

**MINUTES No. 39**  
**of Annual General Shareholders' Meeting**  
**of Joint-Stock Company Halyk Savings Bank of Kazakhstan**

Almaty

21 April 2017

**Full name:** Joint-Stock Company Halyk Savings Bank of Kazakhstan

**Full name of executive body:** Management Board of Joint-Stock Company Halyk Savings Bank of Kazakhstan

**Location of executive body:** 40, Al-Farabi Ave., Medeu District, 050059 (A26M3K5), Almaty, Republic of Kazakhstan

**Time of the General Shareholders' Meeting:** 11:00 am to 12:50 am

**Venue of the General Shareholders' Meeting:** conference hall, 40, Al-Farabi Ave., Medeu District, 050059 (A26M3K5), Almaty, Republic of Kazakhstan.

The Attendees on the Annual General Shareholders' Meeting of Joint-Stock Company Halyk Savings Bank of Kazakhstan (hereinafter - the "Bank") opened at 11:00 am on 21 April 2017 (hereinafter - "the General Shareholders' Meeting") were as follows:

1. representatives of the Bank's shareholders holding ten percent and more of voting common shares of the Bank:

JSC Holding Group ALMEX holding 8,086,451,772 voting common shares of the Bank, this is 87.39% of total voting common shares of the Bank, represented by Dauren Kazykenovich Suindykov, acting by the virtue of power of attorney No.261 dated 6 April 2017;

2. other shareholders – individuals and legal entities or their representatives;

3. invitees:

1) Chairman and members of the Board of Directors of the Bank;

2) Chairperson and members of the Bank's Management Board;

3) representatives of certain structural divisions and subsidiaries of the Bank;

4. representative of the competent state authority – Ainur Nursultanovna Nurzakova.

As per the information presented by the registrar of the Bank - JSC Integrated Securities Registrar, as of 21 March 2017 (record date of the list of shareholders eligible to take part in the General Shareholders' Meeting), and as per the notice of shareholders holding five percent and more of outstanding shares as of 21 March 2017, issued by JSC Integrated Securities Registrar:

1. total number of the Bank's voting shares (excluding redeemed shares of the Bank, as well as shares held by the nominal holders and beneficial owners, whose information is missing with recording system of JSC Central Securities Depository) is 9,252,871,762 shares, the number of common shares of the Bank redeemed by the Bank is 1,693,331,777 shares;

2. total number of the Bank's shareholders holding common shares of the Bank is 27,008 shareholders (including 6 GDR holders) (excluding beneficial owners whose information is not disclosed in the recoding system of JSC Central Securities Depository);

**Agenda of the Annual General Shareholders' Meeting published in newspapers "Kazakhstanskaya Pravda" and "Yegemen Kazakhstan" dated 6 March 2017:**

1. Approval of the agenda of the Annual General Shareholders' Meeting of JSC Halyk Bank.

2. Approval of JSC Halyk Bank's annual financial statements for the year ended 31 December 2016.

3. Approval of the procedure of distribution of JSC Halyk Bank's net income for the year ended 31 December 2016. Adoption of a resolution on payment of dividends on JSC Halyk Bank's common shares. Approval of the amount of dividend per common share of JSC Halyk Bank.





4. Consideration of 2016 Performance Report of the Board of Directors of JSC Halyk Bank.
5. Determination of the number of members of the Board of Directors of JSC Halyk Bank.
6. Determination of the term of powers of the Board of Directors of JSC Halyk Bank.
7. Election of members of the Board of Directors of JSC Halyk Bank.
8. Informing shareholders of JSC Halyk Bank on the amount and structure of remuneration of the members of the Board of Directors and the Management Board of JSC Halyk Bank.
9. Approval of amendments to the Charter of JSC Halyk Bank.
10. Approval of amendments to the Corporate Governance Code of JSC Halyk Bank.
11. Approval of amendments to the Regulations on the Board of Directors of JSC Halyk Bank.
12. Consideration of information on shareholders' appeals on actions of JSC Halyk Bank and its officials, and on results of consideration thereof.

**A.S. Pavlov, Chairman of the Board of Directors:**

Dear Shareholders!

Today, in accordance with provisions of Article 35 of the Law of the Republic of Kazakhstan "On Joint-Stock Companies", we are holding the Annual General Shareholders' Meeting.

You were noticed on the present Annual General Shareholders' Meeting of the Bank in the manner stipulated by the Law of the Republic of Kazakhstan "On Joint-Stock Companies" and Charter of the Bank. The information on convening the Annual General Shareholders' Meeting and its agenda was posted in mass media: periodical print publications "Yegemen Kazakhstan" and "Kazakhstanskaya Pravda" dated 6 March 2017, as well as additionally posted on corporate website of the Bank, on websites of Kazakhstan Stock Exchange and London Stock Exchange by notifying depository bank.

As of 21 March 2017, i.e. the record date of the list of shareholders eligible to take part in the General Shareholders' Meeting, total number of the Bank shareholders holding common shares is 27,008 shareholders, including 6 GDR holders. This figure excludes the beneficial owners of the Bank's shares, whose information is not disclosed in the recording system of JSC Central Securities Depository. Total number of voting common shares of the Bank, excluding shares redeemed by the Bank, as well as shares held by the nominal holders and beneficial owners, whose information is missing with recording system of JSC Central Securities Depository, is 9,252,871,762 shares.

The floor is given to **Ilmira Arslanovna Razumova**, Chair of the Ballot Committee, to announce the results of the attendees' registration and determine its quorum.

**I.A. Razumova, Chair of the Ballot Committee:**

Good afternoon, dear Shareholders!

As per the data presented by the Ballot Committee, as of the end of registration of attendees at this Annual General Shareholders' Meeting, registered 31 shareholders and their representatives holding in aggregate 8,196,859,934 voting common shares of the Bank, this is 88.59% percent from all voting common shares of the Bank.

At the same time, we would like to note that a representative of 6 shareholders - non-resident of the Republic of Kazakhstan, holding in aggregate 108,990,240 voting shares in the form of global depository receipts, information on which is disclosed in JSC Central Securities Depository, attends at this Annual General Shareholders' Meeting.

According to Article 45 of Law of the Republic of Kazakhstan "On Joint-Stock Companies," the General Shareholders' Meeting is eligible to make decisions, should at closing time of attendees' registration, the shareholders or their representatives included into the shareholders list, eligible to participate and vote at the meeting and holding in aggregate fifty



percent and more of the Bank's voting shares, have been registered.

Thus, considering the results of registration, this Annual General Shareholders' Meeting shall be deemed duly constituted.

**A.S. Pavlov, Chairman of the Board of Directors:**

Dear Shareholders!

To hold the Annual General Shareholders' Meeting we should elect working bodies: **Chair of the Meeting and Secretary of the Meeting**. In this regard I propose:

1. To elect **Yerserik Damenovich Siyrbayev** as the Chair of the Shareholders' Meeting of the Bank.

Do you have any other proposals? There are no other proposals. Please vote for the proposed candidate by show of hands:

"for"	- 31
"against"	- 0
"abstain"	- 0

Carried unanimously.

2. To elect **Yelena Valeryevna Sidorova**, Head of the Bank's Chancellery as the Secretary of the Meeting.

Do you have any other proposals? There are no other proposals. Please vote for the proposed candidate by show of hands:

"for"	- 31
"against"	- 0
"abstain"	- 0

Carried unanimously.

I kindly request **Yerserik Damenovich Siyrbayev**, Chair of the Meeting, and **Yelena Valeriyeвна Sidorova**, Secretary of the Meeting, to take their seats and proceed with our meeting's operations.

**Y.D. Siyrbayev, Chair of the Meeting:**

Good afternoon, dear Shareholders! Before proceed with our Meeting's operations, I would like to inform you that Alexander Sergeevich Pavlov, Chairman of the Bank's Board of Directors, Umut Bolatkhonovna Shayakhmetova, Chairperson of the Management Board of the Bank, members of the Bank's Board of Directors: Mazhit Tuleubekovich Yessenbayev, Arman Galiaskarovich Dunayev, Christof Ruehl, Frank Kuijlaars and Anvar Galimullayevich Saidenov, are taking part at the meeting.

I propose to continue our meeting in Russian. Everyone, who wishes to speak in Kazakh, can speak in Kazakh. Here, there are translators who will provide a proper translation from Russian into Kazakh and vice versa, if necessary.

I propose to consider and approve the following schedule of our meeting. Let's fix the time for each speaker at 5-10 minutes; speaking in the debate - up to 3 minutes. Dear shareholders, I also propose to hold our meeting without interruption.

In accordance with paragraph 1 of Article 50 of the Law on Joint-Stock Companies of the Republic of Kazakhstan, voting at the General Shareholders' Meeting is carried out on "one share - one vote" basis, except for cumulative voting when electing members to the Board of Directors, and by providing each person eligible to vote at the General Shareholders' Meeting with one vote for voting on procedural issues of the General Shareholders' Meeting.



I think it is advisable to determine the secret form of voting (ballot voting) on all issues of the agenda and proposals of our meeting.

I ask you, for the purpose of compliance with the established procedure of consideration of the issues on the agenda, as well as to avoid violation of the meeting schedule, to submit the issues not covered by the agenda of the meeting to the secretary of the meeting in writing.

The issues received in writing by the secretary of the meeting will be discussed within the framework of our Annual General Shareholders' Meeting after consideration of the agenda items.

In addition, let me inform you that all shareholders, who wish to speak on the agenda of the meeting, can also sign up with the meeting secretary. I ask that each speaker before the speech must introduce himself/herself. At the same time, I propose that the debates must be limited to three speakers.

Do you have any other proposals on the issues I have spoken? There are no other proposals. Please vote for the proposed procedural aspects of the meeting by show of hands:

“for” - 31

“against” - 0

“abstain” - 0

Carried unanimously.

Since the working bodies of the Annual General Shareholders' Meeting are created, the form of voting and the schedule of the Annual General Shareholders' Meeting are determined, I suggest proceeding with consideration of items of the agenda of the Annual General Shareholders' Meeting.

## **1. Approval of the Agenda for the Annual General Shareholders' Meeting of JSC Halyk Bank**

### **Y.D. Siyrbayev, Chair of the Meeting:**

Dear Shareholders,

According to Article 36 of the Law of the Republic of Kazakhstan “On Joint-Stock Companies”, the agenda determined by the Bank's Board of Directors is approved during the General Shareholders' Meeting.

In accordance with Article 43 of the Law of the Republic of Kazakhstan “On Joint-Stock Companies” when opening the in-person General Shareholders' Meeting, the Board of Directors shall report on the proposals for amending the agenda.

### **A.S. Pavlov, Chairman of the Board of Directors:**

No proposals on the amendment of the agenda of the Annual General Shareholders' Meeting were received.

### **Y.D. Siyrbayev, Chair of the Meeting:**

Thank you, Alexander Sergeevich.

Dear Shareholders, do you have any comments, suggestions for the agenda? No.

I kindly request the shareholders of the Bank to vote by ballots on the first item of the agenda on approval the agenda for the Annual General Shareholders' Meeting of the Bank as stated by the Board of Directors according to the minutes to the meeting of the Board of Directors by absent voting No.9 dated 22 February 2017.

I kindly ask the members of the Ballot Committee to count votes on the first item of the agenda of the meeting, and the Chair of the Ballot Committee to announce them later.

According to Article 46 of the Law of the Republic of Kazakhstan “On Joint-Stock Companies”, the company having 100 shareholders and more shall establish the Ballot Committee, which quantitate and personnel structure shall be approved by the General Shareholders' Meeting.





Therefore, please be informed that the following members of the Ballot Committee, whose term of powers defined by the resolution of the Annual General Shareholders' Meeting of the Bank on 22 April 2016 (minutes No.37 dated 22 April 2016), is three years being expired by the time of re-election of the Ballot Committee's members Meeting, are present at this Meeting:

Chair of the Ballot  
Committee:

Ilmira Arslanovna Razumova

Members of the Ballot  
Committee:

Anna Vassiliyevna Borodovitsyna

Gabbas Malgajiyevich Ilussinov

Gulziya Seidakhmetovna Madazimova

Victor Sergeevich Skryl

Yelena Alexandrovna Khmyz

In accordance with the Law of the Republic of Kazakhstan "On Joint-Stock Companies", at the present General Shareholders' Meeting we should elect shareholders' representatives holding ten percent and more of the Bank's voting shares, each or several shareholders acting on the basis of an agreement executed between them, which in aggregate hold ten percent and more of the Bank's voting shares. They will witness correctness of the minutes to this General Shareholders' Meeting. At the present time, the shareholder holding ten percent and more of the Bank's voting common shares, as of 21 March 2017, i.e. on the record date of the list of shareholders eligible to take part in the General Shareholders' Meeting, is:

**JSC ALMEX Holding Group** holding 8,086,451,772 voting common shares, which is 87.39% out of total amount thereof.

Therefore, we suggest electing representative of the Bank's major shareholder JSC ALMEX Holding Group attending this Meeting and acting under the power of attorney #261 dated 6 April 2017, presented at registration for this Annual General Shareholders' Meeting by JSC ALMEX Holding Group – Dauren Kazykenovich Suindykov.

Do you have any other proposals? There are no other proposals. Please vote for the proposed candidate by show of hands:

“for”	- 31
“against”	- 0
“abstain”	- 0

Carried unanimously.

And now, I kindly ask the members of the Bank's Ballot Committee to announce the results of voting on **the first item** of the agenda of the Annual General Shareholders' Meeting. I give a floor to **Ilmira Arslanovna Razumova**, Chair of the Ballot Committee.

**I.A. Razumova, Chair of the Ballot Committee:**

Total amount of votes of shareholders, who have registered to participate in this General Shareholders' Meeting, is 8,196,859,934, out of which on **the first item** of the agenda concerning approval of the agenda for the Annual General Shareholders' Meeting of JSC Halyk Bank as stated by the Bank's Board of Directors voted:





	Number of voting shares	% of total voting shares presented at the meeting
“for”	8,196,859,934	100
“against”	0	0
“abstain”	0	0
take no part in the voting	0	0

The resolution was passed by majority of votes out of the Bank’s total voting shares presented at the meeting.

Thus, the Annual General Shareholders’ Meeting by majority of votes out of the Bank’s total voting shares presented at the meeting, resolved:

To approve the Agenda for the Annual General Shareholders’ Meeting of JSC Halyk Bank dated 21 April 2017 as stated by the Board of Directors of JSC Halyk Bank (minutes to meeting of the Board of Directors of JSC Halyk Bank by absent voting No.9 dated 22 February 2017).

## **2. Approval of JSC Halyk Bank’s annual financial statements for the year ended 31 December 2016.**

### **Y.D. Siyrbayev, Chair of the Meeting:**

Dear Shareholders!

Since the agenda of the Annual General Shareholders’ Meeting was approved, let us go ahead. I propose to pass on to discussion of the **second item** of the agenda: “Approval of JSC Halyk Bank’s annual financial statements for the year ended 31 December 2016.”

The floor on this item is passed to **Aliya Sakenovna Karpykova**, Deputy CEO.

### **A.S. Karpykova, Deputy CEO:**

Dear Shareholders!

In accordance with the Articles 35 and 36 of the Law of the Republic of Kazakhstan “On Joint-Stock Companies”, the annual financial statements of the Company shall be approved at the Annual General Shareholders’ Meeting. I hereby would like to bring to your attention the Bank’s key performance results for 2016.

The Halyk Group has come to the end of 2016 year with good results.

In 2016, the assets of Halyk Group increased by 20.1% (KZT893 billion) and amounted to KZT5 trillion 348 billion as of 1 January 2017.

#### **Financial assets:**

**Cash and cash equivalents** increased by 26.33% (by KZT 370 billion) YTD. The main reason for the growth is increase in the short-term deposits placed with other banks.

**Loans to customers (net)** increased from the early 2016 by 6.6% or by KZT144 billion and by the end of 2016 amounted to KZT2 trillion 320 billion, which, in turn, is 43.38% of all assets of Halyk Group.

Loans to legal entities (gross) increased by 5.7% and amounted to KZT1.9 trillion, retail loans increased by 2.6% to KZT 621 billion.


**Financial assets at fair value through profit or loss and investment securities held for sale** increased by KZT152 billion and KZT221 billion, compared to previous year and comprised KZT 329 billion and KZT599 billion, respectively.

#### **Non-financial assets:**

**Commercial real estate** increased by KZT570 million against the previous year and amounted to KZT10.2 billion.

**Investment property** increased by KZT5.5 billion.

**Assets held for sale (land, buildings and constructions)** decreased by KZT1.1 billion





**Liabilities of Halyk Group**, as a whole, increased by 19.3% (KZT758 billion) year-to-date and comprised KZT4 trillion 683 billion at the end of 2016. The major change in the structure of liabilities in 2016 occurred in customer accounts.

**Customer accounts in the liability structure** comprise the biggest share – 81.6%. The amount of customer accounts increased by KZT777 billion (26%), comprising KZT 3 trillion 821 billion. Such increase is due to increase in balances on term deposits of legal entities by KZT 557 billion, individuals - by KZT 194 billion from the early year.

**Debt securities issued** comprised KZT585 billion, decreasing by KZT12.6 billion or 2.11%, due to early and full redemption of issued subordinated debt securities.

**Amounts due to credit institutions** totaled KZT 162 billion, decreasing by KZT6 billion, mainly due to decrease in REPO transactions in securities by KZT30 billion and increase in correspondent accounts.

**Financial liabilities at fair value through profit or loss** amounted to KZT2.8 billion, decreasing by KZT2.7 billion (49.2%).

**Deferred tax liabilities** for the reporting period decreased by KZT 14.8 billion.

**Equity of Halyk Group** for the reporting period grew by 25.6% compared with the beginning of the year mainly due to the retained earnings and other reserves and comprised KZT665.6 billion as of 1 January 2017.

According to the legislation of the Republic of Kazakhstan and based on the decision taken on 22 April 2016 at the General Shareholders' Meeting of the Bank, in order to optimize the capital structure of the Bank, the Bank's preferred shares and preferred shares converted to common shares have been exchanged for common shares of the Bank.

As of 31 December 2016, the authorized capital of Halyk Group was KZT144 billion. As of 31 December 2016, Halyk Group held its own redeemed common shares in the number of 1,695,237,728 shares in the amount of KZT 103 billion (31 December 2015 - 219,067,900 shares for KZT 40 billion).

In 2016, payment of dividends on the Bank's preferred shares for the year of 2015 was made in the amount of KZT 333 million.

**Halyk Group's profit** was KZT131,412 billion for the reporting period, increasing by 9.23% (KZT11.1 billion) as compared to the last year.

**Net interest income before impairment charges** increased by 22.4% up to KZT184 billion, as compared to the previous year, which is mainly due to the increase of interest income from gain of interest on securities by KZT24 billion. Taking into account the allowance for provisions, the net interest income increased by KZT20.1 billion, amounting KZT158.3 billion.

**Net fee and commission income** for the Group, as a whole, comprised KZT47.3 billion for the reporting year, increasing by KZT4.8 billion or 11.3% as compared to 2015.

**Expenses less losses from financial assets at fair value included in profit and loss statement** for 2016 amounted to KZT8.56 billion.

**Net income from foreign exchange operations** for 2016 amounted to KZT22.6 billion.

**Operating expenses** comprised KZT73.4 billion for the reporting year, and increased by 3.6% against the previous period, which was much less than the annual inflation growth rate of 8.5% in 2016.

Dear Shareholders!

In our opinion, the Bank activity has been successful for the reporting period and is consistent with the legal requirements. The annual financial statements for the year ended 31 December 2016 of the Bank were pre-approved by the resolution of the Bank's Board of Directors dated 17 March 2017. The independent audit firm - Deloitte LLP confirmed in full the reliability and accuracy of data contained in the annual financial statements of the Bank by the results of activity for 2016, as well as compliance with the requirements of the International Financial Reporting Standards and legislation of the Republic of Kazakhstan.

You may read the report of the independent auditor – Deloitte LLP, which is included in the handouts distributed to you during registration of shareholders.





Dear shareholders, based on the above, you are kindly asked to approve the annual financial statements of JSC Halyk Bank for the year ended 31 December 2016, and the independent auditor's report.

**Y.D. Siyrbayev, Chair of the Meeting:**

Dear shareholders, do you have other proposals on this issue? Does anybody want to take a floor?

There are no proposals and anybody to take floor. I would like to ask the Bank's shareholders to vote on the second item of the agenda.

Members of the Ballot Committee are kindly requested to count voting results on the **second item** on the meeting agenda. To announce the results of voting on **the second item** of the agenda of the Annual General Shareholders' Meeting, I give a floor to **Ilmira Arslanovna Razumova**, Chair of the Ballot Committee.

**I.A. Razumova, Chair of the Ballot Committee:**

Total amount of votes of shareholders, who have registered to participate in this General Shareholders' Meeting, is 8,196,859,934, out of which on **the second item** of the agenda concerning approval of the annual financial statements of JSC Halyk Bank for the year ended 31 December 2016, voted:

	Number of voting shares	% of total voting shares participating in the voting
“for”	8,192,112,494	99.94208
“against”	0	0
“abstain”	4,747,440	0.05792
take no part in the voting	0	0

The resolution was passed by simple majority of votes out of the Bank's total voting shares participating in the voting.

Thus, the Annual General Shareholders' Meeting by simple majority of votes out of the Bank's total voting shares participating in the voting, resolved:

To approve the annual financial statements of JSC Halyk Bank for the year ended 31 December 2016 and the independent auditor's report

**3. Approval of the procedure of distribution of JSC Halyk Bank's net income for the year ended 31 December 2016. Adoption of a resolution on payment of dividends on JSC Halyk Bank's common shares. Approval of the amount of dividend per common share of JSC Halyk Bank.**

**Y.D. Siyrbayev, Chair of the Meeting:**

Dear Shareholders!

I propose to pass on to discussion of the **third item** of the agenda: “Approval of the procedure of distribution of JSC Halyk Bank's net income for the year ended 31 December 2016. Adoption of the resolution on payment of dividends on JSC Halyk Bank's common shares. Approval of the amount of dividend per common share of JSC Halyk Bank.”

The floor on this item is passed to **Aliya Sakenovna Karpykova**, Deputy CEO.

**A.S. Karpykova, Deputy CEO:**

Dear Shareholders!

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In accordance with Articles 35 and 36 of the Law of the Republic of Kazakhstan "On Joint-Stock Companies", Articles 25 and 26 of the Charter of JSC Halyk Bank, the Board of Directors of JSC Halyk Bank proposes the Annual General Shareholders' Meeting of the Bank to pass the following resolutions on the third item of the agenda:

To approve the following procedure of distribution of net income of JSC Halyk Bank, received by the results of the 2016 financial and operating performance of JSC Halyk Bank:

- 1) dividends on common shares of JSC Halyk Bank shall not be accrued and paid;
- 2) the net income of JSC Halyk Bank for the financial year 2016 shall not be distributed and shall be allocated to retained earnings;

Since, as you know, in 2016 the preferred shares and preferred shares of the Bank converted to common shares were exchanged for common shares of the Bank, the issue of accruing and paying dividends on the Bank's preferred shares is not considered.

**Y.D. Siyrbayev, Chair of the Meeting:**

Dear Shareholders, do you have any questions? Does anybody want to take floor?

There are no questions and anybody to take floor. I would like to ask the shareholders of the Bank to vote on the **third item** of the agenda.

Members of the Ballot Committee are kindly requested to count voting results on **third item** on the meeting agenda and I ask the Chair of the Ballot Committee to announce the results of voting later.

Dear Shareholders!

While the votes on **the third item** of the agenda are being counted, the floor is passed to **Alexander Sergeevich Pavlov**, Chairman of the Bank's Board of Directors.

**A.S. Pavlov, Chairman of the Bank's Board of Directors:**

Dear Shareholders!

Let me congratulate you with the upcoming May Holidays: The Day of Unity of Kazakhstan People – 1 May, Defender of the Fatherland Day – 7 May and 71<sup>st</sup> anniversary of the Victory in Great Patriotic War – 9 May.

The past year of 2016 was very difficult for both the financial sector and the economy as a whole. In the early year, all banks and their clients experienced an acute shortage of liquidity in the national currency. This factor seriously limited access of banks to financial resources and led to a reduction in lending volumes. Stably low oil prices, as well as the likelihood that prices will remain at this level for a long time, have made us to focus on improving the efficiency and optimizing the Bank's expenses.

Due to the introduction of the "base rate" by the National Bank at the end of the first quarter of 2016, the cost of tenge resources stabilized. By mid-2016, the volatility of the exchange rate noticeably decreased, and the signs of previous confidence in the national currency appeared, as well as a positive dynamics in the share of tenge deposits was observed.

In order to support the most significant sectors of the economy, the state accelerated the implementation of the program "Nurly Jol". At the same time, despite the measures taken, GDP growth remained at a very low level. We believe that this, first of all, was due to the slow recovery of energy prices. Even taking into account the positive trend, during the second half of the year, the average oil price per barrel during 2016 did not exceed \$42, according to the World Bank, which was 25% lower than in the previous year.

In addition to the slow economic recovery, one of the main challenges for the Kazakh financial sector remains the high proportion of non-performing loans in second-tier banks. In the shortage of sufficient capital, certain banks cannot cope with these challenges, which may introduce some uncertainty into the market. So, at the end of 2016, the market situation became more complicated after withdrawal of the license from one of the banks, which added volatility to the financial market.





Despite the above events that took place in Kazakhstan's economy, the Bank continued successful implementation of its strategy, which main goal was to become the No. 1 bank in Kazakhstan.

We managed to achieve the best financial results in 2016: the consolidated net profit amounted to KZT131.4 billion, equity capital - KZT665.6 billion, assets of Halyk Group increased to KZT5.348 billion. At the same time, the level of NPL in the Bank's loan portfolio on an unconsolidated basis, according to the National Bank of Kazakhstan, declined from 9.2% to 8.6% during 2016 and, despite the moderate growth of the loan portfolio itself, significantly exceeded the average market indicators. Thus, the Bank's share in lending to legal entities representing corporate, small and medium-sized businesses grew from 14.7% to 15.3%. The share of retail lending of the Bank according to the regulator's reporting data also increased from 16% to 16.5%.

The most significant achievements of the Bank's subsidiaries was following the results of 2016:

JSC Halyk-Life retained the first place in collecting insurance premiums among Kazakhstan life insurance companies;

JSC Kazakhinstrakh is a leader in the general insurance market;

JSC Halyk Finance is the best investment company on the Kazakhstan market, which is confirmed by the awards of international and domestic experts: EMEA Finance, Kazakhstan Stock Exchange.

Foreign affiliated banks continue to increase their share in the occupied markets: assets of Halyk Bank Georgia increased by 42% in 2016, under difficult economic conditions, OJSC Halyk Bank Kyrgyzstan managed to grow its assets above the average market indicator. On the back of sanctions and stagnation of the Russian economy, OJSC NBK-Bank, unfortunately, did not see positive results, however, it continued implementation of key tasks, taking into account the strategic importance of the Russian market for the Group.

The Bank is particularly proud of the dynamic development of its subsidiary JSC Altyn Bank (SB of JSC Halyk Bank), which in 2016 launched a digital bank of new generation under the brand Altyn-i, which is a convenient online banking service for the persons, who wish getting banking services without leaving home or office. The bank's financial performance in 2016 significantly exceeded the forecasted results. An additional confirmation is that last year a memorandum on the sale of a 60% stake in JSC Altyn Bank (SB of JSC Halyk Bank) to the Chinese partner - China CITIC Bank Corporation Limited was signed.

Thanks to the successful work of the management team, Halyk Group has achieved significant success in many business areas by improving the efficiency of its employees, developing IT technologies, reducing costs and effectively managing risks. At the same time, we attain key importance to improving the corporate governance system and open information policy. Detailed information on corporate governance practices is disclosed in the relevant sections of the annual report.

Halyk Group places a major focus on the corporate social responsibility, which it considers its voluntary contribution to the development of society. In 2016, seeking to fulfill its mission of a socially responsible institution, the Bank concluded a three-year agreement on sponsorship with the Almaty administration in support of the Universiade infrastructure facility, the 3,000-seat ice complex, which was named Halyk Arena. This is the first experience of sponsoring the sports facility in Kazakhstan.

The positive result of the fruitful work of the highly professional management team of Halyk Group was the fact that in December 2016 the international magazine *International Banker* awarded the Chairperson of the Management Board of the Bank Umut Shayakhmetova as the winner in the nomination "Banking CEO of the Year 2016 Eastern Europe Award", noting her significant contribution to the success of Halyk Group over the past 8 years.

In the coming year, as part of the Address of the Head of State to the people of Kazakhstan "The Third Modernization of Kazakhstan: Global Competitiveness", Halyk Group and, in particular, the Bank being a systemic financial institution, along with other second-tier banks and the regulator, will be having to take part in the implementation of the third priority - to ensure



macroeconomic stability, namely, to participate in the events for the banking sector recovery, further clearing the balance sheet from distressed assets. At the same time, the implementation of the Halyk Group Development Strategy approved by the Board of Directors for 2016-2018 will continue.

It should be expected that all these measures will contribute to further business growth and improvement of customer service quality in companies of Halyk Group.

In conclusion, on behalf of the Board of Directors, I would like to express my gratitude to our shareholders, colleagues and partners for fruitful cooperation, trust, understanding and support of the strategic development direction of Halyk Group.

**Y.D. Siyrbayev, Chair of the Meeting:**

Thank you, Alexander Sergeevich. To announce the results of voting on the **third item** of the agenda of the Annual General Shareholders' Meeting, I give a floor to **Ilmira Arslanovna Razumova**, Chair of the Ballot Committee.

**I.A. Razumova, Chair of the Ballot Committee:**

Total amount of votes of shareholders, who have registered to participate in this General Shareholders' Meeting, is 8,196,859,934, out of which on the **third item** of the agenda concerning approval of the procedure of distribution of JSC Halyk Bank's net income for the year ended 31 December 2016; adoption of a resolution on payment of dividends on JSC Halyk Bank's common shares; approval of the amount of dividend per common share of JSC Halyk Bank, voted:

	Number of voting shares	% of total voting shares participating in the voting
“for”	8,196,720,014	99.99829
“against”	59,760	0.00073
“abstain”	80,160	0.00098
take no part in the voting	0	0

The resolution was passed by simple majority of votes out of the Bank's total voting shares participating in the voting.

Thus, the Annual General Shareholders' Meeting by simple majority of votes out of the Bank's total voting shares participating in the voting, resolved:

To approve the following procedure of distribution of JSC Halyk Bank's net income for the year ended 31 December 2016:

- 1) dividends on common shares of JSC Halyk Bank shall not be accrued and paid;
- 2) the net income of JSC Halyk Bank for the financial year 2016 shall not be distributed and shall be allocated to retained earnings.

**Y.D. Siyrbayev, Chair of the Meeting:**

Dear Shareholders!

The floor is passed to **Alexander Sergeevich Pavlov**, Chairman of the Bank's Board of Directors.

**A.S. Pavlov, Chairman of the Bank's Board of Directors:**

Dear Shareholders!

We all understand that while in rather difficult market conditions, the Bank needs to have a certain margin of safety to ensure stability and profitability of the business. The decision taken by the General Shareholders' Meeting of the Bank on non-payment of dividends on common shares



of the Bank fully corresponds to the interests of shareholders and investors under the Development Strategy of Halyk Group.

At the same time, despite the decision, I would like to share with you the positive news that the Management Board of the Bank decided to pay the shareholders of the Bank material assistance in 2017 on the following terms:

1) the individual shareholders of the Bank holding common shares of the Bank have the right to receive material assistance;

2) amount of material assistance will be 2.00 (two tenge 00 tiyn) tenge per one common share of the Bank (which will be increased by the amount of taxes). At the same time, the maximum amount of payment of material assistance to one shareholder will not exceed 500,000.00 (five hundred thousand tenge 00 tiyn) tenge;

3) period of payment of material assistance: from 1 May 2017 thru 30 April 2018;

4) date of record in the register of shareholders who are entitled to receive material assistance: as of 1 May 2017;

5) procedure and grounds for the payment of material assistance to the Bank's shareholders: written application of a shareholder provided to the Bank's Personal Service Center at the place of residence or to the employees of Group Capital Management Department of the Bank.

Dear shareholders, you can ask all questions regarding the payment of material assistance the members of the Ballot Committee at the end of our meeting.

#### **4. Consideration of 2016 Performance Report of the Board of Directors of JSC Halyk Bank.**

##### **Y.D. Siyrbayev, Chair of the Meeting:**

Dear Shareholders!

I propose to pass on to discussion of the **fourth item** of the agenda: "Consideration of 2016 Performance Report of the Board of Directors of JSC Halyk Bank".

The floor on this item is passed to **Alexander Sergeevich Pavlov**, Chairman of the Bank's Board of Directors.

##### **A.S. Pavlov, Chairman of the Bank's Board of Directors:**

Dear Shareholders!

In accordance with the Bank's Corporate Governance Code, the performance of JSC Halyk Bank's Board of Directors is evaluated by the Annual General Shareholders' Meeting.

At the same time, the Board of Directors should give a formal and rigorous assessment of its own performance, as well as the activities of its Committees and members of the Board of Directors.

Pursuant to this requirement please be informed that during the reporting year the activity of the Board of Directors has been focused on implementation of the Halyk Group Corporate Strategy for 2016-2018 and performed in strict compliance with the standards of corporate governance.

The in-person meetings of the Board of Directors were conducted with the participation of foreign independent directors in order to discuss the most important and strategic issues of JSC Halyk Bank. Where permitted by the law, the decisions on operational issues were passed by the Board of Directors by absent voting.

In 2016, the Board of Directors of JSC Halyk Bank held 4 in-person meetings with 49 issues considered, and 206 meetings of JSC Halyk Bank's Board of Directors by absent voting.

The following issues were considered consistently:

1) semi-annually:

Halyk Group Corporate Strategy Implementation Reports 2016-2018 by the Management Board of JSC Halyk Bank and the subsidiaries;

JSC Halyk Bank Transformation Program 2020 Progress Report and JSC Halyk Bank IT-



Transformation Program 2020 Progress Report by the Management Board of JSC Halyk Bank;  
 Progress Report and Current Issues of Halyk Project LLP;  
 2) quarterly:  
 Halyk Group Performance and Budget implementation Reports by the Management Board of JSC Halyk Bank, followed by the Board of Directors' appropriate adjustments;  
 information on current status of the 20 largest projects of JSC Halyk Bank, including loans and contingent liabilities;  
 risk management issues, in particular, analysis of the loan portfolio quality, analysis of related parties transactions with regard to avoidance of lending for such persons on preferential terms;  
 3) internal audit issues;  
 4) other managerial information that is provided in accordance with the requirements of applicable legislation of the Republic of Kazakhstan.

The results of stress testing of the loan portfolio of JSC Halyk Bank were considered under world economic development scenario, effect on the loan portfolio and share capital of JSC Halyk Bank was determined.

The Board of Directors was convinced that even in case of the worst scenario, the JSC Halyk Bank's position will remain strong enough.

The Chief Risk Officer, Chief Compliance Controller reported on efficiency of compliance risk management in JSC Halyk Bank and certain subsidiaries and on the activities carried out in anti-money laundering, combating the financing of terrorism.

As an important and major part of its work in 2016, the Board of Directors considered the review of the JSC Halyk Bank Transformation Program 2020 Progress Report prepared by PricewaterhouseCoopers, and developed proposals for making adjustments to the Key Milestones associated with the implementation of this Program.

The Board of Directors regularly considered the Halyk Group Corporate Strategy Implementation Reports for 2016-2018, and was convinced that the Corporate Strategy was implemented successfully, whereby Halyk Group strengthened its position on the financial services market.

In general, the objectives set by the Board of Directors to Halyk Group are to further strengthen the Bank's position and be the No. 1 Bank in Kazakhstan by the vast majority of the market positions, and in subsidiaries – to strengthen their leading positions in their respective business.

The Board of Directors also ensures a proper control over activities carried out by the Management Board, Internal Audit Service and other bodies of JSC Halyk Bank through the following Committees under the Board of Directors:

- audit;
- HR and remuneration;
- strategic planning;
- social issues.

Please find below Committees' activity statistics:

<b>Committee</b>	<b>In-person meetings</b>	<b>Meetings by absent voting</b>	<b>Total</b>
Audit Committee	3	42	<b>45</b>
HR and Remuneration Committee	-	7	<b>7</b>
Strategic Planning	4	-	<b>4</b>



Committee			
Committee on Social Issues	1	-	1
<b>Total</b>	<b>8 meetings</b>	<b>49 meetings</b>	<b>57 meetings</b>

**The most important issues considered by the Committees:**

- 1) Halyk Group Corporate Development Strategy 2015 Implementation for the period 2013-2015;
- 2) Halyk Group Development Strategy for 1 half 2016 Implementation for the period 2016-2018;
- 3) JSC Halyk Bank and Halyk Group Performance and Budget Report for 2015;
- 4) JSC Halyk Bank Transformation Program 2020 Progress Report and JSC Halyk Bank IT Transformation Program 2020 Progress Report;
- 5) JSC Halyk Bank stress testing results in the overall economic scenario (scenario analysis) in 2017;
- 6) The results of audit of JSC Halyk Bank business processes and subdivisions, including the corporate governance processes and interaction with shareholders, by the internal auditors;
- 7) Review of current risk management practices in JSC Halyk Bank and certain subsidiaries;
- 8) Report on internal self-assessment of compliance of JSC Halyk Bank's Internal Audit Department activities with International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors for 2015;
- 9) Report on efficiency of Internal Control System in JSC Halyk Bank and its subsidiaries for the first half 2016.
- 10) Changes in the Management Board and Board of Directors of JSC Halyk Bank and the JSC Halyk Bank's executive staff reserve for 2016.

All members of the Board of Directors have efficiently participated in activity of JSC Halyk Bank, objectively and faithfully performing their duties in the interests of JSC Halyk Bank and its shareholders.

Thus, it appears that during the reporting period the work of the Board of Directors was carried out within the framework of the Halyk Group Corporate Strategy for 2016-2018, and fulfillment of the functions of the members of the Board of Directors was efficient.

Based on the above, we propose to take note of the 2016 Performance Report of the Bank's Board of Directors and acknowledge the activity of the Board of Directors and performance of functions by the members of the Board of Directors as positive.

**Y.D. Siyrbayev, Chair of the Meeting:**

Thank you, Alexander Sergeevich. Dear Shareholders, do you have any other proposals? Does anybody want to take floor?

There are no other proposals and anybody to take floor. I would like to ask you to vote on the **fourth item** of the agenda.

Members of the Ballot Committee are kindly requested to count voting results on the **fourth item** on the meeting agenda. To announce the results of voting on **the fourth item** of the agenda of the Annual General Shareholders' Meeting. I give a floor to **Ilmira Arslanovna Razumova**, Chair of the Ballot Committee.

**I.A. Razumova, Chair of the Ballot Committee:**

Dear Shareholders, let me announce the results of voting on the **fourth item** of the agenda. Total amount of votes of shareholders, who have registered to participate in this General Shareholders' Meeting, is 8,196,859,934, out of which on the **fourth item** of the agenda



concerning consideration of 2016 Performance Report of the Board of Directors of JSC Halyk Bank, voted:

	Number of voting shares	% of total voting shares participating in the voting
“for”	8,192,070,734	99.94157
“against”	0	0
“abstain”	4,789,200	0.05843
take no part in the voting	0	0

The resolution was passed by simple majority of votes out of the Bank’s total voting shares participating in the voting.

Thus, the Annual General Shareholders’ Meeting by simple majority of votes out of the Bank’s total voting shares participating in the voting, resolved:

To take note of the 2016 Performance Report of the Bank’s Board of Directors submitted to the Annual General Shareholders’ Meeting and acknowledge the activity of the Board of Directors and performance of functions by the members of the Board of Directors as positive.

#### **5. Determination of the number of members of the Board of Directors of JSC Halyk Bank.**

##### **Y.D. Siyrbayev, Chair of the Meeting:**

Dear Shareholders!

I propose to pass on to discussion of the **fifth item** of the agenda: “Early termination of powers of the member of the Board of Directors of JSC Halyk Bank.”

The floor on this item is passed to **Igor Mikhailovich Lyashenko**, Corporate Secretary of the Bank.

##### **I.M. Lyashenko, Corporate Secretary:**

Dear Shareholders!

In accordance with Article 26 of the Charter of JSC Halyk Bank, the determination of the number of the Board of Directors of JSC Halyk Bank falls within the exclusive competence of the General Shareholders’ Meeting of JSC Halyk Bank.

The composition of the Board of Directors of JSC Halyk Bank was determined by the resolution of the Annual General Shareholders’ Meeting of JSC Halyk Bank dated 25 April 2014 (minutes No.34) in the number of 7 (seven) persons.

By virtue of the expiration of the term of powers of the Board of Directors determined by the abovementioned Annual General Shareholders’ Meeting of JSC Halyk Bank, the new composition of the Board of Directors shall be determined.

We also remind you that in accordance with Clause 5 of Article 54 of the Law of the Republic of Kazakhstan "On Joint-Stock Companies", the number of the Board of Directors’ members shall be at least three persons, while not less than thirty percent of the Board of Directors shall consist of independent directors.

Dear Shareholders! Taking into account the proposal of the Bank’s major shareholder JSC Holding Group “ALMEX” and the Board of Directors of JSC Halyk Bank, it is suggested to determine the composition of the Board of Directors in the number of 7 (seven) persons that will allow JSC Halyk Bank comply with the legislation of the Republic of Kazakhstan and the best international standards of corporate governance and professionalism.

##### **Y.D. Siyrbayev, Chair of the Meeting:**



Thank you, Igor Mikhailovich. Dear Shareholders, do you have any other proposals? Does anybody want to take floor?

There are no other proposals and anybody to take floor. I would like to ask you to vote on the **fifth item** of the agenda.

Members of the Ballot Committee are kindly requested to count voting results on the **fifth item** on the meeting agenda. To announce the results of voting on **the fifth item** of the agenda of the Annual General Shareholders' Meeting, I give a floor to **Ilmira Arslanovna Razumova**, Chair of the Ballot Committee.

**I.A. Razumova, Chair of the Ballot Committee:**

Total amount of votes of shareholders, who have registered to participate in this General Shareholders' Meeting, is 8,196,859,934, out of which on **the fifth item** of the agenda concerning determination of the number of members of the Board of Directors of JSC Halyk Bank, voted:

	Number of voting shares	% of total voting shares participating in the voting
“for”	8,196,859,934	100
“against”	0	0
“abstain”	0	0
take no part in the voting	0	0

The resolution was passed by simple majority of votes out of the Bank's total voting shares participating in the voting.

Thus, the Annual General Shareholders' Meeting by simple majority of votes out of the Bank's total voting shares participating in the voting, resolved:

To determine the composition of the Board of Directors in the number of 7 (seven) persons.

**6. Determination of the term of powers of the Board of Directors of JSC Halyk Bank.**

**Y.D. Siyrbayev, Chair of the Meeting:**

Dear Shareholders, I propose to pass on to discussion of the **sixth item** of the agenda: “Determination of the term of powers of the Board of Directors of JSC Halyk Bank.”

The floor on this item is passed to **Igor Mikhailovich Lyashenko**, Corporate Secretary of the Bank.

**I.M. Lyashenko, Corporate Secretary:**

Dear Shareholders!

In accordance with Article 26 of the Charter of JSC Halyk Bank, the General Shareholders' Meeting may also determine the term of powers of the Board of Directors of JSC Halyk Bank.

As you know, the term of powers of the Board of Directors elected at the Annual General Shareholders' Meeting on 25 April 2014 (minutes No.34), was defined at 3 (three) years, which expires at the time of this Annual General Shareholders' Meeting of JSC Halyk Bank.

In the preparation of this Annual General Shareholders' Meeting, the major shareholder - JSC Holding Group “ALMEX” proposed to determine the term of powers of the Board of Directors of JSC Halyk Bank at 3 (three) years, which expires at the time of the Annual General Shareholders' Meeting, at which the new Board of Directors is elected.

Dear Shareholders! Based on the foregoing, the Board of Directors of JSC Halyk Bank proposes to determine the term of powers of the Board of Directors of JSC Halyk Bank at 3 (three)



years, which expires at the time of the Annual General Shareholders' Meeting, at which the new Board of Directors of JSC Halyk Bank is elected.

**Y.D. Siyrbayev, Chair of the Meeting:**

Dear Shareholders! Do you have any other proposals? Does anybody want to take floor?

There are no other proposals and anybody to take floor. I would like to ask you to vote on the **sixth item** of the agenda.

Members of the Ballot Committee are kindly requested to count voting results against the **six item** on the meeting agenda. To announce the results of voting on the **sixth item** of the agenda of the Annual General Shareholders' Meeting, I give a floor to **Ilmira Arslanovna Razumova**, Chair of the Ballot Committee.

**I.A. Razumova, Chair of the Ballot Committee:**

Total amount of votes of shareholders, who have registered to participate in this General Shareholders' Meeting, is 8,196,859,934, out of which on the **sixth item** of the agenda concerning determination of the term of powers of the Board of Directors of JSC Halyk Bank, voted:

	Number of voting shares	% of total voting shares participating in the voting
“for”	8,196,859,934	100
“against”	0	0
“abstain”	0	0
take no part in the voting	0	0

The resolution was passed by simple majority of votes out of the Bank's total voting shares participating in the voting.

Thus, the Annual General Shareholders' Meeting by simple majority of votes out of the Bank's total voting shares participating in the voting, resolved:

To determine the term of powers of the Board of Directors of JSC Halyk Bank at 3 (three) years, which expires at the time of the Annual General Shareholders' Meeting, at which the new Board of Directors of JSC Halyk Bank is elected.

**7. Election of members of the Board of Directors of JSC Halyk Bank.**

**Y.D. Siyrbayev, Chair of the Meeting:**

Dear Shareholders! I propose to pass on to discussion of the **seventh item** of the agenda: “Election of members of the Board of Directors of JSC Halyk Bank.”

The floor on this item is passed to **Igor Mikhailovich Lyashenko**, Corporate Secretary of the Bank.

**I.M. Lyashenko, Corporate Secretary:**

Dear Shareholders!

In accordance with Article 26 of the Charter of JSC Halyk Bank, resolution on electing the new members of the Board of Directors also falls within the exclusive competence of the General Shareholders' Meeting of JSC Halyk Bank.

JSC Halyk Bank, in its search for right candidates for the election as members of the Board of Directors, has considered a large number of applicants, including from among non-residents, representing large international financial institutions and having wealth of experience in corporate governance.

Given the proposal of the Bank's major shareholder - JSC Holding Group “ALMEX” and the results of the fruitful work of the members of the Board of Directors, whose term of powers has expired at the time of this General Shareholders' Meeting of JSC Halyk Bank, the following



candidates are proposed for the election as the members of the Board of Directors of JSC Halyk Bank:

- |   |  |
|---|--|
| Dunayev Arman Galiaskarovich                    | – Independent Director, Member of the Board of Directors of JSC Halyk Bank, Independent Director, Chairman of the Board of Directors of JSC Altyn Bank, Member of the Board of Directors, Independent Director of JSC Halyk Finance and JSC Halyk-Life;        |
| Yessenbayev Mazhit Tuleubekovich                | – Member of the Board of Directors of JSC Halyk Bank, CEO of JSC Holding Group “ALMEX”;  |
| Christof Ruehl                                  | – Independent Director, Member of the Board of Directors of JSC Halyk Bank, First Global Head of Research Unit of Abu Dhabi Investment Authority;  |
| Pavlov Alexander Sergeevich                     | – Independent Director, Chairman of the Board of Directors of JSC Halyk Bank;  |
| Saidenov Anvar Galimullayevich                  | – Independent Director, Member of the Board of Directors of JSC Halyk Bank, Independent Director of RBK Bank;  |
| Franciscus Cornelis Wilhelmus (Frank) Kuijlaars | – Independent Director, Member of the Board of Directors of JSC Halyk Bank, Independent Director, Chairman of the Board of Directors of National Company “KazMunayGas”, CEO of “Eureka (Energy) Ventures BV,” Independent Director of Amsterdam Merchant Bank; |
| Shayakhmetova Umut Bolatkhanovna                | – Member of the Board of Directors and CEO of JSC Halyk Bank.  |

It should be noted that the candidates of Pavlov Alexander Sergeevich, Dunayev Arman Galiaskarovich, Frank Kuijlaars, Christof Ruehl, and Saidenov Anvar Galimullayevich are proposed to be elected to the Board of Directors as independent directors and a candidate of Yessenbayev Mazhit Tuleubekovich - as a representative of JSC Holding Group "ALMEX" - the major shareholder of JSC Halyk Bank.

Information about the candidates to the Board of Directors is set forth in the deliverables provided to you. The candidates to the Board of Directors introduced to you attend at this General Shareholders' Meeting. You can ask the candidates to the Board of Directors of JSC Halyk Bank attending at this General Shareholders' Meeting any questions, which are point of interest for you.

Dear Shareholders! Based on the foregoing, the Board of Directors of JSC Halyk Bank proposes to elect to the Board of Directors of JSC Halyk Bank the following persons: Pavlov Alexander Sergeevich, Saidenov Anvar Galimullayevich, Dunayev Arman Galiaskarovich, Christof Ruehl, and Frank Kuijlaars as independent directors, Yessenbayev Mazhit Tuleubekovich as a representative of JSC Holding Group "ALMEX", Shayakhmetova Umut Bolathanovna.

**Y.D. Siyrbayev, Chair of the Meeting:**

Dear Shareholders! Do you have any other proposals? Does anybody want to take floor?

There are no other proposals and anybody to take floor.

I propose to vote for the election of the abovementioned candidates to the Board of Directors of the Bank in accordance with the legislation of the Republic of Kazakhstan "On Joint-

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Stock Companies" by cumulative voting, and I ask **Ilmira Arslanovna Razumova**, Chair of the Ballot Committee, to remind you the voting procedure.

**I.A. Razumova, Chair of the Ballot Committee:**

Dear Shareholders,

Let me remind you the voting procedure on election of member of the Bank's Board of Directors. In accordance with Articles 50 and 54 of the Law of the Republic of Kazakhstan "On Joint-Stock Companies", members of the Board of Directors are elected by cumulative voting.

Cumulative voting is a method of voting, in which one share participating in the voting has a number of votes equal to the number of members elected to the body of the company.

In cumulative voting, the votes granted under shares may be fully given by the shareholder for one candidate to the Board of Directors or distributed among several candidates to the Board of Directors. Candidates casting the majority of votes are recognized as the members to the Board of Directors.

Please, take the ballots. At the top of the ballot, you will find your registration number, the number of votes held by you, and below - the number of votes that you have for cumulative voting.

The number of votes indicated for cumulative voting can be distributed among the candidates to the members of the Board of Directors of the Bank at your discretion. You also have the right to vote by the shares held by you for one candidate to the Board of Directors of the Bank.

Please, check that the amount of votes distributed among the candidates does not exceed the valid number of cumulative votes held by you. Otherwise, the ballot will be invalid.

**Y.D. Siyrbayev, Chair of the Meeting:**

Dear Shareholders! I would like to ask you to vote on the **seventh item** of the agenda.

Members of the Ballot Committee are kindly requested to count voting results on the **seventh item** on the meeting agenda and I ask the Chair of the Ballot Committee to announce the results of voting later.

**Y.D. Siyrbayev, Chair of the Meeting:**

Dear Shareholders!

While the votes on the **seventh item** of the agenda are being counted, the floor is passed to **Umud Bolathanovna Shayakhmetova**, CEO of the Bank.

**U.B. Shayakhmetova, CEO of the Bank:**

Dear Shareholders!

In the framework of today's Annual General Shareholders' Meeting of the Bank, I would like to express my gratitude to the entire team of Halyk Group (to each manager and to the top management) who, under the unstable economic conditions, have not only reached the targets scheduled in the Halyk Group Development Strategy for 2016-2018, but in most cases they have surpassed them. This factor allows us to look into the future with confidence and work for the benefit of our shareholders, investors and customers.

I would like to highlight very briefly the following most significant achievements of Halyk Group during 2016:

Despite the difficult market environment and more sensitive competition, Halyk Group has demonstrated stable growth rates. The assets of Halyk Group increased by 20.1% to KZT5,348 billion by the end of 2016, and the loan portfolio by 6.6% to KZT2,320 billion. Net interest income of the Group in 2016 increased by 22.4% compared to 2015, net fee and commission income increased by 11.3%.

The success of Halyk Group is supported by international awards: JSC Halyk Finance was named by the magazine *EMEA Finance* the "Best Investment Bank of Kazakhstan" for 6<sup>th</sup> year in a row.





In July 2016, the highly reputable magazine *Euromoney* awarded JSC Halyk Bank as the Best Financial Institution in Kazakhstan.

In October 2016, as part of the rating of "200 Top Banks in CIS", the Russian rating agency *RIA Rating* JSC Halyk Bank named JSC Halyk Bank the fourth bank among the CIS banks in terms of profits earned by the end of 2015.

In December 2016, the international magazine *International Banker* awarded Halyk Group as the "Best Banking Group of the Year Kazakhstan 2016". The magazine analysts noted that JSC Halyk Bank observes the balance between the active growth of a universal bank with strong positions in all areas of the banking business and monitoring of risks, continued work to keep the quality of the loan portfolio.

Last year, the Bank continued its expansion through the retail business: the Bank continues to occupy a leading position in the retail deposit market, with a 20.7% share in the second-tier banks' deposit market. The retail loan portfolio of the Bank has grown, where consumer loans have been the main booster of growth. The Bank's share in retail lending grew from 16% to 16.5%.

Clients of our Bank keep increasingly appreciating mobility and comfort: 43.3% of all operations fall on mobile banking transactions. As of the end of 2016, the total number of "myHalyk" application downloads in Google Play and App Store exceeded 480,000, the application remains in the Top Three free applications in the "Finance" category.

For getting feedback and improving the service, in 2016, the Bank strengthened its presence in social networks. As a result of the first year of operation, the total number of subscribers to the Bank's accounts in Facebook, VKontakte, Instagram and Twitter was over 72,000 users. The Bank has the highest engagement rate in social networks among Kazakhstan commercial banks. On average, the speed of responses to calls is 3-5 minutes, the response rate is 100%, i.e. the Bank answers to client calls within 3-5 minutes.

Under the Business Support and Business Development Programs, Halyk Bank is among the leaders among commercial banks in terms of loan portfolio and the number of borrowers to whom loans have been approved. Halyk Bank has strengthened its presence in lending to legal entities - the Bank's share in 2016 grew from 14.7% to 15.3%.

As we previously reported, a non-binding memorandum of understanding with regard to a potential acquisition of controlling stake in JSC Kazkommertsbank was signed on 2 March 2017. The parties to the memorandum are, *inter alia*, the Government of the Republic of Kazakhstan, the National Bank of Kazakhstan, JSC Halyk Bank, JSC Kazkommertsbank, JSC BTA Bank and Mr. Kenes Rakishev, a major shareholder of JSC Kazkommertsbank.

The Bank is currently engaged in a negotiation process that includes conducting an appropriate comprehensive audit of Kazkommertsbank, negotiating the terms of the deal with the seller, the National Bank and the Government. Halyk Bank has hired consultants to advise on the potential transaction. They include investment bank Deutsche Bank, consulting company PwC, legal consultant in English law - Linklaters and legal consultant in Kazakhstan law - Kinstellar.

Acquisition of Kazkommertsbank shares, if it happens, will create the major player in the market, add new technologies, products and services to Halyk Bank. We also see a great job of integration, work with the loan portfolio. The Bank sees its participation in the transaction only with the state support.

Earlier, in 2013, the Bank considered a similar transaction, namely, the acquisition of JSC BTA Bank, but after a thorough analysis and negotiations, Halyk Bank withdrew from the process, as no agreement was reached with the seller - JSC Samruk-Kazyna.

As before, Halyk Bank assesses this potential transaction taking into account the interests of its shareholders.

Thus, any decisions on the possible acquisition of shares in JSC Kazkommertsbank will be made in accordance with international standards, international rules relating to the listing of global depository receipts of Halyk Bank on the London Stock Exchange and the legislation of the Republic of Kazakhstan, only upon receipt of satisfactory results of comprehensive audit,



conducting appropriate procedures and under competitive terms and fair market value principles of entering into any future transaction.

The Bank demonstrates to the market the best banking practice, a strong analytical and professional expertise. The Bank is the leader among all Kazakhstan commercial banks in terms of capital adequacy and net profit, and the Bank was also assigned the highest ratings from international rating agencies: Fitch, Moody's, Standard & Poor's.

We consistently continue to implement our development strategy, strengthening our leading positions as a financial group that provides a full range of financial services, including commercial banking, investment banking, insurance and brokerage services.

**Y.D. Siyrbayev, Chair of the Meeting:**

Thank you, Umut Bolathanovna.

Dear Shareholders! To announce the results of voting on the **seventh item** of the agenda of the Annual General Shareholders' Meeting, I give a floor to **Ilmira Arslanovna Razumova**, Chair of the Ballot Committee.

**I.A. Razumova, Chair of the Ballot Committee:**

Dear Shareholders, let me announce the results of voting on the **seventh item** of the agenda.

Total amount of votes of shareholders, who have registered to participate in this General Shareholders' Meeting, is 8,196,859,934, total amount of votes for cumulative voting of shareholders, who have registered to participate in this General Shareholders' Meeting, is 57,378,019,538 out of which on **the seventh item** of the agenda concerning election of members of the Board of Directors of JSC Halyk Bank by cumulative voting, voted:

Dunayev Arman Galiaskarovich	8,229,119,285	cumulative votes
Yessenbayev Mazhit Tuleubekovich	8,148,204,115	cumulative votes
Christof Ruehl	8,196,601,153	cumulative votes
Pavlov Alexander Sergeevich	8,229,479,925	cumulative votes
Saidenov Anvar Galimullayevich	8,229,145,655	cumulative votes
(Franciscus Cornelis Wilhelmus (Frank) Kuijlaars)	8,196,599,953	cumulative votes
Shayakhmetova Umut Bolathanovna	8,148,645,775	cumulative votes

Thus, the Annual General Shareholders' Meeting by cumulative voting resolved:

To elect to the Board of Directors of JSC Halyk Bank the following persons: Pavlov Alexander Sergeevich, Saidenov Anvar Galimullayevich, Dunayev Arman Galiaskarovich, Christof Ruehl, and Frank Kuijlaars as independent directors, Yessenbayev Mazhit Tuleubekovich as a representative of JSC Holding Group "ALMEX", Shayakhmetova Umut Bolathanovna.


**8. Informing shareholders of JSC Halyk Bank on the amount and structure of remuneration of the members of the Board of Directors and the Management Board of JSC Halyk Bank.**

**Y.D. Siyrbayev, Chair of the Meeting:**

Dear Shareholders!

I propose to pass on to discussion of the **eighth item** of the agenda: "Informing shareholders of JSC Halyk Bank on the amount and structure of remuneration of the members of the Board of Directors and the Management Board of JSC Halyk Bank."

The floor on this item is passed to **Alexander Sergeevich Pavlov**, Chairman of the Bank's Board of Directors.





**A.S. Pavlov, Chairman of the Bank's Board of Directors:**

Dear Shareholders!

In accordance with Article 35 of the Law of the Republic of Kazakhstan "On Joint-Stock Companies", Chairman of the Board of Directors of the Company informs the shareholders on the amount and structure of remuneration of the members of Board of Directors and the executive body of the Company at the Annual General Shareholders' Meeting.

In pursuance of the requirement of the above mentioned Law, we hereby inform you on the amount and structure of remuneration of the members of Board of Directors and Management Board of JSC Halyk Bank in 2016.

Remuneration (payment of remuneration) to the members of Board of Directors and Management Board of JSC Halyk Bank will be paid on the basis of the labor contracts (the agreements), concluded in accordance with the requirements of paragraph 5 Article 36-1, Article 53-2-9 and Article 59 of the Law of the Republic of Kazakhstan "On Joint-Stock Companies" and based on resolutions of JSC Halyk Bank's authorized bodies.

We remind you that terms of remuneration of the members of Board of Directors of JSC Halyk Bank were determined by the resolution of Annual General Shareholders' Meeting of JSC Halyk Bank dated 19 April 2006, and terms of compensation for expenses incurred in the performance of their duties by the members of Board of Directors of JSC Halyk Bank were determined by the resolution of Annual General Shareholders' Meeting of JSC Halyk Bank dated 19 April 2012.

**Remuneration of members of Board of Directors and Management Board of the Bank in 2016 was as follows:**

(KZT)

Members of Board of Directors and Management Board of the Bank	Total revenues
	1,799,745,202.38

**In 2016, the mandatory payroll deductions from above revenues of members of Board of Directors and Management Board of the Bank were made as follows:**

(KZT)

Members of Board of Directors and Management Board of the Bank	Individual income tax	Mandatory pension contributions	Total mandatory deductions
	178,628,729.72	19,191,607.68	197,820,337.40

Dear Shareholders! We hereby ask you to take note of the information provided on the amount and structure of remuneration of members of Board of Directors and Management Board of JSC Halyk Bank.

**Y.D. Siyrbayev, Chair of the Meeting:**

Dear Shareholders! Do you have any other proposals? Does anybody want to take floor?

There are no other proposals and anybody to take floor. I would like to ask all shareholders to vote on the **eighth item** of the agenda.

Members of the Ballot Committee are kindly requested to count voting results on the **eighth item** of the meeting agenda. To announce the results of voting on the **eighth item** of the agenda of the Annual General Shareholders' Meeting, I give a floor to **Ilmira Arslanovna Razumova**, Chair of the Ballot Committee.

**I.A. Razumova, Chair of the Ballot Committee:**





Dear Shareholders, let me announce the results of voting on the **eighth item** on the agenda that was discussed at this Annual General Meeting.

Total amount of shareholders votes, who have registered to participate in this General Shareholders' Meeting, is 8,196,859,934, out of which on **the eighth item** of the agenda concerning the informing shareholders of JSC Halyk Bank on the amount and structure of remuneration of the members of the Board of Directors and Management Board of JSC Halyk Bank, voted:

	Number of voting shares	% of total voting shares participating in the voting
"For"	8,182,870,305	99.82933
"Against"	13,929,869	0.16994
"Abstain	59,760	0.00073
take no part in the voting	0	0

The resolution was passed by simple majority of votes out of total voting shares of the Bank participating in the voting.

Thus, the Annual General Shareholders' Meeting by simple majority of votes out of total number of the Bank's voting shares participating in the voting, resolved:

To take note of the information provided on the amount and structure of remuneration of the members of Board of Directors and Management Board of JSC Halyk Bank as proposed to the Annual General Shareholders' Meeting for consideration.

## **9. Approval of amendments to the Charter of JSC Halyk Bank.**

### **Y.D. Siyrbayev, Chair of the Meeting:**

Dear Shareholders!

I propose to pass on to discussion of the **ninth item** of the agenda: "Approval of amendments to the Charter of JSC Halyk Bank."

The floor on this item is passed to **Daulet Kubenovich Abzhanov**, General Counsel of the Bank.

### **D.K. Abzhanov, General Counsel:**

Dear Shareholders!

In accordance with Article 36 of the Law of the Republic of Kazakhstan "On Joint-Stock Companies" and Article 26 of JSC Halyk Bank's Charter, consideration and approval of amendments to JSC Halyk Bank's Charter falls within the exclusive competence of the General Shareholders' Meeting.

The takeaways you have received upon registration of shareholders include draft amendments to JSC Halyk Bank's Charter in Kazakh and Russian languages. You will be provided a copy of the approved amendments to JSC Halyk Bank's Charter in Kazakh and Russian languages upon request.

The Charter of JSC Halyk Bank is available at the location of JSC Halyk Bank Management Board and on the corporate website of JSC Halyk Bank. However, in order to pass resolution on the item, you may read the Charter of JSC Halyk Bank now, by obtaining your copy of JSC Halyk Bank's Charter from the Ballot Committee members.

The Charter of JSC Halyk Bank approved by the resolution of General Shareholders' Meeting of JSC Halyk Bank No.22 dated 20 December 2006 is amended to be consistent with the amendments made to the legislation of the Republic of Kazakhstan by the Law of the Republic of



Kazakhstan “On Amending certain legislative acts of the Republic of Kazakhstan on the issues of abridgment of approval documents and simplification of licensing procedures” dated 29 March 2016 and the Law of the Republic of Kazakhstan “On Amending certain legislative acts of the Republic of Kazakhstan on the issues of improvement of civil and banking legislation and improvement of environment for entrepreneurial activity” dated 27 February 2017.”

Thus, Article 14 of the Law of the Republic of Kazakhstan “On Joint-Stock Companies”, regulating rights of shareholders of the Company was amended, according to which shareholders holding on their own or in aggregate with other shareholders 5% and more of the voting shares of the Company, have the right to propose to the Board of Directors to add items for the agenda of the General Shareholders’ Meeting. Respectively, such right is excluded from the list of rights of major shareholder of the company. At the same time, it was established that fulfillment of the shareholder’s (shareholders’) requirement to add the agenda is binding on the body or persons convoking the General Shareholders’ Meeting.

The procedure for payment of dividends defined more precisely: payment of dividends on common shares is not made until the dividends on preferred shares are paid in full to shareholders, who are eligible to be paid dividends and whose actual records are included in the registering system of the company’s shareholders.

The Law of the Republic of Kazakhstan “On Joint-Stock Companies” has established delineation of the competence of the Board of Directors and General Shareholders’ Meeting on the issues of adopting resolutions on entering into major transactions related to the alienation of property, depending on its value. Thus, General Shareholders’ Meeting adopts resolution on the company’s entering into a major transaction, resulting in the alienation (probable alienation) of property with the value of fifty and more percent of the total carrying value of the company’s assets, as of the date of adopting the resolution on such transaction. The Board of Directors adopts resolution on entering into all other major transactions.

The list of corporate events of the Joint-Stock Company has also changed, according to which the company is obliged to bring to the attention of its shareholders and investors the information of not all transactions in which the Bank has interest, but on those transactions in which the Bank has interest and which are related to the acquisition or alienation of property, the value of which is ten percent and more of the total carrying value of the company’s assets at the date of adopting the resolution on execution of such transactions.

The digital index of JSC Halyk Bank is excluded and will not be indicated in the Charter of JSC Halyk Bank, due to transition to alphanumeric characters in the postal code by JSC Kazpost.

Dear Shareholders! Based on the foregoing, the Board of Directors of JSC Halyk Bank proposes to approve the proposed amendments to the Charter of JSC Halyk Bank and authorize the Corporate Secretary Igor Mikhailovich Lyashenko to sign the amendments to the Charter of JSC Halyk Bank.

**Y.D. Siyrbayev, Chair of the Meeting:**

Dear Shareholders! Do you have any other proposals? Does anybody want to take floor?

There are no other proposals and anybody to take floor. I would like to ask all shareholders to vote on the **ninth item** of the agenda.

Members of the Ballot Committee are kindly requested to count voting results on the **ninth item** of the meeting agenda.

To announce the results of voting on **ninth item** of the agenda of the Annual General Shareholders’ Meeting of JSC Halyk Bank, I give a floor to **Ilmira Arslanovna Razumova**, Chair of the Ballot Committee.

**I.A. Razumova, Chair of the Ballot Committee:**

Dear Shareholders, let me announce the results of voting on the **ninth item** on the agenda that was discussed at this Annual General Meeting.





Total amount of shareholders votes, who have registered to participate in this General Shareholders' Meeting, is 8,196,859,934, out of which on **the ninth item** of the agenda concerning the approval of amendments to the Charter of JSC Halyk Bank, voted:

	Number of voting shares	% of total voting shares participating in the voting
“For”	8,196,857,534	99.99997
“Against”	0	0
“Abstain”	2,400	0.00003
take no part in the voting	0	0

The resolution was passed by simple majority of votes out of total voting shares of the Bank participating in the voting.

Thus, the Annual General Shareholders' Meeting by simple majority of votes out of total number of the Bank's voting shares participating in the voting, resolved:

1. To approve the amendments to the Charter of JSC Halyk Bank as proposed to the Annual General Shareholders' Meeting for consideration.
2. To authorize the Corporate Secretary Igor Mikhailovich Lyashenko to sign the amendments to the Charter of JSC Halyk Bank.

#### **10. Approval of amendments to the Corporate Governance Code of JSC Halyk Bank.**

##### **Y.D. Siyrbayev, Chair of the Meeting:**

Dear Shareholders! I propose to pass on to discussion of the **tenth item** of the agenda: “Approval of amendments to the Corporate Governance Code of JSC Halyk Bank”.

The floor on this item is passed to **Igor Mikhailovich Lyashenko**, Corporate Secretary of the Bank.

##### **I.M. Lyashenko, Corporate Secretary of the Bank:**

Dear Shareholders!

In accordance with Article 36 of the Law "On Joint-Stock Companies" and Article 26 of the Bank's Charter, consideration and approval of the amendments to the Corporate Governance Code of JSC Halyk Bank falls within the exclusive competence of the General Shareholders' Meeting.

The takeaways you have received upon registration of shareholders include draft amendments to the Corporate Governance Code of JSC Halyk Bank made in Kazakh and Russian languages. You will be provided with a copy of the approved amendments to the Corporate Governance Code of JSC Halyk Bank in the Kazakh and Russian languages upon request.

Copies of the current Corporate Governance Code of JSC Halyk Bank have been provided to you earlier; also, the Corporate Governance Code of JSC Halyk Bank is available at the location of the Management Board of JSC Halyk Bank and on the corporate website of JSC Halyk Bank. However, in order to adopt resolution on the item, you may read the Corporate Governance Code of JSC Halyk Bank now by obtaining your copy of the Corporate Governance Code of JSC Halyk Bank from the Ballot Committee members.

Similarly to the Charter of JSC Halyk Bank, the Corporate Governance Code of JSC Halyk Bank is amended to be consistent with the amendments made to the legislation of the Republic of Kazakhstan “On Amending certain legislative acts of the Republic of Kazakhstan on the issues of abridgment of approval documents and simplification of licensing procedures” dated 29 March 2016 and the Law of the Republic of Kazakhstan “On Amending certain legislative acts of the Republic of Kazakhstan on the issues of improvement of civil and banking legislation and improvement of environment for entrepreneurial activity” dated 27 February 2017.





The amendments in the first part of the Corporate Governance Code of JSC Halyk Bank are similar to the amendments to the Charter of JSC Halyk Bank that have been previously specified.

The amendments in the second part are due to the changes in the Law of the Republic of Kazakhstan “On Joint-Stock Companies”, according to which were added new provisions, regulating issues of responsibility of the company’s officers. Thus, the company, on the basis of resolution of the General Shareholders’ Meeting or shareholder (shareholders) holding (holding in aggregate) 5 and more percent of the voting shares of the company, on its own behalf in the interests of the company, has the right to file a claim in court to hold an officer liable for damage caused to the company by the company's transaction in which there is an interest and resulting in acquiring or alienating the property by the company, which value is ten and more percent of the total carrying value of its assets, subject to the following conditions:

if it is proved that at the time of adopting the resolution on entering into transaction, the value of such property was clearly disproportionate to its market value determined by independent appraiser;

if the court determines the fact of deliberate misrepresentation of the shareholders of the company by its officer (officers) with the purpose of gaining the profit (income) by such officer(s) or its affiliates.

Dear Shareholders! Based on the foregoing, the Board of Directors of JSC Halyk Bank proposes to approve the proposed amendments to the Corporate Governance Code of JSC Halyk Bank.

**Y.D. Siyrbayev, Chair of the Meeting:**

Do you have other proposals? Does anybody want to take floor?

There are no other proposals and anybody to take floor. I would like to ask you to vote on the **tenth item** of the agenda.

Members of the Ballot Committee are kindly requested to count voting results on the **tenth item** of the meeting agenda. To announce the results of voting on **tenth item** of the agenda of the Annual General Shareholders’ Meeting of JSC Halyk Bank, I give a floor to **Ilmira Arslanovna Razumova**, Chair of the Ballot Committee.

**A. Razumova, Chair of the Ballot Committee:**

Dear Shareholders, let me announce the results of voting on the **tenth item** on the agenda that was discussed at this Annual General Meeting.

Total amount of shareholders votes, who have registered to participate in this General Shareholders’ Meeting, is 8,196,859,934, out of which on **the tenth item** of the agenda concerning the approval of amendments to the Corporate Governance Code of JSC Halyk Bank, voted:

	Number of voting shares	% of total voting shares
“For”	8,196,859,934	88.58720
“Against”	0	0
“Abstain”	0	0
take no part in the voting	1,056,011,828	11.41280

The resolution on this item was passed by special majority of votes out of total voting shares of the Bank, in accordance with Article 36-2 of the Law of the Republic of Kazakhstan “On Joint-Stock Companies” and Article 26-2 of the Bank’s Charter.

Thus, the Annual General Shareholders’ Meeting by special majority of votes out of total number of the Bank’s voting shares, resolved:

To approve the amendments to the Corporate Governance Code of JSC Halyk Bank as proposed to the Annual General Shareholders’ Meeting for consideration





## **11. Approval of amendments to the Regulations on the Board of Directors of JSC Halyk Bank.**

**Y.D. Siyrbayev, Chair of the Meeting:**

Dear Shareholders!

I propose to pass on to discussion of the **eleventh item** of the agenda: “Approval of amendments to the Regulations on the Board of Directors of JSC Halyk Bank”.

The floor on this item is passed to **Lyashenko Igor Mikhailovich**, Corporate Secretary of the Bank.

**Lyashenko Igor Mikhailovich, Corporate Secretary of the Bank:**

Dear Shareholders!

Whereas the Regulations on the Board of Directors of JSC Halyk Bank were approved by the resolution of General Shareholders’ Meeting of JSC Halyk Bank on 20 December 2006, amendments thereto can also be made based on the relevant resolution of the General Shareholders’ Meeting of JSC Halyk Bank.

The takeaways you have received upon registration of shareholders include draft amendments to the Regulations on the Board of Directors of JSC Halyk Bank in the Kazakh and Russian languages. You will be provided with a copy of the approved amendments to the Regulations on the Board of Directors of JSC Halyk Bank in the Kazakh and Russian languages upon request.

Copies of the current Regulations on the Board of Directors of JSC Halyk Bank have been provided to you earlier, also, the Regulations on the Board of Directors of JSC Halyk Bank is available at the location of the Management Board of JSC Halyk Bank and on the corporate website of JSC Halyk Bank. However, in order to adopt resolution on the item, you may read the Regulations on the Board of Directors of JSC Halyk Bank now by obtaining your copy of the Regulations on the Board of Directors of JSC Halyk Bank from the Ballot Committee members.

The Regulations on the Board of Directors of JSC Halyk Bank is amended to be consistent with the amendments made to the legislation by the Law of the Republic of Kazakhstan “On Amending certain legislative acts of the Republic of Kazakhstan on the issues of abridgment of approval documents and simplification of licensing procedures” dated 29 March 2016 and the Law of the Republic of Kazakhstan “On Amending certain legislative acts of the Republic of Kazakhstan on the issues of improvement of civil and banking legislation and improvement of environment for entrepreneurial activity” dated 27 February 2017. The main changes to the Regulations on the Board of Directors of JSC Halyk Bank are associated with specification of the competence of the Board of Directors at adoption of resolutions on major transactions and interested party transactions. Also, the Regulations on the Board of Directors of JSC Halyk Bank were amended in respect of creation and functioning of committees under the Board of Directors of JSC Halyk Bank

Dear Shareholders! Based on the foregoing, the Board of Directors of JSC Halyk Bank proposes to approve the proposed amendments to the Regulations on the Board of Directors of JSC Halyk Bank.

**Y.D. Siyrbayev, Chair of the Meeting:**

Dear Shareholders! Do you have other proposals? Does anybody want to take floor?

There are no other proposals and anybody to take floor. I would like to ask you to vote on the **eleventh item** of the agenda.

Members of the Ballot Committee are kindly requested to count voting results on the **eleventh item** of the meeting agenda. To announce the results of voting on **eleventh item** of the agenda of the Annual General Shareholders’ Meeting of JSC Halyk Bank, I give a floor to **Ilmira Arslanovna Razumova**, Chair of the Ballot Committee.

**A. Razumova, Chair of the Ballot Committee:**





Dear Shareholders, let me announce the results of voting on the **eleventh item** on the agenda that was discussed at this Annual General Meeting.

Total amount of shareholders votes, who have registered to participate in this General Shareholders' Meeting, is 8,196,859,934, out of which on the **eleventh item** of the agenda concerning the approval of amendments to the Regulations on the Board of Directors of JSC Halyk Bank, voted:

	Number of voting shares	% of total voting shares participating in the voting
“For”	8,196,859,934	100
“Against”	0	0
“Abstain”	0	0
take no part in the voting	0	0

The resolution was passed by simple majority of votes out of total voting shares of the Bank participating in the voting.

Thus, the Annual General Shareholders' Meeting by simple majority of votes out of total number of the Bank's voting shares participating in the voting, resolved:

To approve the amendments to the Regulations on the Board of Directors of JSC Halyk Bank as proposed to the Annual General Shareholders' Meeting for consideration.

**12. Consideration of information on shareholders' appeals on actions of JSC Halyk Bank and its officials, and on results of consideration thereof.**

**Y.D. Siyrbayev, Chair of the Meeting:**

Dear Shareholders!

I propose to pass on to discussion of the **twelfth item** of the agenda “Consideration of information on shareholders' appeals on actions of JSC Halyk Bank and its officials, and on results of consideration thereof.”

The floor on this item is passed to **Aliya Sakenovna Karpykova**, Deputy CEO of the Bank.

**Aliya Sakenovna Karpykova, Deputy CEO:**

Dear Shareholders!

Pursuant to the requirements of Article 35 of the Law of the Republic of Kazakhstan "On Joint-Stock Companies", we hereby bring to the consideration of shareholders of JSC Halyk Bank the information on shareholders' appeals on actions of JSC Halyk Bank and its officials, and on results of consideration thereof.

In 2016, the dividends on preferred shares of JSC Halyk Bank and preferred shares convertible to common shares of JSC Halyk Bank were paid for the year ended 2015, totaling KZT338.2 million, KZT16 per share.

The Annual General Shareholders' Meeting of JSC Halyk Bank held on 22 April 2016 resolved not to accrue and pay dividends on common shares of JSC Halyk Bank for 2015. Despite rather complicated economic conditions in the country, taking into account resolution passed by the Annual General Shareholders' Meeting of JSC Halyk Bank not to pay dividends on common shares of JSC Halyk Bank, the Management Board of JSC Halyk Bank resolved to pay material assistance to individual shareholders of JSC Halyk Bank for 2016, in the amount of KZT2.00 (two tenge 00 tiyn) per common share of JSC Halyk Bank. Total amount of material assistance paid in 2016 was KZT25.7 million to 1,225 individual shareholders.

In 2016, the Bank completed the activities for payment of material assistance in honor of 70th anniversary of the Victory in the Great Patriotic War (GPW) to JSC Halyk Bank shareholders – the GPW veterans and persons equated to them. For the period from March 2015 thru December



2016, the total amount of payments was KZT9.18 million to 306 shareholders of preferential groups.

During 2016, JSC Halyk Bank continued to redeem its own common shares. Thus, for the reporting year 2016, 79,830 own common shares were redeemed from 18 individual shareholders, in accordance with their applications for the amount of KZT2.2 million.

Eleven appeals have been received from shareholders of JSC Halyk Bank and their representatives, regarding payment of dividends, material assistance, title to shares of JSC Halyk Bank, information of withheld income tax, other issues related to activities of JSC Halyk Bank, as well as legislation of securities market, to which the following answers have been given:

one appeal has been considered from shareholder of JSC Halyk Bank on the issues of allocation and circulation of shares, payment of dividends on common shares of JSC Halyk Bank. Upon the review of this appeal, the appellant was given explanations on the procedure and the conditions of the allocation of shares of JSC Halyk Bank and the payment of dividends on such shares;

one appeal has been considered from shareholder's representative of JSC Halyk Bank concerning availability of shares of JSC Halyk Bank in hand of the shareholder, payment of dividends on common shares of JSC Halyk Bank for previous years, as well as possibility and effective procedures of redemption of common shares of JSC Halyk Bank, to which the appellant was given explanations;

two appeals have been considered from shareholders (including from shareholder non-resident) concerning payment in 2016 of material assistance on common shares of JSC Halyk Bank to individual shareholders, upon the review of which were made mentioned payments;

one appeal has been considered on the issues not included in the list of information, affecting interests of shareholders of JSC Halyk Bank, to which the answer was given;

six appeals have been considered concerning the possibility to provide statements on withholding of income tax upon payment of dividends on common shares of JSC Halyk Bank for certain periods. As a result, we prepared and presented answers in the form of information statements.

In accordance with Articles 35 and 44 of the Law of the Republic of Kazakhstan "On Joint-Stock Companies", the Board of Directors of JSC Halyk Bank proposes to the General Shareholders' Meeting to take note of the information on shareholders' appeals on actions of JSC Halyk Bank and its officials, and on results of consideration thereof.

**Y.D. Siyrbayev, Chair of the Meeting:**

Dear Shareholders! Do you have other proposals? Does anybody want to take a floor?

There are no proposals and anybody to take floor. I would like to ask the Bank's shareholders to vote on the **twelfth item** of the agenda.

Members of the Ballot Committee are kindly requested to count voting results on the **twelfth item** of the meeting agenda and I ask the Chair of the Ballot Committee to announce the results of voting.

**Y.D. Siyrbayev, Chair of the Meeting:**

Dear Shareholders! To announce the results of voting on the **twelfth item** of the agenda of the Annual General Shareholders' Meeting of JSC Halyk Bank, I give a floor to **Ilmira Arslanovna Razumova**, Chair of the Ballot Committee.

**Ilmira Arslanovna Razumova, Chair of the Ballot Committee:**

Dear Shareholders, let me announce the results of the voting on the **twelfth item** of the agenda that was discussed at this Annual General Shareholders' Meeting.

Total amount of shareholders votes, who have registered to participate in this General Shareholders' Meeting, is 8,196,859,934, out of which on the **twelfth item** of the agenda concerning the consideration of information on shareholders' appeals on actions of JSC Halyk Bank and its officials, and on results of consideration thereof, voted:



	Number of voting shares	% of total voting shares participating in the voting
“For”	8,196,852,774	99.99991
“Against”	7,160	0.00009
“Abstain”	0	0
“take no part in the voting”	0	0

The resolution was passed by simple majority of votes out of total voting shares of the Bank participating in the voting.

Thus, the Annual General Shareholders’ Meeting by simple majority of votes out of total number of the Bank’s voting shares participating in the voting, resolved:

To take note of the information on shareholders’ appeals on actions of JSC Halyk Bank and its officials, and on results of consideration thereof, presented for consideration of this Annual General Shareholders’ Meeting.

**Y.D. Siyrbayev, Chair of the Meeting:**

Dear Shareholders, to announce the results of voting on the items of the agenda of the Annual General Shareholders’ Meeting of the Bank, I give a floor to **Ilmira Arslanovna Razumova**, Chair of the Ballot Committee.

**Ilmira Arslanovna Razumova, Chair of the Ballot Committee:**

Dear Shareholders, let me announce in general the results of the voting on all items of the agenda that were discussed at this Annual General Shareholders’ Meeting:

Total amount of shareholders votes, who have registered to participate in this General Shareholders’ Meeting, is 8,196,859,934, out of which on the **first item** of the agenda concerning the approval of the agenda of the Annual General Shareholders’ Meeting of JSC Halyk Bank as stated by the Bank’s Board of Directors, voted:

	Number of voting shares	% of total voting shares presented at the meeting
“For”	8,196,859,934	100
“Against”	0	0
“Abstain”	0	0
take no part in the voting	0	0

The resolution was passed by majority of votes out of total number of the Bank’s voting shares presented at the meeting.

Thus, the Annual General Shareholders’ Meeting by majority of votes out of total number of the Bank’s voting shares presented at the meeting, resolved:

To approve the Agenda for the Annual General Shareholders’ Meeting of JSC Halyk Bank dated 21 April 2017 as stated by the Board of Directors of JSC Halyk Bank (minutes to meeting of the Board of Directors of JSC Halyk Bank by absent voting No.9 dated 22 February 2017).

Total amount of shareholders votes, who have registered to participate in this General Shareholders’ Meeting, is 8,196,859,934, out of which on the **second item** of the agenda concerning the approval of JSC Halyk Bank’s annual financial statements for the year ended 31 December 2016, voted:



	Number of voting shares	% of total voting shares participating in the voting
“For”	8,192,112,494	99.94208
“Against”	0	0
“Abstain”	4,747,440	0.05792
take no part in the voting	0	0

The resolution was passed by simple majority of votes out of total voting shares of the Bank participating in the voting.

Thus, the Annual General Shareholders’ Meeting by simple majority of votes out of total number of the Bank’s voting shares participating in the voting, resolved:

To approve JSC Halyk Bank’s annual financial statements for the year ended 31 December 2016 together with the independent auditor’s report.

Total amount of shareholders votes, who have registered to participate in this General Shareholders’ Meeting, is 8,196,859,934, out of which on the **third item** of the agenda concerning the approval of the procedure of distribution of JSC Halyk Bank’s net income for the year ended 31 December 2016. Adoption of a resolution on payment of dividends on JSC Halyk Bank’s common shares. Approval of the amount of dividend per common share of JSC Halyk Bank, voted:

	Number of voting shares	% of total voting shares participating in the voting
“For”	8,196,720,014	99.99829
“Against”	59,760	0.00073
“Abstain”	80,160	0.00098
take no part in the voting	0	0

The resolution was passed by simple majority of votes out of total voting shares of the Bank participating in the voting.

Thus, the Annual General Shareholders’ Meeting by simple majority of votes out of total number of the Bank’s voting shares participating in the voting, resolved:

To approve the following procedure of distribution of net income of JSC Halyk Bank received by the results of the 2016 financial and operating performance of JSC Halyk Bank:

- 1) the dividends on common shares of JSC Halyk Bank shall not be accrued and paid;
- 2) the net income of JSC Halyk Bank for the year ended 31 December 2016 shall not be distributed and shall be allocated to retained earnings.

Total amount of shareholders votes, who have registered to participate in this General Shareholders’ Meeting, is 8,196,859,934, out of which on the **fourth item** of the agenda concerning the consideration of 2016 Performance Report of the Board of Directors of JSC Halyk Bank:

	Number of voting shares	% of total voting shares participating in the voting
“For”	8,192,070,734	99.94157
“Against”	0	0



“Abstain”	4,789,200	0.05843
take no part in the voting	0	0

The resolution was passed by simple majority of votes out of total voting shares of the Bank participating in the voting.

Thus, the Annual General Shareholders’ Meeting by simple majority of votes out of total number of the Bank’s voting shares participating in the voting, resolved:

To take note of the 2016 Performance Report of the Bank’s Board of Directors presented to the Annual General Shareholders’ Meeting for review and acknowledge the activity of the Board of Directors and performance of functions by the members of the Board of Directors as positive.

Total amount of shareholders votes, who have registered to participate in this General Shareholders’ Meeting, is 8,196,859,934, out of which on the **fifth item** of the agenda concerning the determination of the number of members of the Board of Directors of JSC Halyk Bank, voted:

	Number of voting shares	% of total voting shares participating in the voting
“For”	8,196,859,934	100
“Against”	0	0
“Abstain”	0	0
take no part in the voting	0	0

The resolution was passed by simple majority of votes out of total voting shares of the Bank participating in the voting.

Thus, the Annual General Shareholders’ Meeting by simple majority of votes out of total number of the Bank’s voting shares participating in the voting, resolved:

To determine the composition of the Board of Directors of JSC Halyk Bank in the number of 7 (seven) persons.

Total amount of shareholders votes, who have registered to participate in this General Shareholders’ Meeting, is 8,196,859,934, out of which on the **sixth item** of the agenda concerning the determination of term of powers of the Board of Directors of JSC Halyk Bank, voted:

	Number of voting shares	% of total voting shares participating in the voting
“For”	8,196,859,934	100
“Against”	0	0
“Abstain”	0	0
take no part in the voting	0	0

The resolution was passed by simple majority of votes out of total voting shares of the Bank participating in the voting.

Thus, the Annual General Shareholders’ Meeting by simple majority of votes out of total number of the Bank’s voting shares participating in the voting, resolved:

To determine the term of powers of the Board of Directors of JSC Halyk Bank at 3 (three) years, which expires at the time of the Annual General Shareholders’ Meeting, at which the new Board of Directors of JSC Halyk Bank is elected.



Total amount of shareholders votes, who have registered to participate in this General Shareholders' Meeting, is 8,196,859,934, total amount of shareholders votes for cumulative voting, who have registered to participate in this General Shareholders' Meeting, is 57,378,019,538, out of which on the **seventh item** of the agenda concerning the election of members of the Board of Directors of JSC Halyk Bank by cumulative voting, voted:

Arman Galiaskarovich Dunayev	8,229,119,285	cumulative vote
Mazhit Tuleubekovich Yessenbayev	8,148,204,115	cumulative vote
Christof Ruehl	8,196,601,153	cumulative vote
Alexander Sergeevich Pavlov	8,229,479,925	cumulative vote
Anvar Galimullayevich Saidenov	8,229,145,655	cumulative vote
Franciscus Cornelis Wilhelmus (Frank) Kuijlaars)	8,196,599,953	cumulative vote
Umut Bolatkhanovna Shayakhmetova	8,148,645,775	cumulative vote

Thus, the Annual General Shareholders' Meeting based on the cumulative voting results, resolved:

To elect to the Board of Directors of JSC Halyk Bank the following persons: Alexander Sergeevich Pavlov, Anvar Galimullayevich Saidenov, Arman Galiaskarovich Dunayev, Christof Ruehl, and Frank Kuijlaars as independent directors, Mazhit Tuleubekovich Yessenbayev as a representative of JSC Holding Group "ALMEX", Umut Bolatkhanovna Shayakhmetova.

Total amount of shareholders votes, who have registered to participate in this General Shareholders' Meeting, is 8,196,859,934, out of which on the **eighth item** of the agenda concerning the informing shareholders of JSC Halyk Bank on the amount and structure of remuneration of the members of the Board of Directors and Management Board of JSC Halyk Bank, voted:

	Number of voting shares	% of total voting shares participating in the voting
"For"	8,182,870,305	99.82933
"Against"	13,929,869	0.16994
"Abstain"	59,760	0.00073
take no part in the voting	0	0

The resolution was passed by simple majority of votes out of total voting shares of the Bank participating in the voting.

Thus, the Annual General Shareholders' Meeting by simple majority of votes out of total number of the Bank's voting shares participating in the voting, resolved:

To take note of the information provided on the amount and structure of remuneration of the members of Board of Directors and Management Board of JSC Halyk Bank as proposed to the Annual General Shareholders' Meeting for consideration.

Total amount of shareholders votes, who have registered to participate in this General Shareholders' Meeting, is 8,196,859,934, out of which on the **ninth item** of the agenda concerning the approval of amendments to the Charter of JSC Halyk Bank, voted:

	Number of voting shares	% of total voting shares participating in the voting
"For"	8,196,857,534	99.99997



“Against”	0	0
“Abstain”	2,400	0.00003
take no part in the voting	0	0

The resolution was passed by simple majority of votes out of total voting shares of the Bank participating in the voting.

Thus, the Annual General Shareholders’ Meeting by simple majority of votes out of total number of the Bank’s voting shares participating in the voting, resolved:

1. To approve the amendments to the Charter of JSC Halyk Bank as proposed to the Annual General Shareholders’ Meeting for consideration.
2. To authorize the Corporate Secretary Igor Mikhailovich Lyashenko to sign the amendments to the Charter of JSC Halyk Bank.

Total amount of shareholders votes, who have registered to participate in this General Shareholders’ Meeting, is 8,196,859,934, out of which on **the tenth item** of the agenda concerning the approval of amendments to the Corporate Governance Code of JSC Halyk Bank, voted:

	Number of voting shares	% of total voting shares
“For”	8,196,859,934	88.58720
“Against”	0	0
“Abstain”	0	0
take no part in the voting	1,056,011,828	11.41280

The resolution on this item was passed by special majority of votes out of total voting shares of the Bank, in accordance with Article 36-2 of the Law of the Republic of Kazakhstan “On Joint-Stock Companies” and Article 26-2 of the Bank’s Charter.

Thus, the Annual General Shareholders’ Meeting by special majority of votes out of total number of the Bank’s voting shares, resolved:

To approve the amendments to the Corporate Governance Code of JSC Halyk Bank as proposed to the Annual General Shareholders’ Meeting for consideration.

Total amount of shareholders votes, who have registered to participate in this General Shareholders’ Meeting, is 8,196,859,934, out of which on **the eleventh item** of the agenda concerning the approval of amendments to the Regulations on the Board of Directors of JSC Halyk Bank, voted:

	Number of voting shares	% of total voting shares participating in the voting
“For”	8,196,859,934	100
“Against”	0	0
“Abstain”	0	0
take no part in the voting	0	0

The resolution was passed by simple majority of votes out of total voting shares of the Bank participating in the voting.

Thus, the Annual General Shareholders’ Meeting by simple majority of votes out of total number of the Bank’s voting shares participating in the voting, resolved:

To approve the amendments to the Regulations on the Board of Directors of JSC Halyk Bank as proposed to the Annual General Shareholders’ Meeting for consideration.



Total amount of shareholders votes, who have registered to participate in this General Shareholders' Meeting, is 8,196,859,934, out of which on the **twelfth item** of the agenda concerning the consideration of information on shareholders' appeals on actions of JSC Halyk Bank and its officials, and on results of consideration thereof, voted:

	Number of voting shares	% of total voting shares participating in the voting
"For"	8,196,852,774	99.99991
"Against"	7,160	0.00009
"Abstain"	0	0
take no part in the voting	0	0

The resolution was passed by simple majority of votes out of total voting shares of the Bank participating in the voting.

Thus, the Annual General Shareholders' Meeting by simple majority of votes out of total number of the Bank's voting shares participating in the voting, resolved:

To take note of the information on shareholders' appeals on actions of JSC Halyk Bank and its officials, and on results of consideration thereof, presented for consideration of this Annual General Shareholders' Meeting.

**Y.D. Siyrbayev, Chair of the Meeting:**

Dear Shareholders!

Due to completion of review of all items of the agenda approved for today, I propose to close this Annual General Shareholders' Meeting of Joint-Stock Company "Halyk Savings Bank of Kazakhstan".

Thank you for your active participation in this meeting of shareholders.

**Chair of the Annual General Shareholders' Meeting of JSC Halyk Bank**

**Y.D. Siyrbayev**

**Secretary of the Annual General Shareholders' Meeting of JSC Halyk Bank**

**Y.V. Sidorova**

**Representative of the Shareholder who holds 10% and more of voting shares, and can witness correctness of these Minutes**

**on behalf of JSC ALMEX Holding Group**

**D.K. Suindykov**

**Chair of the Ballot Committee:**

**I.A. Razumova**

**Members of the Ballot Committee:**

**A.V. Borodovitsyna**

Текст-перевод документа с русского языка на английский язык выполнен переводчиком АО «Народный Банк Казахстана» Шаекиной Айгерим Муратовной, Республика Казахстан, город Алматы, четвертое мая две тысячи семнадцатого года.

**G.M. Hussinov**

**G.S. Madazimova**

**V.S. Skryl**

**Y.A. Khmyz**

Подпись:  \_\_\_\_\_