

On approval of the Rules for formation and use of a reasoned judgment

Unofficial translation

Resolution of the Managing Board of the National Bank of the Republic of Kazakhstan dated November 12, 2019 No. 189. Registered with the Ministry of Justice of the Republic of Kazakhstan on November 22, 2019 No. 19643.

Unofficial translation

This resolution shall come into force from January 1, 2020.

In accordance with paragraph 6 of Article 13-5 of the Law of the Republic of Kazakhstan "On State Regulation, Control and Supervision of the Financial Market and Financial Organizations", the Board of the National Bank of the Republic of Kazakhstan **DECIDES**:

Footnote. The preamble is amended by the Resolution of the Board of the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market dated 20.08.2025 № 37 (effective from 31.08.2025).

1. To approve the attached Rules for formation and use of a reasoned judgment.
2. To recognize as invalid:

1) Resolution of the Managing Board of the National Bank of the Republic of Kazakhstan dated October 29, 2018 № 271 "On approval of the Rules for formation and use of a reasoned judgment" (registered in the Register of State Registration of Regulatory Legal Acts under № 17752, published on November 27, 2018 in the Reference Control Bank of Regulatory Legal Acts of the Republic of Kazakhstan);

2) clause 2 of the Resolution of the Managing Board of the National Bank of the Republic of Kazakhstan dated May 31, 2019 № 82 "On amendments and additions to certain regulatory legal acts of the Republic of Kazakhstan on the issues of regulation of the financial market" (registered in the Register of State Registration of Regulatory Legal Acts under № 18823, published on June 17, 2019 in the Reference Control Bank of Regulatory Legal Acts of the Republic of Kazakhstan).

3. The Department of Methodology and Regulation of Financial Institutions in accordance with the procedure established by the legislation of the Republic of Kazakhstan shall ensure:

- 1) jointly with the Legal Department, state registration of this resolution with the Ministry of Justice of the Republic of Kazakhstan;
- 2) placement of this resolution on the official Internet resource of the National Bank of the Republic of Kazakhstan after its official publication;
- 3) within ten working days after state registration of this resolution, submission to the Legal Department of information about implementation of activities, prescribed by subclause 2) of this clause and clause 4 of this resolution.

4. The Department of External Communications – press-service of the National Bank shall ensure within ten calendar days after the state registration of this resolution, sending its copy to the official publication to the printed periodicals.

5. Control over execution of this resolution shall be entrusted to the deputy Chairman of the National Bank of the Republic of Kazakhstan Smolyakov O.A.

6. This resolution shall come into force from January 1, 2020 and is subject to official publication.

Chairman of the National Bank

Ye. Dossayev

Approved
by the resolution
of the Managing Board
of the Republic of Kazakhstan
dated November 12, 2019 № 189

Rules for formation and use of a reasoned judgment

Chapter 1. General provisions

1. These Rules for formation and use of motivated judgment (hereinafter referred to as the Rules) have been developed in accordance with paragraph 6 of Article 13-5 of the Law of the Republic of Kazakhstan "On State Regulation, Control and Supervision of the Financial Market and Financial Organizations" (hereinafter referred to as the Law) and determine the procedure for the formation and use of motivated judgment.

Footnote. Paragraph 1 is amended by the Resolution of the Board of the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market dated 20.08.2025 № 37 (effective from 31.08.2025).

2. In the Rules, the following concepts are used:

1) a collegial body is a body of the authorized body for regulation, control and supervision of the financial market and financial institutions (hereinafter referred to as the authorized body) that makes a reasoned judgment, which composition and the procedure of activities are approved by the Managing Board of the authorized body;

2) supervisory subdivision is a subdivision of the authorized body carrying out control and supervision over the activities of financial institutions and forming a draft of a reasoned judgment of the authorized body;

3) motivated judgment is a reasoned professional opinion of a collegial body of an authorized body, which is the basis for the application of supervisory response measures and decision-making in cases provided for by the Law and laws of the Republic of Kazakhstan "On Banks and Banking Activities in the Republic of Kazakhstan" (hereinafter referred to as the Law on Banks), "On Mortgage of Real Estate", "On Insurance Activities" (hereinafter referred to as the Law on Insurance Activities), "On the Insurance Benefit Guarantee Fund", "On the Securities Market" (hereinafter referred to as the Law on the Securities Market).

Footnote. Paragraph 2 as amended by the Resolution of the Board of the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market dated 20.08.2025 № 37 (effective from 31.08.2025).

3. A reasoned judgement is formed and used by the authorized body in respect of the persons, specified in clause 1 of article 13-5 of the Law, for the purposes of protection of legitimate interests of depositors, creditors, policyholders, customers, investors and correspondents of financial institutions, ensuring financial stability, preventing a deterioration in the financial situation and increasing risks associated with the activities of financial institutions specified in clause 1 of Article 13-5 of the Law, as well as early intervention and the adoption of timely supervisory action.

When using a reasoned judgement, principles, stipulated by part two of clause 3 of article 13-5 of the Law shall be met.

4. A reasoned judgement is used by the authorized body in cases, provided for by part two of clause 2 of article 13-5 of the Law.

Chapter 2. Procedure for formation of a reasoned judgement

5. Development of a draft of a reasoned judgement shall be carried out by the supervisory subdivision.

6. A draft of a reasoned judgement is based on the information, specified in part three of clause 3 of article 13-5 of the Law.

For the purposes of development of a draft of a reasoned judgement, the supervisory subdivision shall use relevant and reliable information. At the same time, the use of oral information shall not be allowed.

Information shall be recognized as relevant if it contains information about the facts, which confirm, refute or question the conclusions about the existence of circumstances that are important for the formation of a reasoned judgment.

Information shall be recognized as reliable if it was obtained by the supervisory unit in a legal way from various sources and represents information about the facts, on the basis of which the supervisory unit determines the presence or absence of circumstances that are important for the formation of a reasoned judgment, and is also documented.

7. When developing a draft of a reasoned judgment in order to apply measures of supervisory response by the supervisory subdivision, the explanations of persons, specified in clause 1 of article 13-5 of the Law, if they are available, shall be taken into account. To receive the mentioned explanations, the supervisory subdivision shall submit a relevant request. Failure to provide explanations by the person, specified in clause 1 of article 13-5 of the Law, within the period, determined by the authorized body and of at least 5 (five) working days from the date of receipt of the request, shall be considered as their absence.

8. The supervisory subdivision sends the draft of a reasoned judgment to the person specified in clause 1 of article 13-5 of the Law, who, within 5 (five) working days from the

date of its receipt, submits to the supervisory subdivision a reasoned response about consent or disagreement with the draft of a reasoned judgment.

Failure to provide a reasoned response by the person, specified in clause 1 of article 13-5 of the Law, within the established period shall be considered as a consent of this person with the draft of a reasoned judgment.

9. According to the results of consideration of a reasoned response on disagreement with a draft of a reasoned judgment in the event of its submission by a person specified in clause 1 of article 13-5 of the Law, the supervisory subdivision shall determine the need to submit a draft of a reasoned judgment for consideration by a collegial body.

When the supervisory unit submits a draft of a reasoned judgment for consideration by a collegial body, it shall be attached with materials (documents), including a reasoned response on the consent or disagreement of the person specified in clause 1 of article 13-5 of the Law with the draft of a reasoned judgment (if available).

10. At the request of the person specified in clause 1 of article 13-5 of the Law, the collegial body shall invite representatives of the person specified in clause 1 of article 13-5 of the Law and (or) representatives of associations of legal entities carrying out activities in the financial market, accredited by the authorized body.

11. According to the results of consideration of a draft of a reasoned judgment and materials (documents) attached to it, the collegial body shall make one of the following decisions:

- 1) a reasoned judgment;
- 2) decision on the absence or insufficiency of grounds for formation and use of a reasoned judgment.

Chapter 3. Procedure for the use of a reasoned judgment

12. A reasoned judgment on the assessment of business reputation is a justified professional opinion of a collegial body about the presence or absence of an impeccable business reputation of:

- 1) a candidate to the position of an executive officer of a bank, a bank holding company, an insurance (reinsurance) company, an insurance holding company, an insurance broker, an organization guaranteeing the implementation of insurance payments, professional participant of the securities market (with the exception of organizations engaged in transfer-agency activities);
- 2) an executive officer (or a candidate, recommended for appointment or election to the position of an executive officer) of a subsidiary company, created, procured by a bank, a bank holding company, an insurance (reinsurance) company, an insurance holding company;
- 3) an executive officer (or a candidate, recommended for appointment or election to the position of an executive officer) of a company, in which a bank, a bank holding company, an

insurance (reinsurance) company, an insurance holding company acquire significant equity participation;

4) an applicant (for an individual) or an executive officer of the applicant (for a legal entity), acquiring the status of a major participant of a bank, an insurance (reinsurance) company, an investment portfolio manager, a bank holding company, an insurance holding company.

13. When assessing the business reputation of the person referred to in paragraph 12 of the Rules, the following cases, facts and (or) circumstances are considered:

1) bringing the person referred to in paragraph 12 of the Rules to criminal responsibility for criminal offenses against the person, against property, in the field of economic activity, including for illegal actions (inaction) that led to insolvency, which led to the forced liquidation of a financial organization, or to classifying the bank as an insolvent bank, for corruption and other criminal offenses against the interests of the civil service and public administration.

When assessing business reputation within the framework of this subparagraph, the fact of compensation by the person specified in paragraph 12 of the Rules for damage caused by a criminal offense is taken into account;

2) the availability of a judicial act on the application of criminal punishment in the form of deprivation of the right to hold the position of a senior employee of a financial institution, a banking and (or) insurance holding company and to be a major participant (major shareholder) of a financial institution for life in relation to the person specified in paragraph 12 of the Rules;

3) the participation of an individual specified in paragraph 12 of the Rules as an accused or defendant in criminal proceedings in connection with criminal offenses against a person, against property, in the field of economic activity, including for illegal actions (inaction) that led to insolvency, which led to the forced liquidation of a financial organization, or classification of the bank to the category of insolvent banks, for corruption and other criminal offenses against the interests of the civil service and public administration;

4) the availability of violations of the requirements of the legislation of the Republic of Kazakhstan or the legislation of another state regulating the professional activity in which the person specified in paragraph 12 of the Rules was engaged (is engaged);

5) evasion of the person specified in paragraph 12 of the Rules from meeting the requirements of international professional standards applied in the Republic of Kazakhstan in terms of ethics and exclusion of conflicts of interest;

6) recognition of a legal entity as insolvent, in which the person specified in paragraph 12 of the Rules was an official and (or) a major shareholder (major participant), during the period of the person's activity as an official and (or) being in the status of a major shareholder

(major participant) of this legal entity, or during 2 (two) years after the termination of his powers as an official and (or) the loss of the status of a major shareholder (major participant) of this legal entity;

7) termination of the employment contract with the person specified in paragraph 12 of the Rules at the initiative of the employer for negative reasons;

8) submission by the person specified in paragraph 12 of the Rules of false information regarding himself (his personality, professional activity, affiliated persons) or his property, or evasion from providing such information.

The provisions of part one of this paragraph also apply to cases, facts and (or) circumstances that take place on the territory of foreign states.

Footnote. Paragraph 13 is amended by the Resolution of the Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan dated 20.08.2025 № 37 (effective from 31.08.2025).

14. A reasoned judgment on assessment of financial situation shall be a justified professional opinion of the collegial body for the presence or absence of an unstable financial situation of the founder of the bank, insurance (reinsurance) company, an applicant, acquiring the status of a major participant in a bank, insurance (reinsurance) company, investment portfolio manager, bank holding company, insurance holding company.

15. When assessing the financial situation of a person, specified in clause 14 of the Rules, the following cases, facts and (or) circumstances shall be considered:

1) in respect of a person, specified in clause 14 of the Rules, there is a court decision on debt collection that was not executed on the date of filing an application for the issuance of permits specified in subclause 1) of part two of clause 2 of article 13-5 of the Law, or during the period of its consideration, or a person indicated in clause 14 of the Rules, has overdue or overdue obligations in the amount of more than 100,000,000 (one hundred) million tenge;

2) the legal entity specified in clause 14 of the Rules was restructuring its obligations to creditors due to the deterioration of its financial situation;

3) in respect of a legal entity, specified in clause 14 of the Rules, the accelerated rehabilitation procedure, rehabilitation procedure or insolvency settlement procedure was applied;

4) participation of an individual, specified in clause 14 of the Rules, as an accused or defendant in criminal proceedings in connection with criminal offenses against a person, against property, in the field of economic activities, for corruption or other criminal offences against interests of the state service and the state administration;

5) a person, specified in clause 14 of the Rules, does not have property and (or) money sufficient to ensure additional capitalization of the bank, insurance (reinsurance) company, investment portfolio manager in order to ensure their financial stability in accordance with the

requirement of the authorized body, provided for in subclause 6) of clause 2 of article 47-1 of the Law on banks, subclause 6) of clause 2 of article 53-4 of the Law on insurance activities, subclause 3) of clause 2 of article 72-3 of the Law on securities market;

6) the ratio of legal obligations of a person specified in clause 14 of the Rules to equity capital is more than 5 (five), for a financial institution - more than 10 (ten).

16. A reasoned judgment on recognition of a person as a person, who is connected with special relations to the bank is a justified professional opinion of a collegial body about the presence of signs of connection of the relevant person with a special relation to the bank in cases where:

1) a bank, a major participant of a bank, a participant of a banking conglomerate have control over a legal entity in accordance with international financial reporting standards;

2) cash flows and (or) the main liabilities of an individual or legal entity arose as a result of a transaction with a bank and (or) a person connected with special relations to the bank, which will lead to a deterioration in the financial position of the bank;

3) the purpose of obtaining a bank loan and (or) its use does not correspond to the nature of economic activity and (or) the needs of the borrower - an individual or legal entity based on his entrepreneurial or labor activity and (or) the business plan of such a person;

4) information on the ownership structure of the borrower - a legal entity does not provide an opportunity to establish all ultimate beneficiaries and (or) all participants owning more than 10 (ten) percent of voting shares (except for cases when the shares are in nominal holding) or shares of participation in the authorized capital of the borrower - legal entity;

5) the expected cash flows of an individual or legal entity, taking into account collateral, are not sufficient to repay liabilities on a bank loan as of the date of the decision to issue it (unless the bank takes measures to improve the quality of the assets of the bank);

6) the decision of the relevant body of the bank, whose powers include making decisions on the alienation of assets, changing the subject of pledge and termination of the pledge, decisions on the issuance of bank loans and bank guarantees, on a transaction with a borrower - an individual or legal entity (except for cases of fulfillment of obligations to the bank secured pledge, collection by the bank of the pledged item, replacement of the pledged item with an equivalent one) was accepted with a significant violation of the bank's requirements for transactions to be concluded, stipulated by the internal documents of the bank, leads or led to significant risks for the bank;

7) the conditions of a bank loan agreement, concluded with a borrower - an individual or legal entity, imply restrictions on the liability of the borrower - an individual or legal entity for the fulfillment of the terms of the bank loan agreement that do not correspond to the customs of business turnover, provide for events, the occurrence of which stops completely or in part of the obligations of the borrower - an individual or legal entity under the bank loan agreement, and lead or led to significant risks for the bank;

8) the conditions of a bank's transaction with an individual or legal entity meet the criteria for recognizing transactions with preferential terms provided for in clause 2 of article 40 of the Law on banks, clause 21 of the Rules and additional criteria for classifying transactions as transactions with preferential terms established by the regulatory legal act of the authorized authority in accordance with part two of clause 2 of article 40 of the Law on banks.

The cases provided for in subclauses 1), 2), 3), 5), 6) and 7) of part one of this clause shall be considered by the supervisory subdivision if the size of the transaction, including several transactions with the same person amounts to:

more than 2 (two) percent of the bank's equity capital as of the date of the decision - for banks with equity capital up to 100,000,000,000 (one hundred billion) tenge inclusive;

more than 1 (one) percent of the bank's equity capital as of the date of the decision - for banks with equity capital exceeding 100,000,000,000 (one hundred billion) tenge.

The conditions provided for in part two of this clause do not apply to cases of a transaction (several transactions), which (which) provides (provides) evasion from the specified amounts of transactions.

If the bank and (or) the person has an adequate and effective system of risk management and internal control, which makes it possible to minimize the risks from transactions with the person in the cases provided for in part one of this clause, such a person is not recognized a person, connected with special relations to the bank.

17. A reasoned judgment on recognition of a person as a person, connected with special relations to an insurance (reinsurance) company shall be a justified professional opinion of a collegial body about the presence of signs of connection of the relevant person with special relations to the insurance (reinsurance) company, in cases, where:

1) an insurance (reinsurance) company, a major member of an insurance (reinsurance) company, a member of an insurance group have control over a legal entity in accordance with international financial reporting standards;

2) the decision of the relevant body of the insurance (reinsurance) company, whose powers include making decisions on the alienation of assets, decisions on concluding transactions with an individual or legal entity, including insurance (reinsurance), was made with a significant violation of the requirements of the insurance (reinsurance) company to the concluded transactions provided for by the by-laws of the insurance (reinsurance) company, and leads or led to significant risks for the insurance (reinsurance) company;

3) an insurance (reinsurance) contract concluded with the person, contains terms, excluding the occurrence of the insured event and (or) performance of an insurance payment;

4) the terms of the transaction of an insurance (reinsurance) company with an individual or legal entity meet the criteria for recognizing transactions with preferential terms provided for in clause 2 of article 15-1 of the Law on insurance activities, clause 21 of the Rules and

additional criteria for classifying transactions as transactions with preferential terms the conditions established by the regulatory legal act of the authorized body in accordance with part two of clause 2 of article 15-1 of the Law on insurance activities.

If the insurance (reinsurance) company and (or) the person has an adequate and effective system of risk management and internal control, which makes it possible to minimize the risks from transactions with the person in the cases provided for in part one of this clause, such a person is not recognized as a person connected to the insurance (reinsurance) company with special relations.

18. When forming the reasoned judgment on recognition of a person as a person, connected to a bank, an insurance (reinsurance) company with special relations, in cases, provided for by subclause 1) of clause 16 and subclause 1) of clause 17 of the Rules, the authorized body shall consider, if any, the opinion of an independent expert, including the one hired by the bank, the insurance (reinsurance) company.

19. The requirements, set forth in clauses 16 and 18 of the Rules, shall apply to bank holding companies (except for non-residents of the Republic of Kazakhstan, which are a bank holding company or an entity that has the characteristics of a bank holding company and meeting the requirements of clause 9 of article 40 of the Law on banks) and the companies that carry out certain types of banking operations.

20. The requirements established in clauses 17 and 18 of the Rules apply to insurance holdings, with the exception of non-residents of the Republic of Kazakhstan, which are an insurance holding company, an entity with the characteristics of an insurance holding company, and meet the requirements of subclause 1) of clause 6 of article 15-1 of the Law on insurance activities, and insurance holdings, which are bank holdings that are part of banking conglomerates.

21. A reasoned judgment on establishment of a fact of provision by a bank, an insurance (reinsurance) company of favorable terms to persons, connected to them with special relations, as well as on referring a transaction made by a bank, an insurance (reinsurance) organization to transactions with preferential terms, is a justified professional opinion of a collegial body about the presence of signs indicating that a bank, an insurance (reinsurance) company has provided preferential terms to persons associated with them with special relations, in the event exceeding the transaction size of the internal limit set by the bank, insurance (reinsurance) company for this type of transaction, without proper economic analysis.

22. A reasoned judgment on assessment of the system of risk management and internal control in a bank shall be a justified professional opinion of the collegial body on the quality of the system of risk management and internal control in a bank and shall be used for the assessment of:

1) risk profile and risk appetite (permissible risk dimension) of a bank for compliance of the selected business model and development strategy;

2) strategic and budgetary planning for the compliance of the bank's budget with the economic goals determined by the bank's strategy, business model, and risks assumed by the bank;

3) the quality of forecasting the main financial indicators of the bank on the subject:

the adequacy of the assumptions used in the formation of the budget (overstatement or understatement of the planned volume of assets, liabilities, capital (profit or loss);

availability of analysis of budget compliance with actual indicators;

4) methods for determining the aggregated (aggregated) level (levels) of the bank's risk appetite and the level of risk appetite for each type of risk for:

availability of the required level of equity capital and liquidity to cover the established (established) level (levels) of risk appetite;

the adequacy of the limiting value of quantitative and qualitative limits for various types of risks within the framework of a multi-level system of limits;

5) the quality of the system of the bank's corporate management for:

Availability and compliance with the measures on settlement of the conflict of interests in the corporate management;

the presence of facts of making decisions on the conclusion of transactions or on the implementation of operations in the presence of significant risks, about which there was written information prepared by the bank's divisions responsible for risk management. The provisions of this clause apply to a transaction or a set of transactions, the size of which amounts to:

more than 1 (one) percent of the own equity of the bank as of the date of decision making – for banks with the size of the own equity of up to 100 000 000 000 (one hundred billion) tenge inclusive;

more than 2 (two) percent of the own equity of the bank as of the date of decision making – for banks with the size of the own equity of the bank exceeding 100 000 000 000 (one hundred billion) tenge;

6) internal procedures for determining the adequacy of own equity and liquidity to cover the risks inherent in the bank's activities, for:

quality of risk assessment;

availability of stress testing results in the assessment of equity capital adequacy;

applying an appropriate risk profile in the process of determining the adequacy of equity capital;

the adequacy of assumptions in assessing potential customer outflows in stressful situations and the adequacy of assessing the required level of liquid assets in order to cover them;

7) implementation of internal policies, as well as procedures to manage risks inherent to the bank's activities, for:

compliance with regulated procedures;

compliance with internal policies for transactions performed, including the existence of exceptions, documenting such exceptions, informing the board of directors about the conclusion of transactions that do not comply with the procedures and policies approved by the bank;

8) procedures to determine persons, connected to the bank with special relations, for:

the existence and observance of appropriate restrictions for transactions with persons associated with the bank by special relations, including a prohibition on the provision of preferential terms to them;

identification of persons connected to the bank with special relations, if the necessary information is available, in order to prevent the conclusion of transactions on favorable terms and increase the concentration of credit risk;

disclosure of information on transactions with persons connected to the bank with special relations;

9) procedures for the analysis of property accepted by the bank as collateral for:

the correctness of the methodology for determining the market value of the collateral, the correctness of the market value taken into account when issuing a bank loan and forming reserves (provisions), taking into account the use of an independent assessment in cases of disputable situations;

compliance with the deadlines for foreclosure on the subject of pledge;

compliance of the terms of a pledge agreement with the structure of the provided financing subject to financial situation of the borrower (co-borrower, guarantor, warrantor);

opportunity to implement the right of recourse for the pledge;

10) effectiveness of credit risk management of the bank for:

availability and compliance with internal lending policies and procedures;

availability and compliance with procedures for identifying assets with signs of impairment in accordance with international financial reporting standards, including the provision of information on these assets to the bank's board of directors, and taking measures to manage them;

the adequacy of the assumptions used to evaluate the business plans of the borrowers;

the frequency of monitoring individual bank loans;

the adequacy of the frequency and completeness of monitoring of borrowers with signs of deterioration in their financial condition;

the presence and observance by the bank of the procedures of credit administration;

the presence of the ability of borrowers who have received a bank loan in foreign currency to adequately respond to changes in the exchange rate of the loan;

11) the quality of internal rating assessment of the borrowers (scoring) of the bank, for:

the adequacy of the used models of rating assessment of borrowers (scoring) of the bank;

the timeliness of making changes to the used models of rating assessment of borrowers (scoring) of the bank in order to maintain their relevance, including in terms of the assigned weights, points;

carrying out periodic validation of the bank's borrower rating (scoring) models;

12) compliance of the size of the formed provisions (reserves) with the requirements, set forth by the Resolution of the Managing Board of the National Bank of the Republic of Kazakhstan dated December 22, 2017 № 269 "On approval of the Rules for creation of provisions (reserves) in accordance with international financial reporting standards and the requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting ", registered in the Register of State Registration of Regulatory Legal Acts under № 16502;

13) methods for determining the fair value of financial instruments to reflect their adequate value;

14) the effectiveness of the bank's funding strategy for:

the sufficiency and need to diversify funding sources by type, currency, timing;

high concentration in the funding structure;

availability of alternative sources of funding;

the presence of uncontrolled material gaps between assets and liabilities in terms of maturity and currency;

15) procedures for managing the bank's liquidity on the subject:

the sufficiency of the level of liquid assets for the timely fulfillment of payment obligations, including the daily need for liquid funds, taking into account unforeseen outflows ;

the rationale for including in the liquid assets of instruments available for sale in a short time in the current market conditions;

correct planning of funding outflows;

16) the effectiveness of the bank's early warning system aimed at timely response to changes in internal and (or) external risk indicators, in terms of:

the correctness of the indicators of the early warning system, including the accounting of information available to the bank, potentially affecting an increase in the level of risks;

the adequacy of the bank's actions in the event of an increase in the risk identified within the early warning system;

the timeliness and effectiveness of approved measures when the established levels of the early warning system are exceeded;

17) a financing plan in case of unforeseen circumstances and ensuring the continuity of the bank's activities for:

the presence in the plan of the list of effective and reasonable measures to restore liquidity and adequacy of equity capital in the implementation of risks inherent in the bank's activities;

confirmed likelihood of stress scenarios, unforeseen circumstances;

determining the necessary resources to restore the bank's activities, their adequacy;

18) the effectiveness of the bank's operational risk management procedures for:

availability and compliance with procedures for assessing operational risk in key areas of business, services, processes and information systems;

availability and compliance with procedures for assessing operational risk when introducing new financial services and products;

availability of the necessary tools for the purposes of effective identification of operational risk and measures to manage it;

documenting the facts of large losses due to the implementation of operational risk and the implementation of measures to minimize them;

19) the effectiveness of the risk management and internal control system of the bank in the field of combating the legalization (laundering) of proceeds from crime and the financing of terrorism, in terms of:

financial institution's exposure to the risk of legalization (laundering) of proceeds from crime and financing of terrorism;

the adequacy of the procedures for identifying the client (his representative) and the beneficial owner, the adequacy of the assessment of the risk of legalization (laundering) of proceeds from crime, and terrorist financing by type of client;

detection of operations that are subject to financial monitoring;

the effectiveness of interaction between divisions on combating the legalization (laundering) of proceeds from crime and the financing of terrorism;

the adequacy and sufficiency of the measures taken by the bank to minimize the risk of legalization (laundering) of proceeds from crime and financing of terrorism;

vulnerability of the services provided, as well as the ways of their provision to the risk of legalization (laundering) of proceeds from crime and financing of terrorism;

20) stress testing in the bank for:

completeness, correctness and validity of the scenarios used;

relevance of the predicted changes in external and internal indicators within the scenarios;

the adequacy of stress testing models and procedures;

applying the results of stress testing in the bank's risk management system and making management decisions (if necessary);

the presence of an interconnection (correlation) of changes in risk factors on the structure of the bank's assets and liabilities;

21) the quality of the management information system on the risks inherent in the bank's activities, for the reliability, completeness, timeliness of the information provided to the bank's collegial bodies, as well as the completeness of the reflection of risks in the specified information for the purpose of making management decisions;

22) the effectiveness of the functioning of the system of three lines of defense for:

independence of subdivisions and compliance with the qualification requirements of employees of the second and third lines of defense;

availability and observance of measures to resolve conflicts of interest between participants in the system of three lines of defense and (or) combining the functional responsibilities of its participants;

23) the quality of internal control procedures for:

Compliance of the by-laws of the bank with the requirements of the banking legislation of the Republic of Kazakhstan and (or) untimely bringing the by-laws of the bank in accordance with the banking legislation of the Republic of Kazakhstan;

the presence of a significant volume of transactions concluded without observing the established internal procedures of the bank;

24) the effectiveness of the bank's internal audit division when conducting an independent assessment of the effectiveness of risk management procedures for:

application of a risk-based approach when planning the activities of the internal audit department;

providing, based on the results of audits, recommendations aimed at improving the efficiency of risk management procedures;

availability of procedures for monitoring the implementation of recommendations issued by the internal audit department.

The provisions provided for in subclauses 1), 2), 3), 6), 16), 17) and 21) of this clause shall apply to a banking conglomerate.

23. A reasoned judgment on assessment of the quality of the system of risk management and internal control in an insurance (reinsurance) company and an insurance group, the professional participant of the securities market (except for the companies carrying out transfer-agent activities) is a justified professional opinion of the collegial body on the quality of the system of risk management and internal control in an insurance (reinsurance) company and an insurance group, the professional participant of the securities market (except for the companies carrying out transfer-agent activities) and shall be used to the extent stipulated by subclauses 1), 2), 3), 4), 5), 6), 7), 8), 13), 15), 16), 17), 18), 19), 20), 21), 22), 23) and 24) (for an insurance (reinsurance) company, a professional participant of the securities market), subclauses 1), 2), 3), 6), 16), 17) and 21) (for an insurance group) of clause 22 of the Rules.

24. A reasoned judgment on assessment of the adequacy of provisions (reserves) of a bank, an insurance (reinsurance) company, a professional participant of the securities market (except for the companies carrying out transfer-agent activities) is a justified professional opinion of the collegial body on the compliance of the formed provisions (reserves) of the bank, an insurance (reinsurance) company, a professional participant of the securities market (except for the companies carrying out transfer-agent activities) with the international standards of financial reporting, methodologies on formation of provisions (reserves) including the compliance of methodologies by their formation with the risks of a bank, an

insurance (reinsurance) company, a professional participant of the securities market, and on the reliability of information, used for their formation.

25. A reasoned judgment on assessment of the adequacy of insurance reserves, formed by an actuary, who has a license to perform actuarial activities in the insurance market (hereinafter referred to as the insurance reserves), is a justified professional opinion of the collegial body on the compliance of insurance reserves with the international standards of financial reporting, methodologies of calculation of insurance reserves and their structure, including the compliance of methodologies by their formation with the risks of an insurance (reinsurance) company, an on the reliability of information, used for their formation.

A reasoned judgment on assessment of the adequacy of insurance reserves shall be used in cases (but not limited to them):

an unjustified change in the methodology for calculating insurance reserves or the parameters used in calculating insurance reserves, as a result of which there is an improvement in the indicators of prudential standards and other mandatory standards and limits established by the decree of the Managing Board of the National Bank of the Republic of Kazakhstan dated December 26 2016 № 304 "On the establishment of standard values and methods for calculating prudential standards of an insurance (reinsurance) company and an insurance group and other mandatory standards and limits, requirements for acquired by insurance (reinsurance) organizations, subsidiaries of insurance (reinsurance) organizations or insurance holdings of shares (shares participation in the authorized capital) of legal entities, the list of bonds of international financial organizations acquired by insurance holding companies, the minimum required rating for bonds acquired by insurance holding companies, and the list of rating agencies, as well as the list of financial instruments (except for shares and participation interests in the authorized capital), acquired by insurance (reinsurance) companies "registered in the Register of State Registration of Regulatory Legal Acts under № 14794 (hereinafter referred to as the Resolution № 304);

formation of a share of a reinsurer in the insurance reserves under a reinsurance contract in the absence of economic benefit (expediency) for the reinsurer in the terms of the concluded reinsurance contract;

the use of incomplete and (or) inaccurate information when calculating insurance reserves, which led to a decrease (or there is a possibility of a decrease) in the solvency of an insurance (reinsurance) company and (or) a violation by an insurance (reinsurance) company of prudential standards and other mandatory regulations and limits established by Resolution № 304.

26. To the extent that the collegial body adopts a reasoned judgment, the supervisory subdivision shall prepare a draft of a supervisory response measure or a decision, in cases, stipulated by subclause 3) of clause 2 of the Rules.

