

# Subsidiary Bank Joint-Stock Company Home Credit and Finance Bank

## US\$ 300,000,000 2-year Zero-Coupon Bond Programme

Subsidiary Bank Joint-Stock Company “Home Credit and Finance Bank” (the “**Bank**” or the “**Issuer**”) has established a US \$300,000,000 zero-coupon bond programme (the “**Programme**”), pursuant to which the Issuer may from time-to-time issue bonds denominated in U.S. Dollars (the “**Securities**” or the “**Bonds**”, and each a “**Bond**”) in accordance with the Acting Law of the Astana International Financial Center (the “**AIFC**”). Each series of Bonds issued under the Programme is hereinafter referred to as “**Tranche**”. The Programme may be comprised of one or more Tranches of Bonds issued on the same or different dates. The denomination of any Bond issued under the Programme shall be US \$1,000.

This document constitutes the Prospectus of the Bonds (the “**Prospectus**”) described herein and is prepared for the purposes of the AIFC rules, including Rule 1.3 of the AIFC Market Rules (AIFC Rules No. FR0003 of 2017). Full information on the Issuer and the offer of the Bonds is only available on the basis of this Prospectus and final Offer Terms (the “**Offer Terms**”). This Prospectus has been published on the website of the Astana International Exchange Ltd. (the “**AIX**”) at <https://www.aix.kz>. The Offer Terms of each Tranche will be published on AIX website accordingly.

Application has been made for the Bonds issued under the Programme to be admitted to the Official List of the AIX and to be admitted to trading on the AIX (the “**Admission**”). Notice of the aggregate nominal amount and completion of certain other terms and conditions which are applicable to each Tranche of Bonds will be set forth in the Offer Terms. In order for Bonds to be admitted to the Official List of the AIX and to be admitted to trading by the AIX this Prospectus and the Offer Terms under each such Tranche will be delivered to the AIX for approval before the date of the issue of the Bonds of such Tranche.

The AIX does not guarantee that the Bonds will be admitted to the Official List of the AIX. The AIX reserves the right to grant admission of the Bonds to the Official List of the AIX only where it is satisfied that such admission is in accordance with the AIX Markets Listing Rules.

The Issuer did not seek independent legal advice with respect to listing the Bonds on the AIX in accordance with this Prospectus.

**The AIX and its related companies and their respective directors, officers and employees do not accept responsibility for the content of this Prospectus including the accuracy or completeness of any information or statements included in it. Liability for the Prospectus lies with the issuer of the prospectus and other persons such as Experts whose opinions are included in the Prospectus with their consent. Nor has the AIX, its directors, officers or employees assessed the suitability of the securities to which the Prospectus relates for any particular investor or type of investor. If you do not understand the contents of this Prospectus or are unsure whether the securities are suitable for your individual investment objectives and circumstances, you should consult an authorised financial advisor.**

No representation or warranty, express or implied, is made by the Financial Advisor as to the accuracy or completeness of the information set forth in this Prospectus, and nothing contained in this Prospectus is, or shall be relied upon as a promise or representation, whether as to the past or the future. The Financial Advisor does not assume any responsibility for the accuracy or completeness of the information contained in this Prospectus.

No action has been or will be taken in any jurisdiction by the Financial Advisor or the Issuer that would permit a public offering of the Bonds in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Prospectus (in preliminary, proof or final form) or any amendment or supplement thereto or any other offering or publicity material relating to the Bonds, may be distributed in or from, or published in any country or jurisdiction, except under circumstances that will result to the best of the Financial Advisor’s knowledge and belief in compliance with any applicable securities laws or regulations.

Under no circumstances shall this Prospectus constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction or under any circumstances in which such offer, solicitation or sale is not authorised or would be unlawful. Recipients of this Prospectus who intend to subscribe for or purchase the Bonds are reminded that any subscription or purchase may only be made on the basis of the information contained in the Prospectus.

All subsequent references in this Prospectus to “Bonds” are to the Bonds which are subject of the relevant Offer Terms. All capitalised terms that are not defined in this Prospectus will have the meaning given to them in the relevant Offer Terms.

These Bonds constitute debt instruments. An investment in the Bonds involves risks. By subscribing to the Bonds, investors lend money to the Issuer who undertakes to reimburse the principal in accordance with paragraph 4.1 (*Payment*) of the Securities Note. In case of bankruptcy or default by the Issuer, the investors may not recover the amounts they are entitled to and risk losing all or part of their investment. The Bonds are intended for investors who are capable of evaluating the interest rates in light of their knowledge and financial experience. An investment decision must solely be based on the information contained in this Prospectus. Before making any investment decision, the investors must read the Prospectus and the Offer Terms in their entirety (and, in particular, paragraphs 2.2 (*Risk factors*) of the Registration Document and 1.1 (*Risk factors material to the Securities*) of the Securities Note). Each potential investor must investigate carefully whether it is appropriate for this type of investor to invest in the Bonds, taking into account his or her knowledge and experience and must, if needed, obtain professional advice.

*Financial Advisor*  
**“BCC Invest” JSC**

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# PROSPECTUS SUMMARY

## 1. Introduction

*The Prospectus Summary should be read as an introduction to this Prospectus. Any decision to invest in the Securities should be based on a consideration of this Prospectus and the Offer Terms as a whole by the investor. These Securities (Bonds) constitute debt instruments. An investment in the Bonds involves risks. By subscribing to the Bonds, investors lend money to the Issuer who undertakes to reimburse the principal in accordance with paragraph 4.1(Payment) of the Securities Note. In case of bankruptcy or default by the Issuer, the investors may not recover the amounts they are entitled to and risk losing all or part of their investment. Civil liability attaches only to those Persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of this Prospectus and the Offer Terms, or where it does not provide, when read together with the other parts of this Prospectus and/or the Offer Terms, key information in order to aid investors when considering whether to invest in such Securities.*

<b>Programme</b>	US\$ 300,000,000 2-year zero-coupon Bonds
<b>Issuer</b>	<p>Subsidiary Bank Joint-Stock Company “Home Credit and Finance Bank”, business identification number is 930540000147.</p> <p>The contact details of the Issuer are: 248 N. Nazarbayev Avenue, Almaty, Republic of Kazakhstan, 050059, and its telephone number is +7 727 244 5457.</p>
<b>Prospectus</b>	<p>This Prospectus was approved by the AIX on 15 January 2021.</p> <p>The contact details of the AIX are: 55/19 Mangilik El st., block C 3.4. Nur-Sultan, Republic of Kazakhstan, Z05T3C4 and its telephone number is +7 717 223 5366.</p>

## 2. Key Information on the Issuer

### 2.1. Who is the Issuer of the Bonds?

<b>Issuer</b>	Subsidiary Bank Joint-Stock Company “Home Credit and Finance Bank” registered in the Republic of Kazakhstan, operating under the laws of Republic of Kazakhstan. The Legal Entity Identifier of the Issuer is 2534009JTH2EJ2710B06. Business identification number (BIN) of the Issuer is 930540000147.
<b>Principal activities</b>	Established in 1995, the Issuer is a commercial bank operating in Kazakhstan and specialising in retail banking services, including consumer loans, deposits, debit and credit cards.
<b>Major shareholders</b>	The sole direct shareholder of the Issuer is Limited Liability Company “Home Credit and Finance Bank”, incorporated and registered in accordance with the laws of the Russian Federation which is a direct subsidiary of Home Credit N.V. which is directly controlled by Home Credit Group B.V. In its turn, Home Credit Group B.V. is a direct subsidiary of PPF Financial Holdings B.V. which is a direct subsidiary of PPF Group N.V. The ultimate controlling person of Home Credit Group B.V. is Mr. Petr Kellner, citizen of the Czech Republic who exercises control through PPF Group N.V. and PPF Financial Holdings B.V.
<b>Members of the Board of Directors</b>	<ul style="list-style-type: none"><li>• Pavel Rozehnal – Chairman of the Board of Directors. Year of birth – 1977. Graduated from University of Prague (Charles University) with Master degree in Law. Joined Home Credit in 2007 from the international law firm Linklaters, where he had worked for seven years in consulting on M&amp;A and corporate law projects. Since 2008, he has held the position of the Chairman of the Bank’s Board of Directors, Independent Director. Also holds supervising or managing positions in various Group entities.</li><li>• Karel Horak – Member of the Board of Directors. Year of birth – 1977. Graduated from Prague University of Economics with Master degree in Management and Economics; speaks Czech, English, German, Russian and Indonesian. In 2015 joined the Home Credit as Sales director in Indonesia. Since 2018, he has been the Chairman of the Bank’s Management Board.</li></ul>

- Anvar Saidenov – Member of the Board of Directors, independent Director. Year of birth – 1960. Graduated from Lomonosov Moscow State University (Political economy), in 1987 – postgraduate course in Lomonosov Moscow State University, in 1994 – University of London with Master of science degree in Economics and Finance. In June 2002, he was appointed Deputy Chairman of the National Bank of the Republic of Kazakhstan. He supervised banking and insurance, regulation of the securities market and accumulative pension funds' operation. Since 2018, he has been the Member of the Bank's Board of Directors. Also holds positions of Director or Adviser in various financial institutions of Kazakhstan.
- Bohumil Poláček – Member of the Board of Directors, independent Director. Year of birth – 1967. Graduated from University of Prague with a degree in Law, the Technical University in Liberec (Economics and management of consumer and food industry); Prague University of Economics (Business appraisal) and London International Graduate School (Management Studies). Since 2012, he has been the Member of the Bank's Board of Directors. Expert in appraisal of business, financial, fixed and intangible assets. Holds supervising or managing position in various organisations in the Czech Republic.

#### **Members of the Management Board**

- Karel Horak – Chairman of the Management Board.
- Narine Nadirova – member of the Management Board.
- Antonin Zimmermann – member of the Management Board.
- Kiril Bachvarov – member of the Management Board.

#### **Auditors**

The independent auditor of the Issuer is KPMG Audit LLP, 180 Dostyk Avenue, Almaty, Republic of Kazakhstan.

## **2.2. What is the key financial information regarding the Issuer?**

The principal source of the Bank's revenue are interest and non-interest income generated from provision of consumer loans and banking services to retail customers. Key financial information is presented in the table below.

*KZT millions*

	<b>1H 2020 (unaudited)</b>	<b>FY 2019</b>	<b>1H 2019 (unaudited)</b>	<b>FY 2018</b>
Net interest income	31,264	63,498	31,113	52,252
Net fee and commission income	4,319	17,413	7,932	13,436
Net income	10,888	36,510	19,280	23,726
Loans to retail customers	291,575	332,944	282,351	267,901
Total assets	434,551	438,948	372,697	371,393
Accounts and Deposits from customers	162,363	172,202	153,709	141,657
Equity	93,154	81,908	73,268	62,930

The independent auditor KPMG Audit LLP issued unqualified independent auditor's report in respect of the Bank's audited financial statements as at and for the year ending 31 December 2019, which include comparative data as at and for the year ending 31 December 2018. Unaudited financial statements for six months ending 30 June 2020, unaudited financial statements for six months ending 30 June 2019 and, audited financial statements for the years ending 31 December 2019 and 31 December 2018 are published on the Issuer's website at <https://homecredit.kz> in compliance with 1.3.5 of the AIFC Market Rules.

## **2.3. What are the key risks that are specific to the Issuer?**

The Issuer believes that the risks described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer to pay interest, principal or other amounts on, or in connection with the Bonds may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Bonds are exhaustive.

The Issuer believes that the following risks may affect its ability to fulfil its obligations under the Bonds. Most of the mentioned factors are contingencies, which may or may not occur (please also see risk factors in paragraph 2.2 (*Risk factors*) of this Registration Document).

- 2.3.1. **Credit risk.** Core business of the Bank is based on retail lending. Therefore, the Bank's business depends on consumers' consumption and income levels. As such, financial performance of the Bank could be severely affected by consumers' not being able to meet their obligations to the Bank. The business could be adversely affected in case of worsening in macroeconomic environment of the country. Drop in population income or significant growth in unemployment level may lead to increase in credit risk through lower repayments coming from clients.
- 2.3.2. **Interest rate risk.** The profitability of the Banks's operations and the cash flows generated by these operations are significantly affected by changes in the market interest rates for retail lending. During the last two years interest rates are being decreased under growing competition within other banks in sales channels whereas borrowings with longer maturity require higher funding costs.
- 2.3.3. **Foreign currency risks.** Bank is exposed to borrowings in foreign currency which may lead to additional losses in case of Tenge depreciation and if short position will not be hedged. Hedging costs against foreign currency risks may have additional impact to financial results.
- 2.3.4. **Liquidity and funding risks.** Funding activity of the Bank is highly dependent on reputational factors and financial ability to propose best interest rates for investors. Although reputational risk is common factor held within medium-sized banks in Kazakhstan, the financial ability to support funding costs are highly dependent on interest margin accumulated from lending. Liabilities structure also contains concentration risk from depositors which belong to one group of companies or to one sector of economy. Tenge being a main lending currency is considered as the least liquid compared to other foreign currencies operating in local financial market. This factor makes Tenge exposed to liquidity risk when in case of dollarization or other external shocks it may become difficult to find financing in Tenge under reasonable terms.
- 2.3.5. **Business risks.** Keeping the market share is highly dependent on strong business flexibility and IT infrastructure of the Bank. Coming of new player with more advanced technologies or best options to clients may lead to tough business conditions disturbing expected sales or deposit volumes. Government reforms and changing of customer preferences may also have unexpected impact to business activity.
- 2.3.6. **Dependency on its senior management personnel.** The Bank's ability to maintain its competitive position and to implement its business strategy is dependent on the skills and abilities of its senior management team. The loss of or diminution in the services of members of the Bank's senior management team, or an inability to retain and attract additional senior management personnel, may impair the Bank's ability to achieve its strategic objectives.
- 2.3.7. **Competition with other retail banks.** The Bank faces competition in all of its business segments and its market evolves rapidly. The Bank competes with retail banks (both domestic banks and subsidiaries of foreign banks) that seek to differentiate themselves by offering retail deposits and consumer loans through their branch networks and points of sale at stores and shopping centres. If the Bank's customers move to the Bank's competitors for any reason, including due to the pricing and/or terms of any such competitors' products, or due to the Bank's inability to continue developing and providing its customers with high-quality and up-to-date services or to appropriately co-ordinate its services with market opportunities, it may become less attractive to merchants and other business partners, which could have a material adverse effect on the Bank's business, financial condition, results of operations or prospects.
- 2.3.8. **Operational risk.** Bank could face financial losses due to human, process or information system failures and flaws, including due to corporate fraud and misconduct. Business strategy of the Bank relies extensively on a variety of information technology systems and web-based solutions. Failures of or material disruptions to the Bank's IT systems could prevent it from conducting its business operations.
- 2.3.9. **Compliance and regulatory risk.** The Bank as financial institution is subject to supervisory monitoring. Any determination by the authorities that the Bank has not acted in compliance with laws and regulations may have serious consequences for the Bank, which in turn could affect the reputation and financial position of the Bank. Bank is subject to plenty of regulatory requirements that may be affected by reforms and changes in the regulatory framework. Such changes may adversely affect the Issuer's strategy, business operations, and financial performance.
- 2.3.10. **Reputational risk.** Reputational risk refers to the potential for negative publicity, public perception or uncontrollable events to have an adverse impact on a company's reputation, thereby affecting its revenue and business operations.

### 3. Key Information on the Securities

#### 3.1. What are the main features of the Securities?

<b>Programme</b>	US\$300,000,000 2-year zero-coupon Bonds. All the terms and conditions of this Prospectus apply to every Tranche under the Programme. The Tranches under the Programme may be issued at the sole discretion of the Issuer. The aggregate amount of all Tranches may not exceed US\$300,000,000.
<b>Currency</b>	U.S. Dollar
<b>Denomination</b>	US\$1,000
<b>Number</b>	300,000
<b>Offer Price</b>	The exact Offer Price shall be at discount to a face value and determined in accordance with the relevant Offer Terms of each Tranche. The number and size of Tranches will depend on future needs in financing based on the market conditions. Each Offer Terms will be submitted to the AIX as a supplement document to this Prospectus.
<b>Rights attached to the Securities</b>	<p>The Bondholders have the right to:</p> <ul style="list-style-type: none"><li>• receive nominal value of the Bonds on terms and conditions set out by this Prospectus and the relevant Offer Terms;</li><li>• transfer the Bonds in accordance with their terms and conditions of the Bonds;</li><li>• receive information on the Issuer and its activity subject to applicable laws;</li><li>• attend, participate in and vote at meetings of Bondholders in accordance with the terms and conditions of the Bonds; and</li><li>• to request, subject to paragraph 4.133 (<i>FMRDA's actions</i>) of the Securities Note, that the Bonds become due at the Early Redemption Value upon occurrence of an Event of Default, which is continuing, provided that the Issuer receives written notices from Bondholders of not less than two thirds in aggregate principal amount of Bonds requesting early repayment in accordance with paragraph 4.4 (<i>Events of Default</i>) of the Securities Note.</li></ul> <p>The Bondholders may have other rights provided for by applicable law.</p>
<b>Ranking</b>	The Bonds shall constitute direct, general and unconditional obligations, which will rank <i>pari passu</i> among themselves and rank <i>pari passu</i> , in terms of payment rights, with all other current or future unsubordinated and unsecured obligations of the Issuer, except for liabilities mandatorily preferred by law.
<b>Restrictions on the free transferability</b>	The Bonds are freely transferable in accordance with the laws of the AIFC and the AIX rules.

#### 3.2. Where will the Securities be traded?

Application has been made to list the Bonds described in this Prospectus on the Official List of the AIX and for trading on the AIX. The Issuer, at its own discretion, may apply for Bonds issued under the Programme to be admitted to the “bonds” category of the “debt securities” sector of the “main” platform of the official list of the Kazakhstan Stock Exchange (the “**KASE**”), subject to the rules of such other stock exchange and applicable law.

#### 3.3. What are the key risks that are specific to the Securities?

- 3.3.1. The Bonds are subject to modification, waivers and substitution.
- 3.3.2. The Issuer will need to maintain the listing of Bonds on the Official List of the AIX in order for the holders of Bonds to enjoy the tax exemptions provided under the AIFC Law.
- 3.3.3. The Bondholders may be subject to exchange rate risks and currency controls.
- 3.3.4. The market price of the Bonds may be volatile.



#### 4. Key information on the admission to trading

##### 4.1. Under which conditions and timetable can I invest in this Security?

<b>Admission</b>	Application has been made for the Bonds issued under the Programme to be admitted to the Official List of the AIX and to be admitted to trading on the AIX.
<b>Plan for distribution</b>	The Bonds will be offered in Kazakhstan to a wide range of investors (subject to applicable laws and regulations).
<b>Offering method</b>	Offering of the Bonds will be made through direct trades using counter orders for securities debit/credit or the trading system of the AIX in accordance with the AIX Markets Listing Rules and relevant AIX market notice.
<b>Offer period</b>	The offer period including opening and closing dates shall be specified in the relevant Offer Terms of each Tranche.
<b>Selling restrictions</b>	The offering and sale of the Bonds is subject to applicable laws and regulations, including the AIX Market Listing Rules. The Bonds may not be sold in other jurisdictions, including without limitation the United States, the United Kingdom and the European Economic Area. The Bonds have not and will not be registered under the U.S. Securities Act of 1933 or the securities laws of any state of the United States and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons.
<b>Notification process for investors</b>	Prior to the start of the offering process the Issuer will communicate the information relating to an offering by means of Offer Terms related to each particular Tranche. The Offer Terms will be published on the Issuer's website and, before admission to trading, on AIX' website. Dealings in the Bonds shall not commence prior to admission to trading of the Bonds by the AIX or prior to the said notification.
<b>Estimated Expenses</b>	Fees associated with admission of the Bonds to the Official List of the AIX and to trading on the AIX pursuant to the AIX Fee Schedule.

##### 4.2. Why is this Prospectus being produced?

This Prospectus has been produced in connection with the offer of the Bonds and the application for the Bonds to be admitted to the Official List of the AIX.

<b>Reasons for the Admission / Use of Proceeds of the Programme</b>	This Prospectus has been produced in connection with the offer of the Bonds and the Admission. The Issuer is seeking the Admission and will be using proceeds of the issue of the Bonds for general corporate purposes (e.g. to finance the development of retail consumer and card loans and refinance any Indebtedness of the Issuer).
<b>Estimated net amount of proceeds</b>	As specified in the Offer Terms.
<b>Financial advisor</b>	"BCC Invest" JSC, 98 Panfilov Str., Almaty, Republic of Kazakhstan.
<b>Conflict of interest</b>	No material conflicts of interest were indicated related to the Admission.

## REGISTRATION DOCUMENT

### 1. Information about the Issuer

#### 1.1. General information

<b>Full legal name of the Issuer</b>	Subsidiary Bank Joint-Stock Company "Home Credit and Finance Bank"
<b>Short legal name of the Issuer</b>	SB JSC "Bank Home Credit"
<b>Legal form of the Issuer</b>	Joint-stock company
<b>Country of incorporation of the Issuer</b>	Republic of Kazakhstan
<b>Incorporation number</b>	Business Identification Number (BIN) 930540000147
<b>Date of incorporation</b>	11 December 1995
<b>Date of registration</b>	11 December 1995
<b>Time the Issuer has remained incorporated or registered</b>	24 years
<b>Registered office</b>	248 N. Nazarbayev Avenue, Almaty, Republic of Kazakhstan, 050059 Telephone number: +7 727 244 5457

#### 1.2. Investments

<b>Investments, KZT'000</b>	<b>1H 2020 (unaudited)</b>	<b>2019</b>	<b>2018</b>
Land and buildings	-	674	-
Computers	567,151	569,383	1,665,687
Vehicles	-	80,639	120,577
Leasehold improvements	-	5,896	504,715
Other fixed assets	278,017	358,544	466,533
Intangible assets	1,567,620	2,617,172	1,908,326
<b>Total</b>	<b>2,412,788</b>	<b>3,632,308</b>	<b>4,665,838</b>

As of 30 June 2020, the Issuer had principal investments in progress for the amount of 1,297,676,000 Tenge. The investments are intangible assets not yet in use and comprise development or modification of the various Bank's IT systems. The above investments geographically relate to home investments, and the method of their financing is internal.

### 2. Operational financial overview

#### 2.1. Actual and proposed business activities:

##### *History of the Issuer*

The Bank was initially established as a microcredit organisation under the name of Home Credit Kazakhstan JSC in 2005. This was the first step when Home Credit entered the Kazakhstani consumer lending market.

In order to further expand its presence in the Kazakhstani consumer lending market, in 2008 Home Credit (through Home Credit B.V., currently named Home Credit N.V.) acquired its first stake in Alma-Ata International Bank JSC (registered in 1995) and in the following years, acquired the whole 100% ownership in this bank. In this connection, the acquired company was renamed Home Credit Bank JSC, which further enabled to adopt and implement a new development strategy and the business model of the Group.

In 2013 Home Credit and Finance Bank LLC (Russia), a controlled company by Home Credit B.V. (currently named Home Credit N.V.) became the sole direct shareholder of the Issuer and due to this change, the Issuer was re-registered under its new name Subsidiary Bank Joint-Stock Company "Home Credit and Finance Bank" (with the short name SB JSC "Bank Home Credit").

In 2016 the Bank's Call Center was opened in Almaty with about 800 people working 24/7. Only 6 months of the new Call Center operation resulted in sales increases and a higher speed of customer service. The Bank achieved a leading position among KZ second-tier banks in terms of individuals' deposits growth (increase by 3.5 times) due to introduction of innovative deposit products.

In 2018 the new mobile banking platform - "Home Credit Bank Kazakhstan" with new opportunities in banking products and services was launched.

In 2019 the Bank won the Best Bank for CSR 2019 (best in corporate social responsibility) from the Asian division of Euromoney British publication and attracted the first syndicated loan over the last 10 years in Kazakhstan for \$ 100 million.

### ***Description of the principal activities and business of the Issuer***

The Bank is subject to a number of laws and regulations in Kazakhstan that regulate, among other matters, banking services, payment services, anti-money laundering, data protection and information security.

### ***Regulation of Banking Activities***

Kazakhstan has a two-tier banking system, with the NBK comprising the first tier and all other commercial banks comprising the second tier (with the exception of the Development Bank of Kazakhstan (DBK), which as a state development bank has a special status and belongs to neither tier). Generally, all financial institutions in Kazakhstan are required to be licensed and regulated by the FMRDA. From 2004 to April 2011, licensing and regulation functions were carried out by the Agency of the Republic of Kazakhstan for Regulation and Supervision of the Financial Market and Financial Organisations (including its respective successors). The respective functions were carried out by the NBK from April 2011 until the end of 2019. Starting from 1 January 2020, these functions are performed by the FMRDA.

The NBK is the central bank of Kazakhstan and the state authority which is empowered to develop and conduct monetary policy, ensure the functioning of payment systems, conduct currency regulation and control and assist in ensuring the stability of the financial system and price stability in Kazakhstan. Although the NBK is an independent institution, it reports directly to the President of Kazakhstan.

The FMRDA is empowered, among other things, to licence financial institutions, to approve prudential standards for them, to approve the financial reporting requirements for financial institutions and to monitor the activities thereof, to apply sanctions where necessary, and to participate in the liquidation of financial institutions.

The Banking Law is the main law regulating the banking sector in Kazakhstan. It establishes a framework for banking activities, registration and licensing of banks and regulation of banking activities by the FMRDA. The Banking Law provides for a list of banking operations that cannot be conducted without an appropriate licence from the FMRDA and sets forth a list of activities permitted for banks.

### ***Banking Licence***

The principal activity of the Bank is performing banking activity based on the Banking Licence re-issued by the FMRDA on 3 February 2020 (initial licence for conducting of banking and other operations №188 issued by NBK on 9 April 1997). The Bank's business model is based on the provision of consumer loan products, primarily to people with little or without credit history. The Bank is able to draw on experience from the Group's business model - providing products to underserved borrowers in the blue collar and junior white collar segments who earn regular income from their employment or micro-businesses but are less likely to access financing from banks and other traditional lenders. For many of its customers the Bank has been the first regulated institution to extend credit to them. This approach allows the customer to gain a positive safe experience of obtaining consumer loan, while improving the quality of their lives through the necessary purchase. In addition, the Bank is ready to offer other financial products, including debit and credit cards, cash loans and deposits, offline and online transaction services.

### ***Description of, and key factors relating to, the nature of the Issuer's operations and its principal activities, specifying the main categories of products sold and/or services performed for each financial year for the period covered by the historical financial information***

The main activity of the Issuer is conducting banking activity, namely consumer and money lending, attracting deposits, issuance of banking deposit certificates, issuance of payment cards and conducting transaction business.

The Bank conducts its activities under the Banking Law and the Banking Licence.

The Bank operates in a highly regulated environment, and an inability to maintain the Banking Licence by the Bank could have a material adverse effect on the Bank's business. Particularly, the Bank's operations are subject to strict regulation by governmental and state authorities, particularly the FMRDA and the NBK. A breach of any regulatory guidelines could expose the Bank to potential liability, including the loss of its Banking Licence. If the FMRDA was to suspend or revoke the Banking Licence, this would render the Bank unable to perform its consumer lending, deposit taking and other banking operations (including processing the payments of its customers) and/or could lead to the winding-up of its business (whether by way of bankruptcy proceedings or liquidation).

Existing laws and regulations could be amended, the manner in which laws and regulations are enforced or interpreted could change and new laws or regulations could be adopted. Certain failures by the Bank to comply with applicable laws or regulations could result in the withdrawal of the Banking Licence, which would have a material adverse effect on the Bank's business, financial condition, results of operations or prospects.

The Kazakhstan regulatory authorities have extensive discretion in connection with their supervisory and enforcement activities and the regulatory structure governing the Bank's operations is continuously evolving.

The Bank's sales network as of the end of 2019:

	2018	2019	Changes
Points of sale	9,587	10,432	845
Bank offices	45	48	3
Micro-offices	157	153	-4
Points of sale in Kazpost JSC offices	260	258	-2

Despite a well-developed offline business, online business has become one of the most important activities of the Bank. The main goals in this area were to digitalize all existing products and services, and rapidly develop interaction with customers through online channels with a special focus on the frequency and duration of this interaction.

It is important to note that the Bank did not confine itself to the traditional Bank's website and Internet banking, but also focused on improving the mobile application and becoming active in social media to penetrate a different customer base.

The result is that almost all the main business lines were fully replicated in the Bank's online channels. In 2019 the Bank launched the first full online lending for the Bank's loyal customers with the opportunity to receive money to their current account via the mobile app. In this case, the total share of online lending increased 3 times compared to the previous year. After online lending, the function of early loan repayment was launched. The Bank was the first to make money transfers from other banks' cards free of charge. Now, it is possible to open a deposit via the app, exchange currency with the most favorable exchange rate, transfer money between Bank clients by phone number, order debit and credit cards via the app with free delivery, open current accounts in different currencies, and buy deposit certificates.

The Bank's Deposit certificates, non-equity personalized securities issued by the Bank and certifying the rights of their holder to receive the nominal value of securities and interest in the amount of 15% per annum in KZT are popular among customers. The Bank plans to continue offering this product as an alternative to ordinary deposits.

Product name	Minimal amount, KZT	Effective interest rate, % per annum	Tenor (months)	Early withdrawal
Standard	500,000	15	12	Deduction of previously paid interest
Flexible	500,000	15	24	Recalculation of previously paid interest with interest rate of "Prostoy" deposit

The Bank offers services for issuing and maintaining both debit and credit cards.

In 2019, the Bank launched the HomeCard debit card offering free service, free transfers between cards of all KZ banks, free cash withdrawal from ATMs around the world and cashback for non-cash transactions up to 5%.

In August 2019, the Bank launched an updated DOS installment card offering the opportunity for customers to buy goods on installments for up to 6 months and receive cashback up to 10%.

The Bank's deposit portfolio showed significant growth after implementing the products below:

Product name	Tenor (months)	Effective interest rate, % pa	Minimum amount	Capitalization / partial withdrawal / replenishment	Currency
"Sberegatelnyi Home"	From 12 to 24	14.9%	100,000	daily / not available / not available	KZT
"Sberegatelnyi Home+"	6	12%	1,000	daily / not available / available	KZT

	12	12.8%			
"Prostoy"	12	11%	1,000	daily / available up to minimum balance / available	KZT
	12	1%	10USD/10EUR/1,000RUB		USD/EUR/ RUB
"Pochtovyi Home"	12	11%	10,000	daily / available up to minimum balance / available	KZT

**Indication of any significant new products and/or services that have been introduced by the Issuer and, to the extent the development of new products or services has been publicly disclosed, the status of the development**

- The first full online lending process in Kazakhstan for loyal customers. After online lending, the early online repayment function was launched, as well as the unique "Bill sharing" service.
- "HomeCard" debit card with free service, free transfers between cards of all banks in Kazakhstan, free cash withdrawal from ATMs around the world and cashback for non-cash transactions up to 5%.
- Updated "DOS Card", which gives the customer an opportunity to buy goods in installments of up to 6 months and receive cashback up to 10%.
- Unique insurance product with legal support for customers "Legal protection" – "Personal lawyer" where the Bank acts as an insurance agent.
- Cash loan, in which customers receive a refund of up to 12% of the monthly payment.
- *The Bank has introduced and launched the following new products and services in 2020:* remote Home card issuance and its delivery by couriers in Kostanay, Petropavlovsk, Uralsk, Dzhezkazgan, Aktau, Aktobe, Ust-Kamenogorsk and Pavlodar.
- Launch of non-cash conversion and transfer between customer's accounts in RUB.
- Introducing a bonus on all non-cash transactions for payment of services through Mobile Banking in the amount of 1% in the debit card "Home card".
- Pay Wave contactless payment function.

**Description of the principal markets in which the Issuer operates, including a breakdown of total revenues by category of activity and geographic market for each financial year for the period covered by the historical financial information**

The Issuer operates exclusively in Kazakhstan. 100% of revenues for the financial years 2018 and 2019 comes from Kazakhstan market.

KZT millions

	1H 2020 (unaudited)	1H 2019 (unaudited)	2019	2018
<b>Interest income</b>	<b>47,807</b>	<b>45,277</b>	<b>93,035</b>	<b>74,329</b>
Loans to retail customers	45,233	42,965	88,606	72,882
Cash and cash equivalents	2,033	1,775	3,357	1,195
Investment securities	541	537	1,072	252
<b>Fee and commission income</b>	<b>6,291</b>	<b>9,094</b>	<b>20,121</b>	<b>15,608</b>
Commission income from insurance	5,534	7,094	16,387	11,490
Fees from retailers	7	1,284	2,216	2,601
Fees for early loan repayments	272	330	653	909
Card operations	444	131	391	180
Transfer operations	8	204	357	298
Others	26	51	117	130

**Details of any major customers, suppliers or other material dependencies of the Issuer**

The Bank offers consumer loans through its partners with large network electronics retailers such as Arena S (*Sulpak*™ with 130+ branches), Technodom Operator (*Technodom*™ with 77+ branches), Mechta Market (*Mechta*™ with 50+ branches), Evrika Company (*Evrika*™ with 15 branches), Gulser Computers (*Alser*™ with 120+ branches), Fora Trade/Fora Trade Azia (*Fora*™ with 20 branches).

Apart from key partners above, the Issuer maintains relationship with 7,000 partners with 10,000+ points of sales across Kazakhstan. The Bank is presented either by credit consultants or partner may have direct access to paperless application process (*Home Credit Agent* app).

Main sectors we provide loans in, are furniture, construction materials, bicycles, home appliances, mobile devices, sport & tourism, goods for children.

Cash loans and deposits are offered through partnership with JSC Kazpost, national post services operator with the largest network of 3,492 branches including those located in rural areas. This relationship is crucial for the Bank as the Bank may gain new customers and serve existing ones in every remote area.

The Bank is a member of the following organisations/associations, membership to which is material for the banking activity: Kazakhstan Deposit Insurance Fund, Kazakhstan Interbank Settlement Center, State Credit Bureau, Visa, Mastercard, SWIFT and others.

***If material to the Issuer's business or profitability, a summary of the extent to which the Issuer is dependent on any patents or licences, industrial, commercial or financial contracts or new manufacturing processes***

The Issuer is authorised to operate a banking business in Kazakhstan. The Issuer holds the banking licence for conducting of banking and other operations №1.2.36/40 issued by the FMRDA on 3 February 2020 (the “**Banking Licence**”) (initial licence for conducting of banking and other operations №188 issued by the NBK on 9 April 1997). The Banking Licence grants the right to conduct following bank operations in national and/or foreign currency:

- deposits and bank accounts opening and maintenance for legal persons;
- deposits and bank accounts opening and maintenance for natural persons;
- opening and maintenance of correspondent accounts of banks and organisations conducting certain types of banking activities;
- cash operations;
- transfer operations;
- discounting operations;
- bank lending operations;
- foreign currency exchange operations;
- collection of payment documents;
- letter of credit issue, confirmation and execution;
- banking guarantee issuance;
- leasing activities;
- issuance of own securities (except for shares);
- factoring operations;
- forfaiting operations;
- safe (deposit box) operations; and
- dealing activities.

In 2020, the Bank continued its steady growth in attracting customer deposits in KZT, including some deposits in the form of certificates. The share of retail deposits in the market as at 1 September 2020 was 1.4% (including CD's). Without CD's - 1.18%. The share of retail deposits in KZT - 2.22% % (including CD's) without CD's - 1.82%, in other currencies - 0.39%. The share of loans in the market as at 1 September 2020 - 7%, in the new volume - 7.5%.

As of 1 September 2020, the main performance indicators were recorded at a high level and amounted to: the rate of return of average assets - 5.2%, the rate of return of average capital — 25.2%, that is higher than the average market performance of the banking sector (2.73% and 20.72%, respectively). NPL is 3.99% which is significantly better than the average market values of the banking sector (8.7%).

Average market numbers are calculated based on the data containing on the NBK's website ([www.nationalbank.kz](http://www.nationalbank.kz)).

## **2.2. Risk factors**

Investing in the Bonds issued by the Bank entails various risks. Each prospective investor in the Bonds should thoroughly consider all the information in this Prospectus, including the risk factors described below. Any of the risk factors described below, or additional risks not currently known to the Management Board or not considered significant by the Management Board, could have a material adverse effect on the business, financial condition, operations or prospects of the Bank and result in a corresponding decline in the value of the Bonds or the ability of the Bank to redeem the Bonds. As a result, investors could lose a part or all of the value of their investments. The Management Board believes that the factors described below present the principal risks inherent in investing in the Bonds. The risk factors are not listed in any order of priority with regard to significance or probability.

The risks below have been classified into the following categories:

- (i) Risks relating to the Bank's Business and Industry;
- (ii) Risks relating to Kazakhstan; and
- (iii) Risks Relating to Taxation.

## **Risks relating to the Bank's Business and Industry**

### ***Bank faces credit, market and liquidity risks***

#### ***Credit risk***

Credit risk is the inability or unwillingness of the borrower to act in accordance with the terms and conditions of the contract, i.e. the borrower's refusal to fulfill his/her obligations to the creditor (risk of borrower's default). Credit risk mostly affects credit exposures to customers and other assets held with third parties (such as cash, deposits, bonds, derivatives).

Credit risk is the main factor that may have effect on the Issuer's business, operating results and financial condition. Inability of the Bank's customers to repay their debt may lead to asset quality deterioration, decrease of cash in-flows, negatively impact the profitability, additional capital injections and, in turn, ability of the Bank to fulfill its liabilities, including under the Bonds.

The Bank's exposure to credit risk arises because of its lending activities and other transactions with counterparties that give rise to financial assets. The scoring techniques and checks used by the Bank to evaluate the creditworthiness of applicants for its loan products may not always present a complete and accurate picture of each customer's financial condition or be able to accurately evaluate the impact of various changes. Such changes may include changes in the macroeconomic environment, which could significantly and quickly alter a customer's financial profile. There can be no guarantee that the Bank's risk management strategies will protect the Bank from increased levels of cost of risk and NPLs, particularly when confronted with risks that the Bank did not identify or anticipate from its existing portfolio. There can be no assurance that the Bank's current level of loan recovery will be maintained in the future and any failure to accurately assess the credit risk of potential borrowers or acceptance of a higher degree of credit risk in the course of lending operations may result in a deterioration of the Bank's loan portfolio and a corresponding increase in loan impairments, which would have a material adverse effect on the Bank's business, financial conditions, results of operations or prospects.

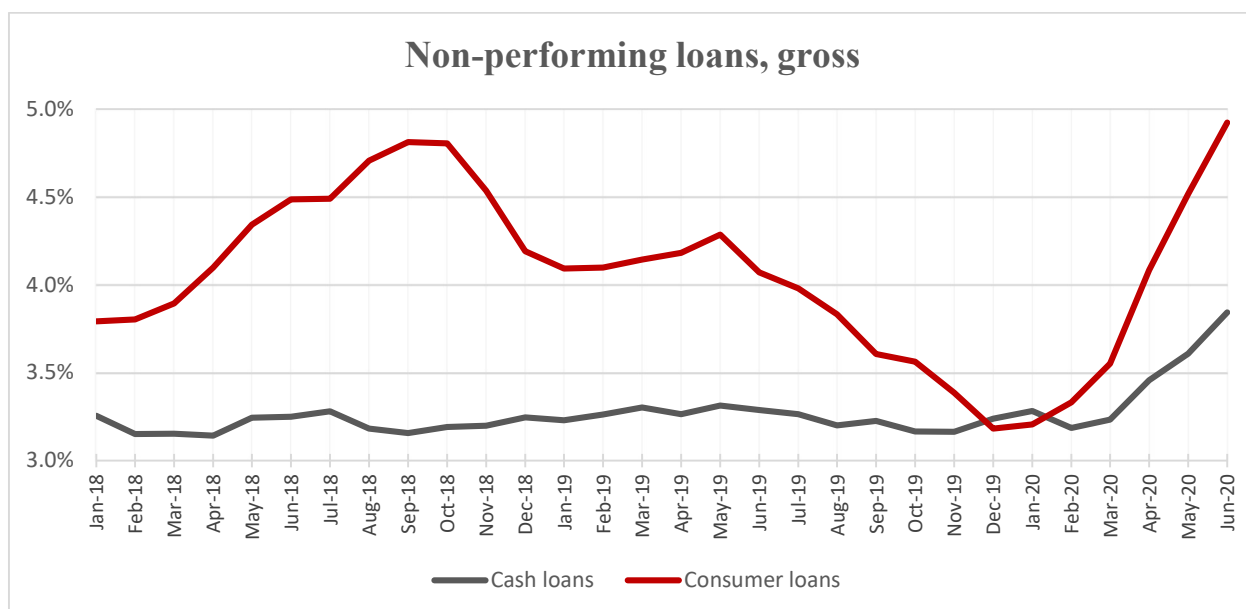
In addition, the Bank's loan portfolio is unsecured. While the Bank has no significant industry or single concentrations in its loan portfolio, in the event of default by a significant number of borrowers due to, for example, an economic downturn, the Bank may be unable to recover a significant proportion of the balance of such loans, which may have a material adverse effect on the Bank's business, financial condition, results of operations or prospects.

Despite this credit risk, the Bank practices credit risk management separately for each type of transaction, using its own unique valuation model. Loan application process is centralized and fully automated. Decision-making system is maintained by the Bank's Risk Department under the supervision on the Group's level. The basis for continuous improvement of the evaluation process is the high efficiency of statistical modeling and new technologies in the development of scoring cards. The Group companies across the globe regularly carry out exchange of experience and development to optimize processes for credit risk management.

In 2019, the Bank successfully completed the process of incorporating new data into the automated scoring system, including the results of behavioral scoring at credit bureaus, mobile operators' scoring and information on the Internet/social networks. It became possible to make credit application in the mobile application, as well as through other remote service channels. The Bank intends to continue expanding the database for credit risk assessment (which will also be used to study customer experience and customer relations, introduction of new IT solutions/platforms for faster and more efficient scoring with minimal time spent on filling in identification data in applications).

Debt collection process is regularly improved by knowledge sharing and procedures gained from the experience of the Group's companies. Bank works with clients at all stages of delay using the method of joint solution search. Application of various low-cost effective tools in the processes (Voice bot, WhatsApp, etc.) and collection scoring for better segmentation leads to high-quality customer consulting and other advantages of the Bank's collection team.

Risk assessment of credit portfolio and formation of the Bank's reserves is carried out in accordance with IFRS 9. For last two years the level of NPL portfolio (which consists of retail loans with 90 days past due) held between 3-4% from total credit portfolio which is considered as one the lowest levels on the local market.



### Market risks

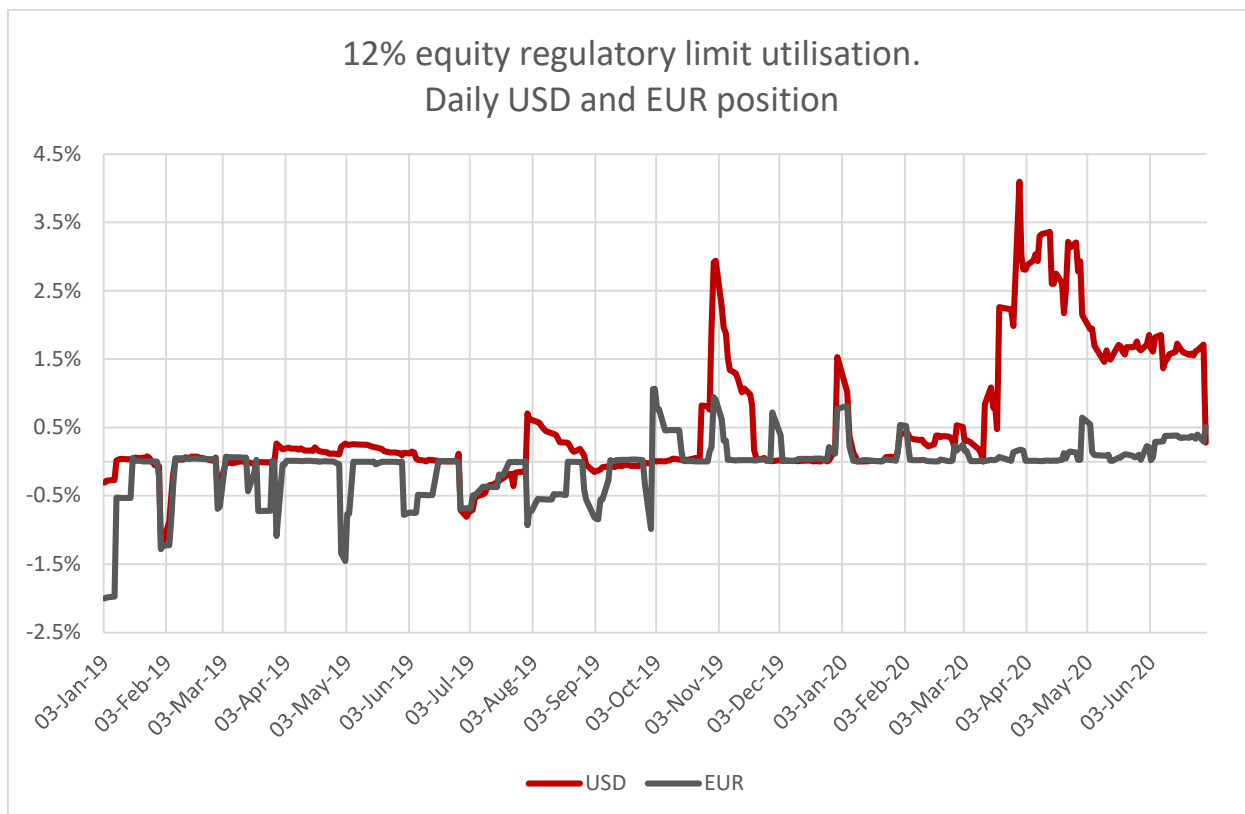
Market risk is the possibility of losses associated with unfavorable trends in financial markets and changes in market prices. Within market risks the Bank is inherently exposed to foreign currency risk and interest rate risk. Both risks mostly arise from external factors which may bring to volatile adverse pricing of financial instruments.

The Bank has exposure to interest rate risk resulting from movements in interest rates that affect income, expense or the value of financial instruments. For example, instruments on both the asset and liability side may exhibit different sensitivities to changes in interest rates, including changes in long-term and short-term interest rates relative to one another. While the Bank monitors interest rate fluctuations and its asset-liability tenors in order to mitigate such interest rate risk, any significant interest rate movement on either domestic and/or international markets may have a material adverse effect on the Bank's business and results of operations.

The assets and liabilities of the Bank are denominated in several currencies, with the majority of assets (loans to customers) and liabilities (customer accounts) denominated in Tenge, although a portion of deposits are denominated in foreign currencies, principally U.S. Dollars. Foreign currency risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the liabilities in that currency. The Management Board is responsible for market risk control and strategy. Market risk limits, including open currency position, currency gaps, net interest rate margin are under control of Chief Finance Officer and Chief Risk Officer, based on whose recommendations the limits are approved by the Board of Directors. Interest rate risk is linked to net interest income which depends on difference between interests charged from debtors and interest paid to creditors. Retail credit portfolio is the main source of interest earnings which accumulate profitability and capital of the Bank. Market interest rates are affected by numerous factors beyond the control of the Bank such as economic environment, competition, regulatory reforms, inflation or monetary policy which may not be overseen. Bank does not carry out speculative operations with reference to floating interest rates and keeps all transactions at fixed rates.

In order to manage foreign currency risk, the Bank's treasury function controls open foreign currency positions on a daily basis and uses derivative instruments to reduce the risk exposure. The Bank enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. All derivative financial instruments are classified as held for trading and measured at fair value through profit or loss and not designated for hedge accounting. Any significant volatility in the money market or material exchange rate fluctuations may have a material adverse effect on the Bank's business and results of operations. Despite the regulatory limit up to 12% from equity, Bank follows more conservative strategy of FX risk minimization and aimed to keep position at lowest possible level. Interest rate and price movements on both domestic and international markets may (including as a result of any downgrade in Kazakhstan's sovereign credit ratings) affect the value of the Bank's securities portfolio, which in turn may have a material adverse effect on the Bank's business and results of operations.





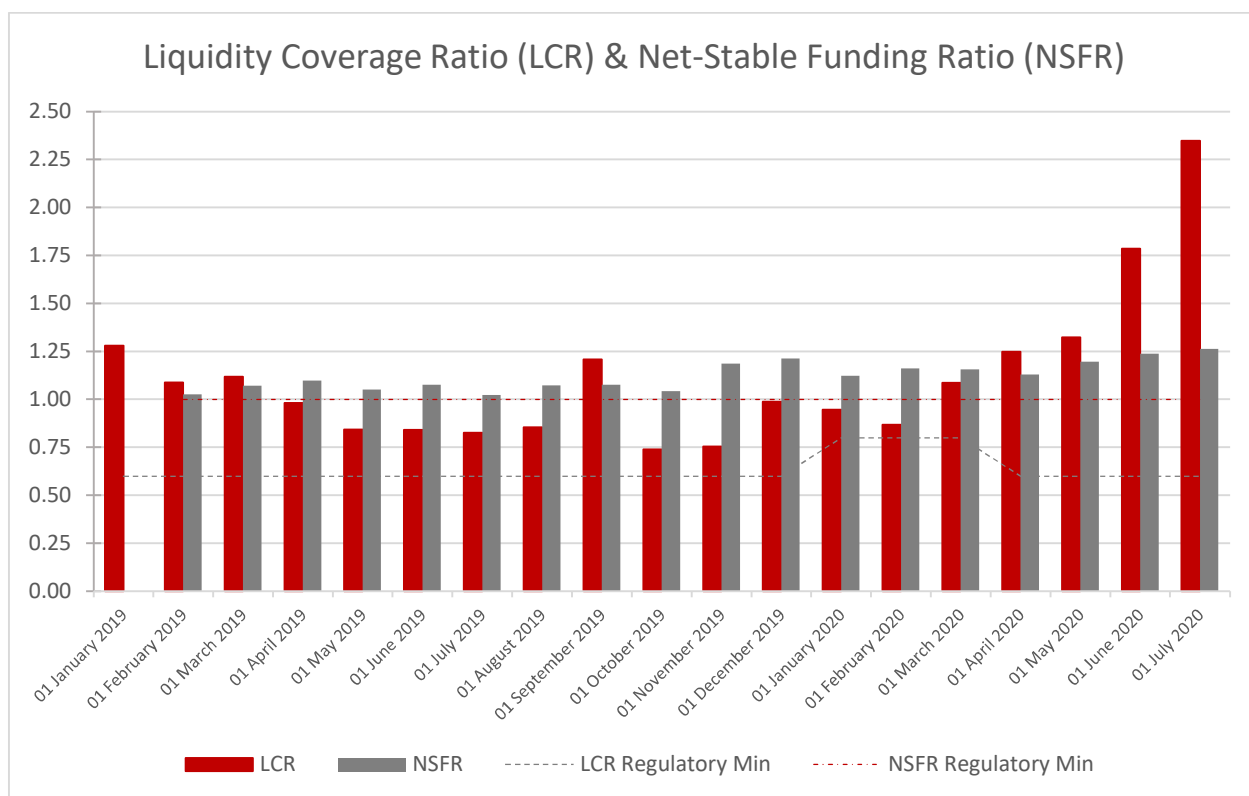
### **Liquidity risks**

Liquidity risk is the risk of difficulties occurring in fulfilling the Bank's financial liabilities, which are settled by the transfer of cash or other financial assets.

Compliance with the Bank's liquidity management policy approved by the Board of Directors is achieved by maintaining the appropriate level of liquidity in order to ensure sufficient funds on an on-going basis to discharge all liabilities as they mature.

Liquidity position is subject to daily monitoring by the Management Board and other participants. Planning adequate liquidity reserve for expected cash flow Treasury Department also takes into account various stress-test assumptions under potentially valid scenarios in order to keep liquidity capacity for unexpected shocks. Risk Department settles the number of limits to support adequate liquidity and duration gaps to ensure compliance with required levels of Basel III coefficients such as Liquidity Coverage Ratio and Net Stable Funding Ratio.

During 2018-2019 Bank took significant measures to improve maturity structure of funding by changing the deposit products, launching new deposit certificates and attracting long-term funding. Results of Liquidity Coverage Ratio and Net Stable Funding Ratio of the Bank show sufficient buffers in terms of liquidity reserves. The Bank calculates and monitors liquidity ratios on a daily basis in accordance with the applicable requirements.



Treasury transactions are subject to two-step authorization by Risk Department. First step is based on preliminary discussion of funding or lending initiative where both parties test for compliance with liquidity and other limits. After approval of key parameters Treasury performs a transaction via IT system where Risk Department authorize it for further processing. Therefore, Liquidity risk management processes are considered to be highly efficient.

The Bank meets a significant portion of its funding requirements using customer accounts (primarily deposits from retail customers), which gradually increased from KZT 117,9 billion as at 31 December 2019 to KZT 136,9 billion as at 30 June 2020 (including CD's). Over the past several years, the Bank has been focusing on retail customers, which has resulted in the decrease of the share of corporate customers as a percentage of the Bank's customer accounts from 43% (or KZT 74,1 billion) as at 31 December 2019 to 24.5 % (or KZT 38,3 billion) as at 30 June 2020. Any unexpected and significant withdrawal of deposits may impact the ability of the Bank to meet its funding requirements. The other portion of funding is primarily provided through the placement of local bonds (debt securities issued), which amounted to 9,3% of total liabilities as at 30 June 2020 or loan facilities which amounted to 34.6% of total liabilities as at 30 June 2020. Any deterioration in the Bank's credit ratings could undermine confidence in the Bank and limit its access to capital markets, which could require the Bank to seek alternative, more expensive sources of funding.

Furthermore, the Bank's customers may be susceptible to the deliberate spread of rumours or false information about the Bank's financial condition and state of its business. In the past, there have been several occasions on which misleading information regarding the instability of certain Kazakhstan banks was circulated on the internet. For example, in February 2014, retail customers were alarmed by rumours and temporary instability in Kazakhstan's financial sector as a result of a significant devaluation of the Tenge, which resulted in deposit withdrawals in certain Kazakhstan banks. While this particular event had no material adverse effect on the Bank, any dissemination of false information or rumours and resulting significant withdrawals of deposits may have material adverse effect on the stability of the Bank's deposit base and may cause significant outflow of deposits.

Therefore, should any sources of short and, in particular, long-term funding become unexpectedly unavailable, or if maturity mismatches between the Bank's assets and liabilities occur, or if the Bank is required to increase the interest rates on deposits to attract funding, particularly in light of a shortage of liquidity due to unfavourable economic conditions, this may result in liquidity gaps that the Bank may not be able to cover without incurring additional expenses, if at all. Any inability to meet its liquidity needs in these circumstances could lead to a material adverse effect on the development of the Bank's business or operations in the longer term.

***Bank's capital position may require the Group to provide capital support, which may have an impact on the Bank's profitability***

The prudential ratio regulations require the Bank with effect from 31 December 2019, to have a minimum total capital adequacy ratio (K2 ratio) of 9.0% and a Tier 1 capital adequacy ratio (K1-2) of 6.5%. The Bank is required to report the respective ratios to the FRMDA on a monthly basis. As at 31 December 2019, the Bank's total capital adequacy ratio was 12.9% and its Tier 1 capital adequacy ratio was 12.9%, which in each case exceeded the minimum required by the NBK. As at 30 June 2020, the Bank's total capital adequacy ratio was 16% and its Tier 1 capital adequacy ratio was 16%, which in each case exceeded the minimum required by the FRMDA. Going forward, the Bank plans to maintain the Bank's Tier 1 and Total Capital ratios at levels above these required by the FMRDA.

In addition, the Basel Committee on Banking Supervision recommends a minimum risk-based capital adequacy ratio of 8.0% and Tier 1 capital adequacy ratio of 6.5%, calculated in accordance with Basel III. The Bank's total capital adequacy ratio, calculated under Basel III, is 16% as at 30 June 2020, which is higher than the minimum requirement of 8.0%. The Bank's Tier 1 capital adequacy ratio, calculated under Basel III, is 16% as at 30 June 2020 which is higher than the minimum requirement of 6.5%.

Although the Bank has complied with all applicable capital adequacy requirements, if the Bank's capital position were to materially deteriorate, the Bank's ability to fund its operations could be negatively impacted. Further, if the Bank's capital position were to decline below the minimum levels of capital adequacy as required by statute, its Banking Licence could be suspended or revoked and it could encounter difficulties in continuing to operate its business, which could materially adversely affect the Bank's business, financial condition, results of operations or prospects.

If the Bank requires additional capital in the future, in the event the Group cannot provide it, there is no guarantee that it will be able to obtain it from third parties. If the Bank is unable to raise further capital to support its growth or if its capital position otherwise declines, the Bank's ability to implement its business strategy may be materially adversely affected. The Bank's ability to obtain additional capital may be restricted by a number of factors, including the Bank's financial condition, results of operations, any necessary government or regulatory approvals, regulatory changes and/or general market conditions for capital raising activities by financial institutions.

#### ***The Bank may not be able to pay its debts***

As at 30 June 2020, the Bank had total liabilities of KZT 341.4 billion, of which KZT 31.7 billion represented debt securities issued and KZT 117.9 billion represented amounts due to credit institutions. Although the Bank believes it currently has sufficient liquidity, including significant stable corporate and retail deposits, the Bank's ability to service, repay and refinance its indebtedness will depend on its ability to generate cash in the future, which, is, in turn, to a certain extent, subject to general economic, financial, competitive, legislative, regulatory and other factors beyond the Bank's control. If the Bank is unable to generate sufficient cash flow or otherwise obtain funds necessary to make required payments in respect of its indebtedness, it may be forced to default, following which the holders of the Bank's indebtedness would be entitled to accelerate the maturity of such indebtedness, which could cause cross defaults under, and potential acceleration of, certain of the Bank's other indebtedness, including the Bonds, which could, in turn, materially and adversely affect the Bank's business, financial condition, results of operations or prospects.

#### ***Bank faces operational risk***

Operational risk is a set of risks expressed in the probability of loss due to inadequate or insufficient internal processes, human resources and systems or external events (except for strategic risk or reputational risk).

Operational risk management system is integrated into the Bank's day-to-day operations by risk coordinators (over 120 employees) assigned to each structural unit who interact with an independent unit for operational risk management, information technology and information security risks.

In order to effectively manage operational risk (timely detection, measurement, control and monitoring of operational risk), by maintaining database of internal and external events and self-assessment (RCSA) the Bank identifies and assesses risks in the processes, defines key risk indicators (KRI) which in turn determines the degree of the Bank's approach to the critical level of risk. Scenario analysis also as a tool helps to identify potential events and their impact to the Bank's activities.

Because of the significant growth in the Banks' operations, the Bank's exposure to business risks has increased. This growth will continue to require improved monitoring and control procedures with respect to the Bank's operations, as well as continued investment in its financial and information management systems, recruitment and training of employees, marketing, the monitoring of the consistency of customer service and increased operational costs. In addition, overall growth in the Bank's business requires greater allocation of management resources away from day-to-day operations. Furthermore, the growth in the Bank's business may create significant operational challenges, including the ability of the Bank's information technology systems to adequately handle the rate of growth of operations, the ability to design, implement and follow appropriate risk management procedures in respect of a much larger volume of operations, an increased variety of offered products and the ability to properly monitor the Bank's financial performance. Failure by the Bank to manage its growth while at the same time maintaining adequate focus

on its existing operating segments may have a material adverse effect on its business, financial condition, results of operations or prospects.

***Bank operates in a highly regulated environment, and an inability to maintain a banking licence by the Bank could have a material adverse effect on the Bank's business***

***Compliance risk***

Compliance risk is the risk of losses due to non-compliance with requirements of civil, tax, banking and other legislation of the Republic of Kazakhstan. Compliance risk management is integrated into all business processes including anti-money laundering system regularly monitored by Compliance service unit. In case of violation of the respective regulations, the FRMDA, within their competence, has the right to apply a sanctions to the Bank in the form of suspension or deprivation of the licence and (or) annex to the licence to conduct all or certain banking operations. Although the Bank believes that the Bank maintains a prudent and adequate loan loss provisioning policy, the Bank cannot give assurance that the FRMDA will not require the Bank to increase its provisions for loan impairment in the future (with its main focus on the loan portfolio assessment).

***Regulatory risk***

The Bank's operations are subject to strict regulation by governmental and state authorities, particularly the FMRDA and the NBK. A breach of any regulatory guidelines could expose the Bank to potential liability, including the loss of its Banking Licence. If the FMRDA was to suspend or revoke the Banking Licence, this would render the Bank unable to perform its consumer lending, deposit taking and other banking operations (including processing the payments of its customers) and/or could lead to the winding-up of its business (whether by way of bankruptcy proceedings or liquidation).

To manage regulatory risk, the Bank closely monitors all the relevant changes to the legislation and regulatory framework, alerts if such changes may affect the bank and its operations, prepares to adapt strategy and internal policies so that to minimize the potential impact. Nevertheless, existing laws and regulations could be amended, the manner in which laws and regulations are enforced or interpreted could change and new laws or regulations could be adopted. Certain failures by the Bank to comply with applicable laws or regulations could result in the withdrawal of the Banking Licence, which would have a material adverse effect on the Bank's business, financial condition, results of operations or prospects.

Furthermore, the NBK and the Government of Kazakhstan have introduced a number of legislative developments relating to the regulation of Kazakhstan's banking sector, in particular: (i) in the fourth quarter of 2019, changes to the methodology of the calculation of risk-weighted assets for unsecured consumer lending; (ii) effective from 1 January 2020, new rules for identifying systemically important financial institutions in Kazakhstan; (iii) in November 2019, new limits on providing loans to individuals with an income below a certain threshold; and (iv) in December 2019, a prohibition on the accrual of penalties and commissions after a 90-day period of non-payment on unsecured retail loans was introduced. In addition, starting from December 2020, foreign banks will be capable of directly opening branches in Kazakhstan under the framework of agreements setting out the terms of Kazakhstan's entry into the World Trade Organisation. As at the date of this Prospectus, these amendments have not adversely affected the Bank's business and/or operations.

The Kazakhstan regulatory authorities have extensive discretion in connection with their supervisory and enforcement activities and the regulatory structure governing the Bank's operations is continuously evolving.

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

***Reputational risk***

Reputational risk refers to the potential for negative publicity, public perception or uncontrollable events to have an adverse impact on a company's reputation, thereby affecting its revenue and business operations.

This risk may heavily impact the Bank, its operations and financial result because any bad press or negative opinions of clients, investors, business partners and the general public may result in unwillingness to conduct business with the Issuer hence deposits outflow, decline in new loans, agreements termination.

Although reputational risk is largely unpredictable, the Bank has relevant policies, processes and personnel in place to manage this risk by timely management of public opinion, including work with mass and social media. If the Bank is unable to handle customer complaints effectively, its reputation may suffer and it may lose customers' confidence, which could have a material adverse effect on the Bank's business, financial condition, results of operations or prospects.

In addition, the Bank's business is subject to cyberattacks and breaches of security. An increasing number of organisations, including large merchants and businesses, technology companies and financial

institutions, such as the Bank, are subject to attacks on their information security systems, some of which involve sophisticated and highly targeted attacks on their websites and infrastructure. The methods used to obtain unauthorised, improper or illegal access to information security systems are constantly evolving. Targeted attacks may also be difficult to detect quickly and are often not recognised until they are launched against a target. This could result in significant compensation or contractual penalties payable to consumers or merchants as a result of their claims, and could adversely affect the Bank's business, financial condition, results of operations or prospects.

***The Bank depends on its banking and other licences***

All banking operations in Kazakhstan require licensing by the FMRDA. As at the date of this Prospectus, the Bank has the Banking Licence. Although the Bank believes it is currently in compliance with its existing material licence obligations, there is no assurance that the Bank will be able to maintain such licence obligations in the future. The Bank is subject to unannounced periodic reviews by the FMRDA. The loss of its Banking Licence, a temporary suspension thereof, a breach of the terms of a Banking Licence by the Bank or failure to obtain any further required licences in the future for whatever reason could have a material adverse effect on the Bank's business, financial condition, results of operations or prospects. If the Bank loses its Banking Licence or such licence is temporarily suspended, the Bank will be unable to perform any banking operations.

***Bank is dependent on its senior management personnel***

The Bank's ability to maintain its competitive position and to implement its business strategy is dependent on the skills and abilities of its senior management team. The Bank's business has significantly benefited in the past from the vision and contributions of a number of the Bank's key senior managers. The loss of or diminution in the services of members of the Bank's senior management team, or an inability to retain and attract additional senior management personnel, may impair the Bank's ability to achieve its strategic objectives.

***Bank faces competition in all of its business segments and its market evolves rapidly***

Some of the Bank's competitors may have greater merchant bases, scale and resources, which may provide them with competitive advantages. They may devote greater resources to the development, promotion, sale of products and services in the areas in which the Bank operates, and they may offer lower prices or more effectively introduce and market their own innovative products and services that may in turn adversely impact the Bank's growth. Competing services tied to established brands might engender greater confidence in the safety and efficacy of their services relative to those offered by the Bank. Any initiatives undertaken by the FMRDA to enhance the efficiency and decrease costs of the financial services may also increase competition.

If the Bank's customers move to its competitors for any reason, including due to the pricing and/or terms of any such competitors' products, it may become less attractive to merchants and other business partners, which could have a material adverse effect on the Bank's business, financial condition, results of operations or prospects.

***Bank may lack sufficient insurance coverage***

The Bank's insurance does not cover all of the Bank's assets and liabilities. Kazakhstan's insurance industry is less developed than that in some more economically developed countries, with some insurance products being unavailable to the Bank on equivalent terms to those available in such economically developed countries, including insurance coverage for a business interruption. The Bank may incur an uninsured loss of assets and face claims which are not covered or are inadequately covered by its insurance policies. Any such losses or claims could have a material adverse effect on the Bank's business, financial condition, results of operations or prospects.

***Bank's measures to prevent money laundering and financing of illicit activity may not be completely effective***

Kazakhstan financial institutions, such as the Bank, are obliged to monitor certain transactions entered into by their clients by conducting due diligence, as set out under the applicable laws, with respect both to the clients and the relevant transactions. If it is not possible to conduct such due diligence, the financial institution must prevent their clients from entering into any such transaction. Kazakhstan law requires any suspicious transaction to be reported to an authorised state body immediately, and, in any case, before such suspicious transaction is processed.

The Bank has implemented relevant measures and policies aimed at preventing it from being used as a vehicle for money laundering, including "know your client" policies and the adoption of anti-money laundering and compliance procedures. Currently, the Bank complies with its existing policies, rules of internal control and with the requirements of all applicable laws.

There can be no assurance that attempts to launder money or finance illicit activity through the Bank will not be made or that anti-money laundering measures implemented by the Bank will always be effective. If the Bank were associated with money laundering, even if this is solely due to the failure of its anti-money

laundering measures, or if it were unable to comply with all of the relevant laws and internal policies regarding financial assistance or money laundering, it could be subject to significant fines, as well as harm to its reputation, and its business, financial condition, results of operations or prospects may be materially and adversely affected.

#### ***Failure to maintain and protect customer and employee information***

The Bank collects and processes personal data (including names, addresses, ages, bank details and other personal data) from its customers, business contacts and employees as part of the operation of its business and it must comply with data protection and privacy laws and industry standards in Kazakhstan. Those laws and standards impose certain requirements on the Bank in respect of the collection, use, processing (including accumulation, modification, distribution, depersonalisation, blocking and destruction of personal data) and storage of such personal data. Failure to operate effective data controls in respect of the collection, use, processing and storage of such personal data, as prescribed by applicable law, could potentially lead to administrative fines, financial costs, reputational damage, and undermine trust in the Bank, any of which could adversely affect the Bank's business, financial condition, results of operations or prospects.

The Law of the Republic of Kazakhstan "On Personal Data and the Protection Thereof" No. 94-V ZRK, dated 21 May 2013 (as amended) is a special legislative act that established a framework for the protection of personal data. Prior to the adoption of this law, Kazakhstan did not have any specific laws regulating the protection of personal data. Therefore, there is currently no widely-established or consistent judicial practice in respect of personal data protection matters. Existing laws and regulations on personal data protection could be amended, the manner in which such laws and regulations are enforced or interpreted could change and new laws or regulations on personal data protection could be adopted, including in order to further regulate or restrict the use of personal data. If the existing interpretation of the laws and regulations were to change or future regulations were imposed, it could have an adverse effect on the Bank's business.

#### **Risks relating to Kazakhstan**

##### ***The Bank is largely dependent on the economic and political conditions prevailing in Kazakhstan***

All of the Bank's operations are conducted, and all of its assets are located in Kazakhstan. Kazakhstan became an independent sovereign state in 1991 upon the dissolution of the Soviet Union. Since then, Kazakhstan has experienced significant change as it has transformed from a centrally controlled command economy to a market-oriented economy. The transition was initially marked by political uncertainty and tension, a recessionary economy characterised by high inflation, instability of the local currency and rapid changes in the legal environment.

Since 1992, Kazakhstan has actively pursued a programme of economic reform designed to establish a free market economy through privatisation of government-owned enterprises and deregulation and is more advanced in this respect than some other countries of the former Soviet Union. However, as with any transition economy, there can be no assurance that such reforms will continue or that such reforms will achieve all or any of their intended aims.

Kazakhstan depends on neighbouring states for access to world markets for a number of its major exports, including oil, natural gas, steel, copper, ferroalloys, iron ore, aluminium, coal, lead, zinc and wheat. Thus, Kazakhstan is dependent upon good relations with its neighbours to ensure its ability to export. Should access to these export routes be materially impaired, this could adversely impact the economy of Kazakhstan. Moreover, adverse economic factors in regional markets may negatively impact Kazakhstan's economy, which could in turn have a material adverse effect on the Bank's business, financial condition, results of operations or prospects.

Pursuant to amendments adopted in May 2007, the Kazakhstan Constitution introduced the concept of the "first president" and established that the first president (Mr. Nursultan Nazarbayev, who was in office from 16 December 1991 to 19 March 2019) enjoys a number of privileges and may run in an unlimited number of elections. In 2017, the Kazakhstan Constitution was further amended to provide for the distribution of powers among the President, the Parliament and the Government. In 2018, the Law "On the Security Council of the Republic of Kazakhstan" changed the status of the Security Council of Kazakhstan from a consultative and advisory body under the President of Kazakhstan, to a constitutional body. Mr. Nazarbayev, as the first President of Kazakhstan, heads the Security Council. The first President of Kazakhstan is entitled to act as the head of the Security Council for the term of his life. However, it is currently unclear how in practice the Security Council will interact with the Government and other state bodies, and whether Kazakhstan law will create any conflicting authorities, which may have a material adverse effect on the socio-political situation in, and/or the economy of, Kazakhstan and, in turn, the Bank's business, financial condition, results of operations or prospects.

Under President Nazarbayev, who resigned as the President on 19 March 2019, Kazakhstan enjoyed greater stability and prosperity than many other countries of the former Soviet Union. However, there can be no assurance that such results will be maintained or that any new administration will be able to achieve similar or better results. Following the resignation of Mr. Nazarbayev, on 20 March 2019 Mr. Tokayev as

the Head of Senate of Kazakhstan, took office as the President of Kazakhstan in accordance with the presidential line of succession. On 9 June 2019, Mr. Tokayev was elected to the office of the President of Kazakhstan through early presidential elections. Should the new President of Kazakhstan fail to have sufficient support or the ability to govern effectively, Kazakhstan's political situation and economy could become unstable. If any future administration has a different political outlook than that of Mr. Nazarbayev, the business environment in Kazakhstan could change. Any amendments to laws affecting, among others, the property, tax or regulatory framework could have a material adverse effect on the Bank's business, financial condition, results of operations or prospects and the investment climate in Kazakhstan, which could have a material adverse effect on the Bonds.

### ***Kazakhstan is heavily dependent upon export trade and commodity prices***

As Kazakhstan produces and exports large quantities of commodity products (primarily oil and gas), its economy is particularly vulnerable to fluctuations in the prices of such commodities on the international markets. While the Government has been promoting economic reform to diversify the economy, Kazakhstan's revenue continues to depend on the prices of export commodities. Weak demand in its export markets and low commodity prices, especially within the oil and gas industry, may adversely affect Kazakhstan's economy in the future, which may in turn have a material adverse effect on the Bank's business, financial condition, results of operations or prospects.

The decline in world prices for oil and other commodities in 2014 and subsequent devaluation of the Tenge against the U.S. Dollar in 2015 affected the public finances and resulted in a revision of the budget of Kazakhstan. There can be no assurance that further revisions of the state budget will not be required in light of continuing oil price volatility, which could adversely affect the development of Kazakhstan and, in turn, the Bank's business, financial condition, results of operations or prospects.

Any force majeure events, including the occurrence of natural disasters or outbreaks of contagious diseases, such as the recent outbreak of the 2019 novel coronavirus (Covid-19) in China, could affect the volume of international business activity and trade, resulting in a decreased demand for oil and other commodities, which may impact the macroeconomic environment globally, including in Kazakhstan. Furthermore, outbreaks of a health epidemic or a contagious disease, such as the 2019 novel coronavirus, could generally result in a widespread health crisis and restrict the level of business activity in the affected areas. There can be no guarantee that the further spread of the 2019 novel coronavirus or the possible outbreak of any other epidemic, nor that the measures taken by the Kazakhstan government or the governments of other countries in response to any such outbreak, will not seriously interrupt the Bank's operations or those of its merchants and consumers, which could in turn have a material and adverse effect on the Bank's business, financial condition or results of operations.

An oversupply of oil or other commodities in world markets or a general downturn in the economies of any significant markets for oil or other commodities or a weakening of the U.S. Dollar relative to other currencies would have a material adverse effect on the Kazakhstan economy, which, in turn, could indirectly have a material adverse effect on the Bank's business, financial condition, results of operations or prospects.

### ***Instability of the Kazakhstan banking sector***

The global financial and economic crisis of 2008-2009 significantly affected the Kazakhstan banking system which continues to remain under stress with banks seeking to deleverage through partial repayments and debt restructurings. A number of distressed asset takeovers and mergers have occurred in the Kazakhstan banking sector. In addition, in the past several years the NBK (effective from 1 January 2020, the NBK's powers in respect of issuing and revoking licences of banks have been transferred to the FMRDA) revoked the licences of a number of banks of varying size. While, along with the NBK's and subsequently the FMRDA's measures to support the liquidity of financial institutions, such restructurings, consolidations and revocation of licences have contributed to the general stability of the Kazakhstan banking industry, the sector continues to operate in a challenging environment where further defaults or debt restructurings cannot be ruled out.

A failure or default of any financial institution could lead to defaults by other institutions. Concerns about, or a default by, one institution could prevent the Bank from raising new or additional funds in the capital markets and could also significantly reduce depositors' confidence in the banking industry in general and in the Bank in particular. The commercial soundness of many financial institutions may be interconnected as a result of their credit, trading, clearing or other relationships and, accordingly, such concerns or defaults could also lead to significant liquidity problems, losses or defaults by other institutions. This risk is sometimes referred to as "systemic risk" or "contagion risk" and may adversely affect financial institutions with whom the Bank interacts on a daily basis. This could, in turn, have a material adverse effect on the Bank's ability to raise new funds and have a material adverse effect on the Bank's business, financial condition, results of operations or prospects.

During periods of instability in the financial markets, the Government and the NBK have historically implemented measures to support the liquidity and solvency of Kazakhstan banks and to increase the availability of credit to businesses, which have been seen as critical for restoring investor confidence and for supporting the economy. However, there can be no assurance that the Government, the FMRDA and

the NBK will continue to implement such measures or, even if taken, that such measures will succeed in materially improving the liquidity position and financial condition of the affected financial institutions in the future or that such measures will not be implemented selectively. Continued instability in the Kazakhstan financial sector and reduced investor confidence caused by any factor including the downturn of the global economy or volatility of the financial markets, could be materially adverse to the Bank's business, financial condition and results of operations or prospects.

***Sustained periods of high inflation could adversely affect the Bank's business***

Bank's operations are located in Kazakhstan and a majority of the Bank's costs are incurred in Kazakhstan. Since the majority of the Bank's expenses are denominated in Tenge, inflationary pressures in Kazakhstan are a significant factor affecting the Bank's expenses. According to the NBK, annual consumer price inflation for 2017, 2018 and 2019 was 7.1%, 5.3% and 5.4%, respectively. A return to high and sustained inflation could lead to market instability, new financial crises, reductions in consumer purchasing power and the erosion of consumer confidence, all of which could have a material adverse effect on the Bank's business, financial condition, and results of operations or prospects.

***Exchange rate fluctuations could have an adverse impact on the Bank***

Since the NBK's adoption of a floating rate exchange policy for the Tenge in 1999, the currency has fluctuated significantly, particularly during the periods of volatility on the global financial and commodity markets. As at 31 December 2019, the official KZT/U.S.\$ exchange rate reported by the NBK was KZT 381.18 per U.S.\$1.00 as compared to KZT332.33 per U.S.\$1.00 and KZT 384.2 per U.S.\$1.00 as at 31 December 2017 and 2018, respectively. As at 25 December 2020, the official KZT/U.S.\$ exchange rate reported by the NBK was KZT 419.89 per U.S.\$1.00. The Bank will pay par value of the Bonds in U.S. Dollars. Whilst the Bank has a corresponding proportion of assets in foreign currencies, any significant devaluation of the Tenge against the U.S. Dollar or other foreign currencies will increase the Bank's interest expense. Any such devaluation of the Tenge against the U.S. Dollar or other foreign currencies could negatively affect the Bank in a number of ways, including, among others, by causing a further outflow of Tenge deposits and increasing the Bank's actual interest expense on its foreign currency denominated liabilities. Any of these developments may have a material adverse effect on the Bank's business, financial condition, results of operations or prospects.

***Sanctions imposed on Russia could have an indirect adverse impact on Kazakhstan's economy and the Bank***

In connection with the conflicts in Ukraine and Syria, as well as alleged interference in the 2016 U.S. Presidential elections, the U.S. and the EU (and other nations, such as Canada, Switzerland, Australia and Japan) imposed sanctions on certain Russian persons and entities. A number of Russian government officials, entrepreneurs, banks and companies, as well as companies owned or controlled by such persons or entities, or certain entities that provide assistance with any prohibited actions taken by such entities or persons, have been subject to blocking sanctions. The sanctions have imposed a freeze on all of the assets of any such blocked persons and broadly prohibited transactions or other dealings (including the provision of services) for the benefit of the sanctioned persons, in each case involving U.S. persons or legal entities or any direct or indirect action within the United States (including the clearing of U.S. Dollar payments through the U.S. financial system).

Furthermore, the U.S. and EU have imposed sectoral sanctions on entities operating in certain sectors of the Russian economy, in particular in the financial, oil and gas, defence and related materials sectors. With respect to the financial sector, under these sectoral sanctions the EU and U.S. imposed prohibitions on transactions by EU and U.S. persons or within the EU or U.S. with respect to transacting in, providing financing for, or otherwise dealing in debt with a prescribed maturity or equity, if that debt or equity is issued on or after prescribed dates by, or on behalf of, or for the benefit of named persons, their property, or their interests in property.

The sanctions imposed to date have had an adverse effect on the Russian economy, prompting downward revisions to the credit ratings of the Russian Federation and a number of major Russian companies that are ultimately controlled by the Russian Federation, causing extensive capital outflows from Russia and impairing the ability of Russian issuers to access the international capital markets.

While Kazakhstan maintains strong independent diplomatic relationships with both Russia and Ukraine and has confirmed its neutral position with respect to the tensions between Russia and Ukraine, Kazakhstan has significant economic and political relations with Russia. The establishment and continued operation of the Eurasian Economic Union is expected to continue to strengthen Kazakhstan's economic relations with Russia.

A material worsening of Kazakhstan's close economic or political relations with Russia, the existing sanctions imposed on Russia and/or any future sanctions, could have a material adverse effect on Kazakhstan's economy. The Bank has no reason to believe that the Kazakhstan financial sector may be specifically targeted by the U.S. or EU sanctions. If, however, sanctions targeting the entire Russian banking sector are imposed, the Bank's ability to transact with Russian banks may be affected. Depending



on the circumstances, the Bank may decide to either discontinue operations with Russian banks or replace such counterparties.

### ***Bank may have difficulties in obtaining effective redress in court proceedings***

The Kazakhstan judicial system is not immune from economic and political influences. The judicial system is often understaffed and underfunded. Judges are generally inexperienced in corporate law matters. Not all Kazakhstan legislation and court decisions are readily available to the public or organised in an accessible manner. The Kazakhstan judicial system can be slow and court orders are not always enforced or followed by law enforcement agencies. In addition, the press has reported that court claims and government prosecutions are often used to further political aims supported by the courts. The Bank may be subject to such political claims and may not receive a fair hearing. These uncertainties make judicial decisions in Kazakhstan difficult to predict and effective redress uncertain and could have a material adverse effect on the Bank's business, financial condition, results of operations or prospects.

The Republic of Kazakhstan is not a party to any multilateral or bilateral treaties with the United Kingdom or the United States (or indeed most western jurisdictions) for the mutual enforcement of court judgments. While Kazakhstan law provides for enforcement of foreign court awards on the basis of reciprocity, there is no guidance or practice on this matter and currently it is uncertain whether or not Kazakhstan courts will enforce decisions from foreign courts on such a basis. The procedures applied by the relevant Kazakhstan officials may not be entirely consistent with the legislation relating to procedure or with court rules. This could delay enforcement procedures in the Republic of Kazakhstan, particularly if enforcement is sought to be made in courts outside the principal commercial centres such as Almaty and Nur-Sultan. These uncertainties make judicial decisions in Kazakhstan difficult to predict and effective redress uncertain and could have a material adverse effect on the price of the Bonds.

### **Risks Relating to Taxation**

#### ***Kazakhstan taxation system is subject to frequent change***

Kazakhstan's taxation system is continually evolving and is subject to frequent and, at times, ambiguous changes, which could have an adverse effect on the Bank. Additionally, the Tax Code has been in force for a short period relative to the tax laws and regulations in more developed market economies and, therefore, risks of tax assessments within its jurisdiction are more probable than in nations with more developed tax systems. The Bank's operations are principally conducted and most of the Bank's assets are located in Kazakhstan and, therefore, the shortcomings of the Kazakhstan tax system could adversely affect the Bank.

Historically, the system of tax collection in Kazakhstan has been difficult and unpredictable resulting in continual changes to the tax legislation, which have sometimes occurred on short notice and have been applied retroactively. Such changes to the Kazakhstan tax legislation may apply not only to the provisions that establish the rules of tax administration, but also to other provisions such as tax base and tax rate determination. Furthermore, the Kazakhstan tax legislation is subject to amendments on a regular basis. These changes produce tax uncertainties which may result in adverse tax implications for the Bank.

Varying interpretations of tax regulations exist both among and within government bodies. Such inconsistent interpretations increase the level of uncertainty and, therefore, tax risks, and could potentially lead to the inconsistent enforcement of these laws and regulations. Official explanations and court decisions are often unclear and contradictory, whilst tax disputes could result in significant litigation costs for the Bank. For example, clarifications of the tax authorities on particular Tax Code clauses are not legally binding on either taxpayers or the tax authorities themselves and may not be taken into account during the settlement of tax disputes. In addition, the responsibility of the tax authorities for providing interpretations of articles of the Tax Code is not established by law. Thus, the tax authorities are allowed to change their position regarding the application of a particular article. Additionally, judges considering court cases related to the resolution of tax disputes sometimes issue decisions that may not be considered as definite. The creation of an investment court in 2016 for the resolution of investment disputes, including tax disputes relating to investments, did not lead to a significant improvement in the quality of tax litigation or in the resolution of tax disputes.

As a consequence of the complexities surrounding legal interpretations and the taxation mechanisms, the shortcomings of legal institutions, as well as gaps and contradictions that exist in the tax legislation, there are frequently different interpretations of the tax legislation by taxpayers and the tax authorities. During settlements of tax disputes, the tax authorities and courts often issue decisions in favour of the state budget. Therefore, taxation in Kazakhstan is often unclear or inconsistent, and may result in unexpected tax assessments and liabilities that could lead to a material adverse effect on, *inter alia*, the Bank's business, financial condition, results of operations or prospects.

#### ***References to IFRS in the Tax Code could result in adverse tax assessment for the Bank***

A significant part of the Tax Code contains direct links to IFRS, which makes IFRS an important and considerable factor within the Kazakhstan tax system. Therefore, since IFRS is built on "substance over form" principle, application of certain principles and methods of IFRS is a matter of professional judgment, which may result in tax disputes between the Bank and the tax authorities. During tax audits, the tax

authorities sometimes interpret IFRS in a way that could differ from professional judgment of financial reporting specialists and / or auditors. In addition, the tax authorities issue letters where they give their own interpretation of IFRS, which does not take into account all aspects of application of standards.

The complicated nature of IFRS judicial-making and application of IFRS in the Kazakhstan taxation system entails a risk of ambiguous interpretation and practical application of IFRS provisions by taxpayers and the tax authorities, and may, therefore, lead to additional and, potentially, material, tax assessments on the Bank that could have a material adverse effect on, inter alia, the Bank's business, financial condition, results of operations or prospects.

## **Risks relating to the Bonds**

### ***The Bonds are subject to modification, waivers and substitution***

The terms and conditions of the Bonds contain provisions for calling meetings of Bondholders to consider certain matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders. Therefore, the terms of the Bonds are subject to modification, waivers and substitution, and in certain cases without prior notification or consent of the Bondholders.

### ***Bank will need to maintain the listing of Bonds on the official securities list of the AIX in order for the holders of Bonds to enjoy the tax exemptions provided under the AIFC Law***

Under the AIFC Law, interests and dividends paid on the securities and capital gains derived from sale of the securities will be exempt from taxation in Kazakhstan until 1 January 2066 provided that such securities are included on the official securities list of the AIX at the time the dividends and interests are accrued and at the date of their sale. The provisions of the AIFC Law in terms of tax benefits are broader than the provisions of the Tax Code, which provides more flexibility and advantages to holders of the securities. Accordingly, if the Bonds are delisted from the official securities list of the AIX for any reason, the holders of the Bonds will lose the tax benefits under the AIFC Law. If the Bonds are delisted from the AIX, the holders of the Bonds will have to follow the common practice established by the Tax Code.

### ***The market price of the Bonds may be volatile***

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

In particular, the markets for securities bearing emerging market risks, such as risks relating to Kazakhstan, may be volatile. Markets for such securities are, to varying degrees, influenced by economic and securities market conditions in other emerging market countries. Although economic conditions are different in each country, investors' reactions to developments in one country may affect securities of issuers in other countries, including Kazakhstan.

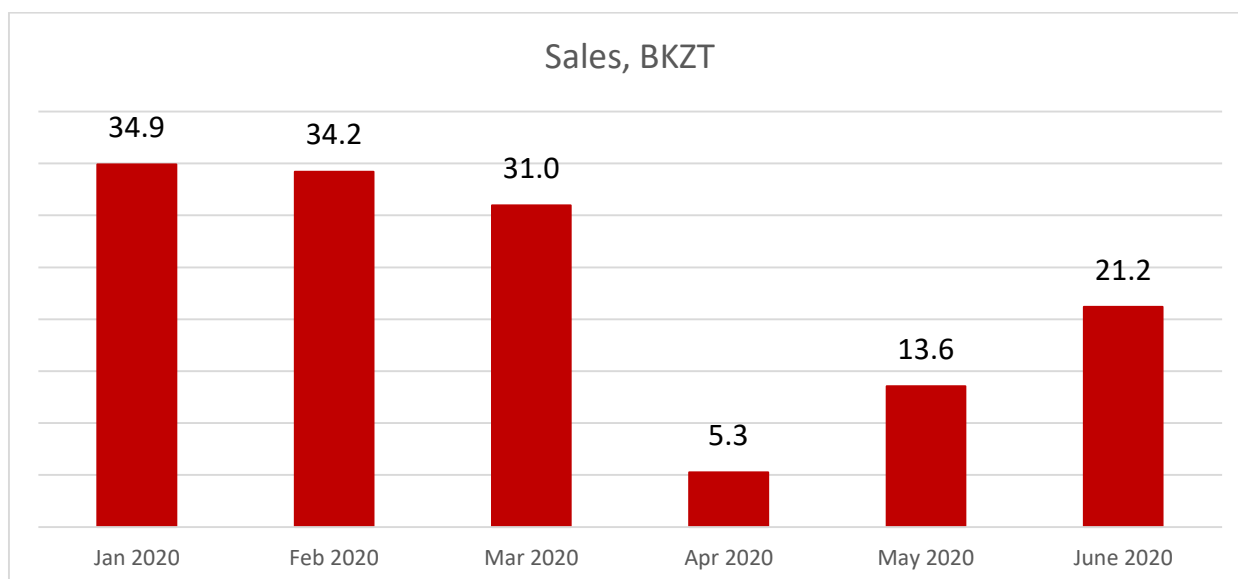
### ***Insolvency laws in Kazakhstan may not be as favourable to holders of Bonds as English or U.S. insolvency laws or those of another jurisdiction with which Bondholders may be familiar***

The Bank is organised in Kazakhstan and is subject to the bankruptcy laws of Kazakhstan. From the moment bankruptcy proceedings are initiated, a Kazakhstan debtor is prohibited from paying any outstanding debts predating the bankruptcy proceedings, with specific exceptions. After the initiation of bankruptcy proceedings, any claims against the Bank by creditors can only be brought within the framework of bankruptcy procedures and it is forbidden to enforce the creditor's rights against property of the debtor or to debit its accounts. Contractual provisions which would accelerate the payment of the debtor's obligations upon the occurrence of certain bankruptcy events are not enforceable under Kazakhstan bankruptcy law. In addition, an administrator may apply to a court to set aside certain contracts. Specifically, Kazakhstan bankruptcy law provides that transactions or payments entered into or made (i) at any time prior to the commencement of bankruptcy proceedings which infringe Kazakhstan law or (ii) within the period beginning three years prior to commencement of the bankruptcy proceedings for no consideration or below market rates, without sound reasons and which prejudice other creditors, may be declared void by a Kazakhstan court. Under current legislation, significant uncertainty remains with respect to the outcome of a bankruptcy proceeding in Kazakhstan.

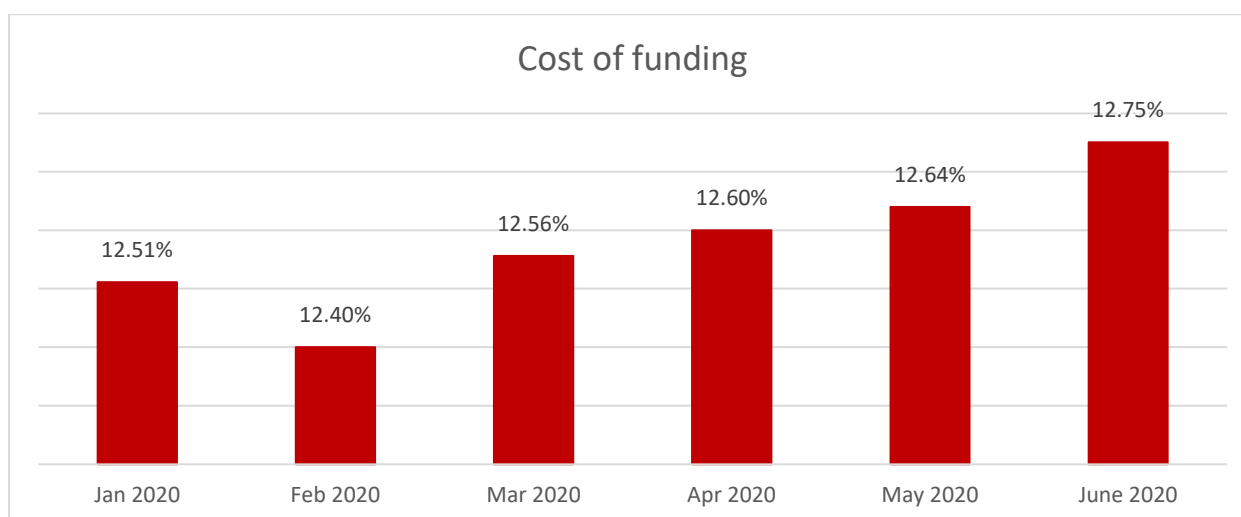
## **2.3. Production and sales trends**

As a result of COVID-19 pandemic and lock-down across Kazakhstan sales in April dropped to 5.3 billion KZT from 31 billion KZT in March. Whilst in May and June sales recovered to 13.6 and 21.2 billion KZT, respectively, following lockdown ease and economy re-opening in August 2020, we believe in a gradual

sales recovery provided the situation with the Coronavirus develops in positive trend and the threat of pandemic is eliminated.



Cost of funding increased slightly since March 2020 reflecting strong volatility of USD/KZT foreign exchange rates.



COVID-19 pandemic peak in 1H2020, economy downturn, oil prices slump and Tenge depreciation in March 2020 are the events that could adversely affect the Issuer's business. However, there is a significant uncertainty as to how the situation will develop, and (i) it is still too early to evaluate the consequences and (ii) there were good prospects for economy recovery at the time of this Prospectus preparation.

### 3. Constitution and organizational structure

#### 3.1. Constitution

##### ***Issuer's objectives and purpose and where they can be found in the constitution***

The Charter was approved by the sole shareholder of the Bank on 1<sup>st</sup> August 2014 and subsequently amended in 2015, 2016, 2017 and 2018. Article 2 of the Charter provides that the Bank's purpose, among others, is to engage in the activities related to generation of income by way of rendering banking services.

##### ***The rights, preferences and restrictions attaching to each class of the existing Securities***

##### ***Share Rights***

Subject to the provisions of the JSC Law and without prejudice to any rights attaching to any existing shares or class of shares, the Bank may issue shares and other securities. Subject to the Charter and the

provisions of the JSC Law, the authorised but unissued shares of the Bank are at the disposal of the Board of Directors.

### ***Rights attaching to Shares and Variation of Rights***

The JSC Law provides for two types of shares: common and preference. Each type has attached to it the rights set out in the JSC Law. These rights may be extended by a company's charter (although the Bank's Charter does not purport to extend such rights), but these rights cannot be restricted. The Bank does not have preference shares.

A holder of common shares has the right:

- to participate in the management of the Bank in the manner prescribed by the legislation of the Republic of Kazakhstan and the Charter;
- to receive dividends;
- to demand payment of non-received dividends irrespective of the period of formation of the Bank's debt on dividends, unless the dividend has not been accrued on the grounds stipulated by the legislation of the Republic of Kazakhstan;
- to familiarize him or herself with the financial statements of the Bank and receive information on its activities using the procedure established at the general meeting of shareholders or in the Charter;
- to receive extracts from the joint stock company's registrar (the Central Securities Depository) or, if appropriate, a nominal holder confirming the shareholder's ownership right to the securities;
- to propose to the general meeting of shareholders of the Bank candidates for election to the board of directors of the Bank;
- to challenge in court the decisions taken by the bodies of the Bank;
- when owning or jointly with other shareholders five or more percent of the Bank's voting shares, to apply to the judicial authorities on their own behalf in cases provided for by the legislation of the Republic of Kazakhstan, demanding that the Bank officials compensate the Bank for losses incurred by the Bank and return the Bank to the Bank officials and (or) their affiliates profit (income) received by them as a result of decisions on the conclusion (proposal to conclude) major transactions and (or) related party transactions;
- to apply to the Bank with written requests for its activities and receive reasoned answers within thirty days from the date of receipt of the request by the Bank;
- to receive part of the Bank's property in the event of the Bank's liquidation;
- of pre-emption in relation to the purchase of shares or other securities of the Bank convertible into its shares in the manner prescribed by the legislation of the Republic of Kazakhstan;
- to participate in the adoption by the general meeting of shareholders of a decision to change the number of shares of the Bank or change their type in the manner prescribed by the legislation of the Republic of Kazakhstan;
- when owning, or in aggregate with other shareholders, five or more percent of the company's voting shares, to propose to the board of directors to include additional issues on the agenda of the general meeting of shareholders in accordance with the JSC Law.
- within 5 working days from the date of notification of the placement (sale) by the Bank of shares, to submit an application for the purchase of shares or other securities convertible into shares of the Bank, in accordance with the right of preemptive purchase;
- to accept the offer to sell his shares, published in the media, in the manner prescribed by Article 25 of the JSC Law, within a period not exceeding 30 days from the date of its publication;
- if an application is submitted in response to an offer to sell a shareholder's shares, to appeal the court's refusal to purchase shares in a court of law;
- within 30 days from the date of the decision referred to in paragraph 1 of Article 27 of the JSC Law, or from the date of the decision by the auction organizer to delist the Bank's shares, submit to the Bank a request for the redemption of its shares by sending a written application to the Bank;
- to challenge in court a decision of the board of directors of the Bank adopted in violation of the requirements of the JSC Law and this Charter, if this decision violates its rights and legitimate interests and (or) the rights and legal interests of the Bank;
- in case of disagreement with the Bank's decision on the conclusion of a major transaction adopted in the manner prescribed by the JSC Law and the Charter, to require the Bank to repurchase its shares in the manner established by the JSC Law; and
- have other rights in accordance with the legislation of the Republic of Kazakhstan and the Charter.

In addition to the above, a major shareholder, being any shareholder or group of shareholders representing not less than 10% of the voting shares (individually or collectively, as applicable) (a **"Major Shareholder"**) has the right:

- to request the convening of an extraordinary general meeting of shareholders, or to file a claim with the court seeking the same where the board of directors refuse to convene a general meeting of shareholders;
- to request to call a meeting of the board of directors of the Bank; and

- to request that an audit of the Bank be performed at the expense of the relevant Major Shareholder. Abovementioned rights cannot be limited and restricted.

***What action is necessary to change the rights of holders of the Securities, indicating where the conditions are more significant than is required by any law applicable to the Issuer***

The rights of holders of securities (common shares) are stipulated by the JSC Law and the Charter (as above).

***The conditions governing the manner in which annual general meetings and extraordinary general meetings of holders of Securities are called including the conditions of admission to the meeting***

In accordance with the JSC Law, the rules regarding the procedure for convening a general meeting of shareholders as well as conditions of admission to the meeting of shareholders do not apply to a joint stock company with a sole shareholder. As the Issuer is solely owned by Home Credit and Finance Bank LLC (Russia), the sole shareholder of the Bank can take any decisions any time without a need to convene a formal general meeting of shareholders.

***Any provision of the constitution that would have an effect of delaying, deferring or preventing a change in control of the Issuer***

The Charter does not provide for any such provisions.

***Any provisions in the constitution, governing the ownership threshold above which shareholder ownership must be disclosed***

There are no provisions in the Charter governing the ownership threshold above which shareholder ownership must be disclosed.

Under the JSC Law, a person who, acting either alone or jointly with its affiliates, intends to acquire thirty or more percent of the Bank's voting shares on the secondary securities market or any other number of voting shares of the Bank where such acquisition would result in such person alone or jointly with its affiliates holding thirty or more of the voting shares of the Bank, is obliged to notify the Bank of this intention within thirty Business Days before the expected date of acquisition of the voting shares of the Bank.

In addition, any person acquiring 10% or more of the voting shares of the Bank, or otherwise falling within the definition of an affiliate as provided for in article 64 of the JSC Law, is considered an affiliate of the Bank and must disclose to the Bank its identity and information about its affiliated persons. Information about the identity of such person and its affiliates is not confidential.

***The conditions imposed by the constitution governing changes in the capital, where such conditions are more stringent than is required by law applicable to the Issuer***

The Charter does not provide for any such provisions that are more stringent than is required by law applicable to the Issuer. Pursuant the JSC Law, the Bank may from time to time increase its authorised share capital. The Board of Directors may place the shares within the permitted authorised number of shares. Any decision to place shares must state the number, the price and the manner of placement of the shares.

***Any arrangements by which a single investor or group of investors may exercise significant influence over the Issuer***

There are no such arrangements.

### **3.2. Group structure**

The Group structure is as follows:

- The Issuer is a member of the Group comprising of Home Credit Group B.V. and its subsidiaries;
- The sole direct shareholder of the Issuer is Home Credit and Finance Bank LLC (Russia) ("HCRU"). HCRU is licensed as a bank and is primarily regulated by the Central Bank of the Russian Federation and is authorised to operate banking and consumer finance businesses in Russia;
- HCRU is a direct subsidiary of Home Credit N.V. which is directly controlled by Home Credit Group B.V.;
- Home Credit Group B.V. is a direct subsidiary of PPF Financial Holdings B.V.;
- PPF Financial Holdings B.V. is a direct subsidiary of PPF Group N.V., which is the ultimate holding company.
- The ultimate controlling person of Home Credit Group B.V. is Mr. Petr Kellner, citizen of the Czech Republic who exercises control through PPF Group N.V. and PPF Financial Holdings B.V.

The principal activities of the Group are the provision of consumer financing to private individual customers as well as deposit taking, saving and current bank account service and maintenance, payments, insurance and other services. The Group operates in 10 countries which are split into five clusters: China; South and

South East Asia which includes businesses in India, Indonesia, Philippines and Vietnam; Commonwealth of Independent States which includes businesses in Russia and Kazakhstan; Central and Eastern Europe, which includes businesses in the Czech Republic and Slovak Republic; and other businesses which includes business in the USA as well as other projects or entities which are in early stage of development.

<b>Material entities of the Group</b>	<b>Country of incorporation</b>
Home Credit Consumer Finance Co., Ltd.	China
Shenzhen Home Credit Xinchu Consulting Co., Ltd.	China
Air Bank (JSC)	Czech Republic
Benxy (LLC) (formerly Zonky (LLC))	Czech Republic
Home Credit (JSC)	Czech Republic
Home Credit International (JSC)	Czech Republic
Favour Ocean Limited	Hong Kong
Home Credit India Finance Private Limited	India
PT. Home Credit Indonesia	Indonesia
Bank Home Credit SB JSC	Kazakhstan
HC Asia B.V.	Netherlands
Home Credit India B.V.	Netherlands
Home Credit Indonesia B.V.	Netherlands
HC Philippines Holdings B.V.	Netherlands
Home Credit N.V. (formerly Home Credit B.V.)	Netherlands
HC Consumer Finance Philippines, Inc.	Philippines
Home Credit and Finance Bank (LLC)	Russian Federation
MCC Kupi ne kopi (LLC)	Russian Federation
Home Credit Insurance (LLC)	Russian Federation
Home Credit Slovakia (JSC)	Slovak Republic
Home Credit Vietnam Finance Company Limited	Vietnam

#### **4. Assets**

##### **4.1. Material contracts**

There are no such contracts.

#### **5. Capital**

##### **5.1. Share capital**

###### ***Amount of issued share capital***

As at the date of this Prospectus, the authorized share capital of the Bank comprises 160,240 common shares (with ISIN number KZ1C00009133), of which 34,890 shares have been issued (placed) and fully paid. The share capital of the Issuer is 5,199,503,000 Tenge as of 31 December 2019.

All shares of the Bank are common and in registered form in the share register of the Bank maintained by Central Securities Depository. The currency of the common shares is Tenge. The principal legislation under which the Bank operates, and under which the common shares have been created, is the JSC Law.

Ownership of the Bank's shares is evidenced by an extract from the shareholders register of the Bank. The Central Securities Depository is the only entity authorised to maintain shareholder registers of private companies incorporated in Kazakhstan and is majority-owned by the NBK. The address of the Central Securities Depository is 050051, Republic of Kazakhstan, Almaty, 28 Samal-1 Residential Unit.

###### ***If there are Shares not representing capital, the number and main characteristics of such Shares***

The Issuer does not have any Shares that do not represent its share capital.

###### ***Number, book value and face value of Shares in the Issuer held by or on behalf of the Issuer itself or by subsidiaries of the Issuer***

There are no Shares held by or on behalf of the Issuer itself or by subsidiaries of the Issuer.

###### ***Amount of any convertible securities, exchangeable securities or securities with warrants, with an indication of the conditions governing and the procedures for conversion, exchange or subscription***

There are no convertible securities, exchangeable securities or securities with warrants, with an indication of the conditions governing and the procedures for conversion, exchange or subscription.

###### ***Information about and terms of any acquisition rights and or obligations over authorised but unissued capital or an undertaking to increase the capital***

Under the JSC Law, a shareholder has a pre-emptive right to acquire newly placed shares of the company (including newly issued shares or shares previously repurchased by the company). Holders of shares have pre-emptive rights for shares or for securities convertible into shares and holders of preferred shares have pre-emptive rights for preferred shares. As such, the sole shareholder of the Issuer has the pre-emptive right to acquire newly placed shares in accordance with JSC Law.

***Historical information about the share capital highlighting any changes for the period covered by the historical financial information***

Number of authorized and issued common shares of the Issuer has not changed since 1 January 2018.

## **6. Management of the Issuer**

### **6.1. Details relating to directors and senior managers (“Key Persons”)**

#### ***Directors of the Issuer***

The Board of Directors of the Bank is the primary supervisory body of the Bank. The Board of Directors, among other functions, approves appointments to the Management Board, approves material acquisitions and disposals by the Bank, and forms the audit and remuneration and strategic review committees.

As at the date of this Prospectus, the Board of Directors of the Bank consists of four members (including three independent directors) as set out below.

<b>Name, Address</b>	<b>Business</b>	<b>Functions and principal activities</b>
<b>Pavel Rozehnal</b>  248 N. Nazarbayev Avenue, Almaty, Republic of Kazakhstan, 050059		<i>Chairman of the Board of Directors, Independent Director</i> <ul style="list-style-type: none"> <li>• Arranges work of the Board of Directors and runs its meetings.</li> <li>• Ensures maximum compliance with the interests of shareholders and is aimed at increasing the Bank's market value.</li> <li>• Provides shareholders with a balanced and clear assessment of the Bank's results and prospects through objective monitoring of the current business status.</li> <li>• Ensures the maintenance and operation of reliable internal control and independent audit systems in order to preserve the Bank's shareholders' investments and assets.</li> <li>• Ensures effective operation of the risk management system, controls and regulates corporate conflicts.</li> <li>• Develops a mechanism for evaluating its operation and work of individual directors, creates and regularly reviews methods and criteria for evaluating the operation of the Board of Directors and the Management Board members, and controls the operation of the Management Board.</li> </ul>
<b>Karel Horak</b>  248 N. Nazarbayev Avenue, Almaty, Republic of Kazakhstan, 050059		<i>Member of the Board of Directors</i> <ul style="list-style-type: none"> <li>• Ensures maximum compliance with the interests of shareholders and is aimed at increasing the Bank's market value.</li> <li>• Provides shareholders with a balanced and clear assessment of the Bank's results and prospects through objective monitoring of the current business status.</li> <li>• Ensures the maintenance and operation of reliable internal control and independent audit systems in order to preserve the Bank's shareholders' investments and assets.</li> <li>• Ensures effective operation of the risk management system, controls and regulates corporate conflicts.</li> <li>• Develops a mechanism for evaluating its operation and work of individual directors, creates and regularly reviews methods and criteria for evaluating the operation of the Board of Directors and the Management Board members, and controls the operation of the Management Board.</li> </ul>
<b>Bohumil Poláček</b>  248 N. Nazarbayev Avenue, Almaty, Republic of Kazakhstan, 050059		<i>Member of the Board of Directors, Independent Director</i> <ul style="list-style-type: none"> <li>• Ensures maximum compliance with the interests of shareholders and is aimed at increasing the Bank's market value.</li> <li>• Provides shareholders with a balanced and clear assessment of the Bank's results and prospects through objective monitoring of the current business status.</li> <li>• Ensures the maintenance and operation of reliable internal control and independent audit systems in order to preserve the Bank's shareholders' investments and assets.</li> </ul>

Name, Address	Business	Functions and principal activities
		<ul style="list-style-type: none"> <li>Ensures effective operation of the risk management system, controls and regulates corporate conflicts.</li> <li>Develops a mechanism for evaluating its operation and work of individual directors, creates and regularly reviews methods and criteria for evaluating the operation of the Board of Directors and the Management Board members, and controls the operation of the Management Board.</li> </ul>
<b>Anvar Saidenov</b>  248 N. Nazarbayev Avenue, Almaty, Republic of Kazakhstan, 050059		<p><i>Member of the Board of Directors, Independent Director</i></p> <ul style="list-style-type: none"> <li>Ensures maximum compliance with the interests of shareholders and is aimed at increasing the Bank's market value.</li> <li>Provides shareholders with a balanced and clear assessment of the Bank's results and prospects through objective monitoring of the current business status.</li> <li>Ensures the maintenance and operation of reliable internal control and independent audit systems in order to preserve the Bank's shareholders' investments and assets.</li> <li>Ensures effective operation of the risk management system, controls and regulates corporate conflicts.</li> <li>Develops a mechanism for evaluating its operation and work of individual directors, creates and regularly reviews methods and criteria for evaluating the operation of the Board of Directors and the Management Board members, and controls the operation of the Management Board.</li> </ul>

#### **Directors of PPF Group N.V.**

Name, address	business	Function	Functions and Principal activities in the Group
<b>Jan Cornelis Jansen</b>  Business address:  Strawinskylaan 993, 107 XX Amsterdam, the Netherlands		Director	<p>Principal activities in the Group:</p> <ul style="list-style-type: none"> <li>Director in Home Credit Group B.V., the holding company of the Group and indirect 100% shareholder of the Issuer.</li> <li>Director in HC Asia B.V., a Dutch sub-holding company 100% directly controlled by Home Credit N.V.</li> </ul>
<b>Rudolf Bosveld</b>  Business address:  Strawinskylaan 993, 107 XX Amsterdam, the Netherlands		Director	<p>Principal activities in the Group:</p> <ul style="list-style-type: none"> <li>Director in Home Credit Group B.V., the holding company of the Group and indirect 100% shareholder of the Issuer.</li> <li>Executive director of Home Credit N.V., the sub-holding company of the Group and indirect 100% shareholder of the Issuer.</li> <li>Director in Vsegda Da N.V., a Dutch sub-holding company 100% directly controlled by Home Credit N.V.</li> <li>Director in HC Philippines Holdings B.V., a Dutch sub-holding company 100% indirectly controlled by Home Credit N.V.</li> <li>Director in Home Credit India B.V., a Dutch sub-holding company 100% indirectly controlled by Home Credit N.V.</li> <li>Director in Home Credit Indonesia B.V, a Dutch sub-holding company 100% indirectly controlled by Home Credit N.V.</li> </ul>
<b>Ales Minx</b>  Business address:  Strawinskylaan 993, 107 XX Amsterdam, the Netherlands		Director	<p>Principal activities in the Group:</p> <ul style="list-style-type: none"> <li>Has no other function in the Group.</li> </ul>

#### **Senior management of the Issuer**

The composition of the Management Board as at the date of this Prospectus is set out below. The business address of the Management Board is 248 N. Nazarbayev Avenue, Almaty, Republic of Kazakhstan, 050059.



<b>Name, Address</b>	<b>Business</b>	<b>Functions and principal activities</b>
<b>Karel Horak</b>  248 N. Nazarbayev Avenue, Almaty, Republic of Kazakhstan, 050059		<i>Chairman of the Management Board</i>  <ul style="list-style-type: none"> <li>• Ensures implementation of General Meetings and the Board of Directors resolutions.</li> <li>• Chairs the Management Board meetings.</li> <li>• Leads the operational management of the Bank's activities.</li> <li>• Hire, transfer and dismiss the Bank employees.</li> </ul>
<b>Narine Nadirova</b>  248 N. Nazarbayev Avenue, Almaty, Republic of Kazakhstan, 050059		<i>Member of the Management Board, Deputy Chairperson of the Management Board, Director of the Banking Operations Department</i>  <ul style="list-style-type: none"> <li>• Acts as Chairman of the Management Board when the Chairman is absent.</li> <li>• Leads the Banking Operations Department.</li> </ul>
<b>Antonin Zimmermann*</b>  248 N. Nazarbayev Avenue, Almaty, Republic of Kazakhstan, 050059		<i>Member of the Management Board, Director of Risk department</i>  <ul style="list-style-type: none"> <li>• Leads the Risk Department.</li> <li>• Responsible for risk management except for Compliance.</li> </ul>
<b>Kiril Bachvarov</b>  248 N. Nazarbayev Avenue, Almaty, Republic of Kazakhstan, 050059		<i>Member of the Management Board, Finance director.</i>  <ul style="list-style-type: none"> <li>• Leads the Finance block</li> <li>• Responsible for book-keeping and budgeting, funding and procurement.</li> </ul>

\*According to the Resolution of the Board of Directors 37/2020 dated 16 November 2020, membership of Antonin Zimmermann to the Management Board will be terminated on 31 December 2020.

### **Conflict of interest**

There is no conflict of interests between the personal interests of any Key Person mentioned above and that of the duties such persons owed to the Issuer or interests of the Issuer.

## **6.2. Other information relating to key Persons**

### **Audit committee**

The audit committee comprises of following members: Karel Horak, Bohumil Poláček and Narine Nadirova. As at the date of this Prospectus, the audit committee is chaired by Bohumil Poláček.

### **Summary of Terms of Reference:**

- consideration of the internal audit policy, the internal auditor's code of ethics, the regulations on Internal audit unit and other documents developed to ensure the implementation of the internal audit policy;
- preparation of proposals for engaging external experts to review the quality of the Internal audit unit's operation;
- consideration and approval of the annual report on self-assessment of the internal audit system efficiency and its further submission to the Bank's Board of Directors;
- assistance in interaction and coordination between the Internal audit unit and the Bank's Management Board on internal and external audit issues;
- consideration and submission of the draft annual internal audit plan to the Board of Directors for approval.

### **Committee for personnel, strategic planning, compliance, internal control and external audit**

The Committee for personnel, strategic planning, compliance, internal control and external audit comprises of following members: Bohumil Poláček, Karel Horak, Narine Nadirova, and Zharkyn Bekzhanov (Director of Human Resources Department). As at the date of this Prospectus, this committee is chaired by Bohumil Poláček.

### **Summary of Terms of Reference**

#### **Personnel, remuneration and social issues:**

- preliminary consideration of the Bank's draft personnel policy;
- evaluation the compliance of the personnel policy with the Bank's strategy, organizational structure, risk profile, results achieved and the requirements of laws of Kazakhstan at least once a half-year; and
- preparation and provision of recommendations to the Bank's Board of Directors on the appointment (reassignment, dismissal) of director and employees of Internal Audit Department.

### **Strategic planning:**

- preliminary consideration of the Bank's draft strategy;
- monitoring the implementation of the Bank's strategy by receiving a detailed report from the Bank's Management Board about implementation of the Bank's strategy; and
- monitoring and control of the Bank's Management Board operation in reviewing customer requests that arise in banking services.

### **Internal control:**

- preliminary consideration of the Bank's draft internal control policy;
- monitoring and making recommendations to the Bank's Management Board regarding maintenance of an effective internal control system, which includes:
  - financial sustainability and risk management;
  - compliance of the Bank's operation to KZ laws;
  - finance, regulatory and management reporting;
  - compliance with internal policies, rules and procedures;
  - effective banking operations;
  - assets safety; and
  - information security.

### **Compliance:**

- consideration of the Bank's draft compliance risk management policy;
- monitoring and making recommendations on efficiency of the Compliance risk management policy executed by the Management Board;
- consideration of the draft compliance program/plan; and
- consideration of the draft internal document establishing approaches and procedures for determining the materiality of violations that may lead to compliance risk.

### **External audit:**

- recommendations for the appointment, reassignment and release from the services of an external auditor and conclusions on assessment and analysis of the terms of the contract with the external auditor; and
- coordination and monitoring the annual mandatory external audit of financial statements.

### **Corporate Governance Code**

The Board of Directors is committed to the highest standards of corporate governance appropriate for a company of the Bank's size and country of incorporation. The Bank's Corporate Governance Code, which was adopted in 2013, is largely consistent with the principles of governance applicable to Kazakhstan companies. The Bank complies with the corporate governance regime under Kazakhstan laws. The Bank has implemented corporate governance measures under which it has appointed three independent directors and has established two committees of the board of directors (as described above) in each case chaired by independent directors.

## **7. Financial information about the Issuer**

### **7.1. Historical financial information about the Issuer**

<b>Statement of Profit or Loss, KZT'000</b>	<b>1H 2020 (unaudited)</b>	<b>1H 2019 (unaudited)</b>	<b>2019 (audited)</b>	<b>2018 (audited)</b>
Interest income	47,807,306	45,276,715	93,035,675	74,329,217
Interest expense	(16,543,529)	(14,163,504)	(29,537,657)	(22,076,864)
<b>Net interest income</b>	<b>31,263,777</b>	<b>31,113,211</b>	<b>63,498,018</b>	<b>52,252,353</b>
Non-interest income	6,291,152	9,094,701	20,120,980	15,607,776
Non-interest expense	(1,972,618)	(1,162,265)	(2,707,563)	(2,171,762)
<b>Net non-interest income</b>	<b>4,318,534</b>	<b>7,932,436</b>	<b>17,413,417</b>	<b>13,436,014</b>
Net loss on financial instruments	2,400,926	(3,420,787)	(7,465,536)	(279,458)
Net foreign exchange loss	(4,328,143)	901,853	887,188	(3,877,268)
Income from penalties	435,043	1,374,172	4,326,628	2,058,362
Other operating income	307,621	231,242	550,930	655,423
<b>Operating income</b>	<b>32,915,763</b>	<b>38,132,127</b>	<b>79,210,645</b>	<b>64,245,426</b>
(Change)/Recovery for credit losses	(3,864,790)	2,566,033	622,700	(4,075,227)
Other impairment losses on other assets	(95,755)	(102,557)	-	-
General administrative expenses	(15,314,267)	(16,380,343)	(33,981,357)	(30,194,617)
<b>Profit before income tax</b>	<b>13,640,951</b>	<b>24,215,260</b>	<b>45,851,988</b>	<b>29,975,582</b>
Income tax expense	(2,752,674)	(4,935,038)	(9,342,467)	(6,249,356)

<b>Statement of Profit or Loss, KZT'000</b>	<b>1H 2020 (unaudited)</b>	<b>1H 2019 (unaudited)</b>	<b>2019 (audited)</b>	<b>2018 (audited)</b>
Other comprehensive income	-	-	(31,435)	(107,286)
<b>Total comprehensive income</b>	<b>10,888,277</b>	<b>19,280,222</b>	<b>36,478,086</b>	<b>23,833,512</b>
<b>Statement of Financial position, KZT'000</b>	<b>1H 2020 (unaudited)</b>	<b>1H 2019 (unaudited)</b>	<b>2019 (audited)</b>	<b>2018 (audited)</b>
<b>Assets</b>				
Cash and cash equivalents	86,866,265	53,008,123	65,153,329	70,259,604
Placements with banks	3,168,336	3,598,895	1,916,430	2,473,653
Loans to retail customers	291,574,706	282,351,210	332,943,998	267,900,659
Investment securities	29,732,268	17,049,268	20,771,135	17,206,243
Financial instruments	4,432,207	823,441	195,912	795,930
Property, equipment, intangible assets	12,900,558	11,379,910	11,828,426	8,652,491
Other assets	5,877,136	4,486,648	6,138,807	4,377,829
	<b>434,551,476</b>	<b>372,697,495</b>	<b>438,948,037</b>	<b>371,393,409</b>
<b>Liabilities</b>				
Financial instruments	812,722	3,337,741	2,714,267	301,083
Deposits and balances from banks	64,548,722	53,553,661	63,493,833	62,372,082
Current accounts and deposits from retail customers	118,039,509	78,897,564	98,059,917	79,227,545
Current accounts and deposits from corporate customers	44,323,897	74,811,949	74,142,230	62,429,017
Debt securities issued	31,728,382	44,657,001	40,447,348	50,542,872
Other borrowed funds	47,352,879	15,013,323	45,047,424	35,915,808
Certificate of deposit	18,881,850	14,990,467	19,834,825	7,673,418
Other liabilities	15,709,046	14,167,249	13,300,577	10,002,039
	<b>341,397,007</b>	<b>299,428,955</b>	<b>357,040,421</b>	<b>308,463,864</b>
<b>Equity</b>				
Share capital	5,199,503	5,199,503	5,199,503	5,199,503
Retained earnings	87,554,461	67,936,885	76,666,184	57,656,678
Fair value reserve	400,505	132,152	41,929	73,364
	<b>93,154,469</b>	<b>73,268,540</b>	<b>81,907,616</b>	<b>62,929,545</b>
<b>Total liabilities and equity</b>	<b>434,551,476</b>	<b>372,697,495</b>	<b>438,948,037</b>	<b>371,393,409</b>
<b>Statement of Cash Flows, KZT'000</b>	<b>1H 2020 (unaudited)</b>	<b>1H 2019 (unaudited)</b>	<b>2019 (audited)</b>	<b>2018 (audited)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Interest receipts	46,063,474	44,446,665	93,374,934	72,716,507
Interest payments	(14,603,361)	(12,178,858)	(27,733,212)	(21,416,278)
Fee and commission receipts	6,714,906	9,339,785	20,145,916	15,572,365
Fee and commission payments	(1,923,010)	(1,40,518)	(2,900,561)	(1,784,396)
Net payments from financial instruments	(3,226,996)	(411,640)	(4,452,334)	(866,727)
Net payments (receipts) from foreign exchange	81,883	185,10)	178,645	(30,691)
Receipts from penalties	435,043	1,374,172	4,326,628	2,058,362
Other income receipts, net	307,621	231,242	550,930	655,423
General administrative expenses	(13,360,096)	(14,986,331)	(29,441,900)	(25,204,818)
<b>Increase in operating assets</b>				
Loans to retail customers	38,423,825	(11,762,773)	(66,279,159)	(84,952,870)
Placements with banks	(790,453)	(1,116,523)	523,584	(2,352,100)
Investment securities	(8,861,775)	(162,243)	3,847,581	(3,608,008)
Other assets	(1,126,307)	(356,256)	(182,975)	(264,133)
<b>Increase (decrease) in operating liabilities</b>				
Current accounts and deposits from customers	(11,314,897)	11,757,154	30,432,150	42,762,152
Deposits and balances from banks	(1,477,964)	(8,915,008)	267,172	23,960,340
Certificates of deposit	(944,137)	7,326,803	12,149,388	6,746,895
Other liabilities	3,607,794	256,924	179,919	73,052
<b>Net cash provided from (used in) operating activities before income tax paid</b>	<b>38,005,550</b>	<b>23,621,702</b>	<b>27,291,544</b>	<b>24,065,075</b>

Statement of Cash Flows, KZT'000	1H 2020 (unaudited)	1H 2019 (unaudited)	2019 (audited)	2018 (audited)	
Income tax paid	(3,595,191)	(2,807,842)	(9,449,619)	(6,504,758)	
	34,410,359	20,813,860	17,841,925	17,560,317	
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of property, equipment and intangible assets	(3,251,897)	(1,004,477)	(3,469,171)	(4,363,391)	
Proceeds from sale of property and equipment	16,740	21,157	29,135	58,075	
	(3,235,157)	(983,320)	(3,469,171)	(4,305,316)	
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts from other borrowed funds	1,000,000	-	57,584,807	46,793,733	
Repayments from other borrowed funds	(1,000,000)	(20,458,350)	(48,165,300)	(29,006,700)	
Issue of debt securities	45,000	52,450	5,033,700	28,179,045	
Repayment of debt securities	(10,000,000)	(6,768,502)	(14,768,502)	-	
Dividends paid	-	(9,000,015)	(17,500,015)	(5,000,002)	
Payments on lease liabilities	(586,227)	(564,511)	(1,457,824)	-	
	(10,541,227)	(36,738,928)	(19,273,134)	40,966,076	
Net increase (decrease) in cash and cash equivalents	20,633,975	(16,908,388)	(4,900,380)	54,221,077	
Effect of changes in exchange rates on cash and cash equivalents	1,078,830	(343,093)	(206,367)	1,827,500	
Effect of changes in ECL in cash and cash equivalents	131	-	472		
Cash and cash equivalents as at the beginning of the year	65,153,329	70,259,604	70,259,604	14,211,027	
Cash and cash equivalents as at the end of the year	86,866,265	53,008,123	65,153,329	70,259,604	
Statement of Changes in Equity, KZT'000	Share capital	Fair value reserve	Hedging reserve	Retained earnings	Total equity
Restated balance as at 1 January 2018	5,199,503	(33,922)	-	38,930,454	44,096,035
Total comprehensive income for the year	-	107,286		23,726,226	23,833,512
Dividends declared and paid	-	-		(5,000,002)	(5,000,002)
Balance as at 31 December 2018	5,199,503	73,364	-	57,656,678	62,929,545
Profit for the period	-	-	-	19,280,222	19,280,222
Total other comprehensive income for the period	-	58,788	-	-	58,788
Total comprehensive income for the period	-	58,788	-	19,280,222	19,339,010
Dividends declared and paid	-	-	-	(9,000,015)	(9,000,015)
Balance as at 30 June 2019 (unaudited)	5,199,503	132,152	-	67,936,885	73,268,540
Balance as at 1 January 2019	5,199,503	73,364	-	57,656,678	62,929,545
Total comprehensive income for the year	-	(31,435)	-	36,509,521	36,478,086
Dividends declared and paid	-	-	-	(17,500,015)	(17,500,015)
Balance as at 31 December 2019	5,199,503	41,929	-	76,666,184	81,907,616
Profit for the period	-	-		10,888,277	10,888,277
Total other comprehensive income for the period	-	(49,358)	407,934	-	358,576

Total comprehensive income for the period	- (49,358)	407,934	10,888,277	11,246,753
<b>Balance as at 30 June 2020 (unaudited)</b>	<b>5,199,503 (7,429)</b>	<b>407,934</b>	<b>87,554,461</b>	<b>93,154,469</b>

## 8. Other information relating to the Issuer

### 8.1. Information about auditors

The independent auditors of the Issuer are KPMG Audit LLP, a company registered under the Laws of the Republic of Kazakhstan, a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. Registered address is P180 Dostyk Avenue, Almaty, Republic of Kazakhstan. KPMG Audit LLP operates under a state licence on auditing number 0000021 dated 6 December 2006 issued by the Ministry of Finance of the Republic of Kazakhstan. KPMG Audit LLP is a member of the Chamber of Auditors of the Republic of Kazakhstan. KPMG Audit LLP does not have a material interest in the Bank.

### 8.2. Connected Persons

#### *If a Connected Person is a controller, information about that Person:*

- HCRU is the sole direct shareholder of the Issuer and 100% indirect subsidiary of Home Credit Group B.V.;
- Home Credit Group B.V. is a direct subsidiary of PPF Financial Holdings B.V.;
- PPF Financial Holdings B.V. is a direct subsidiary of PPF Group N.V.; and
- The ultimate controlling person of Home Credit Group B.V. is Mr. Petr Kellner, citizen of the Czech Republic who exercises control through PPF Group N.V. and PPF Financial Holdings B.V.

Measures to ensure that control over the Issuer is not abused are provided for by the JSC Law and include, among others, the following:

- election of independent directors – members of the Board of Directors;
- specific rules for entering into major transactions and related party transactions;
- disclosure of information on corporate events; and
- other measures.

There are no arrangements known to the Issuer, the operation of which may result in a change in control of the Issuer.

### 8.3. Legal and other proceedings against the Issuer

There are no governmental, significant legal or other proceedings (including any such proceedings which are pending or threatened and of which the Bank is aware) which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the Bank and/or the Group's financial position or profitability.

### 8.4. Other significant matters

As of the date of this Prospectus there are no other significant matters that investors would reasonably require in relation to the Issuer and the Issuer's jurisdiction.

## 9. Responsibility for the Content of Prospectus

### 9.1. Responsibility Statement

A Responsibility Statement is included in Schedule 1 to this Prospectus.

### 9.2. Signing of the Prospectus by directors of the Issuer

The Prospectus was signed by the Board of Directors of the Issuer on 28 December 2020.

### 9.3. Expert opinions included in a Prospectus

No expert's opinion, statement or report is included in this Prospectus, except for the Annual Financial Statements of the Bank that have been audited by KPMG Audit LLP, as stated in their report appearing in this Prospectus.

## 10. Documents on Display

Copies of the following documents may be inspected at, and are available from, the office of the Issuer at 248 N. Nazarbayev Avenue, Almaty, Republic of Kazakhstan, 050059, telephone number: +7 727 244 5457, during normal business hours on any weekday (except for Saturdays, Sundays and public holidays) and/or on the Issuer's website <https://homecredit.kz>, so long as the Bonds are listed on the AIX:

- this Prospectus, Offer Terms and any supplements thereto;

- the Charter;
- audited financial statements as at and for the year ending 31 December 2019, which include comparative data as at and for the year ending 31 December 2018, unaudited financial statements for 6 months ending 30 June 2020 and unaudited financial statements for six months ending 30 June 2019.

## SECURITIES NOTE

### 1. Key information

#### 1.1. Risk factors material to the Securities

##### ***The Bonds are subject to modification, waivers and substitution***

The terms and conditions of the Bonds contain provisions for calling meetings of Bondholders to consider certain matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders. Therefore, the terms of the Bonds are subject to modification, waivers and substitution, and in certain cases without prior notification or consent of the Bondholders.

##### ***Bank will need to maintain the listing of Bonds on the official securities list of the AIX in order for the holders of Bonds to enjoy the tax exemptions provided under the AIFC Law***

Under the AIFC Law, interests and dividends paid on the securities and capital gains derived from sale of the securities will be exempt from taxation in Kazakhstan until 1 January 2066 provided that such securities are included on the official securities list of the AIX at the time the dividends and interests are accrued and at the date of their sale. The provisions of the AIFC Law in terms of tax benefits are broader than the provisions of the Tax Code, which provides more flexibility and advantages to holders of the securities. Accordingly, if the Bonds are delisted from the official securities list of the AIX for any reason, the holders of the Bonds will lose the tax benefits under the AIFC Law. If the Bonds are delisted from the AIX, the holders of the Bonds will have to follow the common practice established by the Tax Code.

##### ***The market price of the Bonds may be volatile.***

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

In particular, the markets for securities bearing emerging market risks, such as risks relating to Kazakhstan, may be volatile. Markets for such securities are, to varying degrees, influenced by economic and securities market conditions in other emerging market countries. Although economic conditions are different in each country, investors' reactions to developments in one country may affect securities of issuers in other countries, including Kazakhstan.

##### ***Insolvency laws in Kazakhstan may not be as favourable to holders of Bonds as insolvency laws of another jurisdiction with which Bondholders may be familiar***

The Bank is organised in Kazakhstan and is subject to the bankruptcy laws of Kazakhstan. From the moment bankruptcy proceedings are initiated, a Kazakhstan debtor is prohibited from paying any outstanding debts predating the bankruptcy proceedings, with specific exceptions. After the initiation of bankruptcy proceedings, any claims against the Bank by creditors can only be brought within the framework of bankruptcy procedures and it is forbidden to enforce the creditor's rights against property of the debtor or to debit its accounts. Contractual provisions which would accelerate the payment of the debtor's obligations upon the occurrence of certain bankruptcy events are not enforceable under Kazakhstan bankruptcy law. In addition, an administrator may apply to a court to set aside certain contracts. Specifically, Kazakhstan bankruptcy law provides that transactions or payments entered into or made (i) at any time prior to the commencement of bankruptcy proceedings which infringe Kazakhstan law or (ii) within the period beginning three years prior to commencement of the bankruptcy proceedings for no consideration or below market rates, without sound reasons and which prejudice other creditors, may be declared void by a Kazakhstan court. Under current legislation, significant uncertainty remains with respect to the outcome of a bankruptcy proceeding in Kazakhstan. Moreover, the Bank's obligations, including the Obligations under the Bonds, may be forcibly restructured, if the FRMDA applies measures to the Bank after it has been recognised as an insolvent bank pursuant to the Banking Law. The Bondholders may not request redemption of the Bonds in case the FRMDA applies measures to the Bank after it has been recognised as an insolvent bank pursuant to the Banking Law. The Banking law also provides for liquidation procedure of a bank and consequences which a bank may face in case of deterioration of its financial condition.

#### 1.2. Reasons for the offer

##### **Use of proceeds**

The proceeds of the offering will be used for general corporate purposes, including the financing of the Issuer's growth and expansion plans, of the retail consumer and card loans business, and the refinancing of existing indebtedness. The exact principal intended use of proceeds of a particular Tranche, estimated net amount and priority of such uses (if applicable) can be determined by the governing bodies of the Issuer in accordance with their competence and may be specified in the Offer Terms of such Tranche.

### 1.3. Creditworthiness of the Issuer

<b>Earnings coverage ratio</b>	According to the Issuer's audited financial statements, earnings coverage ratio for 2019 is equal to 2.6.
<b>Relevant credit ratings</b>	<p>The Issuer has the following credit ratings affirmed by Fitch Ratings on 1 October 2020.</p> <ul style="list-style-type: none"> <li>• Long Term Issuer Default Rating; Affirmed; B+; RO: Stable</li> <li>• Short Term Issuer Default Rating; Affirmed; B</li> <li>• Local Currency Long Term Issuer Default Rating; Affirmed; B+; RO: Stable</li> <li>• National Long Term Rating; Affirmed; BBB (kaz); RO: Stable</li> <li>• Viability Rating; Affirmed; b+</li> <li>• Support Rating; Affirmed; 4 <ul style="list-style-type: none"> <li>- senior unsecured; Long Term Rating; Affirmed; B+</li> <li>- senior unsecured; National Long Term Rating; Affirmed; BBB (kaz)</li> </ul> </li> </ul>
<b>Risk factors that may affect the Issuer's ability to fulfil its obligations under the Securities to investors</b>	For a discussion of certain investment considerations relating to Kazakhstan and the Bonds that prospective investors should carefully consider prior to making an investment in the Bonds, see in paragraph 2.2 ( <i>Risk factors</i> ) of the Registration Document and paragraph 1.1 ( <i>Risk factors material to the Securities</i> ) of this Securities Note.

## 2. Information relating to the securities offered/admitted to trading

### 2.1. General information relating to Securities

<b>Form of the Bonds</b>	The Bonds will be issued in fully registered dematerialised form under the Acting Law of the AIFC.
<b>Aggregate principal amount of the Programme</b>	US\$ 300,000,000 2-year Zero-Coupon Bond Programme.
<b>Issuance</b>	<p>The Bonds under the Programme to be issued in Tranches. The Programme may be comprised of one or more Tranches issued on the same or different dates.</p> <p>Each Tranche will be subject to the relevant Offer Terms which, for the purposes of that Tranche only, completes this Prospectus and which must be read in conjunction with this Prospectus. For the avoidance of doubt, the terms and conditions set out in this Prospectus shall be applicable to each Tranche of Bonds issued under the Programme and will be completed by the relevant Offer Terms. The form of Offer Terms is set out in Schedule 2 to this Prospectus.</p>
<b>Nominal value</b>	US\$1,000 per one Bond.
<b>Type of securities</b>	Senior, unsecured zero-coupon Bonds (book-entry form). The records are maintained by Astana International Exchange Registrar Limited, a company incorporated in AIFC under company identification number 180840900010 with its registered office at Mangilik El Avenue, building 15, Nur-Sultan, Kazakhstan.
<b>Admission to listing and trading</b>	Application has been made to list the Bonds described in this Prospectus on the Official List of the AIX and for trading on the AIX. The Issuer, at its own discretion, may apply for Bonds issued under the Programme to be admitted to the "bonds" category of the "debt securities" sector of the "main" platform of the official list of the KASE, subject to the rules of such other stock exchange and applicable law.
<b>Registrar</b>	AIX Registrar. AIX Registrar shall keep securities of its clients and process and settle securities transactions by transferring electronic records between the respective holders thereof. AIX Registrar provides various services, including storage, processing and settlement on securities.
<b>Depository</b>	AIX CSD. AIX CSD holds securities for AIX Market Participants and their clients and facilitates clearance and settlement of securities transactions between these participants through electronic book entry changes in



	accounts of such participants. AIX CSD provides, among other things, services for safekeeping, administration, clearance and settlement of traded securities and securities lending and borrowing.
<b>Governing law, jurisdiction and arbitration</b>	<p>The Bonds and any non-contractual obligations arising out of, or in connection with, the Bonds shall be governed by, and construed in accordance with, the laws of the AIFC.</p> <p>The Issuer has agreed herein the conditions in favor of the Bondholders that any claim, dispute or discrepancy of any nature arising out of, or in connection with, the Bonds (including claims, disputes or discrepancies regarding the existence, termination thereof, or any non-contractual obligations arising out of, or in connection with, the Bonds) shall be brought to, and finally resolved by, the Court of the AIFC in accordance with the rules thereof.</p>
<b>Currency</b>	U.S. Dollar.
<b>Ranking</b>	The Bonds shall constitute direct, general and unconditional obligations of the Issuer which will rank <i>pari passu</i> among themselves and rank <i>pari passu</i> , in terms of payment rights, with all other current or future unsubordinated and unsecured obligations of the Issuer, except for liabilities mandatorily preferred by applicable law.
<b>Issue Date</b>	Issue Date of each Tranche shall be specified in the relevant Offer Terms
<b>Maturity Date</b>	To be determined in Offer Terms of each Tranche
<b>Redemption and purchase</b>	Bonds will be redeemed and/or purchased in accordance with paragraphs 4.7( <i>Scheduled redemption</i> ) and 4.8 ( <i>Purchase</i> ) of this Securities Note.
<b>Interest</b>	No interest shall be paid to Bondholders.
<b>Rights attaching to the Bonds</b>	<p>The Bondholders have the right to:</p> <ul style="list-style-type: none"> <li>• receive nominal value of the Bonds on terms and conditions set out by this Prospectus and relevant Offer Terms;</li> <li>• transfer the Bonds in accordance with their terms and conditions of the Bonds;</li> <li>• receive information on the Issuer and its activity subject to applicable laws;</li> <li>• attend, participate in and vote at meetings of Bondholders in accordance with the terms and conditions of the Bonds;</li> <li>• to request, subject to paragraph 4.133 (<i>FMRDA's actions</i>) of this Securities Note, that the Bonds become due at the Early Redemption Value upon occurrence of an Event of Default, which is continuing, provided that the Issuer receives written notices from Bondholders of not less than two thirds in aggregate principal amount of Bonds requesting early repayment in accordance with paragraph 4.4 (<i>Events of Default</i>) of this Securities Note.</li> </ul> <p>The Bondholders may have other rights provided for by applicable law.</p>
<b>Issue restrictions</b>	No amendment shall be made by the Issuer to the terms and conditions of the Bonds unless the Issuer has secured prior written consent(s) of the Bondholders of at least three-fourth in principal amount of the Bonds then outstanding.
<b>Selling restrictions</b>	<p>The offering and sale of the Bonds is subject to applicable laws and regulations.</p> <p>The Bonds will be issued in accordance with the laws of the AIFC and will be offered at the territory of the AIFC only. The Bonds may not be sold in other jurisdictions, including without limitation the United Kingdom, the European Economic Area, other than in compliance with applicable laws and regulations. The Bonds have not and will not be registered under the U.S. Securities Act of 1933 or the securities laws of any state of the United States and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons.</p>

<b>Restrictions on the free transferability</b>	The Bonds are freely transferable in accordance with the laws of the AIFC and the AIX rules.
<b>Time limit for claims</b>	Any claim against the Issuer in respect of the Bonds shall become invalid, unless it is filed within 3 years (in the case of principal payments) from the date of the relevant payment in respect of the Bonds.
<b>Representation of the Bondholders</b>	There will be no representation of Bondholders.
<b>Miscellaneous</b>	For the purposes of any calculation specified herein, a value shall be accurate to two decimal places.

### 3. Terms and conditions of the offer

<b>Number of Bonds offered</b>	300,000 Bonds.
<b>Offer Price</b>	<p>The exact Offer Price shall be at discount to a face value and determined in accordance with the relevant Offer Terms of each Tranche.</p> <p>The number and size of Tranches will depend on future needs in financing based on the market conditions. Each Tranche's Offer Terms will be submitted to the AIX as a supplement document to this Prospectus.</p>
<b>Categories of potential investors</b>	The Bonds will be publicly offered to a wide range of investors in Kazakhstan in compliance with the applicable laws of the AIFC and the AIX rules.
<b>Conflict of interest</b>	No person involved in the offering has any interest in the offering, which is material to the offering.
<b>Offering method</b>	Offering of the Bonds will be made through direct trades using counter orders for securities debit/credit or platform of the trading system of the AIX in accordance with the AIX Markets Listing Rules and relevant AIX market notice.
<b>Offer period and allotment date</b>	The offer period including opening and closing dates and the date of allotment of the Bonds shall be specified in the relevant Offer Terms of each Tranche.
<b>Advisors to the Issuer</b>	"BCC Invest" JSC is a financial advisor to the Issuer.
<b>Authorisations</b>	The issue of the Bonds was approved by the resolution of the Board of Directors of the Issuer No. 42/2020 dated 28 December 2020.
<b>Clearing and settlement</b>	<p>In order to purchase the Bonds, investors are required to have an account opened with a brokerage company admitted as an AIX Trading Member and an AIX CSD Participant. The Bonds will be held on behalf of investors in the relevant AIX Trading Member's custodial account at AIX CSD. An SPA must be concluded and payment shall be made by transferring money using current account with the Bank. Once approved by the Issuer, the brokerage company will execute counter orders, resulting in debit of the Bonds from the Issuer's account with the broker and credit of the Bonds to an investor's account with the brokerage company through the system of the AIX CSD. English version of the form of SPA is set out in Schedule 3 to this Prospectus.</p> <p>Alternatively, the payment and settlement may be made through the settlement system of the AIX CSD in accordance with the rules and regulations of the AIX CSD.</p>
<b>Notification process for investors</b>	<p>Prior to the start of the trading process the Issuer will communicate the information relating to an offering by means of Offer Terms related to each particular Tranche. The Offer Terms will be published on the Issuer's website and, before admission to trading, on AIX' website.</p> <p>Dealings in the Bonds shall not commence prior to the Admission or prior to the said notification.</p>
<b>Paying agent</b>	The Issuer did not appoint a Paying agent for the Bonds.
<b>Underwriter</b>	The Issuer did not appoint an underwriter for the Bonds.

## Placing agent

The Issuer did not appoint a placing agent for the Bonds.

## 4. Other Information

### 4.1. Payment

Each payment in respect of a Bond (including, but not limited to, nominal value of a Bond, Early Redemption Value or any penalty) will be made to the Person shown on the register that the Issuer shall procure to be kept by the AIX Registrar in accordance with the AIX Registrar's regulations at the close of business of a day prior to the day on which such payment becomes due (the "**Record Date**"). The Issuer has the right to make any payment in respect of a Bond within 15 calendar days following the date on which such payment becomes due (the "**Payment Period**"). If the last day of the Payment Period is not a Business Day, the last day of the Payment Period falls on the next following Business Day. For the avoidance of doubt, any amount paid after it becomes due, but within the Payment Period will not constitute an Unpaid Amount (as defined in paragraph 4.2 (*Penalty*) of this Securities Note), and the Issuer will not pay to the Bondholder any penalty in respect of such amount. The payments shall be paid by money transfer in US\$ to the current bank accounts of the holders of the Bonds specified in the register of Bondholders as at the Record Date. In case a nominee is only available for the Issuer as at the Record Date, the respective amounts shall be paid to the current account of the nominee who shall be responsible for delivering of the payments to the Bondholders.

### 4.2. Penalty

The Issuer shall pay a penalty to the Bondholders for each day, on which any amount payable under the Bonds remains due and unpaid (the "**Unpaid Amount**"), at the rate equal to SOFR effective for the appropriate day. The amount of penalty payable per any Unpaid Amount in respect of any Bonds and for any period for which the Unpaid Amount is pending ("**Penalty Period**") shall be equal to the product of SOFR effective for each day of the Penalty Period and the Unpaid Amount for that day aggregated for the whole Penalty Period divided by 360, rounding the resultant figure to the nearest cent, half of any such cent being rounded upwards.

### 4.3. Covenants

For so long as any Bond remains outstanding:

- **Mergers:** the Issuer will not undertake any reorganisation as a legal entity unless (i) such reorganisation of the Issuer occurs per the operation of law, (ii) such reorganization means merger with any member of the Group, PPF Group N.V. or any of its affiliates, (iii) the Bank is the surviving entity of such reorganization and the reorganization does not have material adverse effect on the Bank's performance of its payment obligations relating to the Bonds or unless (iv) the meeting of Bondholders approves in advance such a reorganisation by Bondholders holding Bonds representing at least three-fourths of the aggregate principal value of the Bonds present at the meeting at the time when the vote is being taken;
- **Listing:** The Issuer shall comply with all obligations applicable to it due the Bonds being listed in the Official List of the AIX and whose breach is reasonably likely to cause delisting of the Bonds from the Official List of the AIX.

### 4.4. Events of Default

Each of the following events constitutes an event of default (each, an "**Event of Default**"):

- **Nonpayment:** the Issuer fails to pay the nominal value or Early Redemption Value (as applicable) of any of the Bonds (either in whole or in part) when the same becomes due and payable (and always subject to the right of the Issuer to pay such amounts during the Payment Period as set out in paragraph 4.1 (*Payment*) of this Securities Note), by declaration or otherwise, and such default continues for a period of 5 (five) Business Days.
- **Breach of other obligations:** the Issuer is in default in the performance, or is otherwise in breach, of any covenant, obligation, undertaking or other agreement under the Bonds and such default or breach is not remedied within 20 Business Days after notice thereof has been given to the Issuer, as the case may be, by the Bondholders of not less than two thirds in aggregate principal amount of Bonds then outstanding.
- **Cross default:** Any Financial Indebtedness owed to any lender of the Issuer is not paid when due as a result of an event of default (however described), or is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default. This provision does not apply to any Financial Indebtedness of the Issuer which does not exceed US\$ 15,000,000 (or equivalent in other currency).
- **Bankruptcy:** (i) any Person shall have instituted a proceeding or entered a decree or order for the appointment of a receiver, administrator or liquidator in any insolvency, rehabilitation, readjustment of

debt, marshalling of assets and liabilities, moratorium of payments, compulsory restructuring of obligations or similar arrangements involving the Issuer or all or substantially all of its property and such proceeding, decree or order shall not have been vacated or shall have remained in force undischarged or unstayed for a period of 60 days; or (ii) the Issuer shall institute proceedings under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect to be adjudicated a bankrupt or shall consent to the filing of a bankruptcy, insolvency or similar proceeding against it or shall file a petition or answer or consent seeking reorganisation under any such law or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver, administrator or liquidator or trustee or assignee in bankruptcy or liquidation of the Issuer or in respect of its property, or shall make an assignment for the benefit of its creditors or shall otherwise be unable or admit its inability to pay its debts generally as they become due or the Issuer commences proceedings with a view to the general adjustment of its Indebtedness which event is materially prejudicial to the interests of the Bondholders.

Upon occurrence of an Event of Default, the Issuer shall make a respective public disclosure on the internet website of the AIX at [www.aix.kz](http://www.aix.kz) and on the internet website of the Issuer at [www.homecredit.kz](http://www.homecredit.kz). If, following the occurrence of an Event of Default which is continuing and always subject to paragraph 4.133 (*FMRDA's actions*) of this Securities Note, the Issuer receives at its registered office written notices from Bondholders of not less than two thirds in aggregate principal amount of Bonds then outstanding ("**Qualified Majority**") requesting early repayment ("**Notified Principal Amounts**"), then all the Bonds become due five Business Days following the day on which the Issuer has received a notice from a Bondholder with respect to such principal amounts of Bonds which when aggregated with the previously Notified Principal Amounts reached for the first time the Qualified Majority ("**Early Redemption Date**"). The Bonds will be redeemed at the Early Redemption Value calculated as at the Early Redemption Date within the Payment Period in accordance with paragraph 4.1 (*Payment*) of this Securities Note.

#### 4.5. Meetings of Bondholders

- The Issuer may from time to time call meetings of Bondholders for the purpose of consultation with Bondholders or for the purposes of obtaining the consent of Bondholders on matters which in terms of this Prospectus require the approval of a Bondholders' meeting.
- A meeting of Bondholders shall be called by the Issuer by giving the Bondholders not less than 14 days' notice in accordance with paragraph 4.6 (*Notices*) of this Securities Note. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of this Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this paragraph 4.5 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.
- The amendment or waiver of any of the provisions of and/or conditions contained in this Securities Note, or in any other part of the Prospectus, may only be made with the approval of the Issuer and of the Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.
- A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, at least two Bondholders present, in person or by proxy, representing not less than 50% of the aggregate principal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within 30 minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Issuer to the Bondholders present at that meeting. The Issuer shall within 2 (two) Business Days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than 7 (seven) days, and not later than 15 days, following the original meeting. At an adjourned meeting: the number of Bondholders present, in person or by proxy, shall constitute a quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.
- Any person who in accordance with the Charter is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders.
- Once a quorum is declared present by the chairman of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the Issuer or its representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed

by the Issuer to a vote of the Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.

- The voting process shall be managed by the Issuer's secretary or any other person appointed by the Issuer.
- The proposal placed before a meeting of Bondholders shall only be considered approved if approved by Bondholders carrying Bonds representing at least 75% of the aggregate principal value of the Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy.
- Save for the above, the rules generally applicable to proceedings at general meetings of shareholders of the Issuer shall apply to meetings of Bondholders.

#### **4.6. Notices**

##### ***To the Bondholders***

All notices to the Bondholders shall be deemed to have been duly given if, so long as the Bonds are listed on the AIX and so long as the rules of the AIX so require, by publication (i) on the internet website of the AIX at [www.aix.kz](http://www.aix.kz) or (ii) otherwise in accordance with the regulations of the AIX. If the Bonds cease to be listed on the AIX, any notice shall be deemed to have been duly delivered by publication on the internet website of the Issuer at [www.homecredit.kz](http://www.homecredit.kz).

##### ***To the Issuer***

Notices to the Issuer will be deemed to be validly given if delivered to the Issuer at 248 N. Nazarbayev Avenue, Almaty, Kazakhstan for the attention of the Chairman of the Management Board and will be deemed to have been validly given when delivered.

#### **4.7. Scheduled redemption**

Unless previously redeemed or purchased and cancelled as provided below, each Bond will be redeemed at its principal amount on the Maturity Date or within the Payment Period in accordance with paragraph 4.1 (*Payment*) of this Securities Note as determined by the Issuer.

#### **4.8. Purchase**

The Issuer may at any time purchase Bonds at any price in the open market or otherwise. Bonds so purchased may be held, rescinded or resold or surrendered by the Issuer for cancellation at the option of the Issuer.

Any Bonds so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meeting of the Bondholders and shall not be deemed to be outstanding for the purpose of calculating quorums at meetings of Bondholders.

#### **4.9. Redemption at the option of the Issuer**

The Issuer may, at any time, on giving not more than 30 nor less than 15 calendar days' notice to the Bondholders in accordance with paragraph 4.6 (*Notices*) of this Securities Note (which notice shall specify the date fixed for redemption) redeem all or some of the Bonds at a redemption on the day specified in such notice at the Early Redemption Value calculated as at the day specified for redemption in the notice if:

- (a) on the occasion of the next payment due under the Bonds, the Issuer has or will become obliged to pay any additional amounts on account of any taxes or duties of whatever nature in respect of any payment to be made by the Issuer with respect to the Bonds as a result of any change in or amendment to, the laws or regulations of the tax legislation or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche and such obligation cannot be avoided by the Issuer taking reasonable measures available to it;
- (b) there are changes to the regulations related to the Bonds (including but not limited to prudential coefficients of Net Stable Funding Ratio and Liquidity Coverage Ratio) that may have negative impact on the Issuer prudential compliance and/or ability to perform its obligations with respect to the Bonds.

#### **4.10. Residual amount outstanding redemption at the option of the Issuer**

If 70 per cent or more of the aggregate principal amount of the Bonds originally issued shall have been repurchased or redeemed in accordance with the terms and conditions of the Bonds, the Issuer may, on giving not more than 30 nor less than 15 calendar days' notice to the Bondholders in accordance with paragraph 4.6 (*Notices*) of this Securities Note (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem on the expiry date of such notice all (but not some only) of the Bonds that remain outstanding at the Early Redemption Value calculated as at the expiry date of the notice.

#### **4.11. Taxation**

The following statements are intended only as a general guide to the main Kazakhstan tax consequences, which will apply to holders of the Bonds. It does not purport to be a comprehensive analysis of all the tax consequences applicable to all types of holders of Bonds and is based on current law, which may be subject to change. Tax legislation of an investor's jurisdiction and of Kazakhstan may have an impact on the income received from the Bonds. Any person who is in any doubt as to its tax position, or who is subject to taxation in any jurisdiction should seek professional advice immediately.

#### ***Exempt disposals of securities under the AIFC law***

Under the AIFC law, capital gains derived by the holders of the Bonds from the sale of their Bonds will be exempt from taxation in Kazakhstan until 1 January 2066 if the securities are included in the Official List of the AIX as at the date of their sale. Accordingly, by virtue of the Bonds being admitted to the Official List of the AIX, any income derived from the sale of Bonds included in the Official List of the AIX as at the date of their sale will be exempt from taxation in Kazakhstan.

#### ***Taxation of interests on the securities under the AIFC law***

Under the AIFC law, any interest on the securities listed on the AIX will be exempt from taxation in Kazakhstan until 1 January 2066 if such securities are included in the Official List of the AIX at the time the interests are accrued. Accordingly, following the admission of the Bonds to the Official List of the AIX, interests paid on the Bonds will be exempt from taxation in Kazakhstan.

### **4.12. Further issues and further indebtedness**

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further debentures, debenture stock, bonds, loan notes, or any other debt securities, either having the same terms and conditions as any outstanding debt securities of any series (including the Bonds) so that such further issue shall be consolidated and form a single series with the outstanding debt securities of the relevant series (including the Bonds), or upon such terms as the Issuer may determine at the time of their issue.

### **4.13. FMRDA's actions**

The Bonds may be forcibly restructured in the event the FMRDA applies certain settlement measures to the Bank (as an insolvent bank) in accordance with the procedures provided for by the Banking Law. The holders of the Bonds shall have no right to demand early performance of obligations to them and redemption of the Bonds in case settlement measures provided for by the Banking Law are applied to the Issuer (as an insolvent bank).

## **5. Other information**

### **5.1. Audit and source of information including use of expert reports**

Audited financial statements prepared by the Bank's auditors, KPMG Audit LLP, are available on the Issuer's website at <https://homecredit.kz> in compliance with 1.3.5 of the AIFC Market Rules.

## **6. Admission to trading**

<b>Admission to:</b>	<b>Proposed date</b>	<b>Actual date</b>
an Official List of the AIX; and	15 <sup>th</sup> January 2021	15 <sup>th</sup> January 2021
trading on the AIX	18 <sup>th</sup> January 2021	18 <sup>th</sup> January 2021

### **An estimate of the total expenses related to the admission to trading**

Fees associated with the Admission pursuant to the AIX Fee Schedule.

## GLOSSARY OF FREQUENTLY USED DEFINED TERMS

<b>“Admission”</b>	has the meaning given to it on the title page of this Prospectus.
<b>“AIFC”</b>	means Astana International Financial Center.
<b>“AIX”</b>	means Astana International Exchange.
<b>“AIX CSD”</b>	means Astana International Exchange Central Depository.
<b>“AIX Registrar”</b>	means Astana International Exchange Registrar.
<b>“Banking Law”</b>	means the Law of the Republic of Kazakhstan No. 2444 “On Banks and Banking Activity in the Republic of Kazakhstan”, dated 31 August 1995 (as amended).
<b>“Banking Licence”</b>	means the banking licence for conducting of banking and other operations №1.2.36/40 issued by the Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan on 3 February 2020.
<b>“Basel III”</b>	means Basel III International Regulatory Framework for Banks (December 2010, updated in June 2011).
<b>“Bondholder”</b>	means a holder of the Bond.
<b>“Bonds” or “Securities”</b>	means the bonds issued by the Issuer under the Programme.
<b>“Business Day”</b>	means a day on which banks and exchange markets are open for business in Nur-Sultan and Almaty.
<b>“Central Securities Depository”</b>	means JSC “Central Securities Depository”.
<b>“Charter”</b>	means the charter of the Bank approved by the decision of the sole shareholder on 1 August 2014 (as amended from time to time).
<b>“Early Redemption Date”</b>	has the meaning given to it in paragraph 4.4 ( <i>Events of Default</i> ) of the Securities Note.
<b>“Early Redemption Value”</b>	<p>means the amount calculated in accordance with the following formula:</p> <p><b>“Early Redemption Value” = <math>OP \times (1 + Y)^y</math></b>, where:</p> <p><b>OP</b> means the Offer Price expressed as an absolute value;</p> <p><b>Y</b> means the yield expressed as a decimal; and</p> <p><b>y</b> is the day count fraction 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the Tranche of the Bonds to (but excluding) the date upon which such Bond becomes due and the denominator will be 360).</p>
<b>“Earnings coverage ratio”</b>	equals to consolidated net income applicable to common shareholders plus income taxes, interest on long-term and short-term debt, divided by interest on long-term and short-term debt.
<b>“EUR”</b>	means the lawful currency of the European Union.
<b>“Event of Default”</b>	has the meaning given to it in paragraph 4.4 ( <i>Events of Default</i> ) of the Securities Note.
<b>“Financial Advisor”</b>	“BCC Invest” JSC as financial advisor to the Issuer.
<b>“Financial Indebtedness”</b>	<p>means any indebtedness for or in respect of:</p> <ul style="list-style-type: none"> <li>(a) moneys borrowed;</li> <li>(b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;</li> <li>(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;</li> <li>(d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with IFRS, be treated as a finance or capital lease;</li> <li>(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);</li> </ul>

- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

<b>“FMRDA”</b>	means the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market.
<b>“Government”</b>	means the Government of the Republic of Kazakhstan.
<b>“Group”</b>	means Home Credit Group B.V. and its subsidiaries.
<b>“HCRU”</b>	has the meaning given to it in paragraph 3.2 ( <i>Group structure</i> ) of the Registration Document.
<b>“IFRS”</b>	means International Financial Reporting Standards as issued by the International Accounting Standards Board.
<b>“Issue Date”</b>	means the date of issue of relevant Bonds.
<b>“Issuer”</b>	Subsidiary Bank Joint-Stock Company “Home Credit and Finance Bank”
<b>“JSC Law”</b>	means the Law of the Republic of Kazakhstan No.415-II “On Joint Stock Companies” dated 13 May 2003, as amended.
<b>“KASE”</b>	means JSC “Kazakhstan Stock Exchange”.
<b>“Kazakhstan”</b>	means the Republic of Kazakhstan.
<b>“KZT” or “Tenge”</b>	means Kazakh Tenge, lawful currency of the Republic of Kazakhstan.
<b>“LCR” or “Liquidity Coverage Ratio”</b>	means the ratio of high-quality liquid assets to net cash outflow as defined and calculated in the regulations of the NBK or the FMRDA.
<b>“Management Board”</b>	means the Management Board of the Issuer as at the date of this Prospectus.
<b>“Maturity Date”</b>	means the date on which relevant Bonds mature.
<b>“NBK”</b>	means the National Bank of the Republic of Kazakhstan.
<b>“NSFR” or “Net Stable Funding Ratio”</b>	means the ratio of available stable funding to required stable funding as defined and calculated in the regulations of the NBK or the FMRDA
<b>“Notified Principal Amounts”</b>	has the meaning given to it in paragraph 4.4 ( <i>Events of Default</i> ) of the Securities Note.
<b>“Offer Price”</b>	means the price at which a Bond is sold to an investor.
<b>“Offer Terms”</b>	has the meaning given to it on the title page of this Prospectus.
<b>“OTC”</b>	means over-the-counter trades
<b>“Payment Period”</b>	has the meaning given to it paragraph 4.1 ( <i>Payment</i> ) of the Securities Note.
<b>“Penalty Period”</b>	has the meaning given to it paragraph 4.2 ( <i>Penalty</i> ) of the Securities Note.
<b>“Person”</b>	means any individual, company, corporation, firm, partnership, joint venture, association, organization, state or agency of a state or other legal entity, whether or not having separate legal personality.
<b>“Programme”</b>	means a US \$300,000,000 2-year zero-coupon bond programme established by the Issuer.
<b>“Prospectus”</b>	means this prospectus approved on 28 December 2020.
<b>“Qualified Majority”</b>	has the meaning given to it in paragraph 4.4 ( <i>Events of Default</i> ) of the Securities Note.
<b>“RUB”</b>	means Russian Ruble, the lawful currency of the Russian Federation.



<b>“Shares”</b>	means common ordinary shares in the share capital of the Issuer.
<b>“SPA”</b>	means a sale and purchase agreement entered into by the Issuer and an investor in respect of the Bonds.
<b>“SOFR”</b>	means the secured overnight financing rate administered by the Federal Reserve Bank of New York (or any other person which takes over the administration of that rate) published by the Federal Reserve Bank of New York (or any other person which takes over the publication of that rate), or for any day for which such rate is not published, the rate published for the immediately preceding day.
<b>“Tax Code”</b>	means the Code of the Republic of Kazakhstan ‘On Taxes and Other Obligatory Payments to the Budget’ (Tax Code) No. 120-VI dated 25 Dec. 2017, as amended.
<b>“Tenge”, or “KZT”</b>	Kazakhstan Tenge, the lawful currency of the Republic of Kazakhstan
<b>“Tranche”</b>	means each series of Bonds issued under the Programme.
<b>“Unpaid Amount”</b>	has the meaning given to it paragraph 4.2 (Penalty) of the Securities Note.
<b>“U.S. Dollar”, or “US\$”</b>	means United States Dollar, the lawful currency of the United States.

## SCHEDULE 1

### RESPONSIBILITY STATEMENT

The Issuer, having taken all the reasonable enquiries, accepts responsibility for this Prospectus (in accordance with Section 69 of the AIFC Financial Services Framework Regulations №18 of 2017 and Part 1 of the AIFC Market Rules №FR0003 of 2017) and confirms that this Prospectus complies with the requirements set out in Section 69 of the AIFC Financial Services Framework Regulations №18 of 2017 and Part 1 of the AIFC Market Rules №FR0003 of 2017 and contains all information which is material in the context of the issue and offering of the Bonds, that the information contained in this Prospectus is correct to the best of their knowledge and that no material facts or circumstances have been omitted.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Bonds shall in any circumstances create any implications that there has been no adverse change, or any event reasonably likely to involve an adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus.

**Subsidiary Bank Joint-Stock Company “Home Credit and Finance Bank”, as the Issuer**

Signature: \_\_\_\_\_

By: Narine Nadirova

Title: Acting Chairman of the Management Board

Date: 28 December 2020



## SCHEDULE 2

### Form of Offer Terms

*Set out below is the form of Offer Terms of the Bonds which will be completed for each Tranche of Bonds issued under the Programme.*

#### SUBSIDIARY BANK JOINT-STOCK COMPANY HOME CREDIT AND FINANCE BANK

##### OFFER TERMS

##### OF THE U.S.\$ [●] BONDS DUE [●] (ISIN: [●]) UNDER THE US\$ 300,000,000 2-YEAR ZERO-COUPON BOND PROGRAMME

The Bonds will be constituted by and have the benefit of a US \$300,000,000 2-year zero-coupon bond programme (the “**Programme**”) established by Subsidiary Bank Joint-Stock Company “Home Credit and Finance Bank” (the “**Issuer**”). The Bonds of this Tranche have been issued under the Programme and in accordance with the Acting Law of the Astana International Financial Center (the “**AIFC**”) (the “**Bonds**”). Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the Prospectus dated [●] 2020 (the “**Prospectus**”). This document constitutes the final Offer Terms of the Bonds (the “**Offer Terms**”) described herein. This document is prepared for the purposes of the AIFC rules and must be read in conjunction with the Prospectus. Full information on the Issuer and the offer of the Bonds is only available on the basis of the combination of these Offer Terms and the Prospectus. The Offer Terms and the Prospectus have been published on the website of the Astana International Exchange (hereinafter the “**AIX**”) at <https://www.aix.kz>.

**The AIX and its related companies and their respective directors, officers and employees do not accept responsibility for the content of the information included in this document including the accuracy or completeness of any information or statements included in it. Liability for this document lies with the issuer of this document and other persons such as Experts whose opinions are included in this document with their consent. Nor has the AIX, its directors, officers or employees assessed the suitability of the securities to which this document relates for any particular investor or type of investor. If you do not understand the contents of this document or are unsure whether the securities are suitable for your individual investment objectives and circumstances, you should consult an authorised financial advisor.**

Terms defined in the Prospectus have the same meanings in these Offer Terms unless they are expressly defined herein.

<b>Issuer</b>	Subsidiary Bank Joint-Stock Company “Home Credit and Finance Bank”
<b>Tranche number</b>	[●]
<b>Type and name</b>	open trading for unsecured zero-coupon Bonds Subsidiary Bank Joint-Stock Company “Home Credit and Finance Bank”
<b>ISIN</b>	[●]
<b>Specified currency</b>	U.S. Dollar
<b>Denomination</b>	US \$1,000
<b>Aggregate nominal amount of Bonds</b>	[●]
<b>Issue price</b>	[●]
<b>Issue Date</b>	[●]

**Maturity Date** [●]

**The offer period opening date** [●]

**The offer period closing date** [●]

**The date of allotment** [●]

**Estimated expenses** [●]

**Estimated net amount of proceeds of the Tranche** [●]

**Use of proceeds** [●]

**Yield** The yield range of the Bonds is expected to be from [●]% to [●]% per annum. The exact yield will be determined in the relevant SPA for OTC trades.

**Offer Price** [●]% of the par value at the Issue Date. Thereafter, the Offer Price will be determined by supply and demand, and fixed in the relevant SPA for OTC trades or by quotes for on-exchange trades.

**Potential investors** [●]

**Advisors to the Issuer** The Issuer appointed “BCC Invest” JSC as a financial consultant in connection with this offering.

**Clearing systems** AIX CSD

## SCHEDULE 3

### Form of sale and purchase agreement (English version)

#### ZERO-COUPON BOND OF SB JSC "BANK HOME CREDIT" SALE AND PURCHASE AGREEMENT

Almaty No. \_\_\_\_ " \_\_\_\_ " \_\_\_\_ / \_\_\_\_ 20 \_\_\_\_ .

SB JSC "Bank Home Credit", hereinafter referred to as "Bank", represented by \_\_\_\_\_, on the one hand, and buyer of zero-coupon bonds (the Bonds), referred to as "Holder", represented by \_\_\_\_\_: ID No. \_\_\_\_\_, issued by \_\_\_\_ dated \_\_\_\_\_ / (or passport data); IIN \_\_\_\_\_; IIC \_\_\_\_\_; SB "Bank Home Credit" JSC; BIC INLMKZKA, on the other hand, have concluded this Agreement on the following:

#### 1. Subject of the Agreement

- 1.1. The Bank shall agree to transfer the Bonds in the manner and on the terms of this Agreement, and the Holder shall accept and make payment for \_\_\_\_ Bonds at the price of \_\_\_\_ US Dollars per Bond, calculated based on yield to maturity \_\_\_\_% per annum which translates into the Offer price of \_\_\_\_% of the Nominal value. The transaction amount is \_\_\_\_ US Dollars.
- 1.2. The Holder shall have the right of ownership from the time the Bonds are credited to the Holder's account with a brokerage company.
- 1.3. Terms of Bond are as follow:
  - 1) **Issue date** \_\_\_\_\_;
  - 2) **Maturity date** \_\_\_\_\_;
  - 3) **Nominal value** 1,000 (one thousand) US dollars. Nominal value of the bond is the value as determined at the time of issue;
  - 4) **Tenor** 24 months from the issue date;
  - 5) **ISIN** \_\_\_\_\_;
  - 6) **Brokerage company** "BCC Invest" JSC;
  - 7) **Payment of the nominal value** payment of the nominal value is made by the Bank within 15 (fifteen) calendar days following the Maturity date.
- 1.4. Other terms and conditions of the Bond issue, circulation and repayment are set out in the Prospectus.

#### 2. Payment and service

- 2.1. The Bank shall undertake to ensure that the Bonds are duly transferred to the Holder's personal account opened with the brokerage company in accordance with the procedure established by the Agreement and the Bank's internal documents, provided that the Holder fulfills clause 2.2 of the Agreement.
- 2.2. On the date of this Agreement, the Holder shall instruct the Bank to debit the transaction amount from his/her current account (IIC) specified above as a payment for the Bonds. If transaction amount is not available on the current account, the Agreement shall be deemed null and void.
- 2.3. For the purpose of the Bonds register and deposit, the Holder opens a personal account with a brokerage company.
- 2.4. Registry, confirmation of rights, and registration of the transaction is carried out by the brokerage company in accordance with the procedures and conditions in accordance with internal documents of the brokerage company.
- 2.5. The nominal value of the Bonds is paid by the Bank by transferring money to the current account of the Holder specified in a register of bond holders as at the Record Date.
- 2.6. Payment of the nominal value of the Bonds is made by the Bank within 15 (fifteen) calendar days following the Maturity date.

#### 3. Rights and obligations of the Holder

- 3.1. The Holder shall have the right to:
  - 3.1.1. require the Bank to fully and timely fulfill its obligations;
  - 3.1.2. request from the Bank internal documents with respect to the procedure of the Bonds.
- 3.2. The Holder must:
  - 3.2.1. provide with documents required by the laws of the Republic of Kazakhstan and internal documents of the Bank and the brokerage company;
  - 3.2.2. pay the transaction amount specified in clause 1.1 of the Agreement on the day of this Agreement;
  - 3.2.3. in accordance with clause 2.5, open a current account in US Dollars with the Bank on the day of this Agreement in accordance with a separate current account agreement and not close it within the tenor of the Bonds. If the current account Holder has a Bank account as at the date of this Agreement, obligation to open a new current account does not apply.
- 3.3. Without prejudice to this clause 3, the Holder shall have other rights and obligations as stipulated in the prospectus.

#### 4. Rights and obligations of the Bank

- 4.1. The Bank shall have right to:
  - 4.1.1. unilaterally abandon its liabilities under this Agreement without prior notice to the Holder in the following cases:

- 1) violation by the Holder of the terms of this Agreement;
- 2) if stipulated by the laws of the Republic of Kazakhstan or the Agreement;
- 4.1.2. require the Holder to provide with information and documents necessary for identification of the Holder;
- 4.1.3. in cases stipulated by the Agreement and/or the laws of the Republic of Kazakhstan, transfer information about the issue of the bonds and / or any necessary information to the third parties, which the Holder unconditionally agrees with.
- 4.2. The Bank must:
  - 4.2.1. in the manner prescribed by the Agreement and the Bank's internal documents, take the necessary actions to transfer the Bonds to personal account of Holder opened with a brokerage company, in order and terms as stipulated by internal documents of the Bank;
  - 4.2.2. accept money received as payment for the Bonds.
  - 4.2.3. pay off the nominal value of the Bonds after their maturity.
- 4.3. Without prejudice to this clause 4, the Bank shall have other rights and obligations as stipulated in the prospectus.

## 5. Redemption of the Bonds

- 5.1. The Bank may announce redemption of the Bonds at any time in accordance with the terms and conditions set out in the prospectus. The Holder has the right to apply for redemption in accordance with the procedures described in the prospectus, relevant decisions and notifications of the Bank.
- 5.2. Early redemption of the Bonds cannot be provided for at the initiative of the Holder.

## 6. Disputes. Responsibilities of the parties

- 6.1. Disputes arising from the proper performance of the Agreement shall be settled through negotiations and in accordance with the laws of the AIFC if the dispute cannot be settled.
- 6.2. The parties shall not be liable for non-performance or improper performance of obligations under the Agreement if such non-performance is caused and prevented due to force majeure circumstances such as war, terrorist acts, natural disasters, strikes, power outages, damage to communication lines, changes in legislation, as well as the adoption by state bodies of regulations that prevent the performance of obligations under the Agreement.

## 7. Other conditions

- 7.1. The Agreement shall come into force from the date of its signing and is valid until the parties fully fulfill their obligations under the Agreement.
- 7.2. By entering into this Agreement with the Bank, the Holder gives its consent to the Bank for collection, processing, storage and use of its personal data in any manner and from any source permitted by the laws of the Republic of Kazakhstan, including publicly available, for the purpose of consulting to the Holder, offering the services of the Bank and its partners to the Holder, concluding and executing contracts, fulfilling the Bank's obligations in accordance with the legislation of the Republic of Kazakhstan and/or foreign jurisdictions, extending its effect on the relationship between the Holder and the Bank with the right of the Bank for the above purposes to transfer personal data to third parties, including cross-border data transfer.
- 7.3. This consent is valid indefinitely until the consent is revoked by sending by the Holder a written application to the Bank. The Holder may not withdraw consent to the collection and processing of personal data in cases where this would contradict to the laws of the Republic of Kazakhstan, or if there are outstanding obligations towards the Bank.
- 7.4. The Agreement is made in Kazakh and Russian languages, which have equal legal force. In case of discrepancies, the Russian text shall prevail.

## 8. Details and signatures of the parties

### BANK

#### Full name:

Subsidiary Bank "Home Credit and Finance Bank" Joint Stock Company

#### Short name:

SB "Bank Home Credit" JSC

#### Address:

248 Nursultan Nazarbayev Ave., Almaty, 050059, Republic of Kazakhstan

**Telephone:** +7 (727) 244 54 84,

+7 (727) 244 54 82, +7 (727) 244 54 84 (fax)

www.homecredit.kz

BIC INLMKZKA, BIN 930540000147

Registration number: 513-1900-AO (IY)

Date of registration (re-registration): 04.04.2013.

### HOLDER

#### Full name: \_\_\_\_\_

Signature of Holder

\_\_\_\_\_ / \_\_\_\_\_

\_\_\_\_\_ / \_\_\_\_\_