

MODIFICATION NOTICE

To	Otan Private Bank Ltd
Address	1 B n.p., 30 Building, Mangilik El ave, Nur-Sultan, Kazakhstan
AFSA Licence No.	AFSA-A-LA-2020-0011
Notice No.	_____

THE ASTANA FINANCIAL SERVICES AUTHORITY HEREBY GIVES NOTICE THAT:

Otan Private Bank Ltd (“OPB”) was granted the modifications of Rules 5.26 (1), 5.26 (7) and 5.26 (8) of the AIFC Banking Business Prudential Rules (“BBR”) and paragraphs 66 and 178 of Chapter 9 of the AIFC Banking Prudential Guideline (“BPG”) as specified in the right-hand column of the Table.

Table. MODIFIED AIFC RULE

#	Reference to the relevant rule	Modified rule
1.	<i>Rule 5.26 (1) of BBR</i>	<p>Management of Concentration risk exposures</p> <p>Calculating exposures</p> <p>(1) Large exposure means a gross exposure to a counterparty or connected counterparties that is 10% or more of the Bank's regulatory capital. In this rule:</p> <p><i>gross exposure</i> to a counterparty or connected counterparties is the total of the following exposures:</p> <p>...</p> <p>(c) equity exposures-; <u>and</u></p> <p><u>d) cash on banking accounts and deposits placed in the banks risk-weighted by 30% (only applicable for</u></p>



		<u>the banks operating in Kazakhstan with external credit rating “B“ or higher).</u>
2.	<i>Rule 5.26 (7) of BBR</i>	Limits on exposures ... (7) The total of the Bank's net exposures to any 1 counterparty or any 1 group of connected counterparties must not exceed 25% of the Bank's regulatory capital, <u>except to any types of claims on the National Bank of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.</u>
3.	<i>Rule 5.26 (8) of BBR</i>	Limits on exposures (8) The total of all of the Bank's net large exposures must not exceed 800% of that capital, <u>except to any types of claims on the National Bank of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.</u>
4.	<i>Paragraph 66, Chapter 9 of BPG</i>	Level 1 HQLA 66. Level 1 HQLA must be valued at market value and it consists of: ... (e) in the case of sovereigns that are not eligible for zero % risk-weight, domestic sovereign or central bank debt securities issued in foreign currencies, up to the amount of the Bank's stressed net cash outflows in that specific foreign currency stemming from the Bank's operations in the jurisdiction where the Bank's Liquidity Risk is being taken, where those securities satisfy all of the conditions in paragraph (c) (ii)(iii) and (iv) above; and (f) any other types of assets approved by the AFSA under paragraph 24 as being eligible to be Level 1 HQLA;

		<p><u>g) claims on the National Bank of the Republic of Kazakhstan, the Government of the Republic of Kazakhstan (liquidity on the current accounts, deposits and marketable securities) that are not restricted; and</u></p> <p><u>h) claims (other than equity) on banks discounted by 30% (only applicable for the banks operating in Kazakhstan with external credit rating “B“ or higher).”</u></p>
5.	<p><i>Paragraph 178, Chapter 9 of BPG</i></p>	<p>178. The Category 1 assets that receive 0% RSF factor include the following, subject to the paragraphs 186 & 187, which pertain to certain encumbered assets:</p> <p>...</p> <p>(d) trade-date receivables arising from sales of financial instruments, foreign currencies and commodities that:</p> <ul style="list-style-type: none"> (i) are expected to settle within the standard settlement cycle or period that is customary for the relevant exchange or type of transaction; or (ii) have failed to settle, but are still expected to do so; <p>e) claims on the National Bank of the Republic of Kazakhstan, Government of the Republic of Kazakhstan (liquidity on the accounts, deposits and bonds) that are not restricted.</p>

CONDITION

The modifications granted in the above Table are subject to quarterly reporting of large exposures, including quarterly reporting of top-ten depositors and top-ten creditors, to the AFSA.

The modifications under items 1 and 4 of the above Table are granted until 31 December 2022.

The modifications under items 2, 3 and 5 are granted until further notice.

EFFECTIVE PERIOD

This notice comes into effect on the date of issue and remains in force as set out above.

INTERPRETATION

THIS NOTICE IS ISSUED PURSUANT TO SECTION 9 OF THE FINANCIAL SERVICES FRAMEWORK REGULATIONS BY THE ASTANA FINANCIAL SERVICES AUTHORITY REPRESENTED BY:

Name: Nurkhat Kushimov

Position: Chief Executive Officer, AFSA

DATE OF ISSUE: 19 July 2022