

Application of Artificial Intelligence Technology

The Bank has adopted an Artificial Intelligence Technology Policy (hereinafter referred to as the "Policy"), approved by the Bank's Management Board and endorsed by the Bank's Board of Directors. The Policy defines the objectives, tasks and principles governing the application of artificial intelligence technology (hereinafter referred to as "AI") in the provision of banking services, as well as the procedures for the implementation, use and oversight of AI systems within the Bank's operations.

The Policy has been developed in accordance with the legislation of the Republic of Kazakhstan, including the Law of the Republic of Kazakhstan "On Banks and Banking Activities in the Republic of Kazakhstan", the Law of the Republic of Kazakhstan "On Personal Data and Their Protection", the Law of the Republic of Kazakhstan "On Informatization", regulatory acts of the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market, and is also based on the NIST Artificial Intelligence Risk Management Framework and the European Union AI Act.

The Policy is binding on all Bank employees, as well as third parties involved in planning and carrying out activities related to the application of AI technology, including the development, implementation, operation and oversight of AI systems.

1. Key Principles of AI Application

The application of AI within the Bank is based on the following principles:

Lawfulness – strict adherence to ethical and moral standards in the design, development, use and advancement of AI in compliance with the legislation of the Republic of Kazakhstan;

Transparency – ensuring that AI decision-making algorithms are understandable and that the factors influencing decisions can be explained;

Fairness – ensuring equality and recognising the dignity, equal value and rights of every individual, while excluding any form of discrimination;

Reliability – the use of fault-tolerant computing and infrastructure solutions, whereby developers and owners of AI technologies and systems guarantee that they operate solely for their stated purposes, excluding the use of hidden algorithms and undeclared functionalities;

Information Security – maintaining the confidentiality, integrity and availability of the Bank's AI-related information assets;

Confidentiality – compliance with the requirements of the legislation of the Republic of Kazakhstan regarding the collection, processing and storage of data when using AI, ensuring appropriate data protection (including protection against unauthorised access or unlawful processing, transfer, dissemination or storage);

Cyber Resilience – protection against internal and external threats, including data falsification, interference and manipulation;

Risk Orientation – identification of potential risks associated with the use of AI in business processes and implementation of policies for managing such risks;

Controllability – ensuring active human involvement in overseeing and managing decision-making processes, as well as continuous monitoring and critical assessment of AI system performance.

These principles are implemented in consideration of the EU AI Act, upon which the Policy is based. AI systems are guaranteed to operate solely for their declared purposes, excluding hidden algorithms, undeclared functionalities and any form of discrimination, including practices classified by the EU AI Act as prohibited, such as manipulative influence, exploitation of human vulnerabilities, social scoring and unauthorised biometric surveillance.

2. Customer Rights

The Bank ensures the following customer rights:

Right to Know. Customers have the right to know whether AI is involved in decisions affecting their financial assets held with the Bank, in accordance with the legislation of the Republic of Kazakhstan;

Right to Appeal. All decisions made with the involvement of AI may be appealed through an established procedure, including the involvement of a Bank employee and/or representatives of the AI system developer or supplier (where the AI system has been developed for the Bank by external third parties);

Right to Opt Out. Customers may refuse participation in automated processes where such refusal does not contradict the legislation of the Republic of Kazakhstan, including the right to withdraw consent for data collection and processing;

Right to Information on the Use of AI. Upon request, the Bank shall provide customers with the necessary information regarding the use of AI in processing their data, within the framework of the legislation of the Republic of Kazakhstan;

Right to Prevent Disclosure of Personal Data to Third Parties. The Bank does not provide customer data, including anonymised data, to third parties, shared data spaces or similar entities unless such disclosure is required by the legislation of the Republic of Kazakhstan.

3. Internal Risk Assessment

Prior to implementation, each AI system shall undergo an internal risk assessment based on the following criteria: impact on customers, counterparties, employees, business processes and the Bank's reputation; processing and storage of personal, sensitive and protected information; compliance with requirements for the protection of personal data and protected information, including cross-border transfer requirements where the AI system has been developed for the Bank by an external third party; compliance with information security requirements established by the Bank in accordance with the legislation of the Republic of Kazakhstan and the Bank's information security standards; autonomy of decision-making; potential for discrimination; data quality; non-repudiation of actions; and reversibility of decisions by Bank employees.

The assessment is documented in the form of a risk register. Each risk is described (including potential points of occurrence, sources and triggering events) and assessed (financial and non-financial consequences), and mitigation measures are developed for each identified risk. Ethical, technical, operational and regulatory risks must be included in the risk register. Risk protection is implemented through adherence to the three lines of defence model in accordance with the regulatory

acts of the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market and the Bank's internal risk management documents.

4. AI System Lifecycle

The Bank manages the full lifecycle of AI systems, including review, design, development or implementation, testing, commissioning, operation, maintenance, monitoring, continuous performance assessment (including ongoing improvement of AI systems), and decommissioning.

For each AI system, a Business Owner, Data Owner, Operator and IT Manager (Administrator) shall be designated from among the Bank's employees. Information assets involved in, and/or required to support, the AI system shall also be identified.

5. Governance and Oversight

Governance of AI application is entrusted to a collegiate body, the AI Committee, authorised to make decisions regarding AI system implementation and responsible for ensuring centralised AI governance and adherence to AI principles.

The AI Committee shall include, at a minimum, representatives from the Bank's risk management, information technology, information security and data management functions. The Committee determines target areas for AI application. Any AI-related research activities conducted within the Bank must be carried out with mandatory notification of the AI Committee.

The Bank develops and implements internal procedures governing AI application, including the establishment and maintenance of an inventory of AI systems in use, annual reporting on the AI risk profile, AI development and application procedures, a standard risk register and risk management methods, as well as procedures for identifying target areas for AI application.

6. Monitoring and Reporting

To assess the Bank's activities and progress in implementing the principles of the Policy, controls and monitoring are carried out in relation to AI projects and the Bank's compliance with the Policy and the legislation of the Republic of Kazakhstan in the field of AI.

The AI Committee determines the scope, format and frequency of reporting to the Bank's Board of Directors. The Bank unit responsible for data management and AI acts as the owner of and is accountable for the implementation of the Policy.

Bank employees, including officers, shall be held responsible for failure to comply with and/or improper compliance with the provisions of the Policy.