil gas, chemical, mineral, electricity, transportation, infrastructure, agriculture, communication, manufacturing and industrial park sectors. The facility matures in 10 years from the draw down date under each sub-loan agreement. As at 31 December 2020, there were no amounts outstanding under the facility agreement.

On 26 April 2019, DBK signed a U.S.\$800 million term facility agreement with China Development Bank for the financing of the expansion of Aktogay MPP, a mining and processing plant. The facility matures in 2034 and bears interest at a rate of 2.2% *per annum*, plus LIBOR. In November 2019 and December 2019, DBK drew down two tranches of U.S.\$140 million and U.S.\$60 million, respectively, and in April 2020 and October 2020, DBK drew down further tranches of U.S.\$80 million and

U.S.\$100 million, respectively, under the facility agreement. As at 31 December 2020, the aggregate principal amount outstanding under the facility agreement was U.S.\$380 million.

In September 2019, DBK signed a RMB 1,500 million term framework agreement with China Development Bank for the financing of DBK's projects. As at 31 December 2020, there were no amounts outstanding under the facility agreement.

#### Japan Bank for International Co-operation

On 28 December 2009, DBK entered into a loan with the Japan Bank for International Cooperation for the amount of ¥3,441.6 million. This loan matures on 21 December 2019. Under the loan agreement, interest and principal is paid semi-annually. The loan contains covenants requiring DBK, *inter alia*, not to dispose of more than 10% of its assets and to maintain a net worth of not less than KZT 41.7 billion. This loan was repaid in full in December 2019.

#### Baiterek Development JSC Loan

On 2 November 2009, DBK entered into a loan with Baiterek Development JSC (formerly known as the Distressed Assets Fund), a state-owned company, for KZT 20,000 million. This loan bears interest at a concessional rate of 1% *per annum* and matures on 24 November 2024. Under the credit agreement, interest is paid semi-annually and principal is repaid in full at maturity.

This loan was provided in order to finance the restructuring of loans of troubled borrowers under certain conditions in the manufacturing sector with the aim of reducing the burden on the real sector of the national economy as a result of the impact of the global financial crisis on Kazakhstan and the impact of the problems within the domestic financial sector. See "*The Banking Sector in Kazakhstan*". As at 31 December 2020, the principal amount outstanding under this loan was KZT 20 billion.

#### Loans and Deposits from Banks and Other Financial Institutions by Maturity

The following table sets forth an analysis of DBK's loans and deposits from banks and other financial institutions, by maturity, as at 31 December 2020, 2019 and 2018:

	<b>As at 31 December</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
	<i>(KZT millions)</i>		
Less than one month .....	74.0	83.6	77.1
One month to three months .....	1,729.9	148.4	261.6
Three months to one year .....	2,449.0	1,420.4	2,851.1
One year to five years .....	242,446.8	39,576.5	199,518.4
More than five years .....	393,308.2	499,066.6	516,064.9
<b>Loans from banks and other financial institutions.....</b>	<b>640,008.0</b>	<b>540,295.4</b>	<b>718,773.2</b>

As at 31 December 2020, 61.5% of total loans and deposits from banks and other financial institutions had over five years remaining until contractual maturity, as compared to 92.4% and 71.8% of total loans and deposits from banks and other financial institutions as at 31 December 2019 and 2018, respectively.

#### *Government and Samruk-Kazyna Loans*

Pursuant to the DBK Law, DBK may, from time-to-time, borrow certain funds from the Government and Samruk-Kazyna in line with its role as a development bank for the purpose of on-lending funds to its corporate customers subject to the requirements, priority economic sectors and objectives set out in the Credit Policy Memorandum and the DBK Law.

DBK uses proceeds from Government and Samruk-Kazyna loans to help to develop economic sectors by providing financing at interest rates comparable to those provided by similar development institutions. As at 31 December 2020, Government and Samruk-Kazyna loans consisted of long-term loans at concessional rates granted by the Government as part of a Government programme to support certain industries, including, in particular, the textile, gas processing and chemicals industries. The concessional rates of interest on the Government loans range from 0.2% to 0.6%. The funds from such loans were used by DBK to provide loans to projects in priority sectors of the economy, including the petrochemical, metallurgy, agriculture, transport and logistics sectors, at below market rates in furtherance of DBK's role as a development bank.

### Government and Samruk-Kazyna Loans by Type

The table below sets forth an analysis of the loans and advances from the Government, by type, as at 31 December 2020, 2019 and 2018:

	As at 31 December		
	2020	2019	2018
	<i>(KZT millions)</i>		
Loans from the Government .....	—	—	8,936.0
Loans from Samruk-Kazyna .....	27,966.9	26,986.3	26,052.2
<b>Total Government and Samruk-Kazyna loans .....</b>	<b>27,966.9</b>	<b>26,986.3</b>	<b>34,988.3</b>

Loans from the Government and Samruk-Kazyna increased by KZT 980.6 million, or 3.6%, to KZT 27,966.9 million as at 31 December 2020 from KZT 26,986.3 million as at 31 December 2019, having decreased by KZT 8,002 million, or 22.9%, from KZT 34,988.3 million as at 31 December 2018.

As at 31 December 2020, 2019 and 2018, the loans from Samruk-Kazyna comprised long-term loans granted from the State budget to support certain industries, including textile, gas processing and chemicals. As at 31 December 2020, DBK had no loans from the Government.

See Note 26 to 2020 Annual Financial Statements and Note 25 to the 2019 Annual Financial Statements.

### Government and Samruk-Kazyna Loans by Maturity

The following table sets forth an analysis of DBK's loans from the Government, by maturity, as at 31 December 2020, 2019 and 2018:

	As at 31 December		
	2020	2019	2018
	<i>(KZT millions)</i>		
Less than one month .....	—	—	—
Three months to one year .....	12,307.0	—	4,600.9
One year to five years .....	13,459.1	24,606.1	27,837.7
More than five years .....	2,200.8	2,380.2	2,549.6
<b>Total Government loans .....</b>	<b>27,966.9</b>	<b>26,986.3</b>	<b>34,988.3</b>

As at 31 December 2020, 7.9% of total loans from the Government had over five years remaining until contractual maturity, as compared to 8.8% and 7.3% of total loans from the Government as at 31 December 2019 and 2018, respectively. The average tenor of loans from the Government, in general, reflects the fact that DBK has been participating in long-term projects. Maturities have shortened since 2016, primarily reflecting the fact that, since the transfer of ownership of DBK from Samruk-Kazyna to Baiterek JSC in 2013, new Government loans have been provided to DBK through Baiterek JSC (as loans from the Parent Company), rather than as direct loans and, accordingly, existing Government loans are reaching maturity without being refinanced.

### *Loans from Parent Company*

DBK provides financing under a number of Government programmes and initiatives, including the Industrialisation Programme, the Infrastructure Development Programme and the Uniform Programme of Business Development and Support, using funds borrowed from Baiterek JSC.

As at 31 December 2020, loans from Baiterek JSC increased by KZT 52,368 million, or 29.9%, to KZT 227,597.0 million from KZT 175,229.0 million as at 31 December 2019, having increased by KZT 53,667.1 million, or 44.1%, from loans of KZT 121,561.9 million as at 31 December 2018.

In April 2019, DBK received a loan of KZT 10,000.0 million at an interest rate of 0.15% *per annum*, which matures on 12 April 2037, to be used for on-lending to individuals for the purchase of cars manufactured in Kazakhstan and for the provision of lease financing for motor vehicles and special purpose automotive equipment (other than agricultural equipment produced in Kazakhstan).

In June 2019, DBK received a loan of KZT 14,000.0 million at an interest rate of 0.15% *per annum*, which matures on 14 April 2027, to be used for on-lending to DBK-Leasing at an interest rate of 0.2% *per annum* for a period of eight years.

In July 2019, DBK received a loan of KZT 23,546.0 million at an interest rate of 0.15% *per annum*, which matures on 3 June 2029, to be used for financing the Saryarka gas main pipeline project.

In July 2019, DBK received a loan of KZT 11,259.0 million at an interest rate of 0.08% *per annum*, which matures on 21 July 2039, to be used for on-lending to DBK-Leasing at an interest rate of 0.1% *per annum* for a period of twenty years.

In September 2019, DBK received a loan of KZT 11,000.0 million at an interest rate of 0.15% *per annum*, which matures on 18 August 2038, to be used for financing projects under the Industrialisation Programme.

In April 2020, DBK received a loan of KZT 20.0 million at an interest rate of 0.08% *per annum*, which matures on 15 April 2040, to be used for financing projects under the Industrialisation Programme and to provide financing to Passazhirskiye Perevozki JSC for the renewal of its passenger car fleet.

In June 2020, DBK received a loan of KZT 10.0 million at an interest rate of 0.15% *per annum*, which matures on 1 June 2035, to be used for financing projects under the Industrialisation Programme, to provide lease financing under the bus fleet renewal programme.

In October 2020, DBK received a loan of KZT 30.0 million at an interest rate of 0.15% *per annum*, which matures on 17 September 2040, to be used to support export financing.

In December 2020, DBK received a loan of KZT 20.0 million at an interest rate of 0.08% *per annum*, which matures on 3 December 2040, to be used for financing the renewal of the passenger car fleet.

In December 2020, DBK received a loan of KZT 13.7 million at an interest rate of 0.15% *per annum*, which matures on 2 December 2035, to be used for financing bus purchases under finance lease agreements.

In December 2020, DBK received a loan of KZT 22.5 million at an interest rate of 0.15% *per annum*, which matures on 3 December 2027, to be used for financing projects under the Industrialisation Programme.

In February 2021, DBK received a loan of KZT 10.0 million at an interest rate of 0.15% *per annum*, which matures on 23 January 2041, to be used for financing the “Karavan-Saray” tourist project.

#### *Government Grants*

As at 31 December 2020, Government grants decreased by KZT 50,905.6 million, or 24.1%, to KZT 261,839.0 million from KZT 210,933.4 million as at 31 December 2019, having increased by KZT 35,668.6 million, or 20.4%, from KZT 175,264.8 million as at 31 December 2018.

As at 31 December 2020, the amount of Government grants recorded comprises the amount of benefits received as a result of the concessional interest rate as compared to the market interest rate, which difference is recognised as income, on the loans received from Baiterek JSC, Baiterek Development JSC and Samruk-Kazyna. Government grants are required to be repaid. See “*Management’s Discussion and Analysis of Results of Operation and Financial Condition—Critical Accounting Policies—Government grants*”, Note 26 to the 2020 Annual Financial Statements and Note 28 to the 2019 Annual Financial Statements.

#### **Debt Securities**

As at 31 December 2020, debt securities issued increased by KZT 189,468.4 million, or 18.0%, to KZT 1,241,012.7 million from KZT 1,051,544.3 million as at 31 December 2019, as a result of the KZT 230.5 million, or 73.8%, increase in the issue of Tenge-denominated bonds in 2020, having increased by KZT 105,478.2 million, or 11.1%, from KZT 946,066.1 million as at 31 December 2018.

In October 2002, DBK established the Programme and, as at the date of this Base Prospectus, has issued eight series of Notes thereunder, as follows:

- U.S.\$100 million 7.125% Notes due 2007 in October 2002, which were repaid in accordance with their terms on their maturity date (“**Series 1**”);

- U.S.\$100 million 7.375% Notes due November 2013, in November 2003, which were repaid in accordance with their terms on their maturity date (“**Series 2**”);
- U.S.\$100 million 6.5% Notes due 2020, in May 2005), which were repaid in accordance with their terms on their maturity date (“**Series 3**”);
- U.S.\$150 million 6.0% Notes due 2026, in March 2006 (“**Series 4**”);
- U.S.\$500 million 5.5% Notes due 2015, in December 2010, which were repaid in accordance with their terms on their maturity date (“**Series 5**”);
- U.S.\$277 million 5.5% Notes due 2015, in February 2011 (which were consolidated to form a single series with Series 5), which were repaid in accordance with their terms on their maturity date;
- U.S.\$1 billion 4.125% Notes due 2022, in November 2012 (“**Series 6**”); and
- U.S.\$425 million 4.125% Notes due 2022 (which were consolidated to form a single series with Series 6) in February 2013;
- KZT 100 billion 9.5% Notes due 2020 in December 2017, which were repaid in accordance with their terms on their maturity date (“**Series 7**”);
- KZT 100 billion 8.95% Notes due 2023 in May 2018 (“**Series 8**”); and
- KZT 62,5 billion 10,75% Notes due 2025 in February 2020 (“**Series 9**”).

The Series 1, Series 2, Series 3 and Series 4 Eurobonds were, and the Series 4 Eurobonds remain, listed on the Luxembourg Stock Exchange and on the KASE. The Series 5, Series 6, Series 7, Series 8 and Series 9 Eurobonds are listed on the London Stock Exchange and on the KASE.

DBK has conducted a number of liability management exercises to repurchase and exchange Eurobonds issued under the Programme. On 10 December 2012, DBK used a portion of the proceeds of the Series 6 Eurobonds to redeem the Series 5 Eurobonds through an intermediated exchange offer.

The outstanding series of Eurobonds contain covenants requiring DBK, *inter alia*, to: (i) not create, incur, assume or permit to arise or subsist any security interest (subject to certain exceptions); (ii) comply with the DBK Law and the Credit Policy Memorandum; (iii) comply with the regulations and requirements of the regulator; and (iv) not pay or cause to be paid any dividends in cash or otherwise, or make any other distributions (whether by way of redemption, acquisition or otherwise), in respect of its share capital more than once a year, in an amount exceeding 50% of DBK’s profit or where an event of default or potential event of default exists under the Eurobonds.

In August 2012, DBK established a programme for the issuance of Sukuk bonds and completed the issuance of MYR 240 million (equivalent to KZT 11,525 million at the exchange rate applied in DBK’s financial statements for such year) 5.5% Sukuk due 2017. The Sukuk bonds were repaid in accordance with their terms on their repayment date. As at 31 December 2020, DBK had no Sukuk bonds in issuance.

Since 1 January 2018, DBK has issued Tenge-denominated bonds on the following terms:

- In June 2019, DBK issued Tenge-denominated bonds in an aggregate principal amount of KZT 27.4 billion, which bear interest at a rate of 10.0% *per annum* and mature on 18 June 2026;
- in July 2019, DBK issued Tenge-denominated bonds in an aggregate principal amount of KZT 41.0 billion, which bear interest at a rate of 10.27% *per annum* and mature on 16 July 2024;
- in October 2019, DBK issued Tenge-denominated bonds in an aggregate principal amount of KZT 20.0 billion, which bear interest at a rate of 0.15% *per annum* and mature on 7 October 2039;
- in December 2019, DBK issued Tenge-denominated bonds in an aggregate principal amount of KZT 30.0 billion, which bear interest at a rate of 11.0% *per annum* and mature on 3 December 2029;
- in May 2020, DBK issued Tenge-denominated bonds in an aggregate principal amount of KZT 20.0 billion, which bear interest at a rate of 0.15% *per annum* and mature on 14 May 2040;
- in June 2020, DBK issued Tenge-denominated bonds in an aggregate principal amount of KZT 10.6 billion, which bear interest at a rate of 11.0% *per annum* and mature on 18 June 2030;

- in November 2020, DBK issued Tenge-denominated bonds in an aggregate principal amount of KZT 50.0 billion, which bear interest at a rate of 11.8% *per annum* and mature on 11 November 2030;
- in December 2020, DBK issued Tenge-denominated bonds in an aggregate principal amount of KZT 50.0 billion, which bear interest at a rate of 11.8% *per annum* and mature on 9 December 2027; and
- in December 2020, DBK issued Tenge-denominated bonds in an aggregate principal amount of KZT 50.0 billion, which bear interest at a rate of 11.8% *per annum* and mature on 9 December 2030.

DBK has also conducted a number of repurchase transactions in respect of its Tenge-denominated Eurobonds.

The following table sets forth certain information regarding the estimated scheduled maturities and interest payments of DBK's debt securities as at 31 December 2020: **[DBK to update]**

Due Date	Interest Payments Due <sup>(1)</sup> (KZT billions)	Principal Amount Due <sup>(1)</sup> (KZT billions)
31 December 2021 .....	[●]	[●]
31 December 2022 .....	[●]	[●]
31 December 2023 .....	[●]	[●]
31 December 2024 .....	[●]	[●]
31 December 2025 .....	[●]	[●]
31 December 2026 .....	[●]	[●]
31 December 2027 .....	[●]	[●]
31 December 2028 .....	[●]	[●]
31 December 2029 .....	[●]	[●]
31 December 2030-2061 .....	[●]	[●]

**Note:**

(1) Amounts due within 12 months of the relevant reporting date.

***Subordinated Debt***

As at 31 December 2020, subordinated debt issued increased by KZT 6,628.4 million, or 6.3%, to KZT 111,163.0 million from KZT 104,534.6 million as at 31 December 2019, having increased by KZT 6,192.6 million, or 6.3%, from KZT 98,342.0 million as at 31 December 2018. The increases in subordinated debt since 2018 are primarily due to [an increase in subordinated debt from Baiterek JSC during this period].

***Current accounts and deposits from customers***

DBK generally does not accept deposits except in limited circumstances for certain customers and finance institutions. Accordingly, DBK does not depend on deposits as a source of funding, and changes in current account and deposit balances are not indicative of DBK's levels of funding or ability to lend.

Current accounts and deposits for customers are also a limited source of funding, accounting for 0.6%, 0.8% and 0.9% of total liabilities as 31 December 2020, 2019 and 2018, respectively. See "*—Principal Sources of Funding*".

Total current accounts and deposits from customers decreased by KZT 1,442.6 million, or 8.4%, to KZT 15,793.7 million as at 31 December 2020 from KZT 17,236.3 million as at 31 December 2019, having decreased in 2019 by KZT 2,089.4 million, or 10.8%, from KZT 19,325.7 million as at 31 December 2018.

Total current accounts and deposits from customers decreased in 2020 primarily due to the decrease in current account and demand deposits, from KZT 2,590.5 million as at 31 December 2019 to KZT 763.5 million as at 31 December 2020.

Total current accounts and deposits from customers decreased in 2019 primarily due to the decrease in deposits used as collateral for loans issued to customers, from KZT 9,281.9 million as at 31 December 2018 to KZT 2,604.7 million as at 31 December 2019.

### Current Accounts and Deposits from Customers by Type

The following table sets forth a breakdown of DBK's current accounts and deposits from customers, by type, as at 31 December 2020, 2019 and 2018:

	As at 31 December					
	2020		2019		2018	
	(KZT millions)	(%)	(KZT millions)	(%)	(KZT millions)	(%)
Term deposits from customers .....	10,225.0	64.7	10,225.0	59.3	8,813.2	45.6
Deposits used as collateral for loans issued to customers.	2,807.2	17.8	2,604.7	15.1	9,281.9	48.0
Current accounts and demand deposits.....	763.5	4.8	2,590.5	15.0	1,230.6	6.4
Deposits pledged as collateral .....	1,998.0	12.7	1,816.1	10.5	—	—
<b>Total current accounts and deposits from customers ..</b>	<b>15,793.7</b>	<b>100.0</b>	<b>17,236.3</b>	<b>100.0</b>	<b>19,325.7</b>	<b>100.0</b>

### Current Accounts and Deposits from Customers by Currency

The following table sets forth a breakdown of DBK's current accounts and deposits from customers, by currency, as at 31 December 2020, 2019 and 2018:

	As at 31 December					
	2020		2019		2018	
	(KZT millions)	(%)	(KZT millions)	(%)	(KZT millions)	(%)
Tenge .....	11,073.5	70.1	11,143.5	64.7	10,225.1	52.9
U.S. Dollars.....	4,720.3	29.9	4,291.8	24.9	9,055.3	46.9
Euros.....	0.0	0.0	1,801.0	10.4	45.2	0.2
Other currencies.....	—	—	—	—	—	—
<b>Total current accounts and deposits from customers ...</b>	<b>15,793.7</b>	<b>100.0</b>	<b>17,236.3</b>	<b>100.0</b>	<b>19,325.7</b>	<b>100.0</b>

### Current Accounts and Deposits from Customers by Maturity

The following table sets forth an analysis of DBK's current accounts and deposits from customers, by maturity, as at 31 December 2020, 2019 and 2018:

	As at 31 December					
	2020		2019		2018	
	(KZT millions)	(%)	(KZT millions)	(%)	(KZT millions)	(%)
On demand and less than one month.....	763.5	4.8	2,590.5	15.0	1,230.6	6.4
One month to three months.....	—	—	—	—	—	—
Three to six months.....	—	—	—	—	2,447.5	12.7
Six months to 12 months.....	2,263.3	14.3	295.7	1.7	289.8	1.5
More than one year .....	12,766.9	80.8	14,350.1	83.3	15,327.8	79.4
<b>Total current accounts and deposits from customers<sup>(1)</sup> .....</b>	<b>15,793.7</b>	<b>100.0</b>	<b>17,236.3</b>	<b>100.0</b>	<b>19,325.7</b>	<b>100.0</b>

**Note:**

(1) [Carrying amount].

As at 31 December 2020, 31 December 2018 and 31 December 2017, DBK's balance of current accounts and deposits from customers was principally comprised of current accounts and deposits from customers with a maturity of more than one year, which accounted for 80.8%, 83.3% and 79.4% of total current accounts and deposits from customers, respectively.

The decrease in current accounts and deposits from customers with a maturity of less than one year as at 31 December 2020 and 31 December 2019, as compared to as at 31 December 2018, was primarily due to movements in customer accounts.

## **Equity and Capital Adequacy Ratios**

As at 31 December 2020, DBK had share capital of KZT 503,667.5 million, consisting of 2,109,270 ordinary shares all of which are fully paid.

As at 31 December 2020, DBK's total equity increased by KZT 83,655.3 million, or 19.5%, to KZT 512,033.1 million, as compared to KZT 428,377.8 million as at 31 December 2019, having increased by KZT 52,343.5 million, or 13.9%, to KZT 428,377.8 million, as compared to KZT 376,034.3 million as at 31 December 2018. The year-on-year increases in total equity were primarily due to [increases in share capital during the year and increased net profit year-on-year].

As at the date of this Base Prospectus, DBK is not subject to the regulator's rules on capital adequacy ratios. DBK's capital adequacy ratio is calculated as the ratio of DBK's consolidated equity capital to its risk-weighted assets, calculated in accordance with requirements approved by the Resolution of the Government № 250 adopted on 22 April 2015, which corresponds to Basel II principles. As at 31 December 2020, DBK had a Basel II capital adequacy ratio of 20.15%, as compared to 20.53% and 18.76% as at 31 December 2019 and 2018, respectively. DBK had a tier 1 ratio of 15.88% as at 31 December 2020, as compared to 16.17% and 15.17% as at 31 December 2019 and 2018, respectively. DBK believes that it has sufficient capital adequacy to withstand any credit losses, which may reasonably be expected to arise in the foreseeable future.

## **Return on Average Assets and Return on Average Equity**

DBK had a positive return on average assets of 0.8% for the year ended 31 December 2020, as compared to a positive return of 0.4% for the year ended 31 December 2019 and a positive return of 0.1% for the year ended 31 December 2018. The positive return on average assets in 2020 was due to net profit in the amount of KZT 22,369.8 million. The increase in return on average assets in the year ended 31 December 2019 was primarily due to an increase in net profit and an increase in the size of total assets compared to 31 December 2018, which was, in turn, due to an increase in net interest income. Pre-provision return levels on average assets were 1.9% for the year ended 31 December 2020, as compared to 1.4% and 1.0% for the years ended 31 December 2019 and 2018, respectively.

DBK had a positive return on average equity of 4.8% for the year ended 31 December 2020, as compared to a positive return of 2.7% for the year ended 31 December 2019 and a positive return of 0.8% for the year ended 31 December 2018. The positive return on average equity for the year ended 31 December 2020 was due to net profit in the amount of KZT 22,369.8 million. The increase in positive return for the year ended 31 December 2019, as compared to the year ended 31 December 2018, was primarily due to an increased net profit for the year.

DBK calculates its return on average assets as the ratio of net profit/(loss) for the period to the average of the opening and closing asset balances for the period. DBK calculates its return on average equity as the ratio of net profit/(loss) for the period to the average of the opening and closing equity balances for the period. DBK calculates its pre-provision return levels on average assets as the ratio of net profit/(loss) for the period less recovery of/(charge for) impairment losses to the average of the opening and closing asset balances for the period.

# ASSET AND LIABILITY MANAGEMENT

## General

DBK's operations are subject to a variety of risks, some of which are not within its control. These include risks relating to changes in interest rates and foreign exchange rates, declines in liquidity and deterioration in the credit quality of its loan and securities portfolios. DBK monitors and manages the maturities of its loans, interest rate exposure, exchange rate exposure and credit quality in order to minimise the effect of any changes on DBK's profitability and liquidity position.

The Board of Directors has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies and procedures, as well as approving significantly large exposures. The Board of Directors has established the Risk Management Committee to assist in supervising DBK's risk management systems.

The Management Board is responsible for monitoring and implementing risk mitigation measures and ensuring that DBK and its subsidiaries operate within established risk parameters. The Head of the Risk Management Department is responsible for the overall risk management and compliance functions, ensuring the implementation of common principals and methods for identifying, measuring, managing and reporting both financial and non-financial risks.

The Risk Management Department has adopted internal risk management regulations based on international standards and is responsible for ensuring that levels of risk are controlled in accordance with these regulations. The Risk Management Department is also responsible for identifying and monitoring risks on an on-going basis. The Head of the Risk Management Department reports directly to the Chairman Management Board, which, in turn, reports to the Board of Directors.

DBK has established the ALMC, the Credit Committee and the Investment Committee, which are responsible for implementing and monitoring DBK's risk policies, including in respect of liquidity, credit and market risks. The basic credit policy of DBK is set out and governed by the Credit Policy Memorandum, which provides for a multi-stage system of making decisions by collegial authorised bodies (*i.e.*, the Credit Committee, the Management Board and the Board of Directors) to grant credit facilities depending on the size of the credit instrument. DBK monitors loan status and the financial condition and solvency of its borrowers on a regular basis. See "*—Principal Committees—Credit Committee*" and "*Selected Statistical and Other Data—Loan Policies and Credit Approval Procedures*".

DBK's risk management policies aim to identify, analyse and manage the risks faced by DBK, to set limits and controls on risks (including concentration, industry and country limits) and to monitor compliance with those limits and risk levels more generally. Risk management policies and procedures are reviewed regularly in order to reflect changes in market conditions, products and services offered by DBK, as well as to reflect best practice standards.

In particular, DBK pays special attention to the analysis and control of risks that could affect the achievement of its long-term strategic goals and key performance indicators, as approved by the Board of Directors. DBK develops risk mitigation plans as part of its risk management system with the aim of eliminating the causes of risk and to mitigate the consequences of risk events. A risk register and matrix of risks and controls of business processes are subject to a mandatory review and updating procedure on an annual basis, which is then used to develop a risk map. DBK works, on an ongoing basis, to optimise and improve its risk management system. In particular, in 2018, DBK introduced liquidity management rules and a methodology for calculating liquidity gaps. In 2018, DBK also improved its methodology of financial analysis relating to second-tier banks based on relevant financial statements and the prudential standards of the NBK. In 2019, DBK implemented further improvements to its risk management policy, financial risk management rules and rules for assessing and monitoring financial stability.

In 2020, following a decision of the Board of Directors, DBK updated its Financial Risk Management Rules. The update reflected improvements in DBK's methodology for assessing the levels of default losses, aligning DBK's internal methodology for assigning a rating to a corporate counterparty with the methodology followed by S&P Global Market Intelligence. Further amendments were made to the Financial Risk Management Rules for assessing and monitoring DBK's financial stability.

## Principal Committees

### *Assets and Liabilities Management Committee*

The overall asset and liability position of DBK is monitored and managed by the ALMC. The ALMC is a standing committee that consists of five members and reports to the Management Board. All members of the ALMC are appointed by the Management Board. The ALMC is headed by a Chairman and is comprised of representatives of the Debt and Structured

Finance Department, the Risk Management Department, the Strategy, Planning and Business Processes Department and the Loan Department.

The members of the ALMC are:

	<u>Role on the ALMC</u>	<u>Other Roles within DBK</u>
Sandugash Kenzhebayeva.....	Chair of the ALMC	Deputy Chairman of the Management Board
Botagoz Abisheva.....	Member of the ALMC	Managing Director
Rakhimzhan Satayev.....	Member of the ALMC	Managing Director
Dastan Akhmetov.....	Member of the ALMC	Managing Director

The ALMC assists the Management Board by considering and initially approving rules and procedures relating to borrowing, transactions for the purchase and sale of financial instruments and investments and the issuance of guarantees. The ALMC also formulates policy in relation to the management and control of liquidity, market and credit risks. The ALMC co-ordinates the risk management activities of the various management divisions with the aim of optimising the ratio of risks to profitability and the management of assets and liabilities. The ALMC also participates in the process of approving new business and the development of new lending products and funding instruments. The ALMC meets on an *ad hoc* basis, although in practice, meetings are held approximately three times a month.

### ***Credit Committee***

The Credit Committee implements DBK’s credit policies in accordance with the Credit Policy Memorandum and additional internal controls. All members of the Credit Committee are appointed by the Management Board, which decides upon the number of members and their terms of appointment. The Credit Committee is a standing committee that reports to the Management Board. As at 1 January 2021, the Credit Committee consisted of five members. The principal responsibilities of the Credit Committee include the organisation and supervision of DBK’s lending processes based on the principles of transparency and the strict division of responsibility between departments. The Credit Committee also assists with the development of processes for the efficient use of borrowed funds through the provision of credit instruments and with the supervision of the application of DBK’s lending policy, credit process and credit risk management process, as well as the use of DBK’s resources, across DBK’s offices. The Credit Committee monitors the quality and profitability of DBK’s loan portfolio. See “*Selected Statistical and Other Data—Loan Policies and Credit Approval Procedures*”.

The following table sets forth the members of the Credit Committee as at 1 January 2021:

	<u>Role on the Credit Committee</u>	<u>Other Roles within DBK</u>
Duman Aubakirov.....	Chairman	Deputy Chairman of the Management Board
Sandugash Kenzhebayeva.....	Member	Deputy Chairman of the Management Board
Botagoz Abisheva.....	Member	Managing Director
Bakhytzhan Omarov.....	Member	Managing Director
Zhalel Imashev.....	Member	Head of the Legal Department

### ***Investment Committee***

The Investment Committee monitors and manages DBK’s treasury portfolio within guidelines established by the ALMC. The Investment Committee is appointed by the Management Board, consists of [four] members and reports to the Management Board. The Investment Committee is responsible for the development of DBK’s internal policy on investment portfolio management.

The members of the Investment Committee are:

	<u>Role on the Investment Committee</u>	<u>Other Roles within DBK</u>
Dmitriy Babichev.....	Chairman	Deputy Chairman of the Management Board
Adil Ismagambetov.....	Deputy Chairman	Managing Director
Saule Mamekova.....	Member	Head of Accounting Department
Karlygash Akhmetzhanova.....	Member	Head of Legal

### ***Risk Management Committee***

See “*Management—Board Committees—Risk Management Committee*”.

## Liquidity Risk

Liquidity risk is the risk that DBK will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk exists when the maturities of assets and liabilities do not match. The matching or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to liquidity management. It is unusual for financial institutions to ever be completely matched as business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses. DBK maintains liquidity management with the objective of ensuring that funds will be available at all times to honour all cash flow obligations as they become due. DBK's liquidity policy is reviewed and approved by the Management Board and requires: (i) projection of cash flows by major currencies and taking into account the level of liquid assets necessary in relation thereto; (ii) maintenance of a diverse range of funding sources; (iii) management of the concentration and profile of debts; (iv) maintenance of debt funding plans; (v) maintenance of a portfolio of highly marketable assets that can easily be liquidated as protection against any interruption to cash flows; and (vi) maintenance of liquidity and funding contingency plans.

DBK's daily liquidity position is monitored and performed by the Treasury Department and reports in respect of DBK's liquidity position are presented to senior management on a weekly basis. Decisions relating to liquidity management are made by the ALMC and implemented by the Treasury Department or other relevant department.

The following table provides certain information as to DBK's liquidity as at 31 December 2020, 2019 and 2018:

	Requirement	As at 31 December		
		2020	2019	2018
			(%)	
Total debt <sup>(1)</sup> /equity .....	Not to exceed 700.0 <sup>(2)</sup>	503.1	504.8	574.6
Liquid assets <sup>(3)</sup> /total assets .....	Not less than 20.0	[•]	[•]	23.6

Notes:

- (1) Total debt comprises short-term debt plus long-term debt, in turn, comprised of loans from the Government of the Republic of Kazakhstan, loans from the Parent Company, loans from banks and other financial institutions, debt securities issued and subordinated debt.
- (2) According to the third amendment agreement dated 15 March 2019, the debt-to-equity covenant was amended to not be more than 7 to 1 at all times. "Selected Statistical and Other Data—Principal Sources of Funding—Debt Securities".
- (3) Liquid assets comprise cash and cash equivalents, placements with banks and other financial institutions and debt securities measured at fair value through other comprehensive income.

For further information on DBK's management of liquidity risk, see Note 32(d) to the 2020 Annual Financial Statements and Note 35(d) to the 2019 Annual Financial Statements.

In addition, DBK carries out calculations of its liquidity coverage ratio and net stable funding ratio in accordance with the requirements of Basel III. The following table sets forth information in respect of these liquidity ratios as at 31 December 2020, 2019 and 2018:

	As at 31 December		
	2020	2019	2018
		(%)	
Liquidity coverage ratio <sup>(1)</sup> .....	101.5	117.4	106.7
Net stable funding ratio <sup>(2)</sup> .....	118.6	117.1	120.6

Notes:

- (1) Calculated as the ratio of highly-liquid assets to net cash outflow less the projected cash inflows over a 30-day stress period.
- (2) Calculated as the ratio of longer-term, stable sources of funding employed by DBK to the required amount of stable funding.

## Maturities

The following tables set forth a breakdown of DBK's assets and liabilities by remaining contractual maturity as at 31 December 2020, 2019 and 2018:

On demand	As at 31 December 2020								Total
	Less than 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	No Maturity	Overdue		
	(KZT millions)								
Total assets.....	218,927.6	153,588.1	82,480.1	169,160.2	739,466.9	1,690,995.3	22,276.5	11,085.2	3,087,979.9
Total liabilities .....	1,910.2	2,887.3	16,859.5	39,776.8	1,198,746.6	1,315,766.4	—	—	2,575,946.8
<b>Net position .....</b>	<b>217,017.4</b>	<b>150,700.8</b>	<b>65,620.6</b>	<b>129,383.4</b>	<b>(459,279.7)</b>	<b>375,228.9</b>	<b>22,276.5</b>	<b>11,085.2</b>	<b>512,033.1</b>

As at 31 December 2019									
<u>On demand</u>	<u>Less than 1 month</u>	<u>1 month to 3 months</u>	<u>3 months to 1 year</u>	<u>1 year to 5 years</u>	<u>More than 5 years</u>	<u>No Maturity</u>	<u>Overdue</u>	<u>Total</u>	
<i>(KZT millions)</i>									
Total assets.....	137,678.6	96,944.9	20,645.6	233,654.1	415,377.6	1,656,436.3	26,955.0	3,123.4	2,590,815.5
Total liabilities .....	5,008.4	5,779.8	6,180.5	166,020.5	787,375.7	1,192,072.0	0.8	—	2,162,437.7
<b>Net position .....</b>	<b>132,670.2</b>	<b>91,165.1</b>	<b>14,465.1</b>	<b>67,633.6</b>	<b>(371,998.1)</b>	<b>464,364.3</b>	<b>26,954.2</b>	<b>3,123.4</b>	<b>428,377.8</b>

As at 31 December 2018									
<u>On demand</u>	<u>Less than 1 month</u>	<u>1 month to 3 months</u>	<u>3 months to 1 year</u>	<u>1 year to 5 years</u>	<u>More than 5 years</u>	<u>No Maturity</u>	<u>Overdue</u>	<u>Total</u>	
<i>(KZT millions)</i>									
Total assets.....	167,480.8	200,243.3	13,858.4	206,183.9	408,197.3	1,523,760.9	15,703.5	1,180.8	2,536,608.9
Total liabilities .....	3,004.2	3,478.9	7,608.0	45,925.5	980,467.3	1,120,090.7	—	—	2,160,574.6
<b>Net position .....</b>	<b>164,476.6</b>	<b>196,764.4</b>	<b>6,250.4</b>	<b>160,258.4</b>	<b>(572,270.0)</b>	<b>403,670.2</b>	<b>15,703.5</b>	<b>1,180.8</b>	<b>376,034.3</b>

For further information on DBK's management of maturity gaps, see Note 32(e) to the 2020 Annual Financial Statements and Note 35(e) to 2019 Annual Financial Statements.

## Credit Risk

Credit risk is the risk of financial loss occurring as a result of default by a borrower or counterparty on their obligation to DBK. DBK has developed policies and procedures for the management of credit exposures, including guidelines to limit portfolio concentration and the establishment of the Credit Committee to actively monitor DBK's credit risk. Loans to customers, finance lease receivables, placements with banks and other financial institutions, amounts receivable under reverse repurchase agreements, debt securities at fair value through other comprehensive income and accounts receivable are all considered financial assets subject to credit risk. DBK's credit policy establishes: (i) procedures for review and approval of loan credit applications; (ii) a methodology for the credit assessment of borrowers; (iii) a methodology for the credit assessment of counterparties, issuers and insurance companies; (iv) credit documentation requirements; and (v) procedures for the ongoing monitoring of loans and other credit exposures.

Corporate loan credit applications are originated by the relevant client managers and are then passed on to the Loan Department, which is responsible for the corporate loan portfolio. Analysis reports are based on a structured analysis, focusing on the customer's business and financial performance. The loan credit application and report are then independently reviewed by the Risk Department and a second opinion is given accompanied by a verification that credit policy requirements have been met. The Credit Committee reviews the loan credit application on the basis of submissions by the Loan Department and the Risk Department. Individual transactions are also reviewed by the Legal, Accounting and Tax Departments, depending on the specific risks and pending final approval of the Credit Committee.

DBK continuously monitors the performance of individual credit exposures and regularly reassesses the creditworthiness of its customers. The review is based on the customer's most recent financial statements and other information submitted by the borrower, or otherwise obtained by DBK.

Apart from individual customer analysis, the credit portfolio is also assessed by the departments responsible for risk management with regard to credit concentration and market risks.

The maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets in the consolidated statement of financial position and unrecognised contractual commitment amounts. During the loan approval process, the projected effect on DBK's financial performance is assessed in order to avoid negative impact. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

## Market risk

DBK manages market risk, which is the risk that movements in market prices, including foreign exchange rates, interest rates, credit spreads and equity prices will affect DBK's income or the value of its portfolios. Market risks comprise currency risk, interest rate risk and other price risk and arises from open positions in interest rate, currency and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices. The objective of DBK's market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return on such risk. DBK manages such risk by setting open position limits in relation to financial instruments, interest rate, maturity, currency positions and stop-loss limits, all of which are monitored on a regular basis. DBK's management of interest rate risks, by monitoring of the interest rate gap, is supplemented by monitoring the sensitivity of the net interest margin to various standard and non-standard interest rate scenarios. See "*Interest Rate Risk*", Note 32(b)(i) to the 2020 Annual Financial Statements and Note 35(b)(i) to the 2019 Annual Financial Statements.

## Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. DBK is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may also reduce or create losses in the event that unexpected movements occur. DBK adopts certain measures to minimise these risks by trying to link its borrowing and lending rates. Interest rate risk is managed principally through monitoring interest rate gaps.

The principal objective of DBK's interest rate management activities is to enhance profitability by limiting the effect of adverse interest rate movements on interest income through managing interest rate exposure. In this respect, DBK undertakes cash flow interest rate sensitivity analysis of its net profit or loss and equity (net of taxes) to changes in interest rates, as well as fair value interest rate sensitivity analysis of equity as the result of changes in the fair value of its debt securities measured at fair value through other comprehensive income as a result of changes in interest rates.

The following table sets forth an analysis of the sensitivity of DBK's net profit or loss and equity (net of taxes) to changes in interest rates (repricing risk), based on a simplified scenario of a 100 basis point ("bp") symmetrical fall or rise in all yield curves and positions of interest-bearing assets and liabilities existing as at 31 December 2020, 2019 and 2018:

	As at 31 December					
	2020		2019		2018	
	<u>Profit or loss</u>	<u>Equity</u>	<u>Profit or loss</u>	<u>Equity</u>	<u>Profit or loss</u>	<u>Equity</u>
KZT'000000						
100 bp parallel increase.....	2,551.6	2,551.6	1,391.8	1,391.8	2,613.5	2,613.5
100 bp parallel decrease.....	(2,551.6)	(2,551.6)	(1,391.8)	(1,391.8)	(2,613.5)	(2,613.5)

The following table sets forth an analysis of the sensitivity of DBK's net profit or loss and equity to changes in the fair value of debt securities measured at fair value through other comprehensive income as at 31 December 2020, 2019 and 2018:

	As at 31 December					
	2020		2019		2018	
	<u>Profit or loss</u>	<u>Equity</u>	<u>Profit or loss</u>	<u>Equity</u>	<u>Profit or loss</u>	<u>Equity</u>
KZT'000000						
100 bp parallel increase.....	—	(10,259.9)	—	(11,828.1)	—	(9,504.0)
100 bp parallel decrease.....	—	10,982.2	—	12,833.7	—	10,164.1

For further information on DBK's management of interest rate risk, see Note 32(b)(i) to the 2020 Annual Financial Statements and Note 35(b)(i) to the 2019 Annual Financial Statements.

## Foreign Currency Risk

DBK is exposed to foreign currency risk as a result of fluctuations in foreign exchange rates and mismatches between its assets and liabilities, as well as through its off-balance sheet activities involving exposures to instruments denominated in different currencies. The Risk Management Department monitors DBK's net currency position and advises on strategy accordingly. In order to effectively manage currency risk, the Board of Directors has approved the Rules of Currency Risk Management, which provide guidelines for the identification, assessment and control and monitoring of foreign currency risk. DBK has established a limit on open foreign currency positions, the VaR on each foreign currency, the weekly monitoring of foreign currency positions and the market situation and regular stress-testing of foreign currency positions, as well as back-testing of the effectiveness of methods used for the calculations of VaR. See "*Risk Factors—Factors that may affect DBK's ability to fulfil its obligations under, or in connection with, Notes issued under the Programme—B. Financial Risks relating to DBK and its Business—Foreign Currency Risk*".

For further information on DBK's management of foreign currency risk, see Note 32(b)(ii) to the 2020 Annual Financial Statements and Note 35(b)(ii) to the 2019 Annual Financial Statements.

The following table sets forth a breakdown of DBK's assets and liabilities, by currency, as at 31 December 2020, 2019 and 2018:

	<b>As at 31 December</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Assets</b>		<i>(KZT millions)</i>	
Foreign currency-denominated assets			
U.S. Dollars .....	1,154,431.1	1,025,395.1	1,207,632.4
Euros .....	144.6	16,005.9	23,366.4
Other currencies .....	441.5	456.2	1,859.1
Tenge-denominated assets .....	1,922,141.9	1,539,474.0	1,295,183.9
<b>Liabilities</b>			
Foreign currency-denominated liabilities			
U.S. Dollars .....	1,193,657.3	1,057,640.3	1,235,726.5
Euros .....	59.8	12,535.7	22,399.8
Other currencies .....	13,771.8	15,959.1	16,261.5
Tenge-denominated liabilities.....	1,369,300.3	1,076,565.3	887,447.2

[As at the date of this Base Prospectus, DBK is within its open position limits for convertible and non-convertible currencies it has set for the purposes of managing foreign currency risk.]

The following table shows the net foreign currency position of DBK as at 31 December 2020, 2019 and 2018:

	<b>As at 31 December</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
Net long (short) currency position ( <i>KZT millions</i> ) .....	(31,426.1)	(25,148.3)	(22,319.8)
Net currency position as a percentage of total equity (%).....	(6.1)	(5.9)	(5.9)
Net currency position as a percentage of foreign currency liabilities (%).....	(2.6)	(2.3)	(1.8)

DBK enters into forward and swap transactions to hedge some of its foreign currency risk. Management revises its assumptions applied to currency swap valuations on a regular basis in line with changes in the base market terms.

## Operational Risk

Operational risk is the risk of losses resulting from inadequacies or failures of internal processes, people and systems or external events.

DBK applies the basic indicative approach set out in Basel II for the calculation of operational risk. Since 2009, DBK has employed operational risk identification, assessment, reporting and control processes, as well as the periodic monitoring of the control system, to manage operational risk. Such processes are carried out on a constant basis and in accordance with internally-approved methodology. DBK considers that its risk culture is an important factor in its ability to achieve its strategic goals. The principal objectives of DBK's activity to improve and strengthen its risk-culture are to: (i) encourage and establish a risk-oriented culture within DBK; and (ii) establish an incentivised system to encourage and ensure the use of appropriate risk management tools. To fulfil such objectives, DBK intends to conduct regular training events covering risk topics, introduce key performance indicators for risk management, update its Code of Business Ethics to enhance the risk management principles contained therein and introduce certain improvements to its risk management processes. In 2020, DBK held training seminars for all employees on risk management issues and updated its Code of Business Ethics.

## Legal Risk

Legal risk arises from the probability of losses resulting from the infringement of any contractual obligations, the mistaken application of normative legal acts, constitutional documents, policies, actions of governmental or state-owned bodies and amendments to legislation. DBK has generated a methodological approach to legal risk management and has a Compliance Controller, which reports to the Board of Directors. See "*Management—Corporate Governance*".

## Anti-Money Laundering, Countering the Financing of Terrorism, Anti-Corruption and Anti-Bribery Policies and Procedures

In addition to mandatory statutory requirements, DBK has developed internal know-your-customer, anti-money laundering and countering terrorism financing policies, including DBK's procedures in relation to: (i) verifying information provided by customers in order to permit identification of customers, including ultimate owners and beneficiaries (both prior to establishing business relations with DBK and at the time of entering into transactions) and to

identify, among others, whether the customer is connected with the financing of terrorism or is a politically-exposed person or a relative of a politically-exposed person; (ii) evaluating of a client's business to determine whether a customer may be involved in money-laundering or terrorism financing; (iii) implementing additional monitoring and due diligence requirements in respect of activities identified as potentially high risk; (iv) identifying any suspicious transactions and further assessing these against anti-money laundering and counter-terrorism financing safeguards; (v) notifying authorised bodies in regard to any suspicious transactions; and (vi) refusing to proceed with transactions or suspending transactions in the event that a customer fails to provide supporting documentation or provides false or inaccurate documentation or DBK otherwise believes the transaction is suspicious. These policies include the "Rules of Internal Control in order to Counter the Laundering of Proceeds from Crime and the Financing of Terrorism in the Development Bank of Kazakhstan JSC", which were adopted on 25 April 2019, as well as the "Instructions on the Implementation of Internal Control Programmes to Counter the Laundering of Proceeds from Crime and the Financing of Terrorism in the Development Bank of Kazakhstan JSC", which were adopted on 22 May 2019. In order to implement these policies to the highest standard, DBK provides on-going anti-money laundering training to all relevant employees.

In addition to mandatory statutory requirements in respect of anti-corruption and anti-bribery as set out in Law № 410-V dated 18 November 2015, DBK has adopted Chief Executive Officer and Management Board resolutions in respect of anti-corruption measures applicable to DBK. In addition, on 25 July 2017, the Management Board approved DBK's anti-corruption policy.

DBK's Compliance Controller is responsible for the management of compliance risks, including functions related to the prevention and counteraction to money laundering and financing of terrorism, as well as the identification and prevention of corruption, effective settlement of conflicts of interest and control over compliance by DBK's employees with professional ethics requirements. The Board of Directors approves the work plan of the Compliance Controller on an annual basis and reviews reports regarding the Compliance Controller over the year. See "*Management—Corporate Governance*".

# BUSINESS

## Overview

DBK was incorporated on 31 May 2001 and is organised under the Decree of the President of the Republic of Kazakhstan dated 28 December 2000, the Law of the Republic of Kazakhstan № 178-II dated 25 April 2001 and the Resolution of the Government of the Republic of Kazakhstan № 659 dated 18 May 2001, for an unlimited duration as Closed Joint Stock Company “Development Bank of Kazakhstan”. On 18 August 2003, DBK was re-registered as Joint Stock Company “Development Bank of Kazakhstan” in line with the requirements of the amended JSC Law. A re-registration certificate (№ 4686-1900-AO) was issued in respect of DBK by the Registration Service and Legal Assistance Committee of the Ministry of Justice on 18 August 2003. DBK is a national development bank that is authorised to implement State investment policies and State support for industrial and innovative projects.

DBK operates under business identification number 010540001007 and its registered office is n-r. pr. 15, building 55A Mangilik Yel Avenue, Yesil district, Nur-Sultan, Republic of Kazakhstan and its telephone number is +7 7172 792 679. DBK’s sole shareholder is Baiterek JSC, which is, in turn, wholly-owned by the Government. Accordingly, the ultimate controlling party of DBK is the Government, represented by the Ministry of Industry and Infrastructural Development.

In accordance with the DBK Law, DBK’s objectives are:

- to improve and increase the efficiency and effectiveness of governmental investment activity;
- to develop industrial infrastructure and the manufacturing industry in Kazakhstan; and
- to promote foreign and domestic investment in Kazakhstan.

As a part of its role under Kazakhstan’s industrial development programme and in furtherance of such purposes, and in accordance with the Credit Policy Memorandum, DBK provides medium and long-term financing for investment projects (other than food or beverage projects and public private partnership projects) of KZT 7 billion or more, food or beverage investment projects and public private partnership projects of KZT 3 billion or more and export transactions of KZT 1 billion or more. See “—*Participation in Government Programmes*” and “—*Lending*”. In determining which projects or transactions to finance, DBK gives priority to projects and transactions related to the modernisation and establishment of competitive industries, in particular, non-extracting industries, and infrastructure in Kazakhstan. Approximately 50% of the projects financed by DBK are greenfield projects. DBK’s lending activities are primarily funded through the issuance and placement of domestic and international debt securities and through borrowings from Baiterek JSC, Samruk-Kazyna, international financial institutions and the State budget.

IDF JSC, DBK’s wholly-owned subsidiary, offers short- and long-term (up to 20 years) lease financing in various forms, including for industrial equipment, leasing of industrial buildings and certain combined services, and credit and leasing. IDF JSC invests only in large-scale projects valued at over U.S.\$1.2 million. IDF JSC provides financial leasing for investment projects in priority sectors of the economy in an amount of U.S.\$205,000 or more under Government support programmes. See “—*IDF JSC*”.

In July 2017, DBK established its wholly-owned subsidiary, DBK CSF, a closed private limited liability company established in the Netherlands. DBK CSF was established for the purpose of participating in a direct investment fund in the Netherlands. In November 2017, DBK CSF and KCM established DBK Equity Fund, a direct investment fund, for purposes of investing in domestic and foreign projects, which promote the interests of the Kazakhstan economy and in which DBK is not permitted to invest directly as a result of the restrictions imposed on it under the Credit Policy Memorandum. DBK Equity Fund is 97% owned by DBK CSF. See “—*DBK CSF*”.

For the year ended 31 December 2020, DBK’s profit for the year was KZT 22,369.8 million, as compared to a profit of KZT 10,958.5 million for the year ended 31 December 2019 and KZT 3,243.8 million for the year ended 31 December 2018. As at 31 December 2020, DBK had total assets of KZT 3,088.0 billion, as compared to total assets of KZT 2,590.8 billion as at 31 December 2019 and KZT 2,536.6 billion as at 31 December 2018.

## **Impact of COVID-19** *[To be further built out following due diligence]*

The ongoing COVID-19 pandemic is having an indeterminable adverse impact on the world economy, including the Kazakhstan economy, as well as on DBK’s customers and, in turn, DBK’s business. The pandemic has affected investment sentiment and resulted in sporadic volatility in the global capital and financial markets. The 2020 real GDP growth rate for Kazakhstan was estimated by the IMF to have decelerated by 2.6% (as compared to growth of 4.5% in 2019) as a result of the impact of the COVID-19 pandemic. In particular, the Kazakhstan economy has been significantly

impacted by the sharp decrease in oil prices following the outbreak of the COVID-19 pandemic. The IMF forecasts real GDP in Kazakhstan to return to growth of 3.2% in 2021.

The Government has implemented measures, including periods of lockdown and quarantines in an effort to combat the spread of the virus in Kazakhstan and alleviate the negative effects of the pandemic. A state of emergency was declared in Kazakhstan between 16 March 2020 and 12 May 2020. During this period, regional authorities gradually introduced additional measures to enhance social distancing, including closing schools, universities, restaurants, cinemas, theatres and museums and sport facilities.

In response to the COVID-19 pandemic, DBK developed an anti-crisis plan, which includes measures to mitigate the effects of the pandemic and the impact of changes in the Tenge/U.S. Dollar exchange rate on DBK's credit portfolio. As part of the anti-crisis plan, measures are being taken on an ongoing basis to assess the impact of COVID-19 on DBK and its clients, financial measures to support the real economy, and debt restructuring of borrowers. Since early 2020, DBK has enabled its employees to work remotely, with the transition effected swiftly and avoiding any interruption in DBK's business activities.

DBK reports to the independent directors of its parent company, Baiterek JSC, on a monthly basis with respect to the potential negative impact of external factors, including the COVID-19 pandemic and volatile oil prices, on DBK's financial and risk indicators. DBK has monitored its credit risk indicators, in particular its expected credit losses on both the credit and interbank portfolios, and has conducted regular stress tests based on the Tenge/U.S. Dollar exchange rate, a decrease in credit ratings and an extended period of any lockdown measures due to COVID-19. These stress tests have helped DBK formulate its anti-crisis plan.

**[DBK to provide further details of mitigation measures taken].** Due to the anti-crisis plan measures, DBK avoided losses and a significant increase in NPLs in 2020. Based on the results of the 2020 financial year, DBK recognised a net profit of KZT 14.3 billion in 2020 and NPLs were 1.2% of gross loans to customers as at 31 December 2020 (as compared to 1.5% as at 31 December 2019). More generally, the pandemic and its impact on the Kazakhstan economy has prompted DBK to review its long-term development strategy and review its current business processes in order to maintain its position as the country's largest financial institution and a leading operator in the assessment and structuring of major infrastructure and industrial projects. See "*—Strategy*". **[DBK to provide further details. Has there been an amendment to the Development Strategy?]**

#### **Authority of DBK**

The DBK Law specifies certain activities in furtherance of DBK's purposes that DBK is authorised to engage in, whether in Tenge or foreign currencies, without the need to obtain a banking licence. These activities include, *inter alia*:

- providing loans to entities;
- issuing guarantees;
- issuing and confirming letters of credit;
- opening and maintaining correspondent accounts with and for other financial institutions;
- accepting deposits and opening and managing bank accounts for certain of DBK's borrowers and certain other entities;
- accepting certain deposits in order to provide liquidity to DBK;
- issuing securities; and
- participating in certain foreign currency exchange transactions.

DBK is not permitted to solicit deposits from, open accounts for, or provide settlement and cash services to, individuals. In addition, there are legal restrictions on DBK's ability to provide financing to, or give bank guarantees in respect of the obligations of, individuals, credit co-operatives, pension fund management companies, investment funds and insurance companies) or to make certain unsecured loans.

Pursuant to the Banking Law, DBK is not considered to be a second-tier bank due to its special status as set forth in the DBK Law. As such, it is authorised to conduct certain banking activities without a banking licence from the regulator in respect of such activities.

While DBK is regulated by the Financial Market Supervision and Development Agency (and, prior to 1 January 2019, was regulated by the NBK), DBK is not subject to the same regulation imposed on the rest of the banking sector. For example, DBK is exempt from regulation relating to prudential requirements, provisioning, composition of management, loan classification, collateral classification and risk management and internal control systems, which are applicable to commercial banks in Kazakhstan.

## Strengths

DBK believes it benefits from the following strengths:

- **Strong Shareholder Support**

DBK is wholly owned by Baiterek JSC, which is, in turn, wholly owned by the Government. The Chairman of the Board of Directors of Baiterek JSC is the Prime Minister of Kazakhstan. Accordingly, DBK plays a significant role in various Government programmes, including the Industrialisation Programme, the Government Programme for Infrastructure Development (as defined below) and other Government programmes. Pursuant to the Industrialisation Programme, DBK is the major source of low-cost and long-term funding for manufacturing and infrastructural projects.

- **Special Status and Mandate in the Banking Sector**

Under the DBK Law, DBK enjoys a special legal status, which gives it special rights and responsibilities not applicable to other participants in the Kazakhstan banking sector. In addition, pursuant to amendments to the DBK law in 2011, DBK has been exempted from the reporting requirements of the regulator in respect of loan classification, as well as certain prudential regulation and minimum reserve requirements, which are applicable for commercial banks. Moreover, although Baiterek JSC sets certain key performance targets for DBK, as a development institution, DBK is not required to, and does not, have profitability as one of its priority objectives. Also, as a development bank, which is indirectly wholly-owned by the Government, DBK has access to subsidised funding from the State budget and the National Fund of the Republic of Kazakhstan (the “**National Fund**”). All of these give DBK greater flexibility in conducting its operations to meet its strategic objectives.

The DBK Law also grants DBK the status of a financial agency. Pursuant to the tax code, debt securities, such as Notes issued under the Programme, issued by a financial agency, as well as gains realised on the disposal, sale, exchange or transfer of such securities are exempt from Kazakhstan income tax.

- **High Capitalisation**

DBK is relatively well-capitalised with a capital adequacy ratio of 20.2% as at 31 December 2020, as compared to 20.5% and 18.8% as at 31 December 2019 and 2018, respectively. DBK’s capital adequacy ratio is calculated as the ratio of DBK’s consolidated equity capital to its risk-weighted assets, which is in line with Basel II principles. Baiterek JSC has also indicated that it would provide further support to DBK should it be required in order to meet applicable capital adequacy ratios. This support has permitted DBK to maintain an active role in the lending market. During the year ended 31 December 2020, DBK received KZT 58 billion of capital injections of which: (i) KZT 8.0 billion was allocated to IDF JSC for lease financing in respect of agricultural equipment. The capital injections must be used by DBK for the purpose of funding investments in five different sectors of the economy, which, in turn, leads to further diversification of DBK’s loan portfolio.

- **Strong Liquidity Position**

As at 31 December 2020, DBK had KZT 395.7 billion in liquid assets (which comprise debt securities measured at fair value through other comprehensive income, cash and cash equivalents, placements with banks and other financial institutions and amounts receivable under reverse repurchase agreements). DBK has adopted a conservative investment portfolio management strategy, which requires DBK to maintain a liquidity coverage ratio of at least 100% (with the minimum liquidity coverage ratio for [short-term borrowings] being set at 0.8 between January and March 2020, 0.6 between April and September 2020 and 0.8 between October and December 2020) *[To be further discussed with DBK]*. As at 31 December 2020, DBK had a liquidity coverage ratio of 101.5%, as compared to 117.4% as at 31 December 2019 and 106.7% as at 31 December 2018. See “*Asset and Liability Management—Liquidity Risk*”.

- **Growth of the Lending Business**

DBK’s lending business has generally been growing in recent years. Total loans to customers and banks increased by KZT 241,576.6 million, or 14.0%, to KZT 1,970,726.9 million as at 31 December 2020 from KZT 1,729,150.3

million as at 31 December 2019. DBK expects its lending business to continue to grow in line with its strategy and pipeline of investment projects. See “*Selected Statistical and Other Data—Loans to Customers*”.

- **Access to Funding**

DBK has one of the highest credit ratings among corporate entities in Kazakhstan, matching or near to the sovereign ratings of Kazakhstan published by S&P (DBK assigned a rating of BB+, as compared to a sovereign rating of BBB-), Fitch (DBK assigned a rating of BBB in line with the sovereign rating), and Moody’s (both assigned a rating of Baa3).

## **Strategy**

DBK’s development strategies have been, and are continuing to be, developed with the aim of maintaining DBK as a high-profile development bank, playing a key role in the diversification and development of Kazakhstan’s economy, whilst remaining a stable and commercial organisation. Following Baiterek JSC’s adoption of its development strategy for 2014-2023, DBK adopted its Development Strategy, which is in line with the strategy DBK has pursued for a number of years, updated to reflect DBK’s important role in Government programmes (such as, the Industrialisation Programme (as defined below) and the Infrastructure Development Programme (as defined below)). The Development Strategy was approved by the Board of Directors on 14 July 2014 and was most recently amended on 29 September 2017. [***DBK to provide details of any updates or more recent amendments***]

The Development Strategy outlines the main directions and tasks for the implementation of DBK’s objective to assist in the development of competitive, non-exclusive economic sectors in Kazakhstan. As part of the Development Strategy, DBK aims to become, *inter alia*:

- the leading public operator in assessing, structuring and financing large infrastructure and industrial projects within Kazakhstan, both for the private sector and for the Government;
- a specialised sovereign development bank, which provides adequate and timely project funding for industry and infrastructure projects;
- a leading provider of Tenge-denominated financing;
- one of the largest financial institutions in Kazakhstan in terms of asset volume, with recognised competence and authority in international markets; and
- the principal agent for attracting long-term and low-cost loans and investments for corporate clients.

DBK’s Development Strategy focuses on lending to strategic investment projects in line with the Government’s development priorities (namely infrastructure development, metallurgy, chemical and petrochemical industries, the energy sector and manufacturing, including under the Industrialisation Programme), as well as continuing trade finance activities. Pursuant to the Development Strategy, DBK intends to continue to increase its lending volumes and attract increased amounts of private capital to its projects, as well as to syndicate certain loans, offering structured and project products and providing consultation services in connection with the raising of capital. In accordance with its development bank mandate, DBK’s dividend policy will be determined in compliance with the laws of Kazakhstan and Baiterek JSC’s development strategy.

The principal components of the Development Strategy are: (i) lending; (ii) financial resources management; and (iii) corporate management.

- **Lending**

The Development Strategy sets out the strategic goal for DBK to invest approximately KZT 4.4 trillion between 2014 and 2023, of which, as at 31 December 2020, DBK had invested approximately 78%.

In order to achieve this strategic goal, DBK plans to focus on the following areas: (i) increasing the portion of its loan financing denominated in Tenge; (ii) enhancing the terms and conditions for financings in both Tenge and foreign currencies; (iii) improving DBK’s existing financing products, such as project financing, syndicated financing, interbank credit and mezzanine financing, as well as developing new credit instruments; (iv) strengthening cooperation with Baiterek JSC, in particular, through the provision of integrated financial products to various target groups, with a focus on increasing the availability of credit for the private sector, particularly for entrepreneurs and exporters; (v) improving cooperation between DBK’s divisions and optimising the consideration and monitoring of projects; (vi) ensuring a high quality credit portfolio by improving the tools for the evaluation of project risks; and (vii) opening a dialogue with

Government authorities to explore the deregulation of certain lending activities to encourage a more flexible approach to project financing.

Under the Development Strategy, IDF JSC also targets further increasing its leasing portfolio and decreasing the need for provisioning. Such increased leasing is, in particular, expected to be used to assist with the modernisation and renewal of production capacity and transport infrastructure in Kazakhstan in line with Government programmes.

In line with the lending goals set out in the Development Strategy, in July 2017, DBK established DBK CSF and, in November 2017, DBK CSF and KCM established DBK Equity Fund. See “—*DBK CSF*”.

In 2020, DBK developed and proposed an initiative aimed at consolidating legislation regarding syndicated financing. This initiative was subsequently supplemented and supported by regulatory bodies and market participants, including the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market, industry government agencies, the Association of Financiers of Kazakhstan and second-tier banks. On 2 January 2021, the President signed the Law “On Amendments and Additions to certain Legislative Acts of the Republic of Kazakhstan on the restoration of economic growth”, which reflects the norms and procedures to legally regulate syndicated financing instruments.

- **Financial Resources Management**

Under the Development Strategy, DBK targets becoming the chief provider of long-term domestic financing in Kazakhstan, with the most favourable domestic currency credit conditions. In line with this aim, and taking into account any potential future risk of a decrease in Government funding, DBK plans to focus on diversifying its funding sources by attracting funds from alternative non-Governmental sources, while also maintaining its focus on cost control. In particular, DBK aims to attract domestic and foreign investments, procure high financial stability, maintain economically efficient operations (including by retaining a breakeven level during the period from 2016 to 2023 on its capital profitability index (return on equity), as well as complying with the provisions of IFRS 9) and sustaining its existing credit ratings.

DBK also intends to take certain additional steps to attract non-Government funding, including: (i) financing in foreign currencies (albeit with a view to minimising currency risk and risks arising from the credit risk of DBK’s related borrowers, including through the use of available hedging instruments, currency position management and matching of foreign currency amounts with foreign currency cash flow of the related DBK borrower); (ii) financing on the local market, including by attracting funding from the Unified Accumulated Pension Fund JSC; (iii) intra-group financing and deposits from certain entities; (iv) financing from the international capital markets; and (v) financing through expanding DBK’s co-operation with foreign export credit agencies and export-import banks for purposes of increasing the volume of DBK’s trade financing activities. To date, DBK has increased its non-Government funding through increased issuances on the domestic and international capital markets, as well as new borrowings with non-Kazakhstan lenders. See “*Selected Statistical and Other Data—Principal Sources of Funding—Borrowings*” and “*Selected Statistical and Other Data—Principal Sources of Funding—Debt Securities*”.

- **Corporate Management**

DBK plans to improve its existing corporate management system in line with the recommendations of its sole shareholder and certain external consultants by: (i) increasing the efficiency of the Board of Directors; (ii) enhancing the collaboration process with Baiterek JSC; (iii) improving internal controls; (iv) improving existing management assessment and fee systems; and (v) improving transparency.

The Development Strategy specifies six key areas on which DBK intends to focus in order to improve its corporate management: (i) business processes (including credit monitoring processes); (ii) personnel policies (including improving the efficiency of human resources planning and labour productivity); (iii) risk management (including the introduction of an automated risk management system); (iv) IT support (including automating DBK’s business processes and increasing the effectiveness of existing IT services); (v) improvement of information security; and (vi) communication and information policies (including implementing a comprehensive plan to level reputational costs, maximise transparency, enhance awareness of DBK’s activities and promote the image of DBK as an official financial organisation).

Examples of measures taken to date to fulfil this strategic aim include:

- in 2020: (A) the completion of the first stage of implementation of DBK’s Business Process Management system (“**BPM system**”), as well as online services for its customers, including remote attendance and electronic voting at Board of Directors, Management Board and committee meetings, as well as BPM initiatives for DBK’s internal processes for investment projects, export operations, calculation of provisions for portfolios, interbank lending, financing of subsidiaries and human resource management, and compliance; (B) the update of DBK’s Code of Business Ethics (see “—*Employees*”); and (C) the approval, in December 2020, of a new organisational structure ,

with the aim of increasing DBK's effectiveness; *[Further details of changes and expected timing for implementation to be discussed]*

- in 2019: (A) the introduction of new evaluation criteria for the recruitment of staff, which are published on DBK's corporate website; (B) the implementation of amendments to DBK's internal regulations aimed at improving staff motivation initiatives, including the introduction of (i) rules for remuneration and bonuses for administrative employees; (ii) rules for assessing the effectiveness of administrative employees; and (iii) rules for the evaluation of positions within DBK; (C) the revision of DBK's classification of business processes based on the international American Productivity & Quarterly Center (APQC) standard; and (D) the launching of a project to describe and optimise all existing business processes of DBK;
- in 2018: (A) putting measures in place to increase collaboration with Baiterek JSC; (B) adding to the standard criteria applied to DBK's methodology for evaluating corporate governance procedures, (C) further automating its processes with the implementation of ABIS "Colvir" systems (including for electronic invoices) and (D) aligning DBK's information security policy with applicable statutory information security rules and requirements; and
- in 2017, the introduction of a grading system for employee performance and the adoption of rules relating to the implementation of the grading system.

In addition, DBK published a transparency report in respect of 2018 and 2019, each of which was approved by the Board of Directors. The transparency report in respect of 2020 is expected to be published in the first half of 2021.

### **Participation in Government Programmes**

DBK, as agent for the Government, provides financing allocated from the State budget in connection with a number of Government programmes and initiatives, including, most notably:

- the Programme for Industrial and Innovation Development of Kazakhstan, which initially covered the 2015-2019 period and, pursuant to Governmental Decree № 1050 dated 31 December 2019, was approved and extended to cover the years 2020-2025 (the "**Industrialisation Programme**");
- the "Business Road Map" 2020 programme, which initially covered the 2015-2019 period and, pursuant to Governmental Decree № 968 dated 24 December 2019, was extended to cover the years 2020-2024 (the "**Business Road Map**" programme);
- the infrastructure development programme for 2015-2019 "Nurly Zhol", which initially covered the 2015-2019 period (the "**Infrastructure Development Programme**"), although the Infrastructure Development Programme has been extended to cover the 2020-2025 period, DBK is not providing financing for the extension of this programme; and
- interbank lending programmes.

### **Industrialisation Programme - YICP**

The Industrialisation Programme was approved by the then-President in August 2014. On 31 December 2019, the Government approved the Industrialisation Programme to cover the years 2020-2025. The Industrialisation Programme replaced the previous programme in place for the years 2015 to 2019. The Industrialisation Programme aims to stimulate the diversification, and improve the competitiveness, of secondary industry in Kazakhstan, focused on, among other things, increasing production of value-added export products and ensuring conditions for modernisation and efficient industrial development. The Industrialisation Programme provides that DBK will continue to be one of the primary lending vehicles for the long-term financing of infrastructure and other strategic investments. All of DBK's investment projects meet the requirements of the Industrialisation Programme and DBK is participating in the financing of 25 projects. DBK was allocated funds out of the State budget to finance projects under the Industrialisation Programme up to an amount of KZT 75 billion in 2016, KZT 80 billion in 2017, KZT 12 billion in 2018 and KZT 11 billion in 2019.

The provision of these funds is conditional upon the funds being mixed equally with market funds. As a result, the lending rate available for borrowers is dependent on market costs but will be no more than 9% or 11% *per annum* (depending on the borrower). The mixing of budget funds and market funds allows for the additional financing of projects under the Industrialisation Programme in a total amount of KZT 581 billion (where the full cost of such projects are KZT 2,806 billion).

billion). As at 31 December 2020, DBK had allocated KZT 544.2 billion to various projects under the Industrialisation Programme, of which KZT 502.1 billion had been disbursed.

### ***“Business Road Map” Programme***

The “Business Road Map” 2020 programme was originally approved by Resolution № 301 of the Government on 13 April 2010 and restated in March 2015 and August 2018. On 24 December 2019, the Government approved the “Business Road Map” 2025 programme, which continues the programme for the years 2020-2024. This programme aims to: (i) ensure sustainable and balanced growth of regional businesses in the non-energy sectors of the Kazakhstan economy; and (ii) preserve existing, and create new, permanent jobs. Projects under the “Business Road Map 2020” programme are financed by DBK at subsidised rates, for which DBK is compensated out of the State budget up to its standard rates. In 2016, IDF JSC began financing manufacturing projects aimed at creating new and modernising existing production facilities. *[Is there any update on this part of the programme?]* DBK was involved in financing [•] projects under the “Business Road Map” 2020 Programme in the year ended 31 December 2019 and 11 projects in 2018. As at 31 December 2020, DBK was involved in financing [•] projects under the “Business Road Map” 2025 Programme.

### ***Government Programme for Infrastructure Development***

In April 2015, the Government Programme for Infrastructure Development “Nurly Zhol” for 2015–2019 was approved by the President. The Infrastructure Development Programme was restated in July 2018. On 31 December 2019, the Government extended the Infrastructure Development Programme to cover the period from 2020 until 2025. The Infrastructure Development Programme focuses on infrastructure, including improving domestic transport infrastructure; implementing export policies through the development of an efficient transit, export and logistics infrastructure; improving the technological, scientific, methodological and resource provision of infrastructure, as well as economic efficiency and competitiveness of carriers and companies engaged in transport infrastructure operations; and improving the operational and environmental safety of transport infrastructure. As at the date of this Base Prospectus, the lending rate available for borrowers under the Infrastructure Development Programme is no more than 8% *per annum*. Pursuant to Government resolution № 271 dated 23 April 2015, as amended, funds in an amount of KZT 100 billion were allocated to DBK for the provision of financing to domestic producers and exporters pursuant to the Infrastructure Development Programme, of which: (i) KZT 30 billion is to be allocated to support domestic car manufacturers (KZT 26 billion to be used for interbank lending and KZT 4 billion to be provided to IDF JSC for the provision of leasing financing); (ii) KZT 5 billion is to be allocated to support passenger railcar manufacturing; and (iii) KZT 65 billion is to be allocated to support exporters.

As at 24 December 2020, six agent banks (*i.e.*, commercial banks participating in the Infrastructure Development Programme, which provide preferential loans for the purchase of domestic cars) had granted 14,470 loans to individuals for the purchase of domestically manufactured motor vehicles for a total amount of KZT 65,410.1 billion and IDF JSC had issued 854 leases for assets valued at KZT 10,463.2 billion taking into account the primary and secondary placement. As at 31 December 2020, DBK, had approved 17 export operations for financing up to a total amount of KZT 540.7 billion.

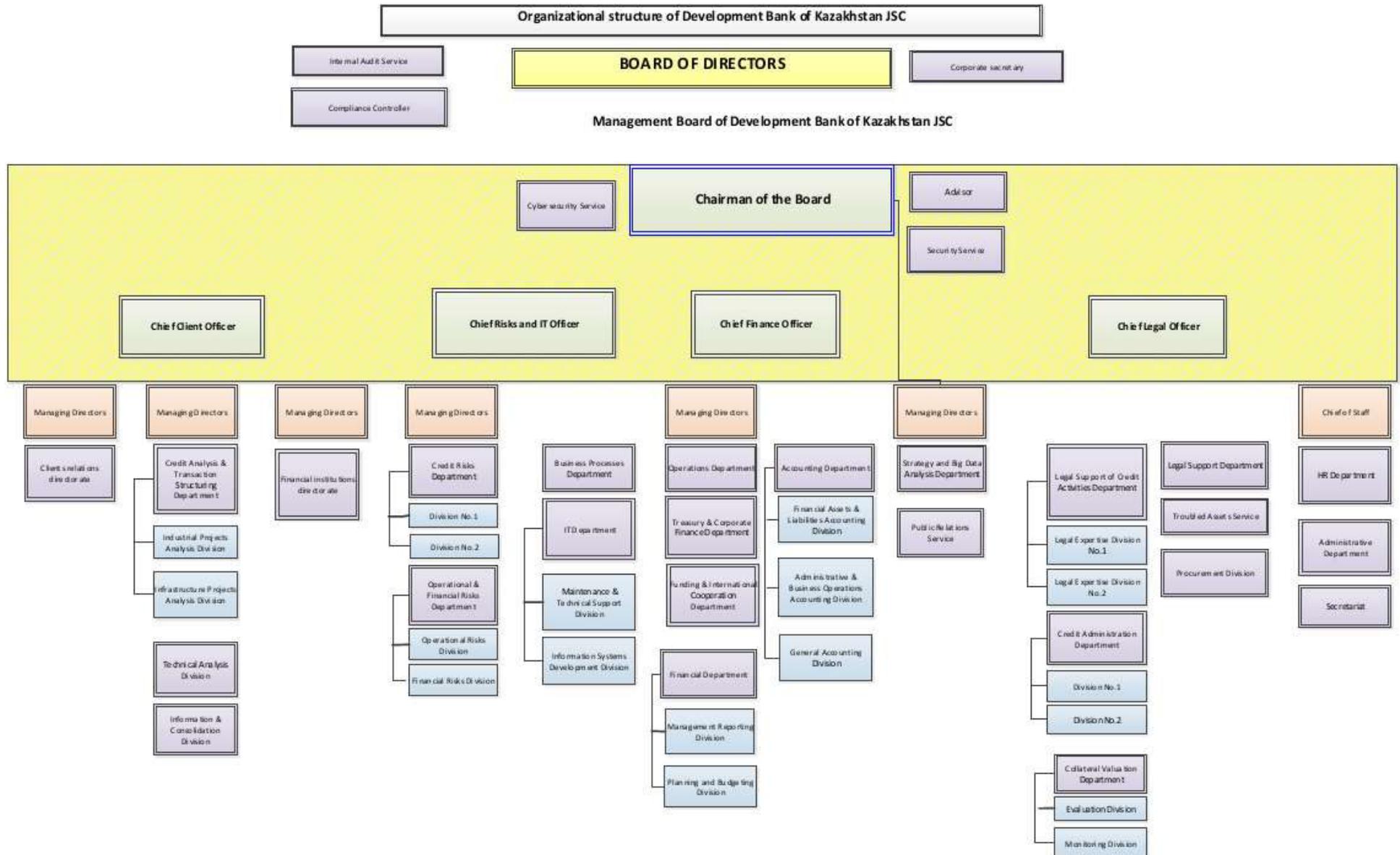
Under the Infrastructure Development Programme, DBK also provides funds to second-tier banks for on-lending, and, as at 31 December 2020, 101 projects had been financed in a total amount of KZT 164.5 billion (including secondary utilisations of funds and the issuance of a KZT 5.0 billion loan to support the production of passenger wagons).

### ***Interbank Lending Programmes***

Within the framework of the joint action plan of the Government and the NBK for financing business entities in the processing industry approved by Government decrees № 1276 dated 5 December 2014 (“**Decree 1276**”) and № 124 dated 11 March 2015 (“**Decree 124**”), KZT 100 billion was allocated as funding for second-tier banks for on-lending to such entities. Such funds are received by DBK through its shareholder, Baiterek JSC, for on-lending to second-tier banks, which, in turn, on-lend to the ultimate borrowers. As of 31 December 2020, 61 projects for a total of KZT 70,944.3 million (including secondary utilisations of funds) have been financed under Decree 1276, and 80 projects for a total of KZT 93,534.3 million (including secondary utilisation of funds) have been financed under Decree 124. In addition, within the framework of these interbank lending programmes, KZT 82 billion was allocated for preferential car loan programmes. As of 31 December 2020, second-tier banks had issued 26,563 loans to purchase vehicles of domestic automakers for a total of KZT 133,198.1 million.

## Structure of DBK

DBK's head office is in Nur-Sultan. The chart below sets forth the organisational structure of DBK.



## **Lending**

DBK is a development financial institution that provides medium and long-term financing for investment projects and trade financing for export transactions in priority sectors of the economy of Kazakhstan, as set out in the Credit Policy Memorandum.

As defined in the Credit Policy Memorandum, DBK's priorities are to finance investment projects and leasing transactions (through its subsidiary, IDF JSC), which are focused on the creation and development of:

- infrastructure (power engineering, transport, telecommunications and tourist infrastructure);
- non-extractive industrial production, including the excavation, purchase and transportation of raw materials and the processing and sales of finished products;
- agricultural production, including the cultivation, purchase and transportation of raw materials and the processing and sales of finished products;
- commercial service industries, including tourism, healthcare, education, recreation, sports and hotels; and
- exports.

DBK is also permitted to finance the following types of projects implemented outside Kazakhstan:

- projects, which are linked to facilities located in Kazakhstan and involved in the processing of extracted raw materials where those projects aid the development of such facilities;
- infrastructure projects, which enhance the transportation network in Kazakhstan and promote exports of Kazakhstan's goods; and
- projects by non-residents, which are recommended by the Government and guaranteed by the government of the borrower's country.

DBK's core investment activity abroad is in projects that facilitate the development of infrastructure in Kazakhstan and the export of goods and services produced in Kazakhstan. DBK's short-term lending strategy is to focus on providing direct financing to projects under the Industrialisation Programme, as well as export operations under the Infrastructure Development Programme, primarily involving other State-owned companies.

Much of DBK's lending is co-financed by other banks or lending institutions, predominantly financial institutions such as the China Export-Import Bank, China Development Bank, HSBC, Bank of Tokyo – Mitsubishi UFJ and others.

As at 31 December 2020, DBK had 62 investment projects and 16 export-related projects ongoing with a value of KZT 7,095 billion (U.S.\$16,863 million), of which DBK's participation was KZT 3.231 billion (U.S.\$7.679 million). As at 31 December 2020, DBK's investment project portfolio included projects in the manufacturing, carbon and petrochemical (oil refinery) manufacturing, information and telecommunication, energy and electricity distribution, chemical, machinery-producing, construction materials, transportation and warehousing, food processing, mortgage and agriculture sectors.

## **Investment Projects**

DBK offers medium-term and long-term loan financing, including co-financing and refinancing of investment projects in priority areas, including metallurgy, transportation and logistics, electrical power, gas, steam and water sector, petrochemicals (oil refinery) and chemicals, construction and other manufacturing industries. The minimum level of funding granted for investment project loans is KZT 7 billion (other than food or beverage projects and public private partnership projects) and KZT 3 billion (for food or beverage projects and public private partnership projects). As at 31 December 2020, the total amount of investment project loans in which DBK participated was U.S.\$16,565.5 billion (of which DBK's participation was U.S.\$7,381.4 billion), with investments in the chemicals and petrochemicals (oil refinery), metallurgy, power energy and transport and logistics sectors comprising the largest proportion of such investment projects ([•]%, [•]%, and [•]%, respectively). Details of the principal sectors in which DBK is participating, as at 31 December 2020, are set out below.

- **Transport and Logistics Sector**

As at 31 December 2020, DBK was participating in a number of investment projects in the transport and logistics sector, totalling approximately U.S.\$1,410.8 million, of which DBK's participation was approximately U.S.\$548.2 million.

As at 31 December 2020, DBK was participating in 13 major projects in this sector, including the construction of the passenger terminal and modernisation of the runway at Nur-Sultan and Aktau airports, modernisation of the gas distribution system of the South Kazakhstan region, expansion of the Aktau International Sea Trade Port, construction of the main Saryarka gas pipeline, gasification projects in five settlements in the Kyzylorda region and relating to the gas distribution network in the Aktobe region, modernisation of the gas distribution network in Taraz, construction of a complex for the production of railway wheels, the acquisition of passenger railway carriages and the modernisation of transport and logistics centres in Shymkent and Nur-Sultan region and construction of the reserve line of the "Uzen-Aktau" main gas pipeline in the "Uzen-Zhetybai" section of the pipeline.

- **Electric Power Sector**

As at 31 December 2020, DBK was participating in a number of investment projects in the electric power, gas, steam and water sector, totalling approximately U.S.\$1,350.9 million, of which DBK's participation was approximately U.S.\$802.6 million.

As at 31 December 2020, DBK was participating in ten major projects in this sector, including: the construction of a gas turbine power plant at the Akshabulak field; the construction of the Moinak hydro power plant on the Charyn River; the expansion of the Karaganda heat power stations; the construction of the Turgusun hydro power plant in East Kazakhstan; modernisation of Eurasian Energy Corporation JSC; construction of the Zhylga photovoltaic power station; construction of the first and second phases of a new 50 MW complex wind farm for Astana EXPO-2017; construction of a 100MW solar power plant in the Kapshagai region and construction of a 50 MW solar power plant in the Almaty region.

- **Tourism Sector**

As at 31 December 2020, DBK was participating in a number of investment projects in the tourism sector, totalling approximately U.S.\$663.1 million, of which DBK's participation was approximately U.S.\$296.6 million.

As at 31 December 2020, DBK was participating in four major projects in the tourism sector: the construction of a "St Regis" hotel complex with residential apartments in Nur-Sultan; the construction of a Hilton hotel complex in Nur-Sultan on the EXPO-17 site; the construction of a resort hotel, multifunctional hotel and tourist complex in Aktau and a multifunctional tourist complex in Karayan-Saray.

- **Metallurgy Sector**

As at 31 December 2020, DBK was participating in a number of investment projects in the metallurgy sector, totalling approximately U.S.\$5,733.8 million, of which DBK's participation was approximately U.S.\$2,045.0 million.

As at 31 December 2020, DBK was participating in ten major projects in the metallurgy sector, including two projects for the construction of the Aktogay mining and processing plant in the East Kazakhstan region; construction of a plant for the production of primary aluminium in the Pavlodar region; the construction of a rail and beam plant in Aktobe with a design capacity of 430,000 tonnes of rolled metal per year; expansion and modernisation of production of Ust-Kamenogorsk Titanium-Magnesium Plant JSC; construction of a plant for the production of titanium ingots and slabs; the construction of a ferrosilicon plant in the city of Karaganda with a production volume of 96,000 tonnes per year; construction of a mining and processing plant for the processing of polymetallic ores in the village of Zhairam, Karaganda region, with a capacity of 5.0 million tonnes per year; construction of a processing plant in Karaganda and the modernisation and reconstruction of zinc production facilities.

- **Construction Sector (Production of Construction Material)**

As at 31 December 2020, DBK was participating in a number of major projects in the construction sector, totalling approximately U.S.\$223.3 million, of which DBK's participation was approximately U.S.\$166.9 million.

As at 31 December 2020, DBK was participating in two major projects in the construction sector: the construction of a float glass production and processing partially in Kyzylorda; and the construction of a cement plant in East Kazakhstan with a capacity of 1.0 million tonnes of cement per year.

- **Petrochemical (Oil Refinery) Industry**

As at 31 December 2020, DBK was participating in a number of investment projects in the oil refinery sector, totalling approximately U.S.\$5,871.5 million, of which DBK's participation was approximately U.S.\$2,748.7 million.

As at 31 December 2020, DBK was participating in seven major projects in these sectors, including modernisation and reconstruction of the Shymkent oil refinery plant, construction of a deep oil refining complex at Atyrau oil refinery, construction of a complex for the production of aromatic hydrocarbons at the Atyrau oil refinery, modernisation of the Pavlodar petrochemical plant; two projects for the production of motor fuels and construction of a methyl tert-butyl ether production plant in Shymkent.

- **Chemicals Sector**

As at 31 December 2020, DBK was participating in a number of investment projects in the chemicals sector, totalling approximately U.S.\$310.1 million, of which DBK's participation was approximately U.S.\$202.6 million.

As at 31 December 2020, DBK was participating in three major projects in these sectors, including construction of a sodium cyanide plant with a capacity of 15,000 tonnes in the city of Karatau for Talas Investment Company LLP; construction and organisation of production by JSC "Caustic" of chlorine and caustic soda using the membrane method with a capacity of 30,000 tonnes per year; and modernisation of the KazAzot JSC plant for the production of mineral fertilisers with an increase in the design capacity for the production of finished products.

- **Agricultural Sector**

As at 31 December 2020, DBK was participating in a number of investment projects in the food production sector, totalling approximately U.S.\$123.8 million, of which DBK's participation was approximately U.S.\$72.4 million.

As at 31 December 2020, DBK was participating in two major projects in this sector, including the construction of the first and second stages of a poultry factory for broiler farming in Akmola with a capacity of 60,000 tonnes per year in live weight.

- **Miscellaneous (Machine building industry)**

As at 31 December 2020, DBK was also participating in a number of investment projects in the miscellaneous sector, totalling approximately U.S.\$369.1 million, of which DBK's participation was approximately U.S.\$254.8 million.

As at 31 December 2020, DBK was participating in six major projects in this sector: expansion and modernisation of AgromashHolding JSC's service centres for the sale and maintenance of agricultural equipment; construction of a plant for the production of 110kV and 220 kV power transformers in Shymkent; development of AtyrauNefteMash LLP's oil engineering plant; recovery and stabilisation of the financial and economic condition of the automotive sector of JSC "Group of Companies Allure"; creation of Prommashkomplekt LLP and the Hyundai passenger car production project in Kazakhstan.

- **Information and Communication Sector**

As at 31 December 2020, DBK was participating in a number of investment projects in the information and communication sector, totalling approximately U.S.\$509.2 million, of which DBK's participation was approximately U.S.\$243.4 million.

As at 31 December 2020, DBK was participating in five major projects in this sector: two projects for providing broadband access to rural settlements of Kazakhstan using fiber-optic communication lines technology; two projects for the introduction of LTE / GSM / UMTS networks in Kazakhstan and construction of a hardware-software complex of a communication platform along railway lines.

### ***Export Financing***

DBK provides export financing for operations worth more than U.S.\$297.9 million to both producers of Kazakhstan goods and to foreign buyers of exported goods. The provision of financing of exports of Kazakhstan commodity producers promotes the development of Kazakhstan's export potential. As at 31 December 2020, DBK's portfolio of export-related transactions included 16 export-related transactions, of which DBK's participation was U.S.\$297.9 million.

## Industrial Development Fund JSC

IDF JSC was established as a joint stock company (under the name DBK-Leasing JSC under the laws of Kazakhstan on 6 September 2005 and was re-registered with the Ministry of Justice under certificate № 20246-1901-AO in February 2006. Pursuant to Decree № 521 of the Government dated 18 August 2020 “On Establishment of the Industrial Development Fund,” the Board of Directors of DBK changed the brand name DBK-Leasing JSC to Industrial Development Fund JSC in September 2020. IDF JSC is based in Nur-Sultan. As at 31 December 2020, Industrial Development Fund JSC had share capital of 800,000 ordinary shares, all of which were fully paid and directly owned by DBK. IDF JSC has the same development priorities as DBK and supports DBK’s role as a development bank. IDF JSC operates under business identification number 050940001237.

IDF JSC, which is wholly-owned by DBK, conducts all of DBK’s lease financing activities. It offers short- and long-term (up to 20 years) lease financing in various forms, including for industrial equipment, leasing of industrial buildings and certain combined services, such as leasing and consulting, equity participation and leasing and credit and leasing pursuant to various Government programmes (see “—*Participation in Government Programmes*”). IDF JSC invests only in large-scale projects worth more than U.S.\$1 million. Exceptionally, IDF JSC also provides financing for small- and medium-sized projects worth at least U.S.\$205,000 in respect of projects implemented under the “Business Road Map 2020” Programme. As at 31 December 2020, IDF JSC had a total leasing portfolio of approximately U.S.\$1,134 million and has, since its establishment, participated in 842 transactions in an aggregate amount, of approximately KZT 450,000 million. The main sectors in which IDF JSC has approved financing are the manufacturing and transportation and warehousing sectors. See “*Selected Statistical and Other Data—Finance Lease Receivables*”.

DBK funds 100% of IDF JSC’s activities for on-lending under finance lease arrangements. IDF JSC was established as a separate legal entity in order to permit IDF JSC’s customers to take advantage of tax benefits and certain VAT exemptions in respect of certain financed imported equipment. These tax advantages are intended to stimulate businesses to invest in the modernisation of industrial and manufacturing equipment. Customers may also prefer leasing, which, unlike loans from DBK, does not require 100% collateral, since IDF JSC retains title to the equipment. As a result, only a 15% to 30% down payment is required and there is a smaller collateral requirement than is required for all other forms of finance requested of customers.

As at 31 December 2020, based on its internal research, IDF JSC had an approximate 62% share of the finance leasing market in Kazakhstan. The Chairman of the management board of IDF JSC is Baibazarov Nurlan Serikovich. See “*Selected Statistical and Other Data—Finance Lease Receivables*”.

## DBK CSF

In July 2017, DBK established its wholly-owned subsidiary, DBK CSF, a closed private limited liability company established in the Netherlands. DBK CSF was established for the purpose of participating in a direct investment fund in the Netherlands. In November 2017, DBK CSF and KCM established DBK Equity Fund, a direct investment fund, for purposes of investing in domestic and foreign projects, which promote the interests of the Kazakhstan economy.

DBK Equity Fund’s investment activities focus on investments: (i) that may require unsecured convertible or subordinated debt, in addition, or as an alternative, to existing debt, which would, in turn, be expected to generate a higher rate of return on investment; (ii) that have a stable growth potential and efficient management, as well as a target internal rate of return of at least 8%; (iii) whose shareholders are interested in seeking additional equity investment from an outside investor for a three to five year period (with such outside investor to be appointed to the Board of Directors and granted appropriate veto powers or consent rights in respect of key decisions); and (iv) whose shareholders are looking to seek an exit from their investment in a period of between three and five years through, for example, an initial public offering.

DBK Equity Fund is majority-owned by DBK CSF (97%), with KCM holding the remaining ownership interest. DBK Equity Fund is managed by KCM. DBK Equity Fund is controlled by Baiterek Holding. Equity investments of DBK Equity Fund may not be made to projects where the proposed investment from DBK Equity Fund will exceed 30% of a loan amount that the project has obtained, or will obtain, from DBK. Such projects must also be linked to financing provided by DBK or IDF JSC.

On 3 November 2017, a limited partnership agreement was signed among DBK CSF and KCM and, on 29 December 2017, a share premium contribution agreement was signed between DBK and DBK CSF for the contribution of shares in an amount equivalent to U.S.\$97.0 million.

In March 2018, the Consultative Council of DBK Equity Fund agreed to amend the conditions applicable to investments by DBK Equity Fund so that any acquired share in the target company shall be less than the shareholding of a major shareholder of this company and shall not exceed 49% of the equity of the target company.

In December 2018, DBK Equity Fund acquired a 12.2% stake in Freight International Holding B.V. The investment was provided for the purpose of financing the purchase of railcars and working capital

In December 2018, DBK Equity Fund acquired (through AOM Metal B.V.) a 23.55% stake in CAPEC Green Energy LLP. The investment was aimed at financing the construction of a start-up complex.

In October 2019, DBK Equity Fund contributed additional funds in the amount of KZT 1,115 million to the share capital of CAPEC Green Energy LLP. This contribution was aimed at financing the construction of a second start-up wind power complex. As a result of this transaction, DBK Equity Fund's equity holding in CAPEC Green Energy LLP decreased from 23.55% to 19.39% due to disproportionate share capital contributions in the transaction.

In November 2019, DBK Equity Fund provided a loan to Turgusun-1 LLP in an amount of KZT 1,000 million for the purpose of financing the construction of a hydro power station.

In December 2019, DBK Equity Fund participated in an investment project in poultry farming in the amount of KZT 7.8 billion (Aitas LUX S.a.r.l.).

In February 2020, DBK Equity Fund acquired a KZT 4,000 million stake in Continental Logistics LLP with the aim of modernising a transport and logistics centre in Nur-Sultan.

### **Agency Services**

Prior to 1 January 2016, DBK acted as an agent of the Government in relation to state and regional budget investment projects, as well as loans secured by state guarantees and sureties. Pursuant to amendments made to the DBK Law on 29 October 2015, on 1 January 2016, DBK transferred all its rights and obligations to service (as agent) nine projects financed by loans secured by state guarantees to Assets Rehabilitation and Management Company JSC.

Accordingly, DBK is only permitted to act as an agent in relation to State programmes financed from the State budget, which contemplate financing to be provided to second-tier banks for on-lending to support manufacturers.

### **Investment Banking Services**

Pursuant to the DBK Law, DBK is permitted to provide investment banking services together with direct financing. As at the date of this Base Prospectus, however, DBK does not intend to provide investment banking services.

### **International Banking**

DBK co-operates with international development organisations and financial institutions, such as the IMF, the Islamic Development Bank, the European Bank for Reconstruction and Development (the “**EBRD**”), the Asian Development Bank, the Export-Import Bank of Turkey, the Export-Import Bank of Korea, the Development Bank of China, the Export-Import Bank of China, the European Investment Bank, Sinosure, the Eurasian Development Bank and other international financial institutions. DBK is a founding member of the InterBank Consortium of the Shanghai Co-operation Organisation, established in 2005, and held the Interbank Consortium chairmanship for the second time for the 2010 to 2011 period (having previously held this position in 2007 to 2008). In November 2011, the InterBank Consortium of the Shanghai Co-operation Organisation Development Strategy (2012-2016) was approved, which provides for further co-operation among members in project financing, exchange of expertise, training and seminars each year. An updated Organisation Development Strategy (for the period 2022-2026) is currently being discussed among all participants.

DBK focuses much attention on the development of co-operation with international financial organisations and learning from the experiences of other development institutions through its participation in various associations, interactions with international institutions and training programmes.

DBK also attracts investment from foreign investors, which is, in turn, beneficial to the promotion of Kazakhstan and assists economic diversification efforts. Since its establishment, DBK has signed a number of memoranda and agreements with organisations including, among others, the World Bank, HSBC, Merrill Lynch, European Bank for Reconstruction and Development, Bank of Tokyo Mitsubishi UFJ, EULER HERMES A.G., SACE, Japan Bank for International Cooperation, Commerzbank and Deutsche Bank.

In the coming years, DBK intends to expand its co-operation with multilateral development institutions, such as the EBRD, the Asian Development Bank, the World Bank and the European Investment Bank, principally through the involvement of such institutions in strategic investment projects, whether through co-financing or in an advisory capacity.

DBK maintains correspondent banking relationships with a number of banks, including ING Bank N.V., The Bank of New York Mellon, Citibank NY, Commerzbank AG, Sberbank of the Russian Federation and JPMorgan Chase & Co.

## Competition

DBK's activities are governed by the DBK Law. Pursuant to the DBK Law, DBK's primary lending activities include both medium-term (for five or more years) and long-term (from 10 to 20 years) financings, whereas Kazakhstan's commercial banks generally provide short- to medium-term financing for up to three years. In addition, DBK does not participate in retail banking activities and does not accept deposits from customers who are not borrowers of DBK or customers of DBK under an agency agreement. As a result of all of these factors, DBK does not consider itself to be a competitor of the commercial banks in Kazakhstan.

DBK co-operates with a number of international development organisations and financial organisations. See "*—International Banking*". In addition, DBK co-operates with domestic development institutions in matters relating to NPLs, the promotion of export activities and the implementation of Government programmes and initiatives. DBK does not consider itself to be a competitor to such institutions.

## Employees

As at 31 December 2020, DBK had 227 full-time employees, as compared to 227 full-time employees as at 31 December 2019 and 220 full-time employees as at 31 December 2018. One of DBK's key human resources-related objectives is the development of a corporate culture to help improve DBK's efficiency. To this end, in 2020, DBK conducted several human resources-related initiatives, including approving an updated Code of Business Ethics and forming a list of values for DBK (people, patriotism, responsible behaviour, innovation and efficiency). DBK's policies on risk culture, communication via social networks, principles of thrift and new values of DBK were also supplemented in 2020. DBK has also taken measures to increase employee involvement, which, in turn, directly affect DBK's performance. In 2020, DBK approved rules regarding non-cash employee motivational measures, and developed nominations and award criteria.

Since the introduction of quarantine measures and other restrictions in Kazakhstan in 2020 as a result of the COVID-19 pandemic, DBK has introduced a number of measures to support the health of its employees. As at the date of this Base Prospectus, DBK continues to use a remote working schedule for part of its employees [*Which part? How long was full remote working in place?*], emphasising the importance of maintaining employees' health. In addition, all employees were given the opportunity to be tested for coronavirus at DBK's expense. One of DBK's priorities during the pandemic was to ensure its employees had confidence in their financial security. Accordingly, DBK has continued to pay full wages to employees who had a temporary disability certificate due to COVID-19.

While DBK does not have any union, collective bargaining or other labour agreement governing its overall relationships with its employees, employees are entitled (by statute) to elect employee representatives who are responsible for the overall representation and protection of the rights and interests of DBK's employees and participate in the settlement of any employee disputes. DBK's employees elected the current representatives on 12 October 2018. On 6 May 2019, DBK entered into an agreement with employee representatives in respect of the regulation of individual labour disputes in accordance with the Labour Code of the Republic of Kazakhstan. Pursuant to this agreement, a conciliation commission comprised of two DBK-representatives and two employee-representatives was established.

DBK's policy on labour compensation and employee motivation governs the procedures for the granting of employee incentives and rewards. In addition to salaries, which DBK believes, based on its own market research, are competitive within the Kazakhstan banking sector, the statute provides for bonus packages to be awarded based on DBK's reported financial results in certain circumstances, as well as certain other employee incentives. In addition, although DBK is not required to make social benefits available, employees are provided with certain levels of social support, including financial aid on the occurrence of certain events, including child birth, marriage or death of any employee and for health improvement, which is paid for annual leave; and health and life insurance. DBK conducts annual salary surveys for comparison of its employee remuneration with market conditions.

DBK provides systematic training and staff development opportunities to its employees. The Bank conducts comprehensive training activities in various fields of activity, and in various formats designed to address market trends and business requirements. In general, a 70% on the job training, 20% internal training and 10% external training split is followed for the training programme. DBK expects to shift the focus of training and development towards motivating employees to self-development and learning through practical experience. Employees from DBK regularly attend a wide range of specialised training seminars organised by multinational financial institutions. In addition to the arrangement of specialist seminars and training courses, DBK's employees also participate in internships with banks and other financial institutions. Notwithstanding the restrictions and remote working imposed by the COVID-19 pandemic, DBK has hosted multiple training events online, including lectures from colleagues, open days for students and coaching sessions for employees.

DBK is committed to continuing to upgrade the level of the professional skills and knowledge of its personnel with a view to ensuring the availability of sufficiently trained personnel to implement its strategic objectives as set out in the DBK Law and the Credit Policy Memorandum. For this purpose, DBK has budgeted KZT 66.9 million for training expenses in each of 2021 and 2022. During 2020, 100% of DBK's employees received training at various seminars and courses at a total cost of approximately KZT 44.9 million.

## **Technology**

DBK has developed its own internal documentation and information network protection system to assist efficient communication and data management and protection. Management believes that DBK is in compliance with applicable standards relating to automation and has installed a monitoring and analysis automated information system. The use of these communications systems enables DBK to have protected interactive access to SWIFT, the Kazakh Centre of Interbank Settlements for Tenge payments and the Reuters and Bloomberg information services. DBK is committed to further upgrading and maintaining these systems, as well as its data storage capacity and security.

On 19 December 2018, the Management Board approved the Information Technology Development Strategy for 2019-2021, which includes implementation of the following main information technology initiatives: (i) implementation of a business process management system; (ii) implementation of an electronic records archive; (iii) modernisation of information technology infrastructure; (iv) modernisation of the Colvir banking system; (v) implementation of an enterprise data warehouse and ETL; (vi) implementation of a business analytics system; (vii) increasing the efficiency of the information technology management model; and (viii) improving security and levels of business continuity.

Certain of these initiatives have already been implemented (including the business process management system, Colvir upgrade, the enterprise data warehouse, EDL and business analytics system).

Since 2017, DBK has invested more than KZT 1.85 billion in the development of IT systems and has strengthened its internal procedures to ensure that the most critical information is backed-up on an hourly basis, other important information is backed-up on a daily basis and stored within DBK, while other information is backed-up on a weekly basis. The systems are periodically improved and implemented based on the core banking system and electronic document management system ("EDMS").

Only information technology and information security personnel have access to DBK's servers and back-up information. DBK has also developed a disaster recovery plan, and actively uses the capacities of the remote data processing centre, which store back-up copies of all information systems, as well as DBK's EDMS virtual server. In order to ensure information security, DBK has installed a security information and event management information system, as well as a data loss prevention information system.

DBK invested KZT 248 million in 2020 in the acquisition of a business process management class information system that is expected to enable DBK to accept and process applications for financing through customers' personal accounts. This is intended to: (i) increase the transparency of relations with customers; (ii) automate internal business processes, which, in turn, are expected to improve the speed and quality of services provided by DBK to its customers; and (iii) permit Management to use analytical tools to make effective decisions.

In 2021, DBK plans to invest approximately KZT 624 million in further developing its existing information systems and information security, as well as acquiring specialised software designed to calculate models and provisions.

## Credit ratings

DBK is rated by S&P, Moody's and Fitch and its credit ratings are as follows:

<b>Rating Agency</b>	<b>Tenor</b>	<b>Rating</b>	<b>Outlook</b>
S&P	Foreign Long Term Rating	BB+	Stable
	Foreign Short Term Rating	B	—
	Local Long Term Rating	BB+	Stable
	Local Short Term Rating	B	—
Moody's	Foreign Long Term Issuer Rating	Baa3	Positive
	Local Long Term Issuer Rating	Baa3	Positive
Fitch	Long Term Issuer Default Rating	BBB-	Stable
	Short Term Issuer Default Rating	F2	—
	Local Currency Long Term Issuer Default Rating	BBB	Stable
	Local Currency Short Term Issuer Default Rating	F2	—
	Support Rating	2	—
	Support Rating Floor	BBB	—

In June 2020, S&P affirmed the BB+/B long- and short-term foreign- and local-currency issuer credit ratings assigned to DBK. S&P also affirmed the stable outlook on the long-term ratings.

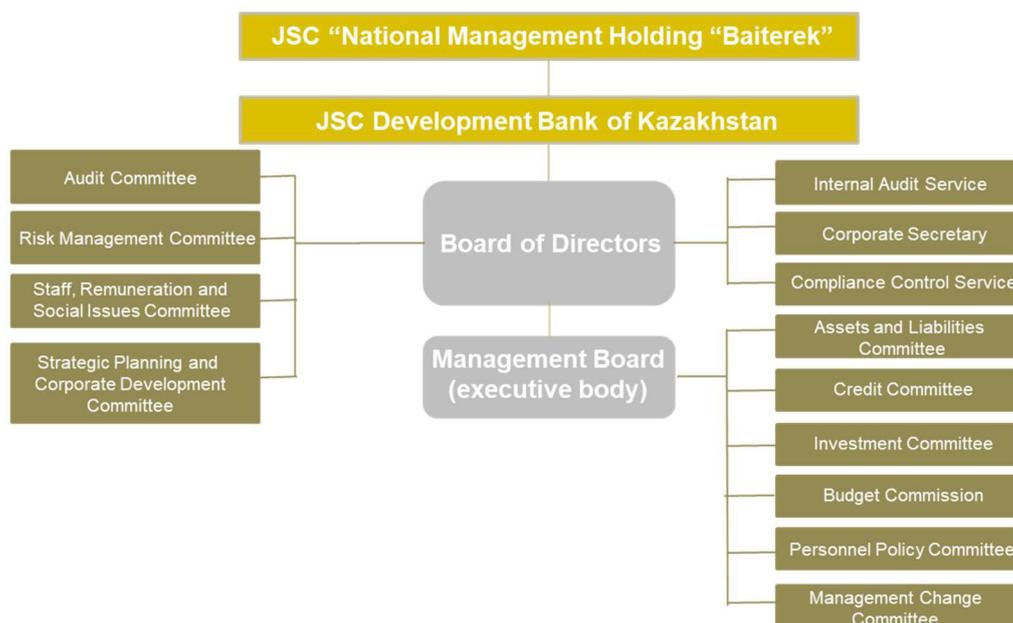
In September 2019, Moody's affirmed the Baa3 long-term ratings assigned to DBK. In August 2019, Moody's changed the outlook on DBK's long-term ratings from stable to positive, citing the change in the outlook rating of DBK's immediate parent, Baiterek JSC. In June 2020, Moody's completed a periodic review of DBK's ratings.

In March 2021, Fitch upgraded the long-term issuer default rating of DBK to BBB with a stable outlook (from BBB-) in line with the sovereign, as well as the other ratings listed in the table above.

A credit rating is not a recommendation by the rating organisation or any other person to buy, sell or hold securities and may be subject to revisions or withdrawal at any time by the assigning rating organisation and each should be evaluated independently from the other. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes.

## MANAGEMENT

The following organisation chart sets forth the management reporting lines and principal business units of DBK as at the date of this Base Prospectus:



### General

The DBK Charter provides for the following corporate governing bodies:

- the sole shareholder, Baiterek JSC, which represents the highest corporate governing authority of DBK. Baiterek JSC was established pursuant to the Decree of the President of the Republic of Kazakhstan № 571 dated 22 May 2013, which provided for, among other things, the transfer of the entire issued share capital of DBK from Samruk-Kazyna to Baiterek JSC. Among other matters, Baiterek JSC, as shareholder, sets DBK’s dividend policy. See “*Share Capital, Sole Shareholder and Related Party Transactions—Share Capital—Dividend Policy*”;
- the Board of Directors, which is responsible for the general management of DBK and the approval of its strategic and operational plans;
- the Management Board, which is responsible for the day-to-day management and administration of DBK;
- the Credit Committee, which is responsible for making decisions with respect to DBK’s internal credit policy (other than matters that fall within the exclusive competence of other bodies or officials of DBK);
- the Investment Committee, which is responsible for making decisions with respect to DBK’s portfolio management (other than matters that fall within the exclusive competence of other bodies or officials of DBK); and
- the Internal Audit Service, which is responsible for DBK’s internal control processes and reports to the Board of Directors.

### Board of Directors

The Board of Directors must consist of not less than three members and not less 30% of all members must be independent directors. As at the date of this Base Prospectus, the Board of Directors consists of seven members, including the chairman of the Board of Directors, who is Chairman of the Management Board of Baiterek JSC, two other representatives of Baiterek JSC, as sole shareholder of DBK, the Chairman of the Management Board of DBK and three independent directors. The Board of Directors is tasked with ensuring the protection of rights of DBK’s sole shareholder, the effective implementation of DBK’s objectives, the approval of DBK’s long-term strategy and mid-term development plans, the efficient operation of DBK’s strategy and risk management system and controlling DBK’s financial and economic activities.

The activities of the Board of Directors are governed by the Provision of the Board of Directors, dated 18 December 2018 (the “**Provision**”). The Provision sets forth information regarding the role of the Board of Directors and the rights, duties and responsibilities of members of the Board of Directors. The Board of Directors also carries out its activities in accordance with the JSC Law and other applicable legislation.

The business address of the members of the Board of Directors is the registered office of DBK, namely, n-r. pr. 15, building 55A Mangilik Yel Avenue, Yesil district, Nur-Sultan, Republic of Kazakhstan. The members of DBK’s Board of Directors are:

<u>Name</u>	<u>Other Positions</u>	<u>Date Appointed</u>	<u>Age</u>	<u>Date of Birth</u>
Aidar Arifkhanov (chairman)	Chairman of the Management Board of Baiterek JSC	20 December 2017	45	28 November 1974
Abay Sarkulov	Chairman of the Management Board of DBK	29 April 2019	38	13 August 1981
Rustam Karagoishin	Member of the Audit Committee, the Risk Management Committee, the Staff, Remuneration and Social Issues Committee and the Strategic Planning and Corporate Development Committee. Representative of Baiterek JSC.	10 June 2019	36	6 September 1983
Marcia Favale (independent director)	Chair of the Audit Committee and Strategic Planning and Corporate Development Committee, member of the Risk Management Committee and the Staff, Remuneration and Social Issues Committee	26 January 2015	50	17 October 1969
Gani Uzbekov (independent director)	Chairman of the Risk Management Committee, member of the Audit Committee, Strategic Planning and Corporate Development Committee and Staff, Remuneration and Social Issues Committee	3 March 2021	46	21 June 1974
Anvar Saidenov (independent director)	Chairman of the Staff, Remuneration and Social Issues Committee, member of the Risk Management, Audit and Strategic Planning and Corporate Development Committees	24 October 2018	59	19 September 1960
Adil Nurgozhin	Member of the Audit Committee, the Risk Management Committee, the Staff, Remuneration and Social Issues Committee and the Strategic Planning and Corporate Development Committee. Representative of Baiterek JSC	28 October 2020	38	28 March 1983

Information regarding the members of the Board of Directors is set out below:

**Aidar Arifkhanov** graduated from the Kazakh State Academy of Management and the Diplomatic Academy of Kazakhstan’s Foreign Affairs Ministry. Mr. Arifkhanov also graduated from Columbia University in 2008 with a Master’s degree in Public Administration and Economic Policy Management. Mr. Arifkhanov began his career in 1997 as Chief Specialist at the Programme and Social Loans Department of the External Debt Committee of the Ministry of Finance. Between 1998 and 2004, he held various positions, including Head of Departments, Head of the Office of Government Loans and State Guarantees, and Deputy Director of the Department of Public Debt and Lending of the Ministry of Finance of Kazakhstan. Between 2004 and 2007, Mr. Arifkhanov served as Vice Minister of Finance, Deputy Head of the Office of the Prime Minister and Vice Minister of Labour and Social Protection. In 2009, he served as advisor to the Prime Minister and, between 2009 and 2010, he served as Deputy Chairman of the Kazakhstan Agency for Information and Communication. Mr. Arifkhanov was appointed Managing Director of JSC “Kazakhtelecom in 2010 and, between 2011 and 2015, he served as Deputy Chairman of the National Joint Stock Company “Kazatomprom”. Between 2015 and 2017, Mr. Arifkhanov served as Deputy Minister of the National Economy of Kazakhstan. He was elected as Deputy Chairman of the Board of Baiterek JSC in January 2017 and as a Member of the Board of Directors of DBK on 16 February 2017. Mr. Arifkhanov became Chairman of the Board of Baiterek JSC in December 2017.

**Abay Sarkulov** graduated from Aktobe State University with a degree in Banking. Mr. Sarkulov began his career in 2004 as Marketing Manager at the Nur-Sultan branch of “Alma-Ata” International Bank” JSC. He held numerous positions at “Alma-Ata” International Bank JSC, including Currency Operations Manager between 2004 and 2005 and Loan Office Manager between 2005 and 2007 (as well as also holding the positions of Head of the Operations Office between 2005 and

2006 and Deputy Director between 2006 and 2007). In 2007, Mr. Sarkulov joined DBK as Manager of the Infrastructure Projects Credit Department. Between 2008 and 2017, he held various positions, including Senior Manager of the Infrastructure Projects Credit Department, Front-Manager of the Project Directorate, Head of the Credit Administration Department, Senior Front-Manager of the Project Directorate, Deputy Project Director of the Directorate, Project Director of the Directorate and Managing Director. Between February 2017 and April 2019, Mr. Sarkulov served as Chairman of the Management Board of “Damu” Entrepreneurship Fund” JSC. On 29 April 2019, he was appointed Chairman of the Management Board of DBK and a member of the Board of Directors.

**Rustam Karagoishin** graduated from the Kazakhstan Institute of Management, Economics and Forecasting in 2004 and the International Academy of Business in 2008. Between 2004 and 2011, Mr. Karagoishin held the positions of Manager, General Manager and Head of the Project Analysis Department at DBK. He then transferred to DBK-Leasing JSC (now IDF JSC), where he served as Managing Director and was a member of the Board of Directors. Between 2011 and 2019, Mr. Karagoishin held a number of positions, including Head of the Foreign Economic Activity Sector at the Oil and Petroleum Products Marketing Department of Petroleum Operating LLP, Chairman of Credit Systems LLP, Deputy Director General at Sberbank Leasing LLP, Director General at Sberbank Leasing LLP, Deputy Chairman of the Board of KazAgroFinance JSC and the Director General at Kazakhstan Grain Consortium LLP. He was elected as Deputy Chairman of the Board of “Baiterek” National Managing Holding” JSC in May 2019. On 10 June 2019, Mr. Karagoishin was appointed as a member of the Board of Directors of DBK. He is a member of the Risk Management, Audit, Strategic Planning and Corporate Development, Remuneration and Social Issues Committees of DBK.

**Marcia Favale** graduated from Said Business School, University of Oxford with a Master of Science in Major Programme Management, a Master of Business Administration and a Post-Graduate Diploma in Financial Strategy. She graduated with a B.A. in Political Science from New York University in 1992. Prior to founding her own company, Ms. Favale was Managing Director, Head of LATAM and CEEMEA Credit Research at UBS (between 1998 and 2005), a senior member of UBS’s global credit fixed income research group, as well as a member of UBS’s Emerging Market Credit Committee and a member of UBS’s Emerging Market Steering Committee. Ms. Favale worked at Banker’s Trust between 1992 and 1993 and at Merrill Lynch in the High Yield Department between 1993 and 1998. She worked as a Portfolio Manager at Brevan Howard and Advent Capital between 2006 and 2007 and has participated in and contributed to the E15 initiative meetings at the World Economic Forum. Ms. Favale teaches part-time at the Major Programme Management Graduate Programme and guest lectures on Private Equity at Said Business School, University of Oxford. She was Senior Advisor to the Prime Minister of Kazakhstan from 2009 to 2013. She is currently an Independent Board Member on the Kazakh Investment Committee Board of Directors and the Chair of the Board of the African Development Organisation. She has served as an Independent Director and a member of the Board of Directors of DBK since January 2015. Ms. Favale is Chair of the Audit and Strategy Committees and a member of the Risk Management Committee and the Staff, Remuneration and Social Issues Committee of DBK.

**Gani Uzbekov** graduated from the London School of Economics in 2000 and Harvard University's Kennedy School of Government in 2003. Mr. Uzbekov was selected for the World Bank’s Young Professionals Program (2003) and World Economic Forum’s Global Leadership Program (2005). Mr. Uzbekov was appointed Deputy Minister of Finance of Kazakhstan in [•]. Between 2006 and 2008, Mr. Uzbekov served as Deputy Chairman of Kazakhstan's Kazakh Agency on Regulation and Supervision of the Financial Market and Financial Organizations (FSA). Between [•] and [•], he also served as Deputy Chairman of Kazyna, the Kazakh Sovereign Wealth Fund. During his term as the Deputy Minister of Finance, he served as Kazakhstan's Alternate Governor on the Board of Governors of the World Bank, IMF, EBRD, Asian Development Bank and Islamic Development Bank. Between [•] and [•], he served as Chief Executive Officer of Capital Bank Kazakhstan. From [•] to [•], Mr. Uzbekov served as Deputy Chief Executive Officer at KazInvestBank and as Deputy Chief Executive Officer and Chief Risk Officer at HSBC Bank Kazakhstan between [•] and [•]. Mr. Uzbekov was appointed as an Independent Director and a member of the Board of Directors of DBK in March 2021. He is the Chair of the Risk Management Committee and a member of the Audit Committee, Strategic Planning and Corporate Development Committee and Staff Remuneration and Social Issues Committee of DBK. *[Any other current independent directorships?]*

**Anvar Saidenov** was born on 19 September 1960 and he graduated with a Ph.D. in Economics from the Faculty of Economics of Lomonosov Moscow State University in 1982. In 1994, Mr. Saidenov graduated from the school of Oriental and African Studies University of London with a Master of Science degree in Financial Economics. Between 1987 and 1993, he taught economic theory at the Dzhambul Irrigation and Construction Institute. From August 1993 to August 1996, Mr. Saidenov worked as an Intern, Consultant and Junior Banker at the European Bank for Reconstruction and Development in London. Since August 1996, he has been working in the financial sector in Kazakhstan, where he has held senior positions at the NBK, the State Investment Committee, the Investment Agency and the Ministry of Finance, Halyk Savings Bank and BTA Bank. Between January 2004 to January 2009, Mr. Saidenov was Chairman of the NBK. Since April 2016, he has been an Independent Director of the Board of Directors of Halyk Bank JSC and, since February 2018, he has been an Independent Director of the Board of Directors of Bank Home Credit SB JSC. On 24 October 2018, Mr. Saidenov was appointed as an Independent Director and member of the Board of Directors of DBK. On 29 November 2018, he was elected as an Ombudsman of DBK. DBK’s Ombudsman function was established to strengthen DBK’s internal control system and monitor compliance with DBK’s Code of Ethics. In addition to collecting information regarding

violation of the Code of Ethics, the Ombudsman is tasked with initiating the settlement of disputes regarding such violations.

**Adil Nurgozhin** graduated from the Kazakh National University with a degree in International Relations (international law) in 2005 and from the University of Montana with a Masters of Business Administration (Finance and Entrepreneurship) in 2007, as well as from the Department of Chinese Language and Literature at Lanzhou University in China in 2004. Mr Nurgozhin is fluent in three foreign languages (English, Turkish and Chinese). He began his career in 2004 as a lawyer at the GRATA law firm in Almaty. In 2005, he worked as an assistant to the General Director of the RSE “National Center for Biotechnology of the Ministry of Education and Science of Kazakhstan. Between 2007 and 2009, Mr. Nurgozhin headed the Marketing and Advertising Departments, then the Strategic Development Department of JSC Regional Financial Center of Almaty. From 2009 to 2012, he served as Director of the Department for Investment Projects in the Mining and Chemical Industry, Managing Director of Samruk-Kazyna Invest LLP. From 2012 to 2018, Mr. Nurgozhin served as General Director of VTB Capital I2BF LLP. Since September 2018, he has served as a Managing Director of Baiterek National Managing Holding JSC. Mr Nurgozhin was appointed as a member of the Board of Directors of DBK in October 2020. He is a member of the Audit Committee, the Risk Management Committee, the Staff Remuneration and Social Issues Committee and the Strategic Planning and Corporate Development Committee of DBK.

## Management Board

In February 2009, a number of changes were made to the DBK Law, including the creation of a new management structure which abolished the previous offices of the President and his Vice Presidents and replaced them with the Management Board. The Management Board is an executive board consisting of not less than five members. As at the date of this Base Prospectus, the Management Board consists of five members. The Management Board generally manages the day-to-day activities of DBK. Members of the Management Board are appointed by the Board of Directors, after consultation with the Staff, Remuneration and Social Issues Committee. The term of the members of the Management Board is determined by the Board of Directors.

The members of the Management Board are:

<u>Name</u>	<u>Positions</u>	<u>Date Appointed</u>	<u>Age</u>	<u>Date of Birth</u>
Abay Sarkulov	Chairman	29 April 2019	38	13 August 1981
Sandugash Kenzhebayeva	Deputy Chairman, Risk Management and Digital Development	10 April 2019	44	1 April 1975
Dmitry Babichev	Deputy Chairman, Financial Management	29 March 2016	38	13 September 1981
Duman Aubakirov	Deputy Chairman, Lending	31 March 2017	39	6 January 1981
Aset Sharipov	Deputy Chairman, Legal Affairs	[•]	[•]	[•]

**Abay Sarkulov** See “—Board of Directors”.

**Sandugash Kenzhebayeva** graduated from the Kazakh State Academy of Management with a specialty in Banking Operations Management in 1996. Ms. Kenzhebayeva began her career as a Manager and Senior Manager at the Agency of Statistics of the Republic of Kazakhstan between 1998 and 2005. Between 2005 and 2007, she was a Senior Manager and then Head of the Department responsible for working with financial institutions in the CIS and Baltic countries at JSC Nurbank, in Almaty. In August 2007, Ms. Kenzhebayeva was appointed as Senior Manager and Credit Analyst of Corporate Business at JSC Nurbank, in Nur-Sultan. Between September 2007 and January 2008, she was Senior Manager of the Underwriting Department of JSC Astana-Finance. In January 2008, Ms. Kenzhebayeva began working as a Front-Manager of the Project Directorate of DBK, before being promoted in December 2011, to the position of Senior Front-Manager of the Project Directorate. In February 2015, she was appointed as Head of the Project Directorate and, between January 2016 and August 2016, she was Senior Banker of the Client Relations Department. Since August 2016, Ms. Kenzhebayeva has been Executive Director of the Department of Manufacturing Industry at Eurasian Development Bank. She has served as a Managing Director of DBK since December 2017 and was appointed as Deputy Chairman of the Management Board on 10 April 2019.

**Dmitriy Babichev** graduated from the Almaty State University specialising in Finance and Credit. In 2011, he also obtained an MBA from the Kazakh Economic University. In 2002, Mr. Babichev began his career in the banking industry and, between 2002 and 2008, he was employed as a Specialist, Leading Specialist, Chief Specialist and Head of the Internal Audit Service of Bank TuranAlem JSC. From 2008 to 2013, he held the position of Head of Internal Audit Service at Temirbank JSC. From June 2013 to March 2016, Mr. Babichev worked as Director of the Risk Management Department of Baiterek JSC. He has served as Deputy Chairman of the Management Board of DBK since March 2016.

**Duman Aubakirov** is a graduate of L. N. Gumilev Eurasian National University with a specialty in Economics and Management in the Social Sphere. Mr. Aubakirov began his career at Akim Administration of Egingdykol district, Akmola Region, as a Specialist, before becoming the Advisor for the Akim District. From 2003 to 2004, he was a Leading Specialist in the Department of Analysis and Ongoing Forecasts of Income under the Tax Committee of the Ministry of Finance of the Republic of Kazakhstan. Between 2004 and 2007, Mr. Aubakirov worked as the Chief Specialist of the Department of Income Analysis and Division Head of the Department of Analysis and Methodology of State Budget Execution. In July 2007, he was appointed as a Specialist of the Managing Director's Office of DBK and has since held the positions of Specialist, Front Manager, Chief Front Manager, Deputy Head of the Project Directorate and Head of the Project Directorate. Since February 2015, he has held the position of the Managing Director and Board member of DBK. Mr. Aubakirov was appointed to the position of Deputy Chairman of the Board of DBK on 31 March 2017.

**Aset Sharipov** [•].

The business address of the members of the Management Board is the registered office of DBK, namely, n-r. pr. 15, building 55A Mangilik Yel Avenue, Yesil district, Nur-Sultan, Republic of Kazakhstan.

**Corporate Governance** DBK's Code of Corporate Governance, the most recent amendments to which were approved on [18 December 2019], is constructed upon the following principles:

- protection of the rights and interests of the sole shareholder;
- efficient management of DBK by the Board of Directors and the Management Board (as the executive body);
- division of powers;
- sustainable development;
- transparency and fair disclosure of information;
- risk management, compliance control and internal audit; and
- regulation of corporate conflicts.

Three members of the Board of Directors are independent directors, which exceeds the minimum share of independent directors required by the JSC Law. These directors are appointed by Baiterek JSC, the sole shareholder of DBK.

In addition to establishing committees of the Board of Directors, as described below, DBK also has a Corporate Secretary of the Board of Directors and a Compliance Controller to assist the Board of Directors in ensuring DBK's compliance with corporate rules and management policy. The Corporate Secretary works to assist the Board of Directors in fulfilling its duties and protecting the rights and interests of the sole shareholder. The Compliance Controller works to ensure effective management of compliance risks and has the exclusive right to exercise internal control over DBK's compliance with the legislation of Kazakhstan, including NBK regulations and DBK's internal regulations and procedures.

See "*Asset and Liability Management – Anti Money Laundering, Countering the Financing of Terrorism, Anti-Corruption and Anti-Bribery Policies and Procedures.*"

## **Board Committees**

The Board of Directors has established the following committees:

### ***Audit Committee***

The Audit Committee was established to facilitate the monitoring of DBK's financial and economic activities and to ensure that there is an adequate system of internal control and risk management in operation. The Audit Committee is responsible for the promotion and strengthening of DBK's internal and external audit functions.

As at the date of this Base Prospectus, the members of the Audit Committee are Ms. Favale (Chair), Mr. Saidenov, Mr. Uzbekov, Mr. Karagoishin and Mr. Nurgozhin.

### ***Risk Management Committee***

The role of the Risk Management Committee is to assist the Board of Directors in risk monitoring, risk control and risk analysis. As at the date of this Base Prospectus, the members of the Risk Management Committee are Mr. Uzbekov (Chair), Mr. Saidenov, Ms. Favale, Mr. Karagoishin and Mr. Nurgozhin. See also “*Asset and Liability Management*”.

### ***Staff, Remuneration and Social Issues Committee***

The Staff, Remuneration and Social Issues Committee is an advisory body of the Board of Directors, created in order to improve the efficiency of DBK’s development management by preparing recommendations to the Board of Directors in respect of staff and motivation policy and addressing issues of appointment and remuneration falling under competence of the Board of Directors.

As at the date of this Base Prospectus, the members of the Staff, Remuneration and Social Issues Committee are Mr. Saidenov (Chair), Mr. Karagoishin, Ms. Favale, Mr. Uzbekov and Mr. Nurgozhin.

### ***Strategic Planning and Corporate Development Committee***

The role of the Strategic Planning and Corporate Development Committee is to make recommendations to the Board of Directors in relation to the development of the priority sectors and strategic aims of DBK. As at the date of this Base Prospectus, the members of the Strategic Planning Committee are Ms. Favale (Chair), Mr. Saidenov, Mr. Karagoishin, Mr. Uzbekov and Mr. Nurgozhin.

### ***Other Committees and Support Bodies***

The Management Board is also assisted by the Budget Commission, the Investment Committee, the ALMC, the Credit Committee, the Management Change Committee and the Personnel Policy Committee.

The Budget Commission assists with the timely development and execution of the budget for each financial year and the Personnel Policy Committee carries out management and development of human resources of DBK.

See “*Asset and Liability Management—Principal Committees*” for a description of the Investment Committee, the Credit Committee and the ALMC.

### **Internal Audit Service**

The Internal Audit Service is tasked with ensuring the organisation and implementation of DBK’s internal audits and developing an annual audit plan based on the recommendations of the Audit Committee, as well as a map of DBK’s audit risks, including DBK’s risk matrix and risk register. The Internal Audit reports and is accountable to the Board of Directors and is supervised by the Audit Committee. The Internal Audit Service carries out its activities in compliance with the legislation of the Republic of Kazakhstan, internal regulations of DBK and the International Professional Practices Framework promulgated by the Institute of Internal Auditors. The Internal Audit Service conducts its activities in line with specially designed methodologies and the annual audit plan. An external audit of the Internal Audit Service is generally performed every five years, with the last such audit completed in 2018.

The activities of the Internal Audit Service are aimed at providing the Board of Directors with an objective, independent assessment of, and advisory services with regard to, the status of DBK’s internal control, risk management and corporate governance systems.

The head and other members of the Internal Audit Service are appointed by the Board of Directors. The Board of Directors approves the annual plan for the Internal Audit Service and key performance indicators applicable to the Internal Audit Service and the Head of the Internal Audit Service. The activity report of the Internal Audit Service is submitted to the Audit Committee and the Board of Directors on a quarterly basis.

### **Management Remuneration**

Determination of the amounts and terms of remuneration for the Board of Directors is the responsibility of Baiterek JSC, as sole shareholder. The current policy of Baiterek JSC does not provide for the payment of remuneration to members of the Board of Directors who are representatives of Baiterek JSC. According to DBK’s internal regulations, remuneration is paid to independent members of the Board of Directors in the form of annual fixed remuneration and additional remuneration for attendance at meetings of committees of the Board of Directors. Remuneration of executive management is based on DBK’s financial results and is determined by the Board of Directors. As at 31 December 2020, there were no

outstanding loans or guarantees granted by DBK to any member of the Board of Directors or the Management Board or to any parties related to them. See “*Share Capital, Sole Shareholder and Related Party Transactions—Related Party Transactions—Transactions with the Board of Directors and Management Board*”.

### **Conflicts of Interest**

There are no potential conflicts of interest between any duties of the members of the Board of Directors and the Management Board of DBK towards DBK and their private interests or other duties.

DBK has instituted and maintains a policy regarding the settlement of corporate conflicts and conflicts of interest of interest involving officials and employees of DBK, which is aimed at ensuring the prevention and settlement of any actual or potential conflicts of interest.

## SHARE CAPITAL, SOLE SHAREHOLDER AND RELATED PARTY TRANSACTIONS

### Share Capital

As at 31 December 2020, DBK's outstanding share capital consisted of: 2,107,270 ordinary shares, as follows:

- 1,819,519 ordinary shares with a nominal value of KZT 50,000 per share;
- 250,000 ordinary shares with a nominal value of KZT 668,000 per share;
- 30,000 ordinary shares with a nominal value of KZT 1,000,000 per share;
- 5,000 ordinary shares with a nominal value of KZT 5,000,000 per share;
- 1,250 ordinary shares with a nominal value of KZT 40,000,000 per share;
- 1,000 ordinary shares with a nominal value of KZT 40,000,000 per share;
- 625 ordinary shares with a nominal value of KZT 40,000,000 per share;
- 500 ordinary shares with a nominal value of KZT 40,000,000 per share;
- 375 ordinary shares with a nominal value of KZT 40,000,000 per share;
- 300 ordinary shares with a nominal value of KZT 40,000,000 per share;
- 250 ordinary shares with a nominal value of KZT 40,000,000 per share;
- 250 ordinary shares with a nominal value of KZT 40,000,000 per share;
- 200 ordinary shares with a nominal value of KZT 40,000,000 per share; and
- one ordinary share with a nominal value of KZT 691,560,619,

all of which were issued and fully paid. Each ordinary share carries one vote. Baiterek JSC is the sole shareholder of DBK's outstanding ordinary shares. See "*Selected Statistical and other Data—Equity and Capital Adequacy Ratios*".

In the three months ended 31 March 2021, DBK issued a further 320 ordinary shares with a nominal value of KZT 38,393,750 per share, bring the total outstanding share capital to 2,109,590 ordinary shares as at 31 March 2021.

### Baiterek JSC

As at 31 December 2012, the sole shareholder of DBK was Samruk Kazyna. In accordance with the Decree of the President of the Republic of Kazakhstan № 136 dated 10 August 2011, the entire issued share capital of DBK was transferred under trust management to the Ministry of Industry and New Technology of Kazakhstan.

Baiterek JSC was established pursuant to the Decree of the President of the Republic of Kazakhstan № 571 dated 22 May 2013 and the entire issued share capital of DBK was subsequently transferred to Baiterek JSC (and the trust management arrangement was terminated).

Baiterek JSC's objectives are to promote sustainable economic development in Kazakhstan in accordance with the Government's strategy for 2050. In line with this objective, Baiterek JSC's main activities consist of: (i) supporting the sustainable development of the non-oil sectors of the economy of Kazakhstan through the provision of financial support to priority sectors of the economy; (ii) supporting entrepreneurship and small and medium-sized business in the private sector of the economy; (iii) supporting urbanisation of the economy; (iv) supporting export activities of non-oil Kazakhstan companies; and (iv) supporting innovation.

Baiterek JSC's board of directors is appointed by the Government, as sole shareholder, and its members include, among others, the Prime Minister of Kazakhstan, the Minister of Finance of Kazakhstan, the Deputy Prime Minister of Kazakhstan,

the Deputy Head of the Administration of the President, the Minister of Industry and Infrastructural Development of Kazakhstan and the Minister of the National Economy of Kazakhstan, as well as independent directors.

## **Related Party Transactions**

### ***Transactions with the Board of Directors and Management Board***

For the year ended 31 December 2020, the total remuneration of members of the Board of Directors and the Management Board, including payroll and related taxes, was KZT 816.7 million, as compared to KZT 824.9 million for the year ended 31 December 2019 and KZT 673.0 million for the year ended 31 December 2018. Such amounts include cash benefits granted to members of the Board of Directors and the Management Board, as the case may be.

[During the year ended 31 December 2020, DBK [wrote off/reversed] accrued bonuses of KZT [•] million accrued to the Management Board and managing directors. During the year ended 31 December 2019, DBK [wrote off/reversed] accrued bonuses of KZT [•] million accrued to the Management Board and managing directors. During the year ended 31 December 2018, DBK reversed accrued bonuses of KZT 17.3 million accrued to the Management Board and managing directors.]  
***[DBK to advise]***

### ***Transactions with other Related Parties***

DBK also enters into certain transactions with Baiterek JSC and other State and national companies and organisations, which are deemed to be related parties to DBK. See Note 36(c) to the 2020 Annual Financial Statements.

Loans from Baiterek JSC, Samruk-Kazyna and Government grants comprise significant sources of DBK's funding. See "Selected Statistical and Other Data—Principal Sources of Funding". In addition, DBK extends financing to state-owned companies, subsidiaries of Samruk-Kazyna and other organisations (other than Samruk-Kazyna). As at 31 December 2020, loans to companies with state participation of more than 50% (net of reserves) were KZT [467.8] billion at a weighted average interest rate of [8.86]%.

The JSC Law provides that in the event that a member of the Board of Directors has a conflict of interest in relation to an investment project or other transaction, such member must inform the Board of Directors of the conflict and shall not participate in the vote to approve such transactions. Any vote shall then be passed by a majority of the remaining non-conflicted members. Only if there are insufficient non-conflicted members of the Board of Directors to pass a vote, shall a decision to approve a transaction be taken by DBK's sole shareholder.

## **Dividend Policy**

Dividends are paid in accordance with Baiterek JSC's procedure for determining the amount of dividends payable by its subsidiaries, which are based on the following main principles:

- the need for making payments and expenses by Baiterek JSC on behalf of itself or the Government;
- the principle of needing to ensure financing of the activities of the sole shareholder, including the financing of new activities and investment projects implemented at the expense of the sole shareholder; and
- the principle of needing to finance development costs, including investment activities, by subsidiaries of Baiterek JSC.

In line with the above procedure, Baiterek JSC has established a target dividend size of 50% of total consolidated net income to be paid by DBK (an increase from 30% prior to the outbreak of the COVID-19 pandemic) and a maximum dividend size of 100% of total consolidated net income. On 31 March 2021 and in light of the ongoing impact of the COVID-19 pandemic in Kazakhstan, the Board of Directors of DBK passed a decision recommending to Baiterek JSC that no payment of dividends should be made in respect of 2020 in order to permit DBK to retain its liquidity levels and increase the coverage of its lending to the Kazakhstan economy without requiring additional funding. ***[DBK to advise if Baiterek has made any decisions in this respect review and comment]***

During the year ended 31 December 2020, dividends of KZT 3,287.5 million were declared and paid, as compared to KZT 973.1 million in 2019 and KZT 1,428.4 million in 2018. The increase in dividends in 2020 was due to an increase in the net profit available for distribution (there was no change to the targeted dividend amount in respect of amounts paid in 2020, as compared to 2019).

# THE BANKING SECTOR IN KAZAKHSTAN

*Set forth below is certain information regarding Kazakhstan's banking sector. Unless specifically mentioned therein, this information does not apply to DBK due to its special status as a development bank. In particular, pursuant to the DBK Law, DBK is not subject to the prudential requirements of the banking regulator, which only apply to commercial banks in Kazakhstan.*

## Introduction

Kazakhstan has a two tier banking system with the NBK, comprising the first tier and the commercial banks comprising the second tier (with the exception of DBK, which has a special status and belongs to neither tier). Generally, all credit institutions in Kazakhstan are required to be licensed and regulated by the regulator, which is currently the Financial Market Supervision and Development Agency (the "FMSDA"). From 2004 until April 2011, these functions were carried out by Financial Market Supervision Agency (the "FMSA") and, prior to 2004, and from April 2011 until 1 January 2020, these functions were carried out by the Financial Market Supervision Committee (the "FMSC") of the NBK. In May 2019, the NBK proposed changes to legislation providing for the establishment of a new independent regulatory body which would take charge of financial markets control and development, while the NBK will concentrate on monetary policy and inflation control. With effect from 1 January 2020, the FMSDA was established. The FMSDA is responsible for the licensing and supervision of financial institutions, supervision and development of the financial market, as well as consumer rights protection, while the NBK focuses on monetary and currency control policies as well as inflation control.

The Government, the NBK, the FMSA, the FMSC and subsequently, the FMSDA, have undertaken significant structural reforms in the banking sector, aimed at promoting consolidation in the banking sector and improving the overall stability of the system.

Global financial instability, market dislocation and, most recently, the COVID-19 pandemic have adversely affected the Kazakhstan banking sector, resulting in asset quality deterioration and reduced funding sources for Kazakhstan banks. Statistics published by the NBK show the considerable asset quality deterioration in 2009, with NPLs in the banking sector increasing to 21.2% as at 1 January 2010 from 8.2%, as at 1 January 2009. In 2009, the banking sector showed a net loss of KZT 2,834 billion, as compared to a profit of KZT 10.7 billion in 2008, and banking sector assets also declined during that period. According to statistics published by the FMSC and the NBK, NPLs in the banking sector further increased to 30.6% as at 1 January 2012, although this reflected a slight decrease from 31.0% as at 1 December 2011. As at 1 January 2012, the banking sector registered a net loss of KZT 35.4 billion, as well as a general decline in assets. As at 1 January 2013, NPLs in the banking sector slightly decreased to nearly 30% (including JSC BTA Bank's NPLs), and 19.5% (excluding JSC BTA Bank's NPLs) and the banking sector registered a net income of KZT 214.6 billion. As at 1 January 2014, NPLs in the banking sector accounted for 31.2% and the banking sector registered a net income of KZT 261.2 billion.

In 2014, the NBK took several systemic steps to promote the recovery of the Kazakhstan banking sector and ensure its further growth and development by introducing the 2014 Concept. The 2014 Concept provided for the increase of own capital requirements and sought to limit consumer loans and reduce NPLs at Kazakhstan banks.

In 2015, JSC Kazkommertsbank acquired JSC BTA Bank and converted JSC BTA Bank into a distressed asset management company. Alliance Bank, JSC Temirbank and JSC ForteBank merged in 2015. This reduced the total number of Kazakhstan banks to 35 and led to a decrease in NPLs in the first half 2015, to 9.98%. However, NPLs continued to adversely affect Kazakhstan banking sector and economy. A reduction in loans, as well as exchange-rate volatility and low commodity prices, resulted, among other things, in an increase in NPLs in 2016. According to a report published by Fitch in 2016, the rapid reduction of the total NPLs from 24% to 10% by early 2016 occurred only "on paper" due to the conversion of JSC BTA Bank into a distressed asset management company and the corresponding write-off of NPLs.

The NBK reported NPLs at 7.4% of all loans as at 1 January 2019. According to statistics published by the NBK, as at 1 December 2019 NPLs amounted to 8.2% of all loans. As at 1 December 2019, the NBK reported a net income of Kazakhstan banking sector of KZT 746.4 billion.

The Government has also taken a number of other steps to support the Kazakhstan banking sector, including significant capital injections. According to Fitch, in 2016, quasi-sovereign institutions were the main source of funding for Kazakhstan banks and accounted for almost one third of all liabilities of Kazakhstan banks. The key creditors are: (i) the Samruk-Kazyna group of companies (accounting for an 11.4% share of Kazakhstan banking sector's liabilities in 2016), the Integrated Pension Fund (with a 9.4% share), Baiterek JSC (with a 4.7% share), JSC "KazAgro" National Management Holding (with a 2.8% share), Non-performing Loans Fund (with a 1.1% share) and the NBK (with a 1.0% share).

In November 2016 and February 2017, then-President Nazarbayev expressed support for the consolidation of Kazakhstan banks. In January 2017, two major Kazakhstan banks, JSC Kazkommertsbank (“**KKB**”) and JSC Halyk Bank (“**Halyk Bank**”), announced a potential merger. The proposed merger was supported by the NBK, aimed at addressing a significant portion of KKB’s NPLs. In particular, nearly half of KKB’s assets totalling U.S.\$15.7 billion were tied up in a single loan to JSC BTA Bank. The authorities injected KZT 1 trillion into the Non-performing Loans Fund, increasing the Government’s 2017 budget by 24%. On 2 March 2017, then-President Nazarbayev signed a decree on the allocation of money from the National Fund in an amount of KZT 1 trillion. The transfer enabled the Non-performing Loans Fund to purchase the NPLs held by JSC Kazkommertsbank through JSC BTA Bank, which accounts for a majority of the NPLs in the Kazakhstan banking system.

On 5 July 2018, Halyk Bank reported the completion of the takeover of KKB and the injection of KZT 185 billion into the capital of KKB. Halyk Bank also reported that KKB had merged into Halyk Bank with all of KKB’s assets, rights and obligations transferred to Halyk Bank.

In order to promote consolidation of Kazakhstan banks, on 30 June 2017, the NBK announced the adoption of a new programme aimed at improving the banking sector’s financial health, targeting banks with an equity of not less than KZT 45 billion (the “**2017 Programme**”). On 18 October 2017, the NBK reported that JSC ATF Bank, JSC Eurasian Bank, JSC Tsesnabank and JC Bank Centercredit were approved as eligible participants of the 2017 Programme. Other banks in the process of consolidating, include JSC Tengri Bank and JSC Capital Bank, JSC Bank RBK and JSC Qazaq Banki. The regulator revoked the license of Delta Bank (in November 2017), as well as the licenses of JSC Qazaq Banki (in August 2018), Eximbank (in August 2018), and Astana Bank (in September 2018).

In December 2018, ForteBank announced its plans to acquire 100% shares in Bank Kassa Nova. The transaction was completed in May 2019 and Bank Kassa Nova is currently operating as a wholly-owned subsidiary of ForteBank.

In early 2019, First Heartland Jusan Bank JSC (originally named JSC Tsesnabank) was sold to JSC First Heartland Securities, a group controlled by the autonomous organisation of education "Nazarbayev University", after the authorities agreed to remove KZT 604 billion of NPLs from its balance sheet. The NBK reported that the state support was necessary because agricultural companies, which were among the bank’s biggest borrowers, were unable to repay dollar-denominated loans.

In May 2019, the shareholders of Tengri Bank, AsiaCredit Bank and Capital Bank Kazakhstan announced a potential merger of these banks. However, in February 2020, Tengri Bank withdrew from the merger with Capital Bank Kazakhstan and AsiaCredit Bank. The FMSDA revoked the banking license of Tengri Bank in September 2020. In February 2021 the banking license of AsiaCredit Bank was also revoked. .

As at 1 March 2021, the total number of Kazakhstan banks had decreased to 25, reflecting the continuing consolidation of the Kazakhstan banking sector. In November 2020, First Heartland Jusan Bank JSC reported that the bank and shareholder of ATF Bank, Mr. Yessenov, had reached a preliminary agreement on the purchase of 99.76% of the shares in ATF Bank by First Heartland Jusan Bank JSC, which transaction is expected to turn the latter into Kazakhstan’s second-largest bank in terms of assets.

## **COVID -19 Pandemic**

In response to the outbreak of the COVID-19 pandemic, the Government encouraged Kazakhstan banks to introduce “repayment holidays” to citizens and SMEs affected by lockdowns for a period of 90 days from 16 March to 15 June. According to the FMSDA, banks had deferred loan payments for 41.5% of SMEs and 34% of individual borrowers as of June 2020. This measure was reintroduced for SMEs for an additional 60 days from 3 August 2020 to 1 October 2020. Credit repayment holidays were accompanied by regulatory relaxations for Kazakhstan banks introduced for a six-month period to 1 October 2020.

The Kazakhstan banking sector has remained profitable to date during the COVID-19 pandemic. The FMSDA reported an increase in the net income of the Kazakhstan banking sector from KZT 150.3 billion as at 1 March 2020 to KZT 194.3 billion as at 1 March 2021. According to the FMSDA, liquid assets of Kazakhstan banks accounted for 39.3% of total assets as at 1 March 2021, as compared to 34.9% as at 1 March 2020. NPLs increased from 8.4% as at 1 March 2020 to 11.3% as at 1 March 2021.

[In November 2020, Fitch revised its outlooks on the credit ratings assigned to Halyk Bank, Halyk Finance, Alfa Bank and ForteBank to stable from negative. The long-term issuer default ratings were affirmed by Fitch at BB+ for Halyk Bank and Halyk Finance, BB- for Alfa Bank, and B for ForteBank. Fitch also affirmed the ratings assigned to Subsidiary Bank Sberbank of Russia at BBB- with a stable outlook.

The revision of the outlooks and affirmation of ratings on Halyk Bank, Alfa Bank and ForteBank were due to Fitch’s view that “the banks’ strong pre-impairment profitability and substantial capital buffers will be sufficient to mitigate

the ongoing pressure on their asset quality, stemming from the economic recession, lower oil prices, and negative implications from the spread of COVID-19 on the broader economy”.]

## **The FMSDA**

The FMSDA is the state authority performing regulation, control and supervision of financial market and financial organisation in Kazakhstan. Although it is an independent institution, it is subordinate to the President of Kazakhstan. The President of Kazakhstan has the power, among other things, to appoint and remove the Chairman of the FMSDA, to appoint and remove the NBK’s Deputy Chairman upon the proposal of the Chairman. Ms. Madyna Abylkassymova was appointed as Chairman of the FMSDA in December 2019. The principal governing body of the FMSDA is the Executive Board. The Executive Board consists of four members, including the Chairman.

The FMSDA is responsible for most of the supervisory and regulatory functions in the financial sector. These functions were performed by the FSMA from 2004 until April 2011, and, prior to 2004, and from April 2011 until 1 January 2020, by the FSMC, which is a sub-division of the NBK.

The Agency for Protection and Development of Competition of the Republic of Kazakhstan (the “**Competition Agency**”) administers anti-monopoly legislation in Kazakhstan with respect to the banking sector. However, certain issues of anti-monopoly regulation are under the jurisdiction of both the Competition Agency and the FMSDA. For example, economic concentrations involving a value exceeding certain thresholds require the prior consent of the Competition Agency. Such thresholds for the purposes of regulated financial organisations are established jointly by the Competition Agency and the FMSDA.

## **Banking Supervision**

### ***Capital Adequacy***

The regulator refined its capital adequacy and credit exposure standards in September 2005, when it set limits and rules for calculating capital adequacy, single party exposure, liquidity ratios and open currency positions.

In November 2005, the regulations regarding regulatory capital and risk management came into effect in Kazakhstan. These regulations represented a substantial step towards the implementation of the Basel Accord. In particular, these regulations introduced the concepts of hybrid capital eligible to be included in Tier I and Tier II capital, Tier III capital (qualified subordinated debt) and operational and market risks and included rules for calculating risk with respect to derivatives.

The regulator plans to implement Basel III, which was adopted in December 2010. The implementation of Basel III has been postponed on several occasions in line with the extended implementation of the Third Basel Accord. On 13 September 2017, the NBK adopted Resolution № 170 setting forth amended and restated prudential requirements, which became effective on 25 September 2017. In line with Basel III, Resolution № 170 sets forth different requirements for banks that fall within the definition of systematically-important banks and those bank which do not have such status and introduced two additional capital buffers: a “capital conservation buffer” and a “systematic buffer”. Systematically-important banks are required to maintain k1 of 9.5%, k1-2 of 10.5% and k2 of 12% taking into account the “capital conservation buffer” and “systematic buffer”. Those banks which are not considered systematically-important are required to maintain k1 of 7.5%, k1-2 of 8.5% and k2 of 10% taking into account the “capital conservation buffer” and “systematic buffer”.

Currently the regulator continues implementing Basel III standards. In October 2019, the regulator reported its plans to gradually increase the liquidity coverage ratio to 100% by 2022. The net stable funding ratio was set at 100% on 1 January 2019. In March 2020, the regulator reported its plans to implement the second component of the Basel III standard, which implies the establishment of capital adequacy requirements taking into account a bank’s individual risk profile, risk management and internal control systems.

### ***Risk –Focused Supervision***

In 2018 and 2019, the then-regulator, the NBK, continued strengthening the financial system of Kazakhstan. On 1 January 2019, the regulator introduced risk-focused supervision of the banking sector. During the risk-focused supervisory process, the regulator reviews and analyses the activities of a financial institution and considers whether such activities are compliant with statutory requirements, as well as analyses the business model of the financial institution. The regulator further assesses corporate governance, capital adequacy and levels of liquidity of financial institutions. Risk-focused supervision also includes the concept of reasoned judgment. The regulator is now authorised, among other things, to identify, based on its reasoned judgment: (i) top managers of banks of other persons that have “special relations” with such banks; and (ii) loans and other financing that was provided by a bank on favourable terms. The regulator is further authorized, based on its reasoned judgment, to: (x) assess sufficiency of reserves; (y) identify and assess risks that a bank is exposed to; and (z) identify violations of statutory requirements committed by a bank.

## ***Deposit Insurance***

In December 1999, a self-funded domestic deposit insurance scheme was established and, as at 1 November 2017, 30 banks were covered by the scheme. The insurance coverage is presently limited to personal deposits in any currency and current accounts up to a maximum amount per customer of KZT 15 million for Tenge-denominated saving deposits, KZT 10 million for Tenge-denominated deposits (other than saving) and KZT 5 million for deposits denominated in foreign currencies. Only banks participating in the deposit insurance scheme are authorised to open accounts and take deposits from private individuals.

## ***Commercial Banks***

According to data published by the FMSDA, as at 1 March 2021, there were 25 commercial banks in Kazakhstan, excluding DBK and the NBK. Since 1 July 2011, the minimum capital requirements are KZT 10 billion for banks, including newly established banks, and KZT 4 billion for residential construction savings banks.

As at 1 March 2021, the total capital of commercial banks was KZT 4,078 billion, as compared to KZT 4,633 billion and KZT 3,761.8 billion as at March 2020 and 1 March 2019, respectively. During such period, the total assets (including reserves) of such banks increased to KZT 31,995.4 billion as at 1 March 2021 from KZT 26,730.5 billion as at 1 March 2020, which, in turn, increased from approximately KZT 24,578 billion as at 1 March 2019. Aggregate liabilities were approximately KZT 27,917 billion as at 1 March 2021, as compared to KZT 22,941.7 billion and KZT 21,586.1 billion as at 1 March 2020 and 1 March 2019, respectively. The aggregate net income of commercial banks amounted to KZT 194.3 billion as at 1 March 2021, as compared to KZT 150.4 billion and KZT 145.1 billion as at 1 March 2020 and 1 March 2019, respectively.

In 2015, the NBK introduced a so-called “base rate” of the NBK which constitutes the main tool of monetary policy of the NBK, and is used to regulate nominal interbank interest rates. By determining the level of the base rate, the NBK determines the target rate of the interbank short-term loans interest rate to ensure price stability in the medium term. Since October 2015, the base rate has decreased from 16% to 10.25% in October 2017 and further to 9% in June 2018. In December 2019, the base rate was increased to 9.25%. In July 2020, the NBK cut the base rate by 50 basis points to 9%.

## ***Foreign Capital in the Banking Sector***

The liberalisation of the economy in Kazakhstan prior to the global financial crisis, which began in 2008, resulted in a number of foreign companies, including banks, establishing operations in Kazakhstan through direct investment or by participating in the banking and financial services sector. Foreign banks are prohibited from opening branches in Kazakhstan. Accordingly, foreign banks must establish a Kazakhstan subsidiary or joint venture in order to provide banking services in Kazakhstan.

A number of foreign banks have opened representative offices in Kazakhstan, including Bank of Tokyo-Mitsubishi UFJ Ltd, Commerzbank AG, Deutsche Bank AG, ING Bank N.V., JP Morgan Chase Bank, N.A., Landesbank Berlin AG, Société Générale, Standard Chartered Bank and UBS AG.

However, the slowdown in Kazakhstan’s economy in recent years has resulted in the withdrawal of a number of foreign investors from the Kazakhstan banking sector, including ABN Amro, Royal Bank of Scotland, HSBC and Uni Credit.

In December 2020, Kazakhstan law was amended to widen access to the local financial market for foreign banks. Foreign banks are now able to provide a full range of banking services in Kazakhstan through their Kazakhstan branch offices by submitting simplified applications. Previously, foreign banks were required to set up a local entity (*i.e.*, a Kazakhstan joint stock company) and obtain a regular local banking license to operate in Kazakhstan.

The scope of the license to be issued by the FMSDA to a branch office of a foreign bank under the simplified applications must correspond to the scope of the license that the foreign bank holds in its home jurisdictions. Branch offices of foreign banks are subject to Kazakhstan regulatory requirements including, *inter alia*, the relevant local capital requirements and other requirements related to risk management, internal controls system and corporate governance.

## ***The Regulator’s Powers under the DBK Law***

Under the DBK Law, the regulator may apply a number of compulsory restrictive measures to DBK if it finds DBK to be in breach of Kazakhstan laws relating to its operations, accounting practices and financial reporting requirements (including in respect of the application of IFRS). In this respect, Article 28 of the DBK Law allows the regulator:

- to give recommendations to DBK;
- to apply compulsory measures to improve its financial condition or minimize risks to DBK; and

- to apply compulsory supervisory measures to DBK.

# TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which, save for the wording in italics, as supplemented, amended or replaced by the relevant Final Terms, will be endorsed on each Definitive Note and attached to or incorporated by reference into each Global Note. The relevant Final Terms (or relevant provisions thereof) will be endorsed upon or attached to each Global Note and Definitive Note. The Terms and Conditions of the Notes applicable to Global Notes will differ from those which would apply to a Definitive Note to the extent described under “Form of Notes”.*

## 1. INTRODUCTION

JSC Development Bank of Kazakhstan (the “**Issuer**”) has established a Medium Term Note Programme (the “**Programme**”) for the issuance of up to U.S.\$3,000,000,000 in aggregate principal amount of notes (the “**Notes**”) outstanding. The Notes are constituted by an amended and restated trust deed (as amended or supplemented or restated from time to time, the “**Trust Deed**”) dated 13 November 2012 between the Issuer and Deutsche Trustee Company Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). The Notes are the subject of an amended and restated agency agreement dated 13 November 2012 (as amended or supplemented from time to time, the “**Agency Agreement**”) between the Issuer, the Trustee, Deutsche Bank AG, London Branch as Principal Paying and Transfer Agent (the “**Principal Paying and Transfer Agent**”, which expression includes any successor Principal Paying and Transfer Agent appointed from time to time in connection with the Notes), Deutsche Bank Trust Company Americas as U.S. Paying and Transfer Agent and U.S. Registrar (the “**U.S. Registrar**”) and Deutsche Bank Luxembourg S.A. as Luxembourg Registrar (the “**Luxembourg Registrar**”).

Notes issued under the Programme are issued in series (each, a “**Series**”) and each Series may comprise one or more tranches (each, a “**Tranche**”) of Notes. Each Tranche is the subject of Final Terms (the “**Final Terms**”) which supplements these terms and conditions (the “**Conditions**”). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended or replaced by Part A of the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.

All subsequent references in these Conditions to “Notes” are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for inspection by Noteholders during normal business hours at the Specified Office of the Principal Paying and Transfer Agent, the initial Specified Office of which is set out below.

Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. The holders of the Notes (the “**Noteholders**”) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Trustee and the Paying Agents, the initial Specified Offices of which are set out below.

## 2. INTERPRETATION

### 2.1. In these Conditions the following expressions have the following meanings:

“**Accrual Yield**” has the meaning given in the relevant Final Terms;

“**Additional Business Centre(s)**” means the city or cities specified as such in the relevant Final Terms;

“**Additional Financial Centre(s)**” means the city or cities specified as such in the relevant Final Terms;

“**Business Day**” means:

- (a) in the case of Euros, a TARGET Settlement Day;
- (b) in the case of a Specified Currency other than Euros, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for that currency; or

- (c) in the case of a Specified Currency or one or more Business Centre(s) specified in the relevant Final Terms, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional Business Centres so specified;

“**Business Day Convention**”, in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (a) “**Following Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day;
- (b) “**Modified Following Business Day Convention**” or “**Modified Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (c) “**Preceding Business Day Convention**” means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (d) “**FRN Convention**”, “**Floating Rate Convention**” or “**Eurodollar Convention**” means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of Months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:
- (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
- (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
- (iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (e) “**No Adjustment**” means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

“**Calculation Agent**” means the Principal Paying and Transfer Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and such other amount(s) as may be specified in the relevant Final Terms;

“**Clearstream, Luxembourg**” means Clearstream Banking *société anonyme*;

“**Day Count Fraction**” means (subject as provided in Condition 7), in respect of the calculation of an amount of interest for any Interest Period:

- (a) if “Actual/365 or “Actual/Actual (ISDA)” is specified in the relevant Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of the Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Interest Period falling in a non leap year divided by 365);
- (b) if “Actual/365” (Fixed)” is specified in the relevant Final Terms, the actual number of days in the Interest Period divided by 365;
- (c) if “Actual/360” is specified in the relevant Final Terms, the actual number of days in the Interest Period divided by 360;

- (d) if “30/360”, “360/360” or “Bond Basis” is specified in the relevant Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30 day months (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30 day month, or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month)); and
- (e) if “30E/360” or “Eurobond Basis” is specified in the relevant Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30 day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of the final Interest Period, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month);

“**Early Redemption Amount (Tax)**” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

“**Early Termination Amount**” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Final Terms;

“**Euroclear**” means Euroclear Bank SA/NV;

“**Euro Exchange Date**” means the date on which the Issuer gives notice (the “**Euro Exchange Notice**”) to the Trustee and the Noteholders that replacement Notes denominated in Euros are available for exchange;

“**Extraordinary Resolution**” has the meaning given in the Trust Deed;

“**Final Redemption Amount**” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

“**Indebtedness**” means any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

“**Indebtedness for Borrowed Money**” means, any Indebtedness of any Person for or in respect of (i) moneys borrowed, (ii) amounts raised by acceptance under any acceptance credit facility, (iii) amounts raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or similar instruments, (iv) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with generally accepted accounting standards in the jurisdiction of incorporation of the lessee, be treated as finance or capital leases, (v) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred primarily as a means of raising finance or financing the acquisition of the relevant asset or service and (vi) amounts raised under any other transaction (including any forward sale or purchase agreement and the sale of receivables or other assets on a “with recourse” basis) having the commercial effect of a borrowing;

“**Indebtedness Guarantee**” means in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation) (i) any obligation to purchase such Indebtedness, (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness, (iii) any indemnity against the consequences of a default in the payment of such Indebtedness and (iv) any other agreement to be responsible for repayment of such Indebtedness;

“**Interest Amount**” means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

“**Interest Commencement Date**” means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

“**Interest Determination Date**” has the meaning given in the relevant Final Terms;

**“Interest Payment Date”** means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (a) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

**“Interest Period”** means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

**“ISDA Definitions”** means the 2000 ISDA Definitions (as supplemented by the Annex to the 2000 ISDA Definitions and as further amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms)) as published by the International Swaps and Derivatives Association, Inc. (formerly the International Swap Dealers Association, Inc.);

**“Issue Date”** has the meaning given in the relevant Final Terms;

**“Maximum Redemption Amount”** has the meaning given in the relevant Final Terms;

**“Margin”** has the meaning given in the relevant Final Terms;

**“Material Subsidiary”** means, at any given time, any Subsidiary of the Issuer whose gross assets or gross revenues represent at least 5.0%, of the consolidated gross assets, or, as the case may be, consolidated gross revenues of the Issuer and its consolidated Subsidiaries (in each case, determined by reference to the Issuer’s most recent consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as published at the time by the International Accounting Standards Board or its successor) or any other Subsidiary to which is transferred either (a) all or substantially all of the assets of another Subsidiary which immediately prior to the transfer was a Material Subsidiary or (b) sufficient assets of the Issuer that such Subsidiary would have been a Material Subsidiary had the transfer occurred on or before either (i) the date of the said most recent audited financial statements of the Issuer or (ii) if management accounts or other unaudited financial statements of the Issuer prepared in accordance with IFRS are available for any period subsequent to the said most recent audited financial statements, such accounts or financial statements and, for these purposes:

- (a) the gross assets and gross revenues of a Subsidiary shall be determined by reference to its then most recent audited financial statements prepared in accordance with IFRS (or, if none, its then most recent management accounts or other financial statements prepared in accordance with IFRS); and
- (b) the consolidated gross assets and consolidated gross revenues of the Issuer and its consolidated Subsidiaries shall be determined by reference to its then most recent audited consolidated financial statements prepared in accordance with IFRS (or, if none, its then most recent consolidated management accounts or other unaudited consolidated financial statements prepared in accordance with IFRS);

**“Maturity Date”** has the meaning given in the relevant Final Terms;

**“Minimum Redemption Amount”** has the meaning given in the relevant Final Terms;

**“Optional Redemption Amount (Call)”** means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

**“Optional Redemption Amount (Put)”** means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

**“Optional Redemption Date (Call)”** has the meaning given in the relevant Final Terms;

**“Optional Redemption Date (Put)”** has the meaning given in the relevant Final Terms or, following the occurrence of a Put Event, the sixtieth day after notice thereof is given by the Issuer pursuant to Condition 10.6;

**“Participating Member State”** means a Member State of the European Communities which adopts the Euro as its lawful currency in accordance with the Treaty;

**“Payment Business Day”** means:

- (a) if the currency of payment is Euros, any day which is:
  - (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (ii) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (b) if the currency of payment is not Euros, any day which is:
  - (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre and which, if the currency of payment is Australian dollars or New Zealand dollars, shall be Melbourne and Wellington, respectively;

**“Permitted Security Interest”** means any Security Interest:

- (a) granted in favour of the Issuer by any Subsidiary to secure Indebtedness for Borrowed Money owed by such entity to the Issuer;
- (b) which arises pursuant to any order of attachment, distraint or similar legal process arising in connection with court proceedings or as security for costs and expenses in any such proceedings, so long as the execution or other enforcement thereof is effectively stayed and the claims secured thereby are being contested in good faith by appropriate proceedings;
- (c) being liens or rights of set off arising by operation of law and in the ordinary course of business, including, without limitation, any rights of set off with respect to demand or time deposits maintained with financial institutions and bankers’ liens with respect to property of the Issuer held by financial institutions;
- (d) arising in the ordinary course of the Issuer’s or a Subsidiary’s business and (i) which are necessary in order to enable the Issuer or such Subsidiary to comply with any mandatory or customary requirement imposed on it by a banking or other regulatory authority in connection with the Issuer’s or such Subsidiary’s business or (ii) limited to deposits made in the name of the Issuer or such Subsidiary to secure obligations of the Issuer’s or such Subsidiary’s customers;
- (e) on property acquired (or deemed to be acquired) under a financial lease, or claims arising from the use or loss of or damage to such property, provided that any such encumbrance secures only rentals and other amounts payable under such lease;
- (f) arising pursuant to any agreement (or other applicable terms and conditions) which is standard or customary in the relevant market (and not for the purpose of raising credit or funds for the operation of the Issuer or any Subsidiary), in connection with (i) contracts entered into substantially simultaneously for sales and purchases at market prices of securities, (ii) the establishment of margin deposits and similar securities in connection with interest rate and foreign currency hedging operations and trading in securities or precious metals or (iii) the Issuer’s foreign exchange dealings or other proprietary trading activities including, without limitation in the case of (i), (ii) and (iii), Repos,;

- (g) granted upon or with regard to any property hereafter acquired by the Issuer or any Subsidiary to secure the purchase price of such property or to secure Indebtedness incurred solely for the purpose of financing the acquisition of such property and transactional expenses related to such acquisition (other than a Security Interest created in contemplation of such acquisition), provided that the maximum amount of Indebtedness for Borrowed Money thereafter secured by such Security Interest does not exceed the purchase price of such property (including transactional expenses) or the Indebtedness incurred solely for the purpose of financing the acquisition of such property;
- (h) any netting or set-off arrangement entered into by the Issuer in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;
- (i) on the property, income or assets of the Issuer or any Subsidiary securing Indebtedness, provided that the aggregate amount of Indebtedness so secured pursuant to this clause (i) at any one time shall not exceed an amount in any currency or currencies equivalent to 15% of the Issuer's total assets, determined by reference to the Issuer's most recent audited consolidated IFRS financial statements; and
- (j) arising out of the refinancing, extension, renewal or refunding of any Indebtedness for Borrowed Money secured by a Security Interest either existing on or before the Issue Date of the Notes or permitted by any of the above exceptions, provided that the Indebtedness for Borrowed Money thereafter secured by such Security Interest does not exceed the amount of the original Indebtedness for Borrowed Money and such Security Interest is not extended to cover any property not previously subject to such Security Interest;

“**Permitted Shareholder**” has the meaning given in Condition 10.6;

“**Person**” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

“**Principal Financial Centre**” means, in relation to any currency, the principal financial centre for that currency provided, however, that:

- (a) in relation to Euros, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (b) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland, in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

“**Put Event**” has the meaning given in Condition 10.6;

“**Put Option Notice**” means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

“**Put Option Receipt**” means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

“**Rate of Interest**” means the rate or rates (expressed as a percentage *per annum*) of interest payable in respect of the Notes specified in relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and the relevant Final Terms;

“**Redemption Amount**” means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

“**Reference Banks**” has the meaning given in the relevant Final Terms or, if none, four (or if the Principal Financial Centre is Helsinki, five) major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

**“Reference Price”** has the meaning given in the relevant Final Terms;

**“Reference Rate”** means one of the following benchmark rates (as specified in the relevant Final Terms);

(a) LIBOR; or

(b) EURIBOR;

**“Registrar”** means the U.S. Registrar or the Luxembourg Registrar, as the case may be;

**“Relevant Date”** means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Principal Paying and Transfer Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

**“Relevant Financial Centre”** has the meaning given in the relevant Final Terms;

**“Relevant Screen Page”** means the page, section or other part of a particular information service (including, without limitation, the Reuters Markets 3000 Money Rates Service and Telerate) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

**“Relevant Time”** has the meaning given in the relevant Final Terms;

**“Repo”** means a securities repurchase or resale agreement or reverse repurchase or resale agreement, a securities borrowing agreement or any agreement relating to securities which is similar in effect to any of the foregoing and for purposes of this definition, the term “securities” means any capital stock, share, debenture or other debt or equity instrument, or derivative thereof, whether issued by any private or public company, any government or agency or instrumentality thereof or any supranational, international or multilateral organisation;

**“Reserved Matter”** means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

**“Security Interest”** means any mortgage, charge, pledge, lien, security interest or other encumbrance securing any obligation of any Person or any other type of preferential arrangement having similar effect over any assets or revenues of such Person;

**“Specified Currency”** has the meaning given in the relevant Final Terms; **“Specified Denomination(s)”** has the meaning given in the relevant Final Terms; **“Specified Interest Payment Date”** has the meaning given in the relevant Final Terms; **“Specified Office”** has the meaning given in the Trust Deed; **“Specified Period”** has the meaning given in the relevant Final Terms;

**“Subsidiary”** means, in relation to any Person (the **“first Person”**) at a given time, any other Person (the **“second Person”**) (i) whose affairs and policies the first Person directly or indirectly controls or (ii) as to whom the first Person owns directly or indirectly more than 50.0%, of the capital, voting stock or other right of ownership and **“Control,”** as used in this definition, means the power by the first Person to direct the management and the policies of the second Person, whether through the ownership of share capital, by contract or otherwise;

**“TARGET System”** means the Trans European Automated Real Time Gross Settlement Express Transfer (TARGET) System 2 or any successor thereto;

**“TARGET Settlement Day”** means any day on which the TARGET System is open; and

“**Treaty**” means the Treaty establishing the European Communities, as amended; and “**Zero Coupon Note**” means a Note specified as such in the relevant Final Terms.

2.2. Terms defined in the Trust Deed or the Agency Agreement shall, unless otherwise defined herein or the context requires otherwise, bear the same meanings herein.

2.3. In these Conditions:

- (a) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 9, any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (b) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 9 and any other amount in the nature of interest payable pursuant to these Conditions;
- (c) references to Notes being “outstanding” shall be construed in accordance with the Trust Deed; and
- (d) if an expression is stated in Condition 2.1 to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is “not applicable” then such expression is not applicable to the Notes.

### 3. **FORM, DENOMINATION AND TITLE**

The Notes are issued in registered form in the Specified Denomination(s) shown in the relevant Final Terms or integral multiples thereof, without interest coupons, provided that:

- (a) the Specified Denomination(s) shall not be less than € 100,000 or its equivalent in another currency,
- (b) interests in the Rule 144A Notes shall be held in amounts of not less than U.S.\$200,000 or its equivalent in other currencies.

Title to the Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.

In these Conditions, “**Noteholder**” means the person in whose name a Note is registered, “**holder**” shall be read accordingly and capitalised terms have the meanings given to them in the relevant Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.

### 4. **TRANSFERS OF NOTES**

4.1. One or more Notes may be transferred, in whole or in part in the authorised denominations set out in the applicable Final Terms and subject to the minimum transfer amounts specified therein, upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the relevant Note or Notes, together with the form of transfer endorsed on such Note or Notes (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or the Transfer Agent may reasonably require, including for the purposes of establishing title to the relevant Note, and the identity of the person making the request. In the case of a transfer of part only of a holding of a Note, a new Note shall be issued to the transferee in respect of the part transferred and a further new Note in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

4.2. In the case of an exercise of an Issuer’s or Noteholders’ option in respect of, or a partial redemption of, a holding of Notes, a new Note shall be issued to the holder to reflect the exercise of such option or in respect

of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Notes of the same holding having different terms, separate Notes shall be issued in respect of those Notes of that holding that have the same terms. New Notes shall only be issued against surrender of the existing Notes to the Registrar or any Transfer Agent. In the case of a transfer of Notes to a person who is already a holder of Notes, a new Note representing the enlarged holding shall only be issued against surrender of the Note representing the existing holding.

- 4.3. Each new Note to be issued pursuant to Conditions 4.1 or 4.2 shall be available for delivery within five business days of receipt of the form of transfer or Put Option Notice and surrender of the Note for exchange. Delivery of the new Note(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Put Option Notice or Note shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Put Option Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Note to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and such insurance as it may specify. In this Condition 4.3, “**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).
- 4.4. Transfer of Notes on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and security as the Registrar or the relevant Transfer Agent may require).
- 4.5. No Noteholder may require the transfer of a Note to be registered:
- (a) during the period of 15 days ending on the due date for redemption of, or payment of interest amount in respect of, that Note;
  - (b) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 10.3; or
  - (c) after any such Note has been called for redemption, including partial redemption.
- 4.6. As specified in the Agency Agreement, if, at any time, the Issuer determines that any beneficial owner of Notes, or any account for which such owner purchased Notes, who is required to be a QIB and a QP is not a QIB and a QP, the Issuer may (i) require such beneficial owner to sell its Notes, or may sell such Notes on behalf of such beneficial owner, to a non U.S. person who purchases in an offshore transaction pursuant to Regulation S or to a person who is a QIB who is also a QP and who is otherwise qualified to purchase such Notes in a transaction exempt from registration under the Securities Act or (ii) require the beneficial owner to sell such Notes, or may sell such Notes on behalf of such beneficial owner at a price equal to the lesser of the purchase price paid by the beneficial owner for such Notes, 100% of the principal amount thereof and (z) the fair market value thereof. The Issuer also has the right to refuse to honour a transfer of an interest in a Note to a U.S. person who is not a QIB and a QP.

## 5. STATUS

The Notes constitute direct, general and unconditional obligations of the Issuer, which will at all times rank *pari passu* among themselves and *pari passu* in right of payment with all other present and future unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

## 6. NEGATIVE PLEDGE AND COVENANTS

- 6.1. So long as any Note remains outstanding the Issuer shall not, and shall not permit any Material Subsidiary to create, incur, assume or permit to arise or subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of their respective undertakings, assets or revenues, present or future, to secure any Indebtedness for Borrowed Money or any Indebtedness Guarantee in respect of such Indebtedness for Borrowed Money unless, at the same time or prior thereto, the Issuer’s obligations under the Trust Deed and the Notes are secured equally and rateably therewith (to the satisfaction of the Trustee) or have the benefit of such other arrangement as may be approved by an Extraordinary Resolution (as defined in the Trust Deed)

- of Noteholders or as the Trustee in its discretion shall deem to be not materially less beneficial to the Noteholders.
- 6.2. So long as any Note remains outstanding, the Issuer shall ensure that it is fully in compliance with the Law on Development Bank of Kazakhstan of 25 April 2001, as amended (the “**DBK Law**”), and the Memorandum on Credit Policy of the Issuer referred to in the DBK Law, as amended from time-to-time, (the “**Credit Policy Memorandum**”).
- 6.3. So long as any Note remains outstanding, the Issuer shall, and shall ensure that each of its Subsidiaries shall, at all times comply with all regulations and requirements of the National Bank of Kazakhstan and applicable to it in any jurisdiction where the Issuer or the relevant Subsidiary does business, including any prudential ratios and any regulations and requirements in relation to its equity capital or capital adequacy.
- 6.4. So long as any Note remains outstanding, the Issuer shall:
- (a) send to the Trustee and to the Principal Paying and Transfer Agent one copy of:
- (i) the consolidated annual financial statements of the Issuer as soon as practicable after their date of publication and in any event not more than 120 days after the end of each financial year of the Issuer;
- (ii) the consolidated interim condensed financial statements of the Issuer as soon as practicable after their date of publication and in any event not more than 90 days after the end of the first half of each financial year of the Issuer; and
- (iii) every balance sheet, profit and loss account, report or other notice, statement or circular issued (or which under any legal or contractual obligation should be issued) to the members or holders of debentures or creditors (or any of them as a class) of the Issuer, as the case may be, in their capacity as such at the time of the actual (or legally or contractually required) issue or publication thereof,
- and procure that the same are made available for inspection by Noteholders at the specified offices of the Principal Paying and Transfer Agent as soon as practicable thereafter;
- (b) ensure that:
- (i) each set of annual financial statements delivered by it pursuant to Condition 6.4(a)(i) is accompanied by an audit report of the Auditors;
- (ii) each set of half yearly interim financial statements delivered by it pursuant to Condition 6.4(a)(ii) is accompanied by a review report of the Auditors;
- (iii) each set of financial statements delivered pursuant to Condition 6.4(a)(i) or (ii) is prepared in accordance with IFRS, consistently applied, and certified for and on behalf of the Issuer as presenting fairly, in all material respects, its financial condition as at the end of the period to which those financial statements relate and its results of operations for such period; and
- (iv) all information sent to the Trustee and to the Principal Paying and Transfer Agent and made available on the Issuer’s website pursuant to Condition 6.4 is in the English language or accompanied by a certified translation thereof;
- (c) send to the Trustee, together with each set of audited financial statements delivered by it pursuant to Condition 6.4(a)(i), a separate opinion satisfactory to the Trustee from the Auditors as to the adequacy of the Issuer’s financial procedures, accounting systems and management information and cost control systems; and
- (d) promptly upon sending any information to the Trustee and to the Principal Paying and Transfer Agent pursuant to Condition 6.4(a), and in any event within five Business Days of sending such information, make such information available on the Issuer’s website.
- 6.5. So long as any Notes are outstanding and are “**restricted securities**” within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will furnish upon the request of a Noteholder or a beneficial owner of an

interest therein to such Noteholder or the beneficial owner or to a prospective purchaser of Notes designated by such Noteholder or beneficial owner, the information required to be delivered under Rule 144A(d)(4) under the Securities Act and will otherwise comply with the requirements of Rule 144A under the Securities Act, if at the time of such request the Issuer is not a reporting company under Section 13 or Section 15(d) of the Exchange Act, or exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

## 7. FIXED RATE NOTE PROVISIONS

7.1. This Condition 7 is applicable to the Notes only if the relevant Final Terms specifies the Fixed Rate Note Provisions as being applicable.

7.2. The Notes bear interest on the outstanding principal amount from the Interest Commencement Date at the rate(s) *per annum* equal to Rate(s) of Interest payable in arrear on each Interest Payment Date in each year and on the Maturity Date if that does not fall on Interest Payment Date, subject as provided in Condition 11. Unless otherwise specified in the relevant Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the relevant Final Terms, amount to the Broken Amount(s) so specified.

7.3. If interest is required to be calculated for a period ending other than on an Interest Payment Date, such interest shall be calculated by applying the Rate of Interest to each Calculation Amount, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest subunit of the Specified Currency, half of any such sub unit being rounded upwards or otherwise in accordance with applicable market convention. In these Conditions “**sub unit**” means, with respect of any currency other than the Euro, the lowest amount of such currency that is available as legal tender in the country of such currency, and with respect to Euros means one cent.

7.4. For the purposes of these Conditions, “**Day Count Fraction**” means:

(a) if “Actual/Actual (ICMA)” is specified in the relevant Final Terms:

(i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “**Accrual Period**”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the relevant Final Terms) that would occur in one calendar year; or

For the purposes of Condition 7.4(a), “**Determination Period**” means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

(ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (i) the number of days in such Determination Period and (ii) the number of Determination Dates (as specified in the relevant Final Terms) that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (i) the number of days in such Determination Period and (ii) the number of Determination Dates that would occur in one calendar year; and

(b) if “30/360” is specified in the relevant Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30 day months) divided by 360.

8. **FLOATING RATE NOTE PROVISIONS**

8.1. This Condition 8 is applicable to the Notes only if the relevant Final Terms specifies the Floating Rate Note Provisions.

8.2. The Notes bear interest on the outstanding principal amount from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (a) the Specified Interest Payment Date(s) (each, an “Interest Payment Date”) in each year specified in the relevant Final Terms; or
- (b) if no Specified Interest Payment Date(s) is/are specified in the relevant Final Terms, each date (each such date, together with each Specified Interest Payment Date, an “**Interest Payment Date**”) which falls in the number of months or other period specified as the Specified Period in the relevant Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall in these Conditions, mean the period from (and including) an Interest Payment Date (or, as the case may be, the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

8.3. The Rate of Interest payable from time to time in respect of the Notes shall be determined in the manner specified in the relevant Final Terms.

(a) Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will, subject as provided below, be either:

- (i) the offered quotation; or
- (ii) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate *per annum*) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 am (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (i) above, no such offered quotation appears or, in the case of (ii) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

(b) Where ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “**ISDA Rate**” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
- (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and

- (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.

- 8.4. If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- 8.5. The Calculation Agent will, as soon as reasonably practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, determine the Rate of Interest for the relevant Interest Period and calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the principal amount of such Note during such Interest Period and multiplying the product by the relevant Day Count Fraction and rounding the resultant figure to the nearest sub unit of the relevant Specified Currency, half of any such sub unit being rounded upwards or otherwise in accordance with applicable market convention.
- 8.6. If the relevant Final Terms specify that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as reasonably practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.
- 8.7. The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each listing authority, stock exchange and quotation system (if any) by which the Notes have than been admitted to listing, trading and quotation as soon as reasonably practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders in accordance with Condition 19. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.
- 8.8. All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non exercise by it of its powers, duties and discretions for such purposes.

## 9. **ZERO COUPON NOTE PROVISIONS**

- 9.1. This Condition 9 is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.
- 9.2. If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
  - (a) the Reference Price; and
  - (b) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying and Transfer Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

## 10. **REDEMPTION AND PURCHASE**

- 10.1. Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 11.
- 10.2. The Notes may be redeemed at the option of the Issuer in whole, but not in part:

- (a) at any time (if neither the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable); or
- (b) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable), on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 19 (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:
  - (i) the Issuer satisfies the Trustee immediately before the giving of notice that it has or will become obliged to pay additional amounts as provided or referred to in Condition 12 as a result of any change in, or amendment to, the laws or regulations of Kazakhstan or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes; and
  - (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided, however, that no such notice of redemption shall be given earlier than:
    - (A) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or
    - (B) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 10.2, the Issuer shall be bound to redeem the Notes in accordance with this Condition 10.2.

- 10.3. If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).
- 10.4. If the Notes are to be redeemed in part only on any date in accordance with Condition 10.3, the Notes to be redeemed shall be selected by the drawing of lots in such place as the Principal Paying and Transfer Agent in its sole discretion approves and in such manner as the Trustee in its sole discretion considers appropriate, subject to compliance with the requirements, as certified to the Trustee and Principal Paying and Transfer Agent by the Issuer, of applicable law and the rules of each listing authority, stock exchange and quotation system (if any) on which the Notes have then been admitted to listing, trading and quotation, and the notice to Noteholders referred to in Condition 10.3 on which the Notes are then listed, and the notice to Noteholders referred to in Condition 10.3 shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified. Neither the Trustee nor the Principal Paying Agent shall be liable for any selection made by it under this Condition 10.4.
- 10.5. If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10.5, the holder of a Note must, not less

than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10.5, may be withdrawn; provided, however, that if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 10.5, the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

10.6. Whether or not the Put Option is specified under Condition 10.5, the Issuer shall, at the option of the holder of any Note, exercisable as set out in Condition 10.5, redeem such Note on the applicable Optional Redemption Date (Put) at 101% of its principal amount together with interest (if any) accrued to but excluding such date, if:

- (a) the Republic of Kazakhstan or its regional authorities cease to own, whether directly or indirectly, through JSC Sovereign Wealth Fund “Samruk-Kazyna” or another entity wholly owned by the Republic of Kazakhstan or its regional authorities (each, a “**Permitted Shareholder**”), 100.0% of the paid up share capital of the Issuer; or
- (b) the Issuer ceases to be a “financial agency” as defined in Kazakhstan’s Law “On Securities Market” or loses its status as a “financial agency” by virtue of the resolution of the Management Board of the National Bank of Kazakhstan “On Prudential Requirements for the Financial Agency and the Procedure for the Loss of the Status of the Financial Agency”,

(each of the foregoing a “**Put Event**”);

provided, however, that if any of the foregoing events results from any Permitted Shareholder selling, transferring or otherwise disposing of part of its shareholding to one or more supranational entities established by treaty, each having a credit rating assigned by at least one statistical rating organisation generally recognised by banks, securities houses and investors in the European financial markets of AAA or its equivalent (at the time of such sale, transfer or disposal), such event shall not constitute a Put Event under this Condition 10.6.

Notwithstanding any other provision of this Condition 10.6 to the contrary, if at any time the Republic of Kazakhstan ceases, whether directly or indirectly through a Permitted Shareholder owned by it, to own 51.0% or more of the paid up share capital of the Issuer, such circumstance shall constitute a Put Event under this Condition 10.6. Upon the occurrence of a Put Event, the Issuer shall promptly give notice thereof to the Noteholders in accordance with Condition 19 with a copy to the Trustee.

10.7. The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 10.1 to 10.6.

10.8. Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

- (a) the Reference Price; and
- (b) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 10.8 or, if none is so specified, a Day Count Fraction of 30E/360.

10.9. The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price.

10.10. All Notes which are redeemed pursuant to Conditions 10.1 to 10.6 or purchased pursuant to Condition 10.9 by the Issuer or any of its Subsidiaries shall be cancelled and may not be reissued or resold. All Notes so cancelled shall be forwarded to the Principal Paying and Transfer Agent.

## 11. PAYMENTS

11.1. Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Notes at the Specified Office of any Transfer Agent or of the Registrar by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is Euros, any other account to which Euros may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.

11.2. Payments of interest shall, subject to Condition 11.4, be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Note shall be made in the relevant currency by cheque drawn on a bank and mailed by uninsured post to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. The holder of such Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of such Notes as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank.

11.3. All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

11.4. If the due date for payment of any amount in respect of any Note is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

## 12. TAXATION

12.1. All payments of principal and interest in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by Kazakhstan or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such additional amounts shall be payable in respect of any Note presented for payment:

- (a) by a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with Kazakhstan other than the mere holding of such Note;
- (b) more than 30 days after the Relevant Date except to the extent that the relevant holder would have been entitled to such additional amounts if it had presented such Note on the last day of such period of 30 days;
- (c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (d) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a member state of the European Union.

12.2. If the Issuer becomes subject at any time to any taxing jurisdiction other than Kazakhstan, references in these Conditions to Kazakhstan shall be construed as references to Kazakhstan and such other jurisdiction.

Notwithstanding anything to the contrary in this Condition 12, none of DBK, any Paying Agent or any other person shall be required to pay any additional amounts with respect to any withholding or deduction (i) imposed on or in respect of any Note pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), and the regulations promulgated thereunder (“FATCA”), the laws of Kazakhstan implementing FATCA, or any agreement between DBK and the United States or any authority thereof entered into for FATCA purposes, or (ii) imposed on or with respect to any “dividend equivalent” payment made pursuant to section 871 or 881 of the Code.

### 13. EVENTS OF DEFAULT

The Trustee at its discretion may, and if so requested in writing by the holders of not less than one fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution (subject in each case to being indemnified and/or secured to its satisfaction) shall, give notice to the Issuer that the Notes are and they shall immediately become due and repayable at their principal amount together with accrued interest if any of the following events (each, an “Event of Default”) occurs and is continuing:

- 13.1. the Issuer fails to pay any of the principal of any of the Notes when the same becomes due and payable either at maturity, by declaration or otherwise or the Issuer is in default with respect to the payment of interest or Additional Amounts on any of the Notes and such default in respect of interest or Additional Amounts continues for a period of seven days; or
- 13.2. the Issuer is in default in the performance, or is otherwise in breach, of any covenant, obligation, undertaking or other agreement under the Notes or the Trust Deed (other than a default or breach elsewhere specifically dealt with in this Condition 13) and such default or breach is not remedied within 30 days (or such longer period as the Trustee may in its sole discretion determine) after notice thereof has been given to the Issuer by the Trustee; or
- 13.3. (a) any Indebtedness for Borrowed Money of the Issuer or any Material Subsidiary (i) becomes (or becomes capable of being declared) due and payable prior to the due date for payment thereof or (ii) is not repaid at maturity as extended by the period of grace, if any, applicable thereto or (b) any Indebtedness Guarantee given by the Issuer or any Material Subsidiary in respect of Indebtedness for Borrowed Money of any other Person is not honoured when due and called, provided that the aggregate principal amount of such Indebtedness for Borrowed Money exceeds U.S.\$20,000,000 (or its equivalent in other currencies (as determined by the Trustee)); or
- 13.4. (a) any Person shall have instituted a proceeding or entered a decree or order for the appointment of a receiver, administrator or liquidator in any insolvency, rehabilitation, readjustment of debt, marshalling of assets and liabilities or similar arrangements involving the Issuer or any Material Subsidiary or all or (in the opinion of the Trustee) substantially all of their respective properties and such proceeding, decree or order shall not have been vacated or shall have remained in force undischarged or unstayed for a period of 60 days; or (b) the Issuer or any Material Subsidiary shall institute proceedings under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect to be adjudicated a bankrupt or shall consent to the filing of a bankruptcy, insolvency or similar proceeding against it or shall file a petition or answer or consent seeking reorganisation under any such law or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver, administrator or liquidator or trustee or assignee in bankruptcy or liquidation of the Issuer or any Material Subsidiary, as the case may be, or in respect of its property or (in the opinion of the Trustee) substantially all thereof, or shall make an assignment for the benefit of its creditors or shall otherwise be unable or admit its inability to pay its debts generally as they become due or the Issuer or any Material Subsidiary commences proceedings with a view to the general adjustment of its Indebtedness and, in any case as is specified in this Condition 13.4 in relation to a Material Subsidiary, the event is (in the opinion of the Trustee) materially prejudicial to the interests of the Noteholders; or
- 13.5. the Issuer makes or threatens to make any substantial change in the principal nature of its business as presently conducted which is (in the opinion of the Trustee) materially prejudicial to the interests of the Noteholders; or
- 13.6. the Issuer fails to take any action as is required of it under the DBK Law, the Credit Policy Memorandum or any applicable regulations in Kazakhstan or otherwise to maintain in effect its corporate existence or fails to take any action to maintain any material rights, privileges, titles to property, franchises and the like necessary or desirable in the normal conduct of its business, activities or operations which is (in the opinion of the Trustee) materially prejudicial to the interests of the Noteholders and such failure is not remedied within 30

days (or such longer period as the Trustee may in its sole discretion determine) after notice thereof has been given to the Issuer; or

- 13.7. the Issuer fails to comply in any (in the opinion of the Trustee) material respect with any applicable laws or regulations (including any foreign exchange rules or regulations) of any governmental or other regulatory authority for any purpose to enable it lawfully to exercise its rights or perform or comply with its obligations under the Notes, the Trust Deed or the Agency Agreement or to ensure that those obligations are legally binding and enforceable or that all necessary agreements or other documents are entered into and that all necessary consents and approvals of, and registrations and filings with, any such authority in connection therewith are obtained and maintained in full force and effect; or
- 13.8. (a) the validity of the Notes, the Trust Deed or the Agency Agreement is contested by the Issuer or the Issuer shall deny any of its obligations under the Notes, the Trust Deed or the Agency Agreement (whether by a general suspension of payments or a moratorium on the payment of debt or otherwise) or (b) it is or becomes unlawful for the Issuer to perform or comply with all or any of its obligations set out in the Notes, the Trust Deed or the Agency Agreement or (c) all or any of its obligations set out in the Notes, the Trust Deed or the Agency Agreement shall be or become unenforceable or invalid or (d) the DBK Law is repealed and, following the occurrence of any of the events specified in this Condition 13.8, the Trustee is of the opinion that such occurrence is materially prejudicial to the interests of the Noteholders;
- 13.9. (a) all or any substantial part of the undertaking, assets and revenues of the Issuer or any Material Subsidiary is condemned, seized or otherwise appropriated by any person acting under the authority of any national, regional or local government or (b) the Issuer or any Material Subsidiary is prevented by any such person from exercising normal control over all or any substantial part of its undertaking, assets and revenues and, following the occurrence of any of the events specified in this Condition 13.9, the Trustee is of the opinion that such occurrence is materially prejudicial to the interests of the Noteholders; or
- 13.10. the Republic of Kazakhstan takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an agreement or composition with or for the benefit of its creditors or a moratorium is declared in respect of the payment of any class of obligations of the Republic of Kazakhstan (such payment being due in a currency other than the lawful currency for the time being of the Republic of Kazakhstan).

#### 14. **PRESCRIPTION**

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

#### 15. **REPLACEMENT OF NOTES**

If any Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders (and, if the Notes are then admitted to listing, trading or quotation by any listing authority, stock exchange or quotation by any listing authority, stock exchange or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such listing authority stock exchange or quotation system), subject to all applicable laws and listing authority stock exchange or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

#### 16. **AGENTS**

- 16.1. In acting under the Agency Agreement and in connection with the Notes, the Paying Agents act solely as agents of the Issuer and, in certain circumstances, the Trustee. The Paying Agents do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.
- 16.2. The initial Paying Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. the Issuer, with the prior written approval of the Trustee, reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor

Principal Paying and Transfer Agent or Calculation Agent and additional or successor paying agents; provided, however, that:

- (a) the Issuer shall at all times maintain a Principal Paying and Transfer Agent;
- (b) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent;
- (c) if and for so long as the Notes are admitted to listing, trading or quotation, by any listing authority, stock exchange or quotation system which requires the appointment of a Paying Agent in any particular place, the Issuer shall maintain a Paying Agent having its Specified Office in the place required by such listing authority, stock exchange or quotation system; and
- (d) the Issuer shall maintain a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Union Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

## 17. MEETINGS OF NOTEHOLDERS; MODIFICATION; WAIVER AND ENFORCEMENT

- 17.1. The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Trustee or the Issuer and shall be convened by the Issuer upon the request in writing of Noteholders holding not less than one tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; provided, however, that Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- 17.2. The Trustee may agree, without the consent of the Noteholders, to (a) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error, (b) any other modification (except as mentioned in the Trust Deed) and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed and (c) determine that any Event of Default or Potential Event of Default (as defined in the Trust Deed) will not be treated as such, provided that such modification, waiver or determination is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.
- 17.3. At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Notes (whether by arbitration or by litigation), but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one fifth in principal amount of the Notes outstanding and (b) it shall have been indemnified and/or secured to its satisfaction. No Noteholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.
- 17.4. The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility in certain circumstances and to be paid its costs and expenses in priority to claims of the Noteholders. The

Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

- 17.5. In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

## 18. FURTHER ISSUES AND CONSOLIDATION

- 18.1. The Issuer may from time to time, without the consent of the Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of Notes of other series in certain circumstances where the Trustee so decides.

- 18.2. The Issuer may, with the prior approval of the Trustee and the Principal Paying and Transfer Agent (which shall not be unreasonably withheld), from time to time on any Interest Payment Date occurring on or after the Redenomination Date (as defined in Condition 22) on giving not less than 30 days' prior notice to the Noteholders in accordance with Condition 19, without the consent of the Noteholders, consolidate the Notes of one Series with the Notes of one or more other Series issued by it, whether or not originally issued in one of the European national currencies or in Euros, provided such other Notes have been redenominated in Euros (if not originally denominated in Euros) and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Notes.

## 19. NOTICES

Notices to the Noteholders shall be valid if published in a leading daily newspaper of general circulation in Europe and so long as the Notes are listed on any stock exchange, in a leading daily newspaper with general circulation in the city or cities where the stock exchange(s) on which the Notes are listed (which in the case of the London Stock Exchange, is expected to be the *Financial Times*). Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers).

## 20. CURRENCY INDEMNITY

If any sum due from the Issuer in respect of the Notes or any order, award or judgment given or made in relation thereto has to be converted from the currency (the “**first currency**”) in which the same is payable under these Conditions or such order or judgment into another currency (the “**second currency**”) for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Principal Paying and Transfer Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, award judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

## 21. ROUNDING

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with 0.000005%, being rounded up to 0.00001%), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all

amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

## 22. **REDENOMINATION**

22.1. This Condition 22 is applicable to the Notes only if it is specified in the relevant Final Terms as being applicable.

22.2. If the country of the Specified Currency becomes or, announces its intention to become, a Participating Member State, the Issuer may, without the consent of the Noteholders, on giving at least 30 days' prior notice to the Trustee, the Noteholders and the Paying Agents, designate a date (the "**Redenomination Date**"), being an Interest Payment Date under the Notes falling on or after the date on which such country becomes a Participating Member State.

22.3. Notwithstanding the other provisions of these Conditions, with effect from the Redenomination Date:

(a) the Notes shall be deemed to be redenominated into Euros in the denomination of Euros 0.01 with a principal amount for each Note equal to the principal amount of that Note in the Specified Currency, converted into Euros at the rate for conversion of such currency into Euros established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to rounding in accordance with European Community regulations); provided, however, that, if the Issuer determines, with the agreement of the Trustee and the Principal Paying and Transfer Agent that the then market practice in respect of the re denomination into Euros 0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, each listing authority, stock exchange or quotation system (if any) by which the Notes have then been admitted to listing, trading or quotation and the Paying Agents of such deemed amendments;

(b) if Notes have been issued in definitive form:

(i) the payment obligations contained in all Notes denominated in the Specified Currency will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Notes in accordance with this Condition 22) shall remain in full force and effect; and

(ii) new Notes denominated in Euros will be issued in exchange for Notes denominated in the Specified Currency in such manner as the Principal Paying and Transfer Agent may specify and as shall be notified to the Noteholders in the Euro Exchange Notice; and

(c) all payments in respect of the Notes (other than, unless the Redenomination Date is on or after such date as the Specified Currency ceases to be a sub division of the Euros, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in Euros by cheque drawn on, or by credit or transfer to a Euros account (or any other account to which Euros may be credited or transferred) maintained by the payee with, a bank in the principal financial centre of any Member State of the European Communities.

22.4. Following redenomination of the Notes pursuant to this Condition 22, where Notes have been issued in definitive form, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of the Notes held by the relevant holder.

22.5. If the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable and Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, with effect from the Redenomination Date the Interest Determination Date shall be deemed to be the second TARGET Settlement Day before the first day of the relevant Interest Period.

## 23. **GOVERNING LAW, JURISDICTION AND ARBITRATION**

23.1. The Trust Deed and the Notes, and any non-contractual obligations arising out of or in connection with the Trust Deed or the Notes, are governed by, and shall be construed in accordance with, English law.

23.2. Subject to Condition 23.3, the Issuer has agreed in the Trust Deed for the benefit of the Noteholders that any claim, dispute or difference of whatever nature arising under, out of or in connection with the Trust Deed or

the Notes (including a claim, dispute or difference regarding its existence, termination or validity or any non-contractual obligations arising out of or in connection with the Trust Deed or the Notes) (a “**Dispute**”), shall be referred to and finally settled by arbitration in accordance with the rules of the LCIA (formerly the London Court of International Arbitration) (the “**Rules**”) as at present in force and as modified by this Condition, which Rules shall be deemed incorporated into this Condition. The number of arbitrators shall be three, each of whom shall be a lawyer experienced in international finance transactions. The claimant(s), irrespective of number, shall nominate jointly one arbitrator; the respondent(s), irrespective of number, shall nominate jointly one arbitrator; and a third arbitrator, who shall act as Chairman, shall be nominated by the two party-nominated arbitrators, provided that if the third arbitrator has not been nominated within the time limits specified by the Rules, such third arbitrator shall be appointed by the LCIA court. Any arbitrator, including the Chairman, may be of the same nationality as any of the parties to the Trust Deed. Any requirement in the Rules to take account of the nationality of a person considered for appointment as an arbitrator shall be disapplied and a person shall be nominated or appointed as an arbitrator (including as Chairman) without regard to her or his nationality. The seat of arbitration shall be London, England and the language of arbitration shall be English. Sections 45 and 69 of the Arbitration Act 1996 shall not apply.

- 23.3. The Issuer has agreed in the Trust Deed that at any time before the Trustee has nominated an arbitrator to resolve any Dispute(s) pursuant to Condition 23.2, the Trustee, at its sole option, may elect by notice in writing to the Issuer that such Dispute(s) shall instead be heard by the courts of England or by any other court of competent jurisdiction, as more particularly described in Condition 23.4. Following any such election, no arbitral tribunal shall have jurisdiction in respect of such Dispute(s)
- 23.4. In the event that the Trustee serves a written notice of election in respect of any Dispute(s) pursuant to Condition 23.3, the Issuer has agreed in the Trust Deed for the benefit of the Trustee and the Noteholders that the courts of England shall have jurisdiction to hear and determine any such Dispute(s) and, for such purposes, irrevocably submits to the jurisdiction of such courts.
- 23.5. The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of the Trustee to bring any suit, action or proceedings (the “**Proceedings**”) for the determination of any Dispute(s) in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.
- 23.6. For the purpose of Conditions 23.3, 23.4 and 23.5, the Issuer has irrevocably waived any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and agrees not to claim that any such court is not a convenient or appropriate forum.
- 23.7. The Issuer has agreed that the process by which any Proceedings in England are begun may be served on it by being delivered to Law Debenture Corporate Services Limited, Fifth Floor, 100 Wood Street, London EC2V 7EX, England or, if different, its registered office for the time being or at any address of the Issuer or in Great Britain at which process may be served on it in accordance with Part XXIII of the Companies Act 1985. If such Person is not or ceases to be effectively appointed to accept service of process on the Issuer’s behalf, the Issuer shall, on the written demand of any Noteholder addressed to the Issuer or and delivered to the Issuer or to the Specified Office of the Principal Paying and Transfer Agent, appoint a further Person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a Person by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Principal Paying and Transfer Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law.
- 23.8. The Issuer has consented generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such Proceedings.
- 23.9. In relation to any Proceedings and to the enforcement of any judgment, order or award (whether or not given or made in those Proceedings), to the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from jurisdiction, suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process, including in relation to the enforcement of any arbitration award, and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer has irrevocably consented to the enforcement of any judgment or award, agreed not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

24. **RIGHTS OF THIRD PARTIES**

No person shall have any right to enforce any term or condition of the Notes or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

# FORM OF FINAL TERMS

Final Terms dated [•]

## JSC DEVELOPMENT BANK OF KAZAKHSTAN

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] under the U.S.\$3,000,000,000 Medium Term Note Programme

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 the (“**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (“**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**[MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

**[UK MIFIR product governance / Professional investors and ECPs only target market** – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.]

## PART A—CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the “**Conditions**”) set forth in the Base Prospectus dated [•] 2021 which constitutes a base prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the “**UK Prospectus Regulation**”). This document constitutes the Final Terms of the Notes described herein for the purposes of the UK Prospectus Regulation and must be read in conjunction with such Base Prospectus in order to obtain all relevant

information. The Base Prospectus has been published on [*Issuer's/financial intermediaries'/ regulated market/LSE*] website.

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs (in which case the subparagraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Final Terms.]*

- |     |  |   |
|-----|--|---|
| 1.  | Issuer:  | JSC Development Bank of Kazakhstan  |
| 2.  | [(i)] Series Number:   | [•]   |
|     | [(ii)] Tranche Number:   | [•]   |
|     | [(iii)] Date on which the Notes will be consolidated and form a single Series: | The Notes will be consolidated and form a single series with [•] on [the Issue Date][Not Applicable]  |
| 3.  | Specified Currency or Currencies:  | [•]   |
| 4.  | Aggregate Nominal Amount of Notes:   |   |
|     | [(i)] Series:  | [•]   |
|     | [(ii)] Tranche:  | [•]   |
| 5.  | Issue Price:   | [•]% of the Aggregate Nominal Amount [plus accrued interest from [•]]   |
| 6.  | (i) Specified Denomination(s):   | [•]<br><i>(Note: No Notes may be issued which have a minimum denomination of less than €100,000 (or nearly equivalent amount in other currencies))</i>          |
|     | (ii) Calculation Amount:   | [•]   |
| 7.  | [(i)] Issue Date:  | [Specify / Closing Date / Not Applicable]   |
|     | [(ii)] Interest Commencement Date:   | [•]   |
| 8.  | Maturity Date:   | [•]   |
| 9.  | Interest Basis:  | [[•]% Fixed Rate]<br>[[•] month [LIBOR/EURIBOR]<br>[•] +/- [•]% Floating Rate]<br>[Zero Coupon]<br>(further particulars specified below at paragraphs 13 to 15) |
| 10. | Redemption/Payment Basis:  | [Redemption at par]   |
| 11. | Put/Call Options:  | [Investor Put]<br>[Issuer Call]<br><br>[(further particulars specified below at paragraphs 16 to 19)]   |
| 12. | Status of the Notes:   | [Senior]  |
| 13. | Date [Board] approval for issuance of Notes obtained:                          | [•]   |

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

14. Fixed Rate Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [•]% *per annum* [payable [annually/ semi-annually/quarterly/monthly/] in arrear on each Interest Payment Date]
- (ii) Interest Payment Date(s): [•] in each year [adjusted in accordance with Business Day Convention/ not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [•] per Calculation Amount
- (iv) Broken Amount(s): [•] per Calculation Amount payable on the Interest Payment Date falling [in/on] [•]
- (v) Day Count Fraction: [Actual/365] / [Actual/Actual (ISDA)] / [Actual / 365 (Fixed)] / [Actual / 360] / [30/360] / [360/360] / [Bond Basis] / [30E/360] / [Eurobond Basis]
- (vi) Determination Date(s): [•] in each year [Not Applicable]
15. Floating Rate Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Period(s): [[•] [,subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment, as the Business Day Convention in (iv) below is specified to be Not Applicable]]
- (ii) Specified Interest Payment Dates: [[•] in each year [,subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment, as the Business Day Convention in (iv) below is specified to be Not Applicable]]
- (iii) First Interest Payment Date: [•]
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention] [Not Applicable]
- (v) Business Centre(s): [Not Applicable/[•]]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Principal Paying and Transfer Agent): [•]
- (viii) Screen Rate Determination:
- Reference Rate: [[•] month LIBOR/EURIBOR]
- Interest Determination Date(s): [•]
- Relevant Screen Page: [•]

- (ix) ISDA Determination: [•]
- Floating Rate Option: [•]
- Designated Maturity: [•]
- Reset Date: [•]
- (x) Margin(s): [+/-][•]% *per annum*
- (xi) Minimum Rate of Interest: [•]% *per annum*
- (xii) Maximum Rate of Interest: [•]% *per annum*
- (xiii) Day Count Fraction: [•]
- 16. Zero Coupon Note Provisions: [Applicable/Not Applicable]
- (i) [Amortisation/Accrual] Yield: [•]% *per annum*
- (ii) Reference Price: [•]

**PROVISIONS RELATING TO REDEMPTION**

- 17. Call Option: [Applicable/Not Applicable (except as specified in Condition 10.2)]
- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Note: [•] per Calculation Amount/[•] per Note of [•] specified denomination]
- (iii) If redeemable in part:
  - (a) Minimum Redemption Amount: [•] per Calculation Amount
  - (b) Maximum Redemption Amount: [•] per Calculation Amount
- 18. Put Options: [Applicable/Not Applicable (except as specified in Condition 10.6)]
- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Note: [[•] per Calculation Amount/[•] per Note of [•] specified denomination]
- 19. Final Redemption Amount of each Note: [•]
- 20. Early Redemption Amount:
  - Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption: [Not Applicable/[•] per Calculation Amount]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- 21. Form of Notes: [Registered Global Notes exchangeable for Definitive Notes in the limited circumstances specified in the Global Note.]

22. Financial Centre(s):

[Not Applicable/[•].]

**THIRD PARTY INFORMATION**

[(*Relevant third party information*) has been extracted from [•]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced information inaccurate or misleading.] / [Not Applicable]

Signed on behalf of the Issuer:

By: .....  
Duly authorised

## PART B—OTHER INFORMATION

### 1. LISTING

- (i) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to (i) the Official List of the Financial Conduct Authority and to trading on the Main Market of the London Stock Exchange plc and (ii) to the “Bonds” category of the “Debt Securities” sector of the “Main” platform of the Kazakhstan Stock Exchange with effect from [•].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on (i) the Official List of the Financial Conduct Authority and to trading on the Main Market of the London Stock Exchange plc and (ii) to the “Bonds” category of the “Debt Securities” sector of the “Main” platform of the Kazakhstan Stock Exchange with effect from [•].] [Not Applicable.]
- (ii) Estimate of total expenses related to admission to trading: [•]

### 2. RATINGS

- Ratings: The Notes to be issued have been rated:
- [S & P: [•]]
- [Moody’s: [•]]
- [[Fitch: [•]]
- [Brief explanation of meaning of the ratings to be included if previously published by the rating provider]*
- [Each of ] [Fitch] [and] [Moody’s] is established in the United Kingdom (“UK”) and is registered under Regulation (EU) № 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “UK CRA Regulation”). [S&P is not established in the UK but the rating it has given to Notes is endorsed by S&P Global Ratings UK Limited which is established in the UK and registered under the UK CRA Regulation.]

### 3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

*If applicable a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest is to be included. This may be satisfied by the inclusion of the following statement:*

*“Save as discussed in [Subscription and Sale], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]*

### 4. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

- Reasons for the offer:** [See [“Use of Proceeds”] in Base Prospectus] / [Give details]
- Estimated net proceeds:** [•]
- [5. Fixed Rate Notes only—YIELD**

Indication of yield: [•]  
[The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

## 6. OPERATIONAL INFORMATION

Legal Entity Identifier code: [•]  
ISIN Code (Reg S Notes): [•]  
ISIN Code (Rule 144A Notes): [•]  
Common Code (Reg S Notes): [•]  
Common Code (Rule 144A Notes): [•]  
Rule 144A Notes CUSIP number: [•]  
Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. or DTC and the relevant identification number(s): [Not Applicable/[•]]  
Names and addresses of additional Paying Agent(s) (if any): [•]

## 7. DISTRIBUTION

(i) Method of distribution: [•]  
(ii) If syndicated: [•]  
    (A) Names of Managers: [•]  
    (B) Stabilisation Manager(s) (if any): [•]  
(iii) If non-syndicated, name of Dealer: [•]  
(iv) US Selling Restrictions: [•]  
(iv) Development Finance Structuring Agent: [Not Applicable/[•]]

# SUMMARY OF THE PROVISIONS RELATING TO NOTES IN GLOBAL FORM

## The Global Notes

Each Series of Notes will be evidenced on issue by, in the case of Regulation S Notes, a Regulation S Global Note deposited with, and registered in the name of a nominee for, a common depository for Euroclear and Clearstream, Luxembourg and, in the case of Rule 144A Notes, a Rule 144A Global Note deposited with a custodian for, and registered in the name of Cede & Co. as nominee of, DTC.

Beneficial interests in a Regulation S Global Note may be held only through Euroclear or Clearstream, Luxembourg at any time. See “—*Book Entry Procedures for the Global Notes*”. By acquisition of a beneficial interest in a Regulation S Global Note, the purchaser thereof will be deemed to represent, among other things, that it is not a U.S. person and that, prior to the expiration of 40 days after completion of the distribution of the Series of which such Notes are a part as determined and certified to the Principal Paying and Transfer Agent by the relevant Dealer (or in the case of a Series of Notes sold to or through more than one relevant Dealer, by each of such relevant Dealers as to the Notes of such Series sold by or through it, in which case the Principal Paying and Transfer Agent shall notify each such relevant Dealer when all relevant Dealers have so certified, (the “**distribution compliance period**”), it will not offer, sell, pledge or otherwise transfer such interest except to a person whom the seller reasonably believes to be a non U.S. person in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S. See “*Transfer Restrictions*”. Beneficial interests in a Rule 144A Global Note may only be held through DTC at any time. See “—*Book Entry Procedures for the Global Notes*”. By acquisition of a beneficial interest in a Rule 144A Global Note, the purchaser thereof will be deemed to represent, among other things, that if it is a U.S. person, it is a QIB that is also a QP and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest only in accordance with the procedures and restrictions contained in the Agency Agreement. See “*Transfer Restrictions*”.

Beneficial interests in each Global Note will be subject to certain restrictions on transfer set forth therein and in the Agency Agreement and, with respect to a Rule 144A Global Note, as set forth in Rule 144A, and the Rule 144A Notes will bear the legends set forth thereon regarding such restrictions set forth under “*Transfer Restrictions*”.

Any beneficial interest in a Regulation S Global Note that is transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Note will, upon transfer, cease to be an interest in that Regulation S Global Note and become an interest in the corresponding Rule 144A Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in that Rule 144A Global Note for as long as it remains such an interest. Any beneficial interest in a Rule 144A Global Note that is transferred to a person who takes delivery in the form of an interest in a Regulation S Global Note will, upon transfer, cease to be an interest in that Rule 144A Global Note and become an interest in that Regulation S Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in the Regulation S Global Note for so long as it remains such an interest. No service charge will be made for any registration of transfer or exchange of Notes but the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. Except in the limited circumstances described below, owners of beneficial interests in Global Notes will not be entitled to receive physical delivery of certificated Notes in definitive form (the “**Definitive Notes**”). The Notes are not issuable in bearer form.

## Amendments to Conditions

Each Global Note contains provisions that apply to the Notes that they represent, some of which modify the effect of the Terms and Conditions of the Notes. The following is a summary of those provisions:

- *Payments*. Payments of principal and interest in respect of Notes evidenced by a Global Note will be made against presentation for endorsement by the Principal Paying and Transfer Agent and, if no further payment falls to be made in respect of the relevant Notes, surrender of such Global Note to or to the order of the Principal Paying and Transfer Agent or such other Paying Agent as shall have been notified to the relevant Noteholders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to the relevant Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the relevant Notes.
- *Record Date*. Condition 11.2, which defines “Record Date”, shall be amended in relation to Global Notes to the effect that Record Date shall mean the close of business on the Payment Business Date immediately preceding the relevant Interest Payment Date.
- *Notices*. So long as any Notes are evidenced by a Global Note and such Global Note is held by or on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for

communication by it to entitled account holders in substitution for delivery thereof as required by the Terms and Conditions of the Notes provided that for so long as the Notes are listed on the Regulated Market and the rules of the Regulated Market so require, notices will also be published in a leading newspaper having general circulation in London (which is expected to be the *Financial Times*).

- *Meetings.* The holder of each Global Note will be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and in any such meeting as having one vote in respect of Notes for which the relevant Global Note may be exchangeable.
- *Trustee's Powers.* In considering the interests of Noteholders while the relevant Global Note is held on behalf of a clearing system, the Trustee, to the extent it considers it appropriate to do so in the circumstances, may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note and may consider such interests as if such accountholders were the holders of such Global Note.
- *Cancellation.* Cancellation of any Note required by the Terms and Conditions of the Notes to be cancelled will be effected by reduction in the principal amount of the applicable Global Note.
- *Redemption at the Option of the Issuer.* Any Call Option provided for in the Terms and Conditions of the Notes shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Terms and Conditions of the Notes, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required.
- *Redemption at the Option of Noteholders.* Any Put Option provided for in the Terms and Conditions of the Notes may be exercised by the holder of the Global Note (i) giving notice to the Issuer within the time limits relating to the deposit of Notes set out in the Terms and Conditions of the Notes substantially in the form of the notice available from any Paying Agent, the Registrar or any Transfer Agent (except that the notice shall not be required to contain the certificate numbers of the Notes in respect of which the option has been exercised) stating the nominal amount of Notes in respect of which the option is exercised and (ii) at the same time depositing the Global Note with the Registrar or any Transfer Agent at its specified office.

## **Exchange for Definitive Notes**

### ***Exchange***

Registration of title to Notes initially represented by a Rule 144A Global Note in a name other than DTC or a successor depositary or one of their respective nominees will not be permitted unless such depositary notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Rule 144A Global Note or ceases to be a "clearing agency" registered under the United States Securities Exchange Act of 1934, as amended, or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of such depositary and the Registrar has received a notice from the registered holder of a Rule 144A Global Note requesting an exchange of a specified amount of the Rule 144A Global Note for Definitive Notes.

Registration of title to Notes initially represented by a Regulation S Global Note in a name other than the nominee of a common depositary for Euroclear and Clearstream, Luxembourg will only be permitted if Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or following the failure to pay principal in respect of any Note at maturity or upon acceleration of any Note and the Registrar has received a notice from the registered holder (i.e., the nominee of the common depositary) of the relevant Regulation S Global Note requesting an exchange of the Regulation S Global Note for Definitive Notes.

On or after the Exchange Date, the holder of the relevant Global Note may surrender such Global Note to or to the order of the Registrar or any Transfer Agent. In exchange for the relevant Global Note, as provided in the Paying Agency Agreement, the Registrar will deliver, or procure the delivery of, an equal aggregate amount of duly executed and authenticated Definitive Notes in or substantially in the form set out in the relevant schedule to the Trust Deed.

The Registrar will not register the transfer of, or exchange of interests in, a Global Note for Definitive Notes for a period of 15 calendar days ending on the date for any payment of principal or interest or on the date of optional redemption in respect of the Notes.

“Exchange Date” means a day falling not later than 90 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Registrar or the Transfer Agent is located.

### ***Delivery***

In such circumstances, the relevant Global Note shall be exchanged in full for Definitive Notes and the Issuer will, at the cost of the Issuer (but against such indemnity and/or security as the Registrar or any relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Notes to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in a Global Note must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Notes and, in the case of a Rule 144A Global Note only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A to a QIB that is also a QP. Definitive Notes issued in exchange for a beneficial interest in a Rule 144A Global Note shall bear the legend applicable to transfers pursuant to Rule 144A, as set out under “*Transfer Restrictions*”.

### ***Legends***

The holder of a Definitive Note may transfer the Notes evidenced thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of the Registrar or any Transfer Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of a Rule 144A Definitive Note bearing the legend referred to under “*Transfer Restrictions*”, or upon specific request for removal of the legend on a Rule 144A Definitive Note, the Issuer will deliver only Rule 144A Definitive Notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act and the Investment Company Act.

### **Book Entry Procedures for the Global Notes**

For each Series of Notes evidenced by both a Regulation S Global Note and a Rule 144A Global Note, custodial and depository links are to be established between DTC, Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Notes and cross market transfers of the Notes associated with secondary market trading. See “—*Book Entry Ownership*” and “—*Settlement and Transfer of Notes*”.

### ***Euroclear and Clearstream, Luxembourg***

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in such Global Notes directly through Euroclear or Clearstream, Luxembourg if they are accountholders (“**Direct Participants**”) or indirectly (“**Indirect Participants**” and together with Direct Participants, “**Participants**”) through organisations which are accountholders therein.

### ***DTC***

DTC has advised the Issuer as follows: DTC is a limited purpose trust company organised under the laws of the State of New York, a “banking organisation” under the laws of the State of New York, a member of the U.S. Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its Participants and facilitate the clearance and settlement of securities transactions between Participants through electronic computerised book entry changes in accounts of its Participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain

other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a DTC Direct Participant, either directly or indirectly.

Investors may hold their interests in Rule 144A Global Notes directly through DTC if they are Direct Participants in the DTC system, or as Indirect Participants through organisations which are Direct Participants in such system.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more Direct Participants and only in respect of such portion of the aggregate principal amount of the relevant Rule 144A Global Notes as to which such Participant or Participants has or have given such direction. However, in the circumstances described under “*Exchange for Definitive Notes*”, DTC will surrender the relevant Rule 144A Global Notes for exchange for individual Rule 144A Definitive Notes (which will bear the legend applicable to transfers pursuant to Rule 144A).

## **Book Entry Ownership**

### ***Euroclear and Clearstream, Luxembourg***

The Regulation S Global Note representing Regulation S Notes of any Series will have an ISIN and a Common Code and will be registered in the name of a nominee for, and deposited with a common depository on behalf of, Euroclear and Clearstream, Luxembourg.

## **DTC**

The Rule 144A Global Note representing Rule 144A Notes of any Series will have a CUSIP number, unless otherwise agreed, and will be deposited with a custodian for, and registered in the name of Cede & Co. as nominee of, DTC. The Custodian and DTC will electronically record the principal amount of the Notes held within the DTC system.

## **Relationship of Participants with Clearing Systems**

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the holder of a Note evidenced by a Global Note must look solely to Euroclear, Clearstream, Luxembourg or DTC (as the case may be) for his share of each payment made by the Issuer to the holder of such Global Note and in relation to all other rights arising under the Global Note, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or DTC (as the case may be). The Issuer expects that, upon receipt of any payment in respect of Notes evidenced by a Global Note, the common depository by whom such Note is held, or nominee in whose name it is registered, will immediately credit the relevant participants’ or accountholders’ accounts in the relevant clearing system with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Note as shown on the records of the relevant clearing system or its nominee. The Issuer also expects that payments by Direct Participants in any clearing system to owners of beneficial interests in any Global Note held through such Direct Participants in any clearing system will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are evidenced by such Global Note and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Note in respect of each amount so paid. None of the Issuer, the Trustee or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Note or for maintaining, supervising or reviewing any records relating to such ownership interests.

## **Settlement and Transfer of Notes**

Subject to the rules and procedures of each applicable clearing system, purchases of Notes held within a clearing system must be made by or through Direct Participants, which will receive a credit for such Notes on the clearing system’s records. The ownership interest of each actual purchaser of each such Note (the “**Beneficial Owner**”) will in turn be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from any clearing system of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which such Beneficial Owner entered into the transaction.

Transfers of ownership interests in Notes held within a clearing system will be affected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes, unless and until interests in any Global Note held within a clearing system are exchanged for Definitive Notes.

No clearing system has knowledge of the actual Beneficial Owners of the Notes held within such clearing system and their records will reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the clearing systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Note to such persons may be limited. Because DTC can only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, the ability of a person having an interest in a Rule 144A Global Note to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by a lack of physical certificate in respect of such interest.

#### **Trading Between Euroclear and Clearstream, Luxembourg Participants**

Secondary market sales of book entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional Eurobonds.

#### **Trading Between DTC Participants**

Secondary market sales of book entry interests in the Notes between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations in DTC's Same Day Funds Settlement system in same day funds, if payment is effected in U.S. Dollars, or free of payment, if payment is not effected in U.S. Dollars. Where payment is not effected in U.S. Dollars, separate payment arrangements outside DTC are required to be made between the DTC participants.

#### **Trading Between DTC Seller and Euroclear/Clearstream, Luxembourg Purchaser**

When book entry interests in Notes are to be transferred from the account of a DTC participant holding a beneficial interest in a Rule 144A Global Note to the account of a Euroclear or Clearstream, Luxembourg accountholder wishing to purchase a beneficial interest in a Regulation S Global Note (subject to the certification procedures provided in the Agency Agreement), the DTC participant will deliver instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg accountholder to DTC by 12:00 noon, New York time, on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg participant. On the settlement date, the custodian of the Rule 144A Global Note will instruct the Registrar to decrease the amount of Notes registered in the name of Cede & Co. and evidenced by the Rule 144A Global Note of the relevant class and increase the amount of Notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg and evidenced by the Regulation S Global Note. Book entry interests will be delivered free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant accountholder on the first business day following the settlement date.

#### **Trading Between Euroclear/Clearstream, Luxembourg Seller and DTC Purchaser**

When book entry interests in the Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg accountholder to the account of a DTC participant wishing to purchase a beneficial interest in a Rule 144A Global Note (subject to the certification procedures provided in the Agency Agreement), the Euroclear or Clearstream, Luxembourg participant must send to Euroclear or Clearstream, Luxembourg delivery free of payment instructions by 7:45 p.m., Brussels or Luxembourg time, one business day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will in turn transmit appropriate instructions to the common depositary for Euroclear and Clearstream, Luxembourg and the Registrar to arrange delivery to the DTC participant on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg accountholder, as the case may be. On the settlement date, the common depositary for Euroclear and Clearstream, Luxembourg will (a) transmit appropriate instructions to the custodian of the Rule 144A Global Note who will in turn deliver such book entry interests in the Notes free of payment to the relevant account of the DTC participant and (b) instruct the Registrar to (i) decrease the amount of Notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg and evidenced by a Regulation S Global Note and (ii) increase the amount of Notes registered in the name of Cede & Co. and evidenced by a Rule 144A Global Note.

Although Euroclear, Clearstream, Luxembourg and DTC have agreed to the foregoing procedures in order to facilitate transfers of beneficial interest in Global Notes among participants and accountholders of Euroclear, Clearstream, Luxembourg and DTC, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Trustee or any Agent will have the responsibility for the performance by Euroclear, Clearstream, Luxembourg or DTC or their respective Direct or Indirect Participants of their respective obligations under the rules and procedures governing their operations.

### **Pre issue Trades Settlement**

It is expected that the delivery of Notes will be made against payment therefor on the relevant closing date, which could be more than three business days following the date of pricing. Under Rule 15c6 l under the Exchange Act, trades in the United States secondary market generally are required to settle within three business days (T+3), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the next succeeding business days until three days prior to the relevant closing date will be required, by virtue of the fact that the Notes initially will settle beyond T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices, and purchasers of Notes between the relevant date of pricing and the relevant closing date should consult their own advisers.

### **Redenomination**

If the Notes are redenominated pursuant to Condition 22, then following redenomination:

- if Definitive Notes are required to be issued, they shall be issued at the expense of the Issuer in denominations in excess of €100,000 as determined by the Principal Paying and Transfer Agent and such other denominations as the Principal Paying and Transfer Agent shall determine and notify to the Noteholders; and
- the amount of interest due in respect of Notes represented by a Permanent Global Note and/or a Temporary Global Note will be calculated by reference to the aggregate principal amount of such Notes and the amount of such payment shall be rounded down to the nearest €0.01.

# TAXATION

## *[DECHERT U.S. TAX AND KZ TAX TO REVIEW AND UPDATE]*

The following is a general description of certain material tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

### **United States Federal Income Taxation**

*The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership, disposition and retirement of Notes by a holder thereof. This summary does not address the U.S. federal income tax consequences of every type of Note which may be issued under the Programme, and additional or modified disclosure concerning certain U.S. federal income tax consequences relevant to such type of Note may be provided, as appropriate. This summary only applies to holders that acquire Notes as part of the initial distribution at their initial issue price and that hold the Notes as capital assets for U.S. federal income tax purposes. This overview does not discuss all aspects of U.S. federal income taxation that may be applicable to all members of a class of holders subject to special treatment under United States federal income taxation (except as may be specifically set forth below), such as financial institutions, insurance companies, real estate investment trusts, regulated investment companies, grantor trusts, tax-exempt organisations, dealers or traders in securities or currencies, persons that mark their securities to market, holders that will hold Notes through a partnership or other pass through entity, holders that will hold a Note as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes, controlled foreign corporations, passive foreign investment companies, accrual basis tax payers subject to specific rules for the taxable year of inclusion under Section 451(b) of the Internal Revenue Code of 1986, as amended (the "Code"), U.S. Holders (as defined below) that have a functional currency other than the U.S. Dollar, or certain expatriates and long-term residents of the United States. Moreover, this summary does not address the U.S. federal estate and gift tax, the "net investment income" tax imposed under Section 1411 of the Code or alternative minimum tax consequences of the acquisition, ownership or retirement of Notes and does not include any description of the tax laws of any non-U.S., U.S. State or local governments.*

*This summary is based on the Code, existing and proposed U.S. Treasury Regulations, administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of the foregoing are subject to change, possibly with retroactive effect, or differing interpretations which could affect the tax consequences described herein. Any special U.S. federal income tax considerations relevant to a particular issue of the Notes will be provided in a supplement to this Base Prospectus.*

For purposes of this description, a "U.S. Holder" is a beneficial owner of the Notes who for U.S. federal income tax purposes is (i) a citizen or resident of the United States; (ii) a corporation (or entity treated as a corporation for U.S. federal income tax purposes) created or organised in or under the laws of the United States or any State thereof, including the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust (1) that validly elects to be treated as a "United States person" for U.S. federal income tax purposes ("U.S. person") or (2)(a) the administration over which a U.S. court can exercise primary supervision and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control.

If a partnership (or any other entity or arrangement treated as a partnership) for U.S. federal income tax purposes holds Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax advisor concerning the U.S. federal income tax consequences of the acquisition, ownership or disposition of Notes by the partnership.

**A Non-U.S. Holder is a beneficial owner of Notes that is neither a U.S. Holder nor a partnership (or any other entity treated as a partnership) for U.S. federal income tax purposes.**

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

## ***U.S. Holders***

### *Classification of the Notes*

The determination of whether an obligation represents debt, equity or some other instrument or interest is based on all the relevant facts and circumstances. There may be no statutory, judicial or administrative authority directly addressing the appropriate characterisation of the Notes, and no rulings have been or will be sought from the Internal Revenue Service (“**IRS**”) with respect to the appropriate characterisation of the Notes for U.S. federal income tax purposes. To the extent it is required to take a position, DBK intends to take the position that the Notes are characterised as debt for U.S. federal income tax purposes. Additional alternative characterisations may also be possible. Further possible characterisations, if applicable, may be discussed in any supplemental prospectus or series prospectus. Prospective purchasers of the Notes should consult their own tax advisers about the consequences in the event the Notes are treated as any other characterisation for U.S. federal income tax purposes and the consequences of acquiring, owning or disposing of Notes. The remainder of this discussion assumes that the Notes will be treated as debt for U.S. federal income tax purposes.

### *Interest*

Except as set forth below, interest paid on a Note, whether payable in U.S. Dollars or a currency, composite currency or basket of currencies other than U.S. Dollars (a “**foreign currency**”), including any additional amounts, will be includible in a U.S. Holder’s gross income as ordinary interest income at the time it is received or accrued, in accordance with the U.S. Holder’s usual method of accounting for U.S. federal income tax purposes. In addition, interest and original issue discount (“**OID**”), if any, accrued with respect to the Notes (as described below under “—*Original Issue Discount*”) on the Notes will generally be treated as income from sources outside the United States for U.S. federal income tax purposes. For purposes of calculating the U.S. Holder’s foreign tax credit limitation, interest on the Notes should generally constitute “passive category income” or, in the case of certain U.S. Holders, “general category income”. The U.S. federal income tax rules relating to foreign tax credits and limitations thereof are complex and may vary depending on the facts and circumstances of each U.S. Holder. Accordingly, U.S. Holders should consult their own tax advisers regarding the availability of a foreign tax credit for foreign taxes, if any, withheld under such U.S. Holder’s particular situation.

### *Foreign Currency Denominated Qualified Stated Interest*

Except as set forth below, if any payment of “qualified stated interest” (as defined below), including any additional amounts, is denominated in, or determined by reference to, a foreign currency (a “**Foreign Currency Note**”), the amount of income recognised by a U.S. Holder will be the U.S. Dollar value of the foreign currency, including the amount of any applicable withholding tax thereon, regardless of whether the foreign currency is converted into U.S. Dollars. Generally, a U.S. Holder that uses the cash method of tax accounting will determine such U.S. Dollar value using the spot rate of exchange on the date of receipt. Generally, a U.S. Holder that uses the accrual method of tax accounting will determine the U.S. Dollar value of accrued interest income using the average rate of exchange for the accrual period (or, in the case of an accrual period that spans two taxable years of the U.S. Holder, the part of the period within each taxable year) or, at the U.S. Holder’s election, at the spot rate of exchange on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years of the U.S. Holder, the part of the period within each taxable year) or the spot rate on the date of receipt, if that date is within five days of the last day of the accrual period. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS. A U.S. Holder that uses the accrual method of accounting for tax purposes will recognise U.S. source foreign currency gain or loss on the receipt of an interest payment if the exchange rate in effect on the date of payment is received differs from the rate applicable to an accrual of that interest, regardless of whether the payment is converted to U.S. Dollars at such time. This foreign currency gain or loss will be treated as ordinary income or loss, but generally will not be treated as an adjustment to interest income received on the debt security.

### *Original Issue Discount*

U.S. Holders of Notes issued with OID, including Zero Coupon Notes, with a term of over one year (an “**Original Issue Discount Note**”), will be subject to special tax accounting rules, as described in greater detail below. Additional rules applicable to Original Issue Discount Notes that are denominated in or determined by reference to a currency other than the U.S. Dollar are described under Foreign Currency Discount Notes below.

The following discussion does not address the application of the U.S. Treasury Regulations governing OID to, or address the U.S. federal income tax consequences of, an investment in Notes that are contingent payment debt instruments. In the event DBK issues contingent payment debt instruments, the relevant supplemental prospectus will describe certain U.S. federal income tax consequences thereof.

For U.S. federal income tax purposes, a Note (including a Zero Coupon Note), other than a Note with a term of one year or less (a “**Short Term Note**”), will be treated as issued with OID if the excess of the Note’s stated redemption price at

maturity over its issue price equals or exceeds a *de minimis* amount (0.25% of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity (or, in the case of a Note that provides for payments other than qualified stated interest before maturity, its weighted average maturity)). The "issue price" of each Note in a particular offering will be the first price at which a substantial amount of that particular offering is sold (other than to an underwriter, broker, agent or wholesaler). The "stated redemption price at maturity" of a Note is the total of all payments provided by the Note that are not payments of "qualified stated interest". The term "qualified stated interest" means stated interest that is unconditionally payable in cash or in property (other than debt instruments of the issuer) at least annually at a single fixed rate or a variable rate (in the circumstances described below under "*Variable Rate Debt Instruments*"). Interest is payable at a single fixed rate only if the rate appropriately takes into account the length of the interval between payments. Notice will be given if it is determined that a particular Note will bear interest that is not qualified stated interest. In the case of a Note issued with *de minimis* OID, a U.S. Holder of such Note will recognise capital gain with respect to any *de minimis* OID as stated principal payments on the Note are made. The amount of such gain with respect to each principal payment will equal the product of the total amount of the Note's *de minimis* OID and a fraction, the numerator of which is the amount of the principal payment made and the denominator of which is the stated principal amount of the Note.

U.S. Holders of Original Issue Discount Notes with a maturity upon issuance of more than one year must, in general, include OID in income in advance of the receipt of some or all of the related cash payments. The amount of OID includible in income by the initial U.S. Holder of an Original Issue Discount Note is the sum of the "daily portions" of OID with respect to the Note for each day during the taxable year or portion of the taxable year in which such U.S. Holder held such Note ("**accrued OID**"). The daily portion is determined by allocating to each day in any "accrual period" a *pro rata* portion of the OID allocable to that accrual period. The "accrual period" for an Original Issue Discount Note may be of any length and may vary in length over the term of the Note, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs on the first day or the final day of an accrual period. The amount of OID allocable to any accrual period is an amount equal to the excess, if any, of (a) the product of the Note's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of any qualified stated interest allocable to the accrual period. OID allocable to a final accrual period is the difference between the amount payable at maturity (other than a payment of qualified stated interest) and the adjusted issue price at the beginning of the final accrual period. Special rules will apply for calculating OID for an initial short accrual period. The "yield to maturity" of a Note is the discount rate that causes the present value of all payments on the Note as of its original issue date to equal the issue price of such Note. The "adjusted issue price" of a Note at the beginning of any accrual period is equal to its issue price increased by the accrued OID for each prior accrual period (determined without regard to the amortisation of any acquisition or bond premium, as described below) and reduced by any payments made on such Note (other than qualified stated interest) on or before the first day of the accrual period. Under these rules, a U.S. Holder will have to include in income increasingly greater amounts of OID in successive accrual periods.

Certain of the Notes may be redeemed prior to their maturity at DBK's option and/or at the option of the holder. Original Issue Discount Notes containing such features may be subject to rules that differ from the general rules discussed herein. Persons considering the purchase of Original Issue Discount Notes with such features should carefully examine the relevant Final Terms and should consult their own tax advisors with respect to such features since the tax consequences with respect to OID will depend, in part, on the particular terms and features of the Notes.

In the case of an Original Issue Discount Note that is a Floating Rate Note (as described below under "*Variable Rate Debt Instruments*"), both the "yield to maturity" and "qualified stated interest" will be determined solely for purposes of calculating the accrual of OID as though the Note will bear interest in all periods at a fixed rate generally equal to the rate that would be applicable to interest payments on the Note on its date of issue or, in the case of certain Floating Rate Notes, the rate that reflects the yield to maturity that is reasonably expected for the Note. Additional rules may apply if interest on a Floating Rate Note is based on more than one interest index or if the principal amount of the Note is indexed in any manner. Persons considering the purchase of Floating Rate Notes should carefully examine the relevant supplemental prospectus and should consult their own tax advisors regarding the U.S. federal income tax consequences of the holding and disposition of such Notes.

#### *Election to Treat All Interest as Original Issue Discount*

U.S. Holders may elect to treat all interest on any Note as OID and calculate the amount includible in gross income under the constant yield method described above. For the purposes of this election, interest includes stated interest, acquisition discount, OID, *de minimis* OID and unstated interest, as adjusted by any amortisable bond premium or acquisition premium. This election generally will apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. U.S. Holders should consult their own tax advisors about this election.

#### *Acquisition Premium*

A U.S. Holder that purchases an Original Issue Discount Note for an amount that is greater than its adjusted issue price but less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of

qualified stated interest, will be considered to have purchased the Original Issue Discount Note at an “acquisition premium”. If the U.S. Holder does not make the election described above under “*Election to Treat All Interest as Original Issue Discount*,” under the acquisition premium rules, the daily portions of OID which the U.S. Holder must include in its gross income with respect to such Original Issue Discount Note will be reduced by an amount equal to the daily portion of the OID for such day multiplied by the acquisition premium fraction. The numerator of the “acquisition premium fraction” is the excess of the U.S. Holder’s adjusted basis in the Note immediately after its purchase over the adjusted issue price of the Note, and the denominator is the sum of the daily portions of OID for such Note for all days after the date of purchase and ending on the stated maturity date (i.e., the total OID remaining on the Note).

#### *Amortisable Bond Premium*

A U.S. Holder that purchases Notes for an amount in excess of its principal amount (or, in the case of an Original Issue Discount Note, in excess of the sum of all amounts payable on the Note after the acquisition date (other than payments of qualified stated interest)), may elect to treat the excess as “amortisable bond premium”. If a U.S. Holder makes this election, it will reduce the amount required to be included in income for each accrual period with respect to interest on the Note by the amount of amortisable bond premium allocable, based on the Note’s yield to maturity, to that accrual period.

If the amortisable bond premium allocable to an accrual period exceeds interest income from the Note for such accrual period, such excess is first allowed as a deduction to the extent of interest included in income in respect of the Note in previous accrual periods and is then carried forward to the next accrual period. If the amortisable bond premium allocable and carried forward to the accrual period in which the Note is sold, retired or otherwise disposed of exceeds interest income for such accrual period, a U.S. Holder would be allowed an ordinary deduction equal to such excess.

If the Note is denominated in, or determined by reference to, a foreign currency, the amortisable bond premium is computed in units of the foreign currency and the amortisable bond premium will reduce interest income in units of the foreign currency. Gain or loss recognized that is attributable to changes in exchange rates between the time the amortised bond premium offsets interest income and the time of the acquisition of the Note is generally taxable as ordinary income or loss. If a U.S. Holder makes an election to amortise the bond premium, it will apply to all debt instruments, other than debt instruments the interest on which is excludible from gross income, that the U.S. Holder owns at the beginning of the first taxable year to which the election applies, and to all debt instruments that the U.S. Holder thereafter acquires, and the U.S. Holder may not revoke it without the consent of the IRS.

#### *Variable Rate Debt Instruments*

Generally, a Note that provides for interest at a variable rate (a “**Floating Rate Note**”) will qualify as a “variable rate debt instrument” under U.S. Treasury Regulations governing the accrual of OID if: (a) its issue price does not exceed the total non-contingent principal payments due under the Floating Rate Note by more than an amount equal to the lesser of (i) 0.015 multiplied by the product of the total non-contingent principal payments and the number of complete years to maturity from the issue date or (ii) 15 percent of the total non-contingent principal payments; (b) it does not provide for stated interest other than stated interest that pays or compounds at least annually at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate; and (c) each qualified floating rate or objective rate taken into account in stated interest that is in effect at any time during the term of the Note is set at a current value of that rate (i.e., the value of the rate on any day that is no earlier than three months prior to the first day on which the value is in effect and no later than one year following that first day).

A “qualified floating rate” is any variable rate where: (a) variations in the value of such rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Floating Rate Notes are denominated; or (b) the rate is equal to such a rate multiplied by either a fixed multiple that is greater than 0.65 but not more than 1.35, or a fixed multiple greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Floating Rate Notes together will constitute a single qualified floating rate. Two or more qualified floating rates will be presumed to meet the requirements of the previous sentence if the values of all rates on the issue date are within 25 basis points of each other. A variable rate is not a qualified floating rate if it is subject to certain restrictions (including caps, floors, governors, or other similar restrictions) unless such restrictions are fixed throughout the term of the Note or are not reasonably expected to significantly affect the yield on the Note.

An “objective rate” is a rate that: (a) is not a qualified floating rate; and (b) is determined using a single fixed formula that is based on objective financial or economic information that is not within the control of or unique to the circumstances of the issuer or a related party. Despite the foregoing, a variable rate of interest on Floating Rate Notes will not constitute an objective rate if it is reasonably expected that the average value of such rate during the first half of the Floating Rate Notes’ term will be either significantly less than or significantly greater than the average value of

the rate during the final half of the Floating Rate Notes' term. A "qualified inverse floating rate," is any objective rate where such rate is equal to a fixed rate minus a qualified floating rate, and the variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the cost of newly borrowed funds in the currency in which the Floating Rate Notes are denominated.

Generally, if a Floating Rate Note provides for stated interest (payable unconditionally at least annually) at a fixed rate for an initial period of one year or less followed by a variable rate that is either a single qualified floating rate or a single objective rate, and the value of the variable rate on the Floating Rate Notes' issue date is intended to approximate the fixed rate, then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be. If the Notes pay interest at a single objective rate or a single qualified floating rate, the amount of OID, if any, is determined by using a fixed rate equal to, in the case of a qualified floating rate or qualified inverse floating rate, the value as of the issue date, of the qualified floating rate or qualified inverse floating rate, or, for any other objective rate, a fixed rate that reflects the yield reasonably expected for such Floating Rate Note.

If a Floating Rate Note that is a variable rate debt instrument does not provide for stated interest at a single qualified floating rate or single objective rate, or at a single fixed rate (other than at a single fixed rate for an initial period), the amount of qualified stated interest and the amount and accrual of OID on the Note are generally determined by: (a) determining a fixed rate substitute for each variable rate provided under the Floating Rate Note (generally, the value of each variable rate as of the issue date or, in the case of an objective rate that is not a qualified inverse floating rate, a rate that reflects the yield that is reasonably expected for the Note); (b) constructing the equivalent fixed rate debt instrument (using the fixed rate substitutes described above); (c) determining the amount of qualified stated interest and OID with respect to the equivalent fixed rate debt instrument (by applying the general OID rules as described above under "Original Issue Discount"); and (d) making the appropriate adjustment for actual variable rates during the applicable accrual period.

If a Floating Rate Note provides for stated interest either at one or more qualified floating rates or at a qualified inverse floating rate and in addition provides for stated interest at a single fixed rate (other than a single fixed rate for an initial period), a U.S. Holder generally must determine the amount of interest and OID accruals by using the method described in the preceding paragraph with the modification that the Floating Rate Note is treated, for purposes of the first three steps of the determination, as if it provided for a qualified floating rate (or qualified inverse floating rate, if the Note provides for a qualified inverse floating rate) rather than the fixed rate. The qualified floating rate (or qualified inverse floating rate) replacing the fixed rate must be such that the fair market value of the Note as of the issue date would be approximately the same as the fair market value of an otherwise identical debt instrument that provides for a qualified floating rate (or qualified inverse floating rate) rather than a fixed rate.

A Floating Rate Note that does not qualify as a variable rate debt instrument will be treated as a contingent payment debt obligation. Certain consequences of the treatment of such a Note for U.S. federal income tax purposes will be more fully described in the relevant supplemental prospectus.

#### *Short Term Notes*

In the case of Short Term Notes, all payments (including all stated interest) will be included in the stated redemption price at maturity and, thus, U.S. Holders generally will be taxable on the discount in lieu of any stated interest. The discount will be equal to the excess of the stated redemption price at maturity over the issue price of a Short Term Note, unless the U.S. Holder elects to compute this discount using tax basis instead of issue price. Under the OID regulations, in general, individuals and certain other cash method U.S. Holders of a Short Term Note are not required to include accrued discount in their income currently unless the U.S. Holder elects to do so (but may be required to include any stated interest in income as it is received). U.S. Holders that report income for U.S. federal income tax purposes on the accrual method and certain other U.S. Holders are required to accrue discount on such Short Term Notes (as ordinary income) on a straight-line basis, unless an election is made to accrue the discount according to a constant yield method based on daily compounding. In the case of a U.S. Holder that is not required, and does not elect, to include discount in income currently, any gain realized on the sale, exchange or retirement of the Short Term Note will generally be ordinary income to the extent of the discount accrued on a straight-line basis (unless an election is made to accrue the OID under the constant yield method) through the date of sale, exchange or retirement. In addition, a U.S. Holder that does not elect to include currently accrued discount in income may be required to defer deductions for a portion of the U.S. Holder's interest expense with respect to any indebtedness incurred or continued to purchase or carry such Notes.

### *Foreign Currency Discount Notes*

OID for any accrual period on an Original Issue Discount Note that is denominated in, or determined by reference to, a foreign currency will be determined for any accrual period in the foreign currency and then translated into U.S. Dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described under “*Foreign Currency Denominated Qualified Stated Interest*” above. Upon receipt of an amount attributable to OID (whether in connection with a payment of interest or the sale or retirement of a Note), a U.S. Holder will recognise foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. Dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. Dollars.

### *Sale, Exchange or Retirement*

A U.S. Holder’s adjusted tax basis in a Note generally will be its U.S. Dollar cost (as defined herein) increased by the amount of any OID included in the U.S. Holder’s income with respect to the Note and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Note. The U.S. Dollar cost of a Note purchased with a foreign currency generally will be the U.S. Dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, as defined in the applicable U.S. Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

A U.S. Holder generally will recognise gain or loss on the sale, exchange or retirement of a Note equal to the difference between the amount realised on the sale or retirement and the U.S. Holder’s adjusted tax basis of the Note. The amount realised does not include the amount attributable to accrued but unpaid interest or OID, which will be taxable as interest income to the extent not previously included in income. The amount realised on a sale, exchange or retirement for an amount in foreign currency will be the U.S. Dollar value of such amount on the date of sale or retirement or, in the case of Notes traded on an established securities market, within the meaning of the applicable U.S. Treasury Regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale.

Except with respect to (i) gains or losses attributable to changes in exchange rates (as described in the next paragraph), and (ii) gain on the disposition of a Short Term Note (see “—*Short Term Notes*”), gain or loss recognised on the sale, exchange or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the Note was held for more than one year at the time of such sale. The deductibility of capital losses is subject to limitation. Gain or loss realised by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source income or loss. Prospective investors should consult their tax advisors as to the foreign tax credit implications of such sale, exchange or retirement of Notes.

Gain or loss recognised by a U.S. Holder on the sale, exchange or retirement of a Note that is attributable to changes in exchange rates will be treated as U.S. source ordinary income or loss; however, exchange gain or loss is taken into account only to the extent of total gain or loss realised on the transaction.

### *Reportable Transaction Reporting*

Under certain U.S. Treasury Regulations, U.S. Holders that participate in “reportable transactions” (as defined in the regulations) must attach to their U.S. federal income tax returns a disclosure statement on IRS Form 8886. Under the relevant rules, if the Notes are denominated in a foreign currency, a U.S. Holder may be required to treat foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the regulations (U.S.\$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amount for other non-individual U.S. Holders), and to disclose its investment by filing IRS Form 8886 with the IRS. A penalty of up to U.S. \$10,000 in the case of a natural person and U.S.\$50,000 in all other cases may be imposed in any taxable year on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. U.S. Holders should consult their own tax advisors as to the possible obligation to file IRS Form 8886 with respect to the ownership or disposition of the Notes, or any related transaction, including without limitation, the disposition of any foreign currency received as interest or as proceeds from the sale, exchange or retirement of the Notes.

### *Foreign Asset Reporting*

Certain U.S. Holders who are individuals are required to report information relating to an interest in the Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by U.S. financial institutions). U.S. Holders are urged to consult their tax advisors regarding their information reporting obligations, if any, with respect to their ownership and disposition of the Notes.

### ***Non U.S. Holders***

Under U.S. federal income tax law currently in effect, subject to the discussion below under the caption “U.S. Backup Withholding Tax and Information Reporting,” payments of interest (including OID) on a Note to a Non-U.S. Holder generally will not be subject to U.S. federal income tax unless the income is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States.

Subject to the discussion below under the caption “U.S. Backup Withholding and Information Reporting,” any gain realised by a Non-U.S. Holder upon the sale, exchange or retirement of a Note generally will not be subject to U.S. federal income tax, unless (i) the gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States or (ii) in the case of any gain realised by an individual Non U.S. Holder, such Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met.

### ***U.S. Backup Withholding and Information Reporting***

A backup withholding and information reporting requirements apply to certain payments of principal of, and interest and accruals of OID on, an obligation and to proceeds of the sale or redemption of an obligation, to certain non-corporate holders of Notes that are U.S. persons. Information reporting generally will apply to payments of principal of, and interest and accruals of OID on, an obligation, and to proceeds from the sale or redemption of, an obligation made within the United States, or by a U.S. payor or U.S. middleman, to a holder (other than an exempt recipient, including a corporation, a payee that is not a U.S. person that provides an appropriate certification and certain other persons). The payor will be required to withhold backup withholding on payments made within the United States, including payments of accrued OID, or by a U.S. payor or U.S. middleman, on a Note to a holder of a Note that is a U.S. person, other than an exempt recipient, such as a corporation, if the holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, the backup withholding requirements. Payments within the United States, or by a U.S. payor or U.S. middleman, of principal and interest to a holder of a Note that is not a U.S. person will not be subject to backup withholding tax and information reporting requirements if an appropriate certification is provided by the holder to the payor and the payor does not have actual knowledge or a reason to know that the certificate is incorrect. The backup withholding tax rate is currently 24%.

Backup withholding is not an additional tax. Holders generally will be entitled to credit any amounts withheld under the backup withholding rules against such holder’s U.S. federal income tax liability provided the required information is furnished to the IRS in a timely manner.

### ***Kazakhstan Taxation***

#### ***Kazakhstan Taxation***

Payments of principal on the Notes are not subject to Kazakhstan taxation. Due to DBK’s status as a Financial Agency, payments of interest on the Notes and gains realised on disposal, sale, exchange or transfer of the Notes are not subject to taxation in Kazakhstan.

There are no stamp duties or registration or other taxes payable in Kazakhstan in connection with the transfer of any Notes.

### ***Certain ERISA Considerations***

Subject to the following discussion, the Notes may be acquired by pension, profit-sharing or other employee benefit plans that are subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended (“ERISA”), individual retirement accounts, Keogh plans and other plans that are subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended and entities deemed to hold the plan assets of the foregoing (each a “Benefit Plan”). Section 406 of ERISA and Section 4975 of the Code, which are among the various provisions of ERISA and the Code governing Benefit Plans, prohibit a Benefit Plan from engaging in certain transactions with persons that are “parties in interest” under ERISA or “disqualified persons” under the Code with respect to such Benefit Plan. A violation of these “prohibited transaction” rules may result in an excise tax or other penalties and liabilities under ERISA and the Code for such persons or the fiduciaries of the Benefit Plan.

The acquisition or holding of Notes by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if DBK, the Trustee, the Dealers, the Registrar or any of their respective affiliates is or becomes a party in interest or a disqualified person with respect to such Benefit Plan. Certain exemptions from the prohibited transaction rules could be applicable to the purchase and holding of Notes by a Benefit Plan depending on the type and circumstances of the plan fiduciary making the decision to acquire such Notes. Even if the conditions specified in one or more exemptions are met, the scope of the relief provided by these exemptions might or might not cover all acts which might be construed as prohibited transactions. There can be no assurance that any exemption will be available with respect to any particular

transaction involving the Notes and prospective purchasers that are Benefit Plans should consult with their advisers regarding the applicability of any such exemption and the impact of ERISA, the Code and other applicable law relating to the potential consequences of the acquisition and holding of Notes based on their specific circumstances.

This summary does not include a discussion of any laws that may apply to employee benefit plans that are not subject to ERISA or Section 4975 of the Code. Such plans (and entities in which they invest, as applicable) should consult their own professional advisors about any laws applicable thereto.

By acquiring a Note or any interest therein, each purchaser and transferee will be deemed to represent, warrant and covenant that either (i) it is not, and is not acquiring the Note or any interest therein with the assets of (and is not acting on behalf of) an entity or other person that is or will be, a Benefit Plan or any other plan subject to a law, regulation or rule that is substantially similar to Section 406 of ERISA or Section 4975 of the Code or (ii) the acquisition and holding of the Note or any interest therein is permitted by ERISA, the Code and other applicable law (to the extent applicable) and will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or any such other substantially similar applicable law.

No information herein or provided in connection herewith by DBK or any party associated with this (collectively, the “**Covered Parties**”) is providing, or shall be considered to be providing, advice on which any Benefit Plan may rely for any investment decision. Benefit Plans need to make their own decisions, with whatever third-party advice they may wish to obtain, and are not authorised to rely on any information any Covered Party is providing as advice that is a basis for their decisions. The Covered Parties have not made, and are not making, a recommendation, have not provided, and are not providing, investment advice of any kind whatsoever (whether impartial or otherwise), and have not given, and are not giving, any advice in a fiduciary capacity in connection with any Benefit Plan’s decision to purchase Notes.

PRIOR TO MAKING AN INVESTMENT IN NOTES, PROSPECTIVE BENEFIT PLAN INVESTORS SHOULD CONSULT WITH THEIR LEGAL AND OTHER ADVISORS CONCERNING THE IMPACT OF ERISA AND THE CODE (AND, PARTICULARLY IN THE CASE OF NON-ERISA PLANS AND ARRANGEMENTS, ANY ADDITIONAL LEGAL CONSIDERATIONS), AS APPLICABLE.

## TRANSFER RESTRICTIONS

### Rule 144A Notes

Each purchaser of a beneficial interest in a Rule 144A Note, by accepting delivery of this Base Prospectus and the Notes, will be deemed to have represented, agreed and acknowledged that:

- (1) It is (a) a QIB that is also a QP, (b) not a broker dealer which owns and invests on a discretionary basis less than U.S.\$25 million in securities of unaffiliated issuers, (c) not a participant directed employee plan, such as a 401(k) plan, (d) acquiring such interest for its own account or for the account of one or more QIBs each of which is also a QP, (e) not formed for the purpose of investing in the Notes and (f) aware, and each beneficial owner of such Notes has been advised, that the sale of such Notes to it is being made in reliance on Rule 144A.
- (2) It will (a) along with each account for which it is purchasing, hold and transfer beneficial interests in the relevant Rule 144A Note in a principal amount that is not less than U.S.\$200,000 and (b) provide notice of these transfer restrictions to any subsequent transferees. In addition, it understands that DBK may receive a list of participants holding positions in its securities from one or more book entry depositories.
- (3) It understands that the Rule 144A Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB that is also a QP purchasing for its own account or for the account of one or more QIBs each of which is also a QP, each of which is purchasing not less than U.S.\$200,000 in principal amount of the Rule 144A Notes or (b) to a non-U.S. person in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.
- (4) It understands that DBK has the power to compel any beneficial owner of Rule 144A Notes that is a U.S. person and is not a QIB and a QP to sell its interest in the Rule 144A Notes or may sell such interest on behalf of such owner. DBK has the right to refuse to honour the transfer of an interest in the Rule 144A Notes to a U.S. person who is not a QIB and a QP.
- (5) It understands that its purchase and holding of the Rule 144A Notes or any interest therein constitutes a representation and warranty by it that at the time of its purchase and throughout the period in which it holds such Notes or any interest therein that (i) it is not, and is not acquiring such Notes or any interest therein with assets of (and for so long as it holds such Note or any interest therein will not be and will not be acting on behalf of), a pension, profit sharing or other employee benefit plans that are subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), individual retirement accounts, Keogh plans and other plans that are subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) and entities deemed to hold the plan assets of the foregoing (each a “**Benefit Plan**”) or any other plan subject to a law, regulation or rule that is substantially similar to Section 406 of ERISA or Section 4975 of the Code or (ii) the acquisition and holding of the Note or any interest therein will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or any such other substantially similar applicable law.
- (6) It understands that the Rule 144A Notes (and any individual Note Certificates issued in respect thereof), unless otherwise agreed between DBK and the Trustee in accordance with applicable law, will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT (“**RULE 144A**”) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT (A “**QIB**”) AND A QUALIFIED PURCHASER (“**QUALIFIED PURCHASER**”) WITHIN THE MEANING OF SECTION 2(a)(51) OF THE U.S. INVESTMENT COMPANY ACT OF 1940 (THE “**INVESTMENT COMPANY ACT**”), PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBs EACH OF WHICH ALSO A QUALIFIED PURCHASER AND IN AN AMOUNT FOR EACH ACCOUNT OF NOT LESS THAN U.S.\$200,000 PRINCIPAL AMOUNT OF NOTES WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT OR (2) TO NON U.S.

PERSONS WITHIN THE MEANING OF REGULATION S IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT (“**REGULATION S**”), AND IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE OR EFFECT, WILL BE VOID AB INITIO AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO DBK, THE TRUSTEE OR ANY INTERMEDIARY. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF ANY EXEMPTION UNDER THE SECURITIES ACT FOR REALES OF THIS NOTE.

EACH BENEFICIAL OWNER HEREOF REPRESENTS THAT (1) IT IS A QIB THAT IS ALSO A QUALIFIED PURCHASER; (2) IT IS NOT A BROKER DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.\$25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS; (3) IT IS NOT A PARTICIPANT DIRECTED EMPLOYEE PLAN, SUCH AS A 401(k) PLAN; (4) IT IS HOLDING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBs EACH OF WHICH IS ALSO A QUALIFIED PURCHASER; (5) IT WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN DBK OR THIS NOTE; (6) IT, AND EACH ACCOUNT FOR WHICH IT HOLDS RULE 144A NOTES, WILL HOLD AND TRANSFER AT LEAST U.S.\$200,000 IN PRINCIPAL AMOUNT OF RULE 144A NOTES; (7) IT UNDERSTANDS THAT DBK MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN ITS SECURITIES FROM ONE OR MORE BOOK ENTRY DEPOSITARIES AND (8) IT WILL PROVIDE NOTICE OF THE FOREGOING TRANSFER RESTRICTIONS TO ITS SUBSEQUENT TRANSFEREES. THE BENEFICIAL OWNER HEREOF HEREBY ACKNOWLEDGES THAT IF AT ANY TIME WHILE IT HOLDS AN INTEREST IN THIS NOTE IT IS A PERSON WHO IS NOT A QIB THAT IS ALSO A QUALIFIED PURCHASER, DBK MAY (A) SELL ITS INTEREST IN THIS NOTE TO A PERSON (I) WHO IS A QIB WHO IS ALSO A QUALIFIED PURCHASER AND WHO IS OTHERWISE QUALIFIED TO PURCHASE THIS NOTE IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OR (II) TO A NON U.S. PERSON PURCHASING THIS NOTE IN AN OFFSHORE TRANSACTION PURSUANT TO REGULATION S OR (B) COMPEL THE BENEFICIAL OWNER TO SELL ITS INTEREST IN THIS NOTE TO DBK OR AN AFFILIATE OF DBK OR TRANSFER ITS INTEREST IN THIS NOTE TO A PERSON DESIGNATED BY OR ACCEPTABLE TO DBK AT A PRICE EQUAL TO THE LESSER OF (X) THE PURCHASE PRICE THEREFOR PAID BY THE BENEFICIAL OWNER, (Y) 100% OF THE PRINCIPAL AMOUNT THEREOF AND (Z) THE FAIR MARKET VALUE THEREOF. DBK HAS THE RIGHT TO REFUSE TO HONOUR A TRANSFER OF AN INTEREST IN THIS NOTE TO A U.S. PERSON WHO IS NOT A QIB AND A QUALIFIED PURCHASER. DBK HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT.

EACH BENEFICIAL OWNER HEREOF OR OF ANY INTEREST HEREIN REPRESENTS AND WARRANTS THAT FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST HEREIN THAT AT THE TIME OF SUCH PURCHASE AND THROUGHOUT THE PERIOD IT HOLDS SUCH NOTE OR ANY INTEREST THEREIN THAT (A) IT IS NOT, AND IT IS NOT ACTING ON BEHALF OF, AN **EMPLOYEE BENEFIT PLAN** (AS DEFINED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“**ERISA**”), SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, A PLAN TO WHICH SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED, (“**CODE**”), APPLIES, OR ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE “PLAN ASSETS” BY REASON OF SUCH AN EMPLOYEE BENEFIT PLAN’S AND/OR PLAN’S INVESTMENT IN SUCH ENTITY OR ANY OTHER PLAN SUBJECT TO A LAW, REGULATION OR RULE THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR (B) THE ACQUISITION AND HOLDING OF THIS NOTE OR ANY INTEREST HEREIN WILL NOT GIVE RISE TO A NONEXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA, SECTION 4975 OF THE CODE OR ANY SUCH OTHER SUBSTANTIALLY SIMILAR APPLICABLE LAW.

DBK MAY COMPEL EACH BENEFICIAL HOLDER HEREOF TO CERTIFY PERIODICALLY THAT SUCH HOLDER IS A QIB AND A QUALIFIED PURCHASER.

- (7) It acknowledges that DBK, the Registrar, the Dealers and their affiliates and others will rely upon the trust and accuracy of the above acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Rule 144A Notes is no longer accurate, it shall promptly notify DBK and the Dealers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts who are QIBs that are also QPs, it represents that it has sole investment

discretion with respect to each such account, and that it has full power to make the above acknowledgements, representations and agreements on behalf of each such account.

- (8) It understands that Rule 144A Notes will be evidenced by Rule 144A Global Note. Before any interest in Rule 144A Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the corresponding Regulation S Global Note, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.
- (9) Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

### **Regulation S Notes**

Each purchaser of Regulation S Notes outside the United States and each subsequent purchaser of Regulation S Notes in resales, throughout the period that it holds such Note, by accepting delivery of this Base Prospectus and the Regulation S Notes, will be deemed to have represented, agreed and acknowledged that:

- (1) It is, or at the time Regulation S Notes are purchased will be, the beneficial owner of such Regulation S Notes and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of DBK or a person acting on behalf of such an affiliate.
- (2) It understands that the Regulation S Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB that is also a QP purchasing for its own account or for the account of one or more QIB each of which is also a QP, each of which is purchasing not less than U.S.\$200,000 in principal amount of the Rule 144A Notes or (b) to a non U.S. person in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.
- (3) It understands that Regulation S Notes will be evidenced by a Regulation S Global Note. Before any interest in a Regulation S Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the corresponding Rule 144A Global Note, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.
- (4) It acknowledges that DBK, the Registrar, the Dealers and their affiliates and others will rely upon the truth and accuracy of the above acknowledgements, representations and agreements and agree that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Notes is no longer accurate, it shall promptly notify DBK and the Dealers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the above acknowledgements, representations and agreements on behalf of each account.
- (5) It understands that its purchase and holding of the Regulation S Notes or any interest therein constitutes a representation and warranty by it that at the time of its purchase and throughout the period in which it holds such Notes or any interest therein that (a)(i) it is not, and is not acquiring such Notes or any interest therein with assets of (and for so long as it holds such Note or any interest therein will not be and will not be acting on behalf of), a Benefit Plan or any other plan subject to a law, regulation or rule that is substantially similar to Section 406 of ERISA or Section 4975 of the Code or (ii) the acquisition and holding of the Note or any interest therein will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or any such other substantially similar applicable law.

## FORM OF THE NOTES

The Notes of each Series will be in registered form, without interest coupons attached. The Notes will be issued either outside the United States in reliance on Regulation S or both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A.

The Regulation S Notes of each Tranche will initially be represented by a Regulation S Global Note. Prior to expiry of the distribution compliance period (as defined in “*Summary of the Provisions Relating to the Notes in Global Form*”) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 4 (*Transfers of Notes*) and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

The Notes of each Tranche may only be offered and sold in the United States or to U.S. persons in private transactions to QIBs that are also QPs. The Rule 144A Notes of any Tranche will initially be represented by a Rule 144A Global Note.

Global Notes will either be deposited with a custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream, Luxembourg or be deposited with a common depository for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg, as specified in the applicable Final Terms. Persons holding beneficial interests in Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Payments of principal, interest and any other amount in respect of the Global Notes shall, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 11 (*Payments*)) as the registered holder of the Global Notes. None of DBK, any Principal Paying and Transfer Agent, the Trustee or the Registrar shall have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Notes in definitive form shall, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 11 (*Payments*)) immediately preceding the due date for payment in the manner provided in that Condition.

## TRANSFER OF INTERESTS

Interests in a Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Global Note. No beneficial owner of an interest in a Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. Notes are also subject to the restrictions on transfer set forth herein and will bear a legend regarding such restrictions. See “*Transfer Restrictions*”.

## GENERAL

Pursuant to the Agency Agreement (as defined in “*Terms and Conditions of the Notes*”), the Principal Paying and Transfer Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 13 (*Events of Default*).

## SUBSCRIPTION AND SALE

*Notes may be sold from time to time by DBK to any one or more of Citigroup Global Markets Limited, J.P. Morgan Securities plc, JSC Halyk Finance, VTB Capital plc and any other Dealer (as the case may be) appointed under the terms of the Programme Agreement (as defined below). The arrangements under which Notes may from time to time*

*be agreed to be sold by DBK to, and purchased by, Dealers are set out in an amended and restated programme agreement dated 13 November 2012 (as from time to time supplemented, amended or restated, the “**Programme Agreement**”), and made between DBK and the Dealers. Any such agreement will, inter alia, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by DBK in respect of such purchase. The Programme Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.*

### **United States of America**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

Each Dealer has agreed that it will not offer, sell or deliver any Notes, (a) as part of their distribution at any time, or (b) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Principal Paying and Transfer Agent or DBK by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Principal Paying and Transfer Agent or DBK shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each Dealer to which it sells Notes (other than a sale pursuant to Rule 144A) during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this and the preceding paragraph have the meanings given to them by Regulation S under the Securities Act. The Programme Agreement provides that the Dealers may directly or through their respective U.S. broker dealer affiliates only (or, in the case of VTB Capital plc only, through Xtellus Capital Partners Inc. who acts as an agent of VTB Capital plc pursuant to Rule 15a-6 under the Exchange Act in connection with securities transactions effected with U.S. investors), arrange for the offer and resale of Notes within the United States only to QIBs that are QPs in reliance on Rule 144A.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

### **United Kingdom**

Each Dealer has represented and agreed that:

- (a) in relation to any Notes which have a maturity of less than a year (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell the Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by DBK;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to DBK; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### **Republic of Kazakhstan**

Each Dealer has agreed that it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy or sell the Notes or distribute any draft or definitive document in relation to any such offer, invitation or sale in Kazakhstan except in compliance with the laws of Kazakhstan.

## Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (as amended), (the “**Financial Instruments and Exchange Law**”) and, accordingly, each Dealer has undertaken and agreed that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of and otherwise in compliance with the Financial Instruments and Exchange Law and any other applicable laws and regulations and ministerial guidelines of Japan.

### Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision the expression “retail investor” means a person who is one (or more) of the following:

- a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

### Prohibition of Sales to UK Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision the expression “retail investor” means a person who is one (or more) of the following:

- a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

## General

These selling restrictions may be modified by the agreement of DBK and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus.

No action has been or will be taken in any jurisdiction that would, or is intended to, permit a public offering of any of the Notes, or possession or distribution of the Base Prospectus or any other offering material or any set of Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material or any set of Final Terms and neither DBK nor any other Dealer shall have responsibility therefor.

## Other Relationships

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and/or its affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market

risk, or other trading activities. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. Certain of the Dealers or their affiliates routinely hedge their credit exposures to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

## GENERAL INFORMATION

### Listing and Trading

The admission of Notes to the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be admitted for listing on the Official List and to trading on the Regulated Market will be admitted separately as and when issued, subject only to the issue of the Global Note(s) representing the Notes of that Tranche. The listing of the Programme in respect of such Notes is expected to be granted on or about [●] 2021.

However, Notes may be issued pursuant to the Programme which will not be listed on the London Stock Exchange or any other stock exchange outside of Kazakhstan or which will be listed on such stock exchange as DBK and the relevant Dealer(s) may agree. DBK shall apply for Notes issued under the Programme to be listed on the KASE.

In addition, unless otherwise agreed with the relevant Dealer(s) and provided for in the Final Terms or Drawdown Prospectus, DBK will use its reasonable endeavours to cause all Notes issued under the Programme to be submitted to the “Bonds” category of the “Debt Securities” sector of the “Main” platform of the official list of the KASE. No Notes issued by DBK may be issued and/or placed (including the listing thereof) outside of Kazakhstan without prior getting the Agency Permissions.

### Legal Entity Identifier

The Legal Entity Identifier is 213800LCDPGJ1BI7KX98.

### Authorisations

The establishment of the Programme was authorised by a duly convened meeting of the shareholders’ of DBK held on 2 September 2002. The increase of the programme size was authorised by a resolution of DBK’s sole shareholder on 23 October 2007. The issuance of Notes under the updated Programme was authorised by a resolution passed by DBK’s Board of Directors on [●] 2021. DBK has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes and in particular, each Tranche will require a specific authorisation by DBK’s Board of Directors.

### Clearing of the Notes

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and/or DTC. The appropriate common code and the International Securities Identification Number and/or (where applicable) the CUSIP number in relation to the Notes of each Series will be specified in the Final Terms relating thereto. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

### Use of Proceeds

[The net proceeds of the issue of each Tranche of Notes will be applied by DBK for general corporate purposes, including for the funding of various investment and export projects, trade finance activities and for the refinancing of existing debt.]

Commissions, fees and expenses may be deducted from the gross proceeds of each Tranche of Notes, as set out in the applicable Final Terms.

### Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which DBK is aware), during the 12 months preceding the date of this Base Prospectus, which may have, or have had in the recent past, a significant effect on the financial position or profitability of DBK or of the Group, taken as a whole.

## **No Material Adverse or Significant Change**

Since 31 December 2020 (the end of the last financial period for which audited financial information has been published), there has been no material adverse change in the prospects of the Group nor has there been a significant change in the financial performance or financial position of the Group.

## **No Material Contracts**

Neither DBK nor either of its subsidiaries has entered into any material contracts outside the ordinary course of its business which could result in it being under an obligation or entitlement that is material to DBK's ability to make payments under the Notes.

## **Independent Auditors**

The independent auditors of DBK are KPMG Audit LLC ("KPMG"), acting as auditors under State License № 0000021, dated 6 December 2006 issued by the Ministry of Finance of Kazakhstan. KPMG is a member of the Chamber of Auditors of Kazakhstan, the professional body which oversees audit firms in Kazakhstan. KPMG audited the Financial Statements, which were prepared in accordance with IFRS, and have issued unqualified opinions thereon. See also "*Presentation of Financial and Other Information*".

KPMG has reviewed the Unaudited Consolidated Interim Financial Statements and issued a report thereon without qualification.

As the Notes have not been and will not be registered under the Securities Act, KPMG has not filed and would not be required to file a consent under the Securities Act.

## **Website**

The website of the Issuer is <https://www.kdb.kz/en/>. The information on <https://www.kdb.kz/en/> does not form part of this Base Prospectus, except where that information has been incorporated by reference into this Base Prospectus.

## **Documents Available for Inspection**

For the period of 12 months following the date of this Base Prospectus, copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the specified office of the Principal Paying and Transfer Agent or be accessed on the website of the Issuer at <https://www.kdb.kz/investors/eurobonds-and-credit-ratings/>

- (a) the constitutional documents of DBK;
- (b) the Financial Statements including, in each case, the audit opinion relating to such Financial Statements;
- (c) the Agency Agreement;
- (e) the Trust Deed (which contains the forms of the Notes in global and definitive form);
- (f) the Procedures Memorandum;
- (g) a copy of this Base Prospectus together with any supplements to this Base Prospectus or any further base prospectus;
- (h) any Final Terms relating to Notes which are listed on any stock exchange (in the case of any Notes which are not listed on any stock exchange outside of Kazakhstan, copies of the relevant Final Terms will only be available for inspection by the relevant Noteholders or otherwise in accordance with the rules of the KASE); and
- (i) the DBK Law.

This Base Prospectus will also be published on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html>.

## INDEX TO FINANCIAL STATEMENTS

<b>DBK's Audited Consolidated Financial Statements as at and for the Year Ended 31 December 2020, which include comparative data as at and for the year ended 31 December 2019</b> .....	F – [•]
Independent Auditors' Report .....	F – [•]
Consolidated Statement of Profit or Loss and Other Comprehensive Income .....	F – [•]
Consolidated Statement of Financial Position .....	F – [•]
Consolidated Statement of Cash Flows .....	F – [•]
Consolidated Statement of Changes in Equity .....	F – [•]
Notes to the Consolidated Financial Statements .....	F – [•]
<b>DBK's Audited Consolidated Financial Statements as at and for the Year Ended 31 December 2019, which include comparative data as at and for the year ended 31 December 2018</b> .....	F – [•]
Independent Auditors' Report .....	F – [•]
Consolidated Statement of Profit or Loss and Other Comprehensive Income .....	F – [•]
Consolidated Statement of Financial Position .....	F – [•]
Consolidated Statement of Cash Flows .....	F – [•]
Consolidated Statement of Changes in Equity .....	F – [•]
Notes to the Consolidated Financial Statements .....	F – [•]

**REGISTERED OFFICE OF DBK**

JSC Development Bank of Kazakhstan  
n-r. pr. 15, building 55A Mangilik El  
Avenue, Yessil district, Z05T3E2  
Nur-Sultan  
Republic of Kazakhstan

**ARRANGERS AND DEALERS**

**Citigroup Global Markets  
Limited**  
Citigroup Centre  
33 Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**J.P. Morgan Securities plc**  
25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

**JSC Halyk Finance**  
109"V" Abay avenue  
5th floor  
Almaty A05A1B9  
Republic of Kazakhstan

**VTB Capital plc**  
14 Cornhill  
London  
EC3V 3ND  
United Kingdom

**DEVELOPMENT FINANCE STRUCTURING AGENT**

**J.P. Morgan Securities plc**  
25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

**PRINCIPAL PAYING AND TRANSFER AGENT**

Deutsche Bank AG, London Branch  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
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**TRUSTEE**

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