

GFC

Green
Finance
Centre

POST ISSUANCE VERIFICATION REPORT

For Certified Climate Bond (Green Bond)

Of the Development Bank of Kazakhstan

Assessment Summary

AIFC Green Finance Centre Ltd. (GFC), based on the limited assurance procedures conducted and evidence obtained, has provided an assurance opinion that nothing has come to its attention that causes GFC to believe that, in all material respects the Development Bank of Kazakhstan JSC's (DBK, Bank) Certified Climate (Green) Bond is not in conformance with the Climate Bonds Standard Version 4.2 and the sector-specific Wind Sector Eligibility Criteria. This assurance opinion is based on the following:

UTILISATION OF PROCEEDS. The Nominated and Financed Eligible Project for the use of proceeds:

- Construction and commissioning of a 150 MW Wind power plant Khromtau project, Aktobe region, Kazakhstan

– is aligned with the Climate Bonds Standard Version 4.2 and the sector-specific Wind Sector Eligibility Criteria. 100% of net proceeds from the Certified Climate (Green) Bond issued by DBK in December, 2023, were allocated in full to finance a bank loan transaction associated with the said project. GFC considers that investments in the eligible Nominated and financed project will lead to positive environmental impacts and help in reducing Kazakhstan's contribution to climate change.

PROJECT EVALUATION AND SELECTION. DBK established and follows a process for green project selection and evaluation carried out in accordance with the Bank's internal regulations on review, financing, monitoring and implementation of investment projects, and with its Green and Sustainability Financing Framework (Framework). In line with the Framework, responsible structural units submitted to the Credit Committee materials and a nomination conclusion on the compliance of the project in question with green project categories and criteria with reference to CBS and Sector Eligibility Criteria. GFC considers that the project selection process is aligned with the Climate Bonds Standard Version 4.2 in terms of establishing, documenting, and maintaining a decision-making process to determine the eligibility of the Nominated projects and assets.

MANAGEMENT OF PROCEEDS. Allocation of DBK's Certified Green Bond proceeds is accounted for through a special off-system sub-account "Green Bonds" (in Excel) for separate accounting and control of Green and Sustainability Bond use of proceeds. The Bank has identified a structural unit responsible for organizing, ensuring, and implementing an effective Green Bond management process to account for the sub-account, as well as to maintain a Registry of green projects tracking projects financed with green bond proceeds, including Certified bonds. GFC considers that the management of proceeds is aligned with the Climate Bonds Standard Version 4.2 in terms of tracking of proceeds, Managing unallocated proceeds, Earmarking funds to Nominated projects and assets, as well as documenting and disclosing the related processes to the verifier.

REPORTING. The Issuer adopted a Green Bond Framework (later revised and renamed to Green and Sustainability Financing Framework to extend to social and sustainability financing beyond green bonds) and made it available prior to issuance. In line with green bond disclosure requirements set in the Framework, the Bank has provided and made publicly available an annual report on issued Certified Green Bonds and intends to provide further annual update reports from the date of issue until full repayment and in case of any significant changes, covering a report on the allocation of proceeds and a report on the environmental impact of each project. The nominated project identified for the Certified green bond was disclosed in the Bond Prospectus and the pre-issuance Assurance report. GFC considers that the reporting processes are aligned with the Climate Bonds Standard Version 4.2 in terms of disclosing Nominated Projects invested in, the intended approach to providing update reports to reaffirm conformance with the Framework, as well as external review aspects.

Evaluation Date: 20 December, 2024

Issuer Location: Astana, Kazakhstan

For Inquiries Contact the GFC verification team:

Milana Takhanova, Head of Verification, GFC
M.Takhanova@aifc.kz

Ainur Zhakupova, Deputy Head of Verification, GFC
A.Zhakupova@aifc.kz

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2. Scope

Issuing Entity	Development Bank of Kazakhstan JSC
Issuer Group (if different from above)	
Date of Green Bond Framework of Issuer	Green Bond Framework adopted on February 1 st , 2022 (#5/22) by Management Board, as amended on November 21 st , 2022, (#85/23) Revised Green and Sustainable Financing Framework as renamed and approved on June 3 rd , 2024
Approved Verifier Firm	AIFC Green Finance Centre Ltd. (GFC)
Signatory of the audit opinion	Manas Gizhduaniyev, CEO
Email address in relation to this report	Greenfinance@aifc.kz; M.Takhanova@aifc.kz
Debt Instrument Type(s)	Bond
Debt Instrument(s)/Program Name	Green Bond
Refinancing/Financing new projects	100 % of allocation of proceeds to financing new projects
Period over which proceeds are allocated	1 year
Size of Debt Issuance	15 mln USD
Debt Issuance and Maturity Dates	22 December 2023 22 December 2024
Sector Criteria governing the Project/Assets be financed	Wind Sector Eligibility Criteria of the Climate Bonds Standard & Certification Scheme
Adaptation & Resilience Requirements	N/A
Project/Assets financed	Bank loan transaction to finance: Construction and commissioning of a Wind power development project with a total installed capacity of about 150) MW, near the city of Khromtau, Aktoke region, Kazakhstan (Khromtau Wind Power Plant)
Assurance Opinion	Limited
Assurance Standard	ISAE3000
Period over which the verification work was conducted	1 month
Date of Issuance of Verification Report	December 20 th , 2024

AIFC Green Finance Centre Ltd. (hereinafter referred to as GFC) was engaged by the Development Bank of Kazakhstan JSC (hereinafter referred to as DBK, Bank or Issuer) to undertake a limited assurance engagement, in relation to a Certified Climate (Green) Bond issued by DBK on December 25th, 2023, and certified by the Climate Bonds Initiative on 21st of December, and the Issuer's corresponding Post-Issuance Report. This includes confirming the ongoing eligibility of the Green Bond (post-issuance) and of the 150 MW Wind power development project in Khromtau, Aktoke region, Kazakhstan, financed from the said Certified Climate (Green) bond, against the Climate Bonds Standard Version 4.2 Post-issuance Requirements and the technical requirements of the applicable Sector Criteria.

3. Subject matter and criteria

- The subject matter for this limited assurance engagement includes The Climate Bonds Standard Version 4.2, and the relevant sector criteria as follows:

Detailed list of Project/Assets financed	(1) Sector Criteria Document; (2) Page number(s) and paragraphs/references used to confirm the project/asset eligibility.
Bank loan transaction to finance: 1) Construction and commissioning of a Wind power development project with a total installed capacity of about 150 MW, near the city of Khromtau, Aktobe region (Khromtau Wind Power Plant)	(1) The Wind Sector Eligibility Criteria (Rev. 1.3 as of 13 April 2023); (2) Page 5, "Onshore wind energy generation facilities" - Automatically eligible

4. Work performed

The assurance procedures performed included, but were not limited to:

- Assessing DBK's Certified Climate (Green) Bond, and related Post-Issuance Report, against the Climate Bonds Standard Version 4.2, as well as the Issuer's Green Bond Framework
- Assessing technical information on the wind power development project (*150 MW Khromtau Wind Power Plant*) financed from the bond proceeds; against the technical requirements of the Wind Sector Eligibility Criteria
- Documentation reviewed supporting assertions made in the Subject Matter (provide details in Appendix)
- Interviews with Issuer representatives, experts
- Seeking management representation on key assertions.

5. Background information on all sustainability bond issues by the Bank

Overall, throughout its history of thematic sustainability bond issues, the Bank has issued 3 bonds, to date:

- Debut issue of green bonds under the Green Bond Framework dated February 1, 2022 (as amended on March 15, 2023), on the Kazakhstan Stock Exchange in the amount of 10 billion tenge (≈USD M19.08 as per current exchange rate) in March 2023. The related pre-issuance Second Party Opinion (dated Marth 22nd, 2023) and post-issuance verification report (dated July 30th, 2024) we provide by GFC;
- USD 15 million Green Bond issue on Astana International Exchange (AIX) in December 2023 (reviewed in this post-issuance verification report). This issuance was the first case of Climate Bonds Certified green bonds in the Central Asian region;
- Debut issue of "Sustainable" Eurobonds in April 2024 on the Vienna MTF platform (Austria) and the Kazakhstan Stock Exchange, in the amount of 100 billion tenge (≈USD M190,8 as per current exchange rate), under the revised Green and Sustainable Financing Framework (the former Green Bond Framework was revised and renamed on June 3rd, 2024, to extend to social and sustainability financial instruments as well). The related pre-issuance Second Party Opinions we provided by 2 difference external review providers: GFC (dated Marth 22nd, 2023) and Sustainable Fitch (dated 2 April 2024).

6. Responsibility of Issuer

The management of the Bank is responsible for the preparation and fair presentation of the Subject Matter. This responsibility includes establishing and maintaining internal controls relevant to the preparation and presentation of the Subject Matter that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making reasonable estimates under the current circumstances.

7. Assurance opinion

GFC conducted the pre-issuance verification in accordance with the International Standard on Assurance Engagements 3000 (Assurance Engagements other than Audits or Reviews of Historical Information). GFC's verification approach draws on an understanding of the risks associated with conforming to the Climate Bond Standard Version 4.2 and the controls in place to mitigate these. GFC planned and performed the verification by obtaining evidence and other information and explanations that GFC considers necessary to give assurance that the Debt Instrument meets the requirements of the Climate Bond Standard Version 4.2.

Limited Assurance

Based on the limited assurance procedures conducted and evidence obtained, nothing has come to our attention that causes us to believe that, in all material respects the Issuer's Certified Climate (Green) Bond is not in conformance with the Climate Bonds Standard Version 4.2 and the sector-specific Wind Sector Eligibility Criteria. Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement.

Our independence and quality control

We have complied with the independence and other ethical requirements of GFC's Code of Ethics and Professional Conduct based on the Code of Business Ethics and Standards of Professional Conduct¹ developed by the CFA Institute and the Extended Materials of the Code of Business Ethics and Standards of Professional Conduct, taking into account the requirements of the Code of Ethics of Professional Accountants that are members of the Association "Chamber of Professional Accountants of the Republic of Kazakhstan", which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

GFC applies International Standard for Quality Control 1 (ISQC 1)² and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

8. GFC Disclaimer

Our responsibility in performing our assurance activities is only to DBK and to the Climate Bonds Initiative in accordance with the terms of reference for this engagement. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance that any such third-party places on this report is done so entirely at its own risk.

APPENDICES:

- I. Completed Post-Issuance Verification Checklist
- II. List of Documents Reviewed
- III. Detailed Assurance Procedures and Findings

9. About GFC

AIFC Green Finance Centre Ltd. is a legal entity incorporated in the AIFC jurisdiction since Dec 2019. Shareholders of GFC are AIFC Authority (95%) and Eurasian Development Bank (5%). Ultimate shareholder of AIFC Authority is the National Bank of Kazakhstan, with the Ministry of Finance of Kazakhstan responsible for trust management.

AIFC Green Finance Centre (GFC) has been working on the development of green finance market in Kazakhstan since 2016, starting with the Concept of green financial system for Kazakhstan (adopted by AIFC Authority in

¹ This statement of adherence to the principles of the CFA Institute Code of Conduct is not verified by the CFA Institute.

² International Standard on Quality Control 1: Quality control for firms that perform audits and reviews of financial statements, and other assurance and related services engagements. This statement of adherence to the principles of the IFAC standard has not been verified

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2017) and a Strategy of AIFC regional leadership in green finance until 2025 (adopted in 2018), which reflects the main stages of institutional development of green finance in Astana International Financial Centre (AIFC) and Kazakhstan.

GFC's activities have been focused on 3 main directions:

- providing external review services to issuers of sustainable finance;
- setting the legal and regulatory landscape for the sustainable finance market both at AIFC and Kazakhstan jurisdiction;
- supporting the regional initiatives to uplift development in Central Asia.

GFC holds a license issued by AIFC Regulator (AFSA) to provide consulting services (described as advisory services in the area of green finance and green economy (No. AFSA-A-LA-2019-0060) <https://publicreg.myafsa.com/details/191240900122/>.

66% green bonds and loans in the Republic of Kazakhstan have been externally reviewed by GFC. It's the only company in Central Asia accredited by the Climate Bonds Initiative and recognised by the International Capital Market Association (ICMA) in its External Review mapping.

GFC provided 34 external reviews in the form of a second party opinion to issuers of green and social bonds, as well as green loans (<https://gfc.aifc.kz/en/second-party-opinion>), 1 pre-issuance assurance report on Certified Climate Bonds (DBK), and 5 post-issuance verification reports. Among major clients of GFC are large SOEs (Samruk Energy, Damu Fund), banks (Halyk Bank, DBK), financial institutions (MFO OnlineKazFinance) and non-financial corporations.

Website: <https://gfc.aifc.kz/>

Contact information: Mangilik Yel 55/18, C3.3, Astana, 010000, Kazakhstan

Tel: +7 (7172) 64 73 84

E-mail: Greenfinance@aifc.kz

CEO
AIFC Green Finance Centre Ltd



MANAS GIZHDUANIYEV

20 December 2024

Checklist Question	Ref to reviewed doc No.	Verification activity	Findings	Conclusion on Compliance with Requirement
1. Use of Proceeds				
1.1. The Net Proceeds of the debt instrument must be allocated to the Nominated projects and assets	A. B. C. D. E. G.	Document review, Interview	<p>The net proceeds from the Issuer's Certified green bonds have been fully allocated to the nominated asset.</p> <p>As per DBK's Post-Issuance Report on Green and Sustainable bonds (hereinafter referred to as Issuer's Annual Post-Issuance Report), 100% of net proceeds from the Certified Climate (Green) Bond (hereinafter referred to as Bond) issued by DBK in December, 2023, were allocated in full to finance a bank loan transaction associated with the following wind power development project:</p> <ul style="list-style-type: none"> Construction and commissioning of a Wind power development project with a total installed capacity of about 150 MW, near the city of Khromtau, Aktobe region (Khromtau Wind Power Plant) <p>The Nominated project was recommended by DBK's project managers (responsible for initial ESG screening) for inclusion in the list of Nominated projects eligible for financing through Certified green bonds in accordance with the Green and Sustainable Financing Framework (originally named Green Bond Framework). GFC reviewed an internal recommendation for the inclusion of the project in the list of eligible Nominated projects and also confirmed with DBK that for the Khromtau Wind Power Plant Project there's a Credit Committee approval (also reviewed by GFC).</p> <p>The Bank entered into a Bank Credit Line Agreement with Borrower on June 14th, 2024, to finance the "construction, purchase of equipment for, commissioning and operation (including an EPC contract, technical supervision and examinations etc.), including the reimbursement of costs incurred at the expense of Borrowers own funds) of a Wind power development project with a total installed capacity of about 150 MW, near the city of Khromtau, Aktobe region (Khromtau Wind Power Plant of the JSC Kazakhstan Electrolysis Plant)".</p> <p>GFC also reviewed updated reports on the status of Nominated Project implementation (including the Bank's intended use of loan checks and site visit reports – the "Zero Report on the Khromtau WPP as of July 12, 2024, and "Progress Report No.1 as of 18.10.2024") and confirmed with DBK that the Khromtau Wind Power Plant Project is in the process of implementation according to schedules.</p> <p>Prior to Bond issuance, two more projects (Jasil Jel WPP and Balkhash SPP) were also undergoing internal bank credit assessment for inclusion in the list of eligible projects for financing through Certified green Bond proceeds, and were included in that list as per Prospectus and pre-issuance verification. However, the Bond proceeds were ultimately allocated only to one of the 3 Nominated projects (i.e. Khromtau Wind Power Project) due to the advanced stage of its credit approval process and due diligence assessment, as well as the sizable amount of the loan itself which exceeded the Bond amount.</p> <p>GFC obtained from DBK the working spreadsheets on the "Tracking of DBK's sustainable bond issues and allocation to green projects" (excel file) specifying that under the Credit Line Agreement the Borrower has drawn an amount of RMB 130 338 698.6 (≈ USD 17,93 million) on the Credit Line extended as of the date of this verification, of which USD 15 million is attributed to the Certified Bond as the funding source.</p>	Compliant with the requirement
1.2. All nominated projects and assets must meet the documented objectives of the debt instrument as set out in the issuer's green finance framework	A. B. D. H.	Document review, Interview	<p>As per the Green and Sustainable Financing Framework, the Bond Prospectus, the Issuer's Annual Post-Issuance Report, the Pre-Issuance Verification Report on the Green Bonds in question and other relevant documents, the requirement for compliance of Nominated projects with the documented objectives of the debt instrument and the eligibility criteria, was fully met.</p> <p>Overall, DBK included a statement of the environmental objectives of its green bond issuances in the Green and Sustainable Financing Framework specifying Renewable Energy (Wind, Solar) in the Use of</p>	Compliant with the requirement

Checklist Question	Ref to reviewed doc No.	Verification activity	Findings	Conclusion on Compliance with Requirement
			<p>Proceeds segment. With regard to certified green bond issues the Green and Sustainable Financing Framework stipulates that nominated green projects eligible for financing and/or refinancing with Certified green bonds shall be determined in accordance with the Sector Criteria of the CBI standard (Climate Bonds Standard, or CBS), in compliance with all the requirements of the CBS. The environmental objectives of this particular Certified Bond seeking certification were clarified in the DBK’s issuance documentation and internal documents.</p> <p>As mentioned above, DBK issues other green and sustainability bonds, however, the environmental objectives associated with the Certified Bond were clearly defined by and limited to the projects that complied with the Wind and Solar Energy Technical Criteria of the Climate Bond Standard.</p> <p>As per the Pre-Issuance Verification Report, aside from the CBS Sector Eligibility Criteria (threshold – no restrictions), the project also fell under with the ICMA Green Bond Principles “Renewable Energy (including electricity generation)” category and complied with the Issuer’s own wind energy criteria set out in the Green and Sustainability Bond Framework.</p>	
1.3 Issuers must allocate at least 95% of the net proceeds of the debt instrument to projects and assets that meet the Sector Criteria requirements of the Standard		Document review, Interview	Not Applicable. The Issuer has allocated 100% of the net proceeds to the Nominated project that meets the Sector Criteria requirements of the Standard	
1.4 For any part of the net proceeds that finance projects and assets that do not fully satisfy the Sector Criteria requirements (up to 5%), the issuer must provide detailed disclosures in the green finance framework.		Document review, Interview	Not Applicable	
1.5 Any nominated projects and assets which do not fully satisfy the Sector Criteria may be considered eligible if they meet all of the following conditions:		Document review, Interview	Not Applicable	
i. They must relate to asset categories or activities or sectors for which Climate Bonds has not yet developed Sector Criteria; and		Document review, Interview	Not Applicable	
ii. They must fall under any of the green project categories listed in the ICMA Green Bond Principles or the ICMA Social Bond Principles; and		Document review, Interview	Not Applicable	
iii. The verification report opinion must confirm their alignment with the ICMA Green/Social Bond Principles; and		Document review, Interview	Not Applicable	
<p>iv. They must not relate to any of the following excluded activities:</p> <ul style="list-style-type: none"> • The exploration, extraction or transportation of proven conventional or unconventional fossil fuel reserves, • Natural gas production, • Refining crude oil to produce derivative products, • The supply and/or use of fossil fuels for power generation and heat, 			Not Applicable	

Checklist Question	Ref to reviewed doc No.	Verification activity	Findings	Conclusion on Compliance with Requirement
<ul style="list-style-type: none"> • Conversion or fragmentation of high-carbon stock (HCS) land or unsustainable operations on HCS land leading to the loss of its status as HCS land. 				
<p>1.6. The issuer must allocate the net proceeds to the nominated projects and assets within 24 months of issuance of the debt instrument. This deadline can be extended by the Climate Bonds Standard Secretariat for up to five years (and exceptionally up to ten years if duly justified by the nature of the projects to be financed).</p> <p>An extension will be granted at the discretion of the Climate Bonds Standard Secretariat, provided the justification for it can be substantiated by the issuer and confirmed by the approved verifier. At the end of the allocation period specified in the Certification, the issuer must provide a post-issuance verification report by an approved verifier. The issuer may be requested to provide annual post-issuance verification reports until the approved verifier confirms that 100% of the proceeds have been allocated</p>	A.	Document review, Interview	<p>In accordance with the Issuer's Annual Post-Issuance Report, within the reporting period, i.e. between the date of Bond issuance, December 22nd, 2023, and December 22nd, 2024, the Bond proceeds in the amount of USD 15 million were fully allocated to the asset in question. Thus, there are no unallocated amounts of proceeds left, and the 24 months allocation requirement established in CBS is met. The verifier confirms (based on a review of documents obtained from the Issuer) that the information on the distribution of Bond proceeds is presented in the Issuer's Annual Post-Issuance Report correctly.</p> <p>For a broader context, the Issuer's Green and Sustainable Financing Framework does not provide for a specific time frame for the full allocation sustainability bond proceeds to eligible assets. However, in accordance with the recommendations of the Green Bond Principles and other ICMA guidelines, the earliest possible allocation is encouraged.</p>	Compliant with the requirement
<p>1.7. Net proceeds may be reallocated to other Nominated projects and assets at any time while the debt instrument remains outstanding, provided the approved verifier has validated such assets.</p>	A. D.	Document review, Interview	<p>Not Applicable to the Bond in question. The Issuer provided the verifier with updated documents on the Nominated project. According to the Issuer's Annual Post-Issuance Report, there were no exceptions or additions to the pool of nominated projects.</p> <p>More broadly, as per the Issuer's Green and Sustainable Financing Framework, net proceeds may be reallocated to other Nominated projects and assets at any time while the debt instrument remains outstanding, provided that the process of selection and evaluation of green projects is carried out in accordance with the Bank's Framework and other internal acts governing the procedures for consideration, financing, monitoring and implementation of investment projects.</p>	Compliant with the requirement
<p>1.8. Nominated projects and assets must not be designated to other Certified debt instruments, unless the issuer demonstrates that different Certified climate bonds are funding distinct portions of the nominated projects and assets, or the Certified debt instrument is being refinanced via another Certified debt instrument</p>	C. D.	Document review, Interview	<p>Not Applicable to the Bond in question.</p> <p>The Issuer Green and Sustainable Financing Framework does not provide for such a requirement, however, the proceeds from the green bond in question were allocated properly without double counting, and the verifier confirmed with the Issuer that there is an understanding regarding the undesirability of nominating the same assets for different issues of green bonds in the future.</p> <p>According to DBK's Green Bond Framework, when issuing green bonds for which the Bank expects to be certified under the CBI Standard, the nominated green projects cannot be attributed to other CBI certified green bonds unless the Bank demonstrates that different parts of the nominated green projects are financed by different certified bonds, or the certified bonds are being refinanced by issuing other certified bonds.</p>	Compliant with the requirement
<p>1.9. Where a proportion of the net proceeds of the debt instrument is used for refinancing, the respective shares of the net proceeds used for financing and refinancing must be tracked and the nominated projects and assets eligible for refinancing must be identified. This may also include the expected look-back period for refinanced nominated projects and assets which should reflect their functional lifetime for delivering the stated climate mitigation/adaptation/resilience benefits. The remaining</p>	A. D.	Document review, Interview	<p>With regard to the Bonds in question, according to the Issuer's Annual Post-Issuance Report, no refinancing took place.</p> <p>Overall, according to the Green and Sustainable Financing Framework, in case of a positive decision on a project's compliance with eligible green project criteria, the project may be financed and/or refinanced through green bond proceeds, subject to all internal regulations of the Bank. A project that was deemed non-compliant with eligible green project criteria is not allowed to be financed and/or refinanced using bond proceeds.</p>	Compliant with the requirement

Checklist Question	Ref to reviewed doc No.	Verification activity	Findings	Conclusion on Compliance with Requirement
functional lifetime of the financed physical projects or assets must be equal to or greater than the term of the instrument being Certified. The net proceeds may only be used for refinancing operating expenditures that were incurred within three years prior to the issuance of the Certified debt instrument.				
1.10. The Issuer must track the Net Proceeds of the debt instrument following a formal internal process which is documented in accordance with Clause 3.3	A. D. G.	Document review, Interview	This requirement is fully met as per the Management of Proceeds Section of the Issuer's Green and Sustainability Bond Framework. The allocation and distribution of proceeds from the Bonds is accounted for in a dedicated off-system sub-account titled "Green and Sustainable Bonds" (prepared in an Excel spreadsheet) to allow for separate accounting for and tracking of the use of proceeds from green and sustainable bonds, with the output results displayed (posted) in a special section of "Bank Reporting" in the Electronic Documentation System, as per the Green and Sustainability Bond Framework and other internal acts of the Bank. The Issuer's Annual Post-Issuance Report also summarizes the results of this record-keeping.	Compliant with the requirement
1.11. The net proceeds of the debt instrument must be no greater than the issuer's total investment exposure or debt obligation to the nominated projects and assets or the relevant proportion of the total market value of the nominated projects and assets which are owned or financed by the issuer. When satisfying this clause, the issuer may choose either (i) the investment exposure or debt obligation to the nominated projects and assets, or (ii) their market value	A. D.	Document review, Interview	This requirement is fully met, See Findings for Clause 1.1 above. Overall, according to DBK's Green and Sustainability Bond Framework, when issuing green bonds for which the Bank expects to be certified under the CBI Standard, the nominated green projects eligible for financing and/or refinancing with green bond proceeds are determined in accordance with the CBI Technical Eligibility Criteria, taking into account all the requirements of the of the Climate Bond Standard CBI Standard. In particular, the expected net proceeds from the issuance of such green bond will not exceed the Bank's total investment in the nominated green projects or the Bank's financing share of the total market value of the nominated green projects. GFC, through review of the current eligible project documentation and progress reports prepared by third-party auditors for DBK, verified that DBK's exposure to the nominated project (for Khromtau WPP Project the credit line amount is USD 142,000,000, while the amount of credit drawn to date is USD 17,928,294.2), which is greater than the bond issuance value (USD 15,000,000).	Compliant with the requirement
1.12. Additional nominated projects and assets may be added to, or used to substitute or replenish, the portfolio of nominated projects and assets as long as they are eligible under the Standard and are consistent with the debt instrument's objectives. Where additional nominated projects and assets are covered by Sector Criteria which were not included in the scope of either the pre-issuance verification or the post-issuance verification engagements, the issuer must engage an approved verifier to provide a verification report covering at least the conformance of the additional nominated projects and assets with the relevant Sector Criteria	A. D.	Document review, Interview	In accordance with the Green and Sustainable Financing Framework, a project deemed non-green is excluded from the list and financing of such a project from green bond proceeds ceases. Where possible, the excluded project is replaced by another green project. If necessary, the Bank may engage external consultants to select and evaluate green projects. With regard to the Bond in question, there was no need for such a replacement of an eligible asset.	Compliant with the requirement
2. Process for Evaluation and Selection of Projects & Assets				
2.1. The Issuer must document and maintain a decision-making process to determine the continued eligibility of the Nominated projects and assets. This includes, without limitation:	C. D. E.		DBK's Green Bond Framework set forth the decision-making process for the selection of nominated projects. For projects that may be eligible, at the preliminary review stage, projects are screened against green project categories specified in the Framework, the Bank's mission and strategic goals, with environmental and social risks taken into account (as part of the assessment of investment projects for compliance with the ESG principles).	Compliant with the requirement

Checklist Question	Ref to reviewed doc No.	Verification activity	Findings	Conclusion on Compliance with Requirement
			<p>As specified in the Framework, the Bank identified departments responsible for the selection, assessment and selection of eligible green projects, which include staff of the relevant structural departments depending on the needs of the project. The responsible departments prepare materials and recommendations that are to be approved by the authorized body of the Bank (Credit Committee).</p> <p>If necessary, the Bank may engage external consultants to select and evaluate green projects.</p> <p>The Credit Committee makes a final decision on project eligibility.</p> <p>With regard to the Bond in question, the Bank provided the verifier with primary documents confirming compliance with the specified algorithm for making a decision on the financed project, including an extract from the minutes of the "Credit Committee" meeting on the approval of the terms and conditions for financing the investment project.</p>	
i. A statement on the climate-related objectives of the bond	A. B.	Document review, Interview	In its Framework the Bank states that 100% of the proceeds from the issuance of green bonds are to be used to finance and/or refinance green projects that bring specific environmental benefits and that can be measured by quantitative and qualitative characteristics. This condition is met, and reflected in the Bond Prospectus, see Findings to Clause 1.2 above.	Compliant with the requirement
ii. How the climate-related objectives of the debt instrument are positioned within the context of the issuer's overarching goals, strategy, policy and/or processes relating to environmental sustainability	A. M. N. O. S.	Document review, Interview	<p>The environmental objectives of the Bond were verified to be in line with the Sustainable Development Policy. GFC confirmed through document and annual reporting review that DBK is committed to sustainable development and responsible investment, paying significant attention to the impact of its activities on Kazakhstan's economy, society, and the environment, as well as balancing the interests of its stakeholders. The Bank's review and appraisal of investment projects mandatorily consider their compliance with environmental standards. In January, 2023, the Bank adopted Criteria for assessing investment project applicants for compliance with environmental, social and corporate governance (ESG) principles that were developed in accordance with its Memorandum on Credit Policy, the Bank's Development Strategy for 2014–2023, Sustainable Development Policy, the Bank's Corporate Governance Code and other internal regulations taking into account the requirements of the UN Global Compact, the UN Principles for Responsible Investment, Sustainable Development Reporting Standards Global Reporting Initiative, as well as UN Sustainable Development Goals. DBK's adopted a renewed Development Strategy for 2024–2033 at the end of 2023, where the Bank states among 3 of its main strategic goals the implementation of ESG principles in its activities with the objective of reducing the carbon footprint in the Bank's loan portfolio, and with an ESG rating indicated as a strategic KPI for the Bank.</p> <p>According to the Annual Report for 2022, the Bank financed 9 projects in the renewable energy and energy efficiency sectors.</p> <p>In accordance with the Green and Sustainable Financing Framework, in the coming years, the Bank plans to gradually introduce and integrate ESG factors into its activities by defining the ESG Rating KPI and the analytical KPI for the increase in the share of green and sustainable projects in the loan portfolio as an indicator of successful implementation.</p> <p>Also, GFC confirmed through document analysis and interviews with DBK that DBK undertakes to comply with the ESG Disclosure Guidelines for Financial Institutions adopted by the national financial regulator (Agency for Regulation and Development of the Financial Market No. 29 dated April 28, 2023).</p> <p>On December 13, 2024, Sustainable Fitch Rating Agency assessed the sustainability of DBK's activities, assigning an ESG rating of "2" and an overall score of 64, which indicates a very high rating among financial institutions in Kazakhstan.</p>	Compliant with the requirement
iii. The Issuer's rationale for issuing the debt instrument	A. C. D.		In 2021, the Bank indicated in its Development Strategy for 2014-2023 that the issuance of green bonds and obtaining green loans will be considered as a funding source for financing sustainability projects. Since 2022, the Bank has been working on the development and issuance of green bonds. In the new	Compliant with the requirement

Checklist Question	Ref to reviewed doc No.	Verification activity	Findings	Conclusion on Compliance with Requirement
	M. N. O. Q. R. S. T. V. W.		Development Strategy for 2024-2033, the Bank states that it will raise funds from international funds and private investments through sustainability bonds (for example, green, social, transition bonds). Also, in accordance with this Strategy, the Bank plans to increase the share of financed green projects aligned with the national taxonomy of "green" projects (approved by the Government Decree of the Republic of Kazakhstan dated December 31, 2021) annually. DBK has provided a statement of the environmental objectives of the issuance in the Green and Sustainable Financing Framework for the financing and support of Renewable Energy. This is further clarified in paragraphs of the Framework referring to the CBI standard and Bond prospectus	
iv. A process to determine whether the Nominated projects and assets meet the sector eligibility requirements specified of the Standard	A. C. D.	Document review, Interview	DBK has set out in its Green and Sustainability Bond Framework the requirements under which Nominated Projects may be qualified for inclusion including compliance with Climate Bonds Standard Sector Criteria	Compliant with the requirement
v. Other information provided by the Issuer such as related Sector Criteria, including any exclusion criteria and any other process applied to identify and manage potentially material environmental or governance risks associated with the nominated projects and assets and any green standards or certifications referenced in the selection of nominated projects and assets	A. C. D. E.	Document review, Interview	As per DBK's Green and Sustainability Bond Framework, the Bank's responsible structural units submit to the Credit Committee materials on the compliance or non-compliance of an investment project with green project categories and criteria, including cases of bonds seeking certification. DBK assessed the nominated project against the requirements under Use of Proceeds clause 1.2 and the relevant sector criteria for compliance with the Climate Bonds Standard. This includes the conclusions of an SPO regarding the nominated project provided by GFC previously.	Compliant with the requirement
3. Management of Proceeds				
3.1. The Net Proceeds of the debt instrument must be credited to a sub-account, moved to a sub-portfolio, or otherwise identified by the Issuer in an appropriate manner and documented	A. C. D. G.	Document review, Interview	As per the Green and Sustainable Financing Framework, DBK uses internal financial reporting systems to track and monitor the earmarking and disbursement of proceeds to the nominated projects. GFC confirmed with DBK that this system is in place having examined DBK's working spreadsheets on the tracking of green and sustainable bond issues and allocation to green projects (excel file). For the purpose of tracking proceeds from the Certified bond, DBK has a separate sub-portfolio.	Compliant with the requirement
3.2. The debt instrument Issuer must either maintain an earmarking process or ring- fence the proceeds to manage and account for the allocation of Net Proceeds to the Nominated projects and assets	A. C. D. G.	Document review, Interview	As stated above in par 3.1, the Issuer maintains a system of documentary tracking of the sub-portfolio of assets financed from the bond proceeds, which corresponds to the first option of this requirement (earmarking). The ringfencing method is not used by the Issuer.	Compliant with the requirement
3.3 While the debt instrument remains outstanding, the balance of the tracked Net Proceeds must be reduced by amounts allocated to Nominated projects and assets. Pending such allocations to Nominated projects and assets, the balance of unallocated Net Proceeds must be:		Document review, Interview	See below.	
i. Held in temporary investment instruments that are cash, money-market instruments or other liquid, short-term cash equivalent instruments within a Treasury function; and/or	A. C. D.	Document review, Interview	As per Framework, if for any reason the aggregate amount of financed green projects in the sub-account is less than the total amount of outstanding green bonds, the Bank manages the unallocated amount in accordance with its Investment Portfolio Management Policy until the amount of financing and/or refinancing for green projects equals the green bond proceeds. For the Bond in question, there was a 100% allocation to eligible assets. The Bank ensures that the process for managing the proceeds from green bonds is assessed by an independent consultant.	Compliant with the requirement
ii. Held in temporary investment instruments that do not relate to greenhouse gas intensive projects or any projects which are inconsistent with the delivery of a		Document review, Interview	Not Applicable	

Checklist Question	Ref to reviewed doc No.	Verification activity	Findings	Conclusion on Compliance with Requirement
low carbon and climate resilient economy; and/or social projects				
iii. Applied to temporarily reduce the indebtedness of a revolving nature before being redrawn for investments in or disbursements to Nominated projects and assets		Document review, Interview	Not Applicable	
3.4. The Issuer must track and monitor all payments to Nominate projects and assets, with source documents, records, and evidence available for verification of allocation and earmarking (vouchers, contracts, invoices, payment documents, accounting and management records, etc. as applicable)	A. C. D. E. G.	Document review, Interview, Cross-checking	The requirement is met. The verifier has received access to the Special Off-System Sub-Account for Recording the Allocation of the Bank's Green and Sustainable Bonds, as well as to the primary loan agreement with the borrower, to the project documentation, to the Bank's intended-use-of-loan monitoring report and confirmed their alignment with the information disclosed in the Issuer's Annual Post-Issuance Report.	Compliant with the requirement
4. Post-issuance reporting				
4.1. Following the issuance of a Certified UoP instrument, to maintain the Certification all issuers must submit annual update reports within 12 to 24 months from the date of issuance of the debt instrument until its maturity. Any post-issuance verification report by an approved verifier in any year is deemed to satisfy the issuer's requirement to submit an update report for that year	A. C. D. X.	Document review, Interview	<p>As per Framework, the Bank annually prepares reports on the use of green bond proceeds, their intended purpose and the impact of green projects on the environment, by December 25. The reports are to be published on the official website https://www.kdb.kz in line with the Bank's Disclosure Rules. The first annual public disclosure (after receiving the verifier's report) is planned for December, 2024, and also on an annual basis until the full repayment of bonds.</p> <p>For the Bond in question, the verifier obtained access to the final version of the Issuer's Annual Post-Issuance Report.</p> <p>The Bank intends to provide and keep publicly available annual updated reports on issued Green Bonds, including certified bonds, specifically:</p> <ol style="list-style-type: none"> On the allocation of Green Bond proceeds: <ul style="list-style-type: none"> - the net proceeds received from each Green Bond; - the amount of proceeds allocated to each Green Project; - balance of unallocated proceeds at the end of the reporting period. On the environmental impact of each project: <ul style="list-style-type: none"> - progress and status of project implementation; - the actual effect, quantitative and qualitative, but not limited to, e.g., volume of electricity generated; reduction of greenhouse gas emissions, etc.; - deviation from projected quantitative and qualitative environmental impacts. 	Compliant with the requirement
4.2. The Issuer should also provide an Update Report on a timely basis in case of material developments. Material developments include, but are not limited to, early repayment, change of control or acquisition, change of name, changes to the eligibility of assets and projects and any material amendments to transaction documents, including any winding-up process or enforcement	A. C. D.	Document review, Interview	The Issuer's Annual Post-Issuance Report on the issued green bonds has been prepared in a timely manner. The Framework provides for updating the report annually and in the event of any material changes.	Compliant with the requirement
4.3. Issuers are encouraged to provide their Update Reports through existing bond market reporting channels	A. C. D.	Document review, Interview	See the Clause above. The Verifier confirmed with the Issuer that the verified Annual Post-Issuance Report on the Certified green bonds is to be published on the official website of the Bank https://www.kdb.kz/ in December 2024.	Compliant with the requirement
4.4. An Update Report must contain allocation and eligibility reporting, and, where required, impact reporting:	A.	Document review, Interview	<p>Information on the allocation of funds, according to the Issuer's Annual Post-Issuance Report, contains the following information:</p> <p>The Allocation report</p> <ul style="list-style-type: none"> - the net proceeds received from a Green Bond; - the amount of proceeds allocated to a Green Project; - balance of unallocated proceeds at the end of the reporting period. 	Compliant with the requirement

Checklist Question	Ref to reviewed doc No.	Verification activity	Findings	Conclusion on Compliance with Requirement
			In the Impact Report , the Bank disclosed the estimated environmental impacts of the project financed through the issuance of the Bank's Certified green bonds The Eligibility report is also included in the Issuer's Annual Post-Issuance Report.	
i. Allocation reporting confirms the allocation of bond proceeds to eligible projects and assets and is mandatory for all Certified debt instruments	A. B. C. D.	Document review, Interview, Cross-checking	According to the Issuer's Annual Post-Issuance Report and, in particular, the section on allocation, the net proceeds from the bond issue were used only to finance the Wind power plant construction project in question. The allocation of proceeds is backed up by information provided to the verifier, specifically, the copies of the related loan agreement, as well as the Bank's report on the targeted use of loan proceeds.	Compliant with the requirement
ii. Eligibility reporting confirms the characteristics or performance of projects and assets to demonstrate their eligibility under the relevant Sector Criteria and is mandatory for all Certified debt instruments	A. C. D.	Document review, Interview	The Eligibility report is included in the Issuer's Annual Post-Issuance Report. The Nominated and financed project continue to meet eligibility requirements provided in the Wind Sector Criteria documents (see Checklist Below)	Compliant with the requirement
iii. Impact reporting discloses the metrics or indicators which reflect the expected or actual impact of eligible projects and assets and is encouraged for all Certified debt instruments	A. C. D. E.	Document review, Interview	In the Impact Report , the Bank disclosed the estimated and/or actual environmental impacts of the project financed or refinanced through the issuance of the Bank's Certified green bonds According the Issuer's Annual Post-Issuance report the environmental effect of the Khromtau WPP Project: annual prevented greenhouse gas emissions in the amount of 366,501 tCO2 per year. Current status of the project: At present, auxiliary premises have been built, such as an administrative and amenity complex, a garage, a checkpoint, a warehouse, and work is underway to prepare the soil for the foundations and concreting the foundations for the wind turbines. By the end of 2024, 2 wind turbines are to be built. Wind turbines are expected to be commissioned in stages: the first two in January 2025, the next 8 in August 2025, and the remaining 14 by December 2025. Conclusions of environmental impact assessments. According to the copies of the Environmental Impact Permit for Category II Facilities dated September 8, 2023, the Report on Possible Impacts for the Planned Project dated June 21, 2023, provided to the verifier, the State Environmental Impact Assessment Conclusion for the Environmental Protection Section of the Working Project for the Construction of Power Grid Facilities for Wind Farms (August 23, 2023 and June 8, 2023) no critical environmental impact have been identified	Compliant with the requirement
4.5. The three different types of reporting can be included in a single Update Report, which must be provided to the Climate Bonds Standard Secretariat and made publicly available or provided annually to the bondholders/lenders for as long as the debt instrument remains outstanding	A. C. D.	Document review, Interview	Issuer's Annual Post-Issuance report and the related (this) post-issuance verification report are to be published on the official web-sites of the Issuer (https://kdb.kz/) and the verifier (https://gfc.aifc.kz/) The Update report will be provided to the Climate Bonds Standard Secretariat.	Compliant with the requirement
4.6. The timing of reporting under this clause can be aligned with the Issuer's regular reporting schedule and does not need to follow the anniversary of the Certification or issuance of the Bond	A. C. D.	Document review, Interview	The timing of the Issuer's Annual Post-Issuance report is aligned with both the factually annual reporting period for the Certified Bond (from the date of issuance) and with the reporting schedule established in the Framework (which is by December 25 for all issues under the Framework regardless of the date of issuance)	Compliant with the requirement
4.7. The Allocation Reporting must include, without limitation:			See below	
i. Confirmation that the Bonds issued under the Issuer's Sustainability Finance Framework are aligned with the Climate Bonds Standard (where applicable)	A. C. D.	Document review, Interview	As per the Green and Sustainable Financing Framework, where funds are raised through green bonds seeking certification under the Climate Bonds Standard, the Bank shall follow the requirements of the CBI Standard in relation to use-of-proceeds instruments in addition to compliance with those provided for in the Green Bond Framework in relation to each of the four core elements of the ICMA GBP and GLP (LMA/ALSTA/APLMA). In this case the Issuer's Annual Post-Issuance report includes this confirmation of alignment	Compliant with the requirement
ii. A statement on the climate-related and/or social objectives of the Bond	A. C. D.	Document review, Interview	DBK provided a summary of the use of proceeds from the Certified Bond in the Issuer's Annual Post-Issuance Report, including its climate-related objectives, and the statement about the alignment of the project financed with the Sector Criteria of the CBI standard for the Wind Power	Compliant with the requirement

Checklist Question	Ref to reviewed doc No.	Verification activity	Findings	Conclusion on Compliance with Requirement
			sector.	
iii. The list of Nominated projects and assets to which Net Proceeds have been allocated (or re-allocated)	A. E.	Document review, Interview	With regard to the Certified Bond, the Issuer's Annual Post-Issuance Report, included only the Khromtau project, to which 100% of net proceeds were allocated. Prior to issuance, 3 potential wind and solar power projects were identified in the bond prospectus with the corresponding climate mitigation impact indicators identified	Compliant with the requirement
iv. The amounts allocated to the Nominated projects and assets	A. E.	Document review, Interview	The Issuer's Annual Post-Issuance Report specified the amount allocated from the Certified Bond to the Khromtau project (USD 15 million). Also, due to the larger amount of loan extended to finance the project in question, the rest of the loan amount drawn by the borrower was attributed to another Sustainable bond issued by the Bank in April, 2024 (in the amount of USD 2,9 million).	
v. An estimate of the respective shares of the Net Proceeds used for financing and refinancing and which Nominated projects and assets have been refinanced. This may also include the expected look-back period for refinancing Nominated projects and assets		Document review, Interview	Not Applicable. See findings to Clause 1.9	
vi. The geographical distribution of the Nominated projects and assets	A. E.	Document review, Interview	Only 1 project identified, in Aktobe region, Kazakhstan	Compliant with the requirement
4.8. The Eligibility Reporting must include, without limitation:		Document review, Interview		
i. Confirmation that the Nominated projects and assets continue to meet the relevant eligibility requirements applicable when obtaining the Certification (where applicable)	A. C. D.	Document review, Interview	DBK identified and approved the nominated project as per Appendix II of this Assurance report, with reference to CBI Sector Eligibility Criteria, and as detailed in Prospectus. See Table 3 (NOMINATED PROJECTS AND ASSETS) below with the project eligibility checklist for more detail. Overall, the Framework includes a reference to CBI Sector Eligibility Criteria as a basis for project assessment with regard to potential certified green bonds, indicating GHG reduction and RES capacities installed as impact metrics for RES projects	Compliant with the requirement
ii. Information on the environmental and/or social characteristics or performance of Nominated projects and assets, which is prescribed by the relevant Sector Criteria		Document review, Interview	Compliant, see Findings to Clauses 4.7. and 4.8 (i) above	Compliant with the requirement
iii. The percentage of the UoP allocated to, and detailed description of, the nominated projects and assets which do not fully satisfy the Sector Criteria, where the issuer has made use of the 5% flexibility pocket in accordance with Clause A.3.1.3. of the Climate Bonds Standard		Document review, Interview	Not Applicable	
4.9. Some Bonds have a very stable allocation of proceeds and do not need to track any performance indicators to maintain the eligibility of the projects and assets (such as financing for a single large-scale solar facility). This means that the annual Update Report can be concise and restate the information from previous reports		Document review, Interview	Not Applicable due the Update Report being the first one post-issuance	
4.10. Where there are limits on the detail that can be		Document review,	Not Applicable	

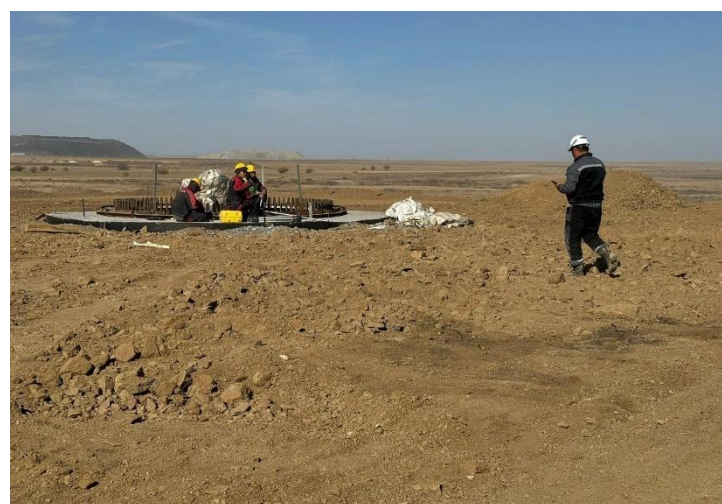
Checklist Question	Ref to reviewed doc No.	Verification activity	Findings	Conclusion on Compliance with Requirement
made available in the Update Report about specific Nominated projects and assets (as per Clause A.2.4.3 of the Climate Bonds Standard), information disclosed must include the investment areas into which the Nominated projects and assets fall and an explanation of why detail on Nominated projects and assets is limited		Interview		
4.11. The impact reporting shall, without limitation:			See Below	
i. Provide the expected or actual outcomes or impacts of the Nominated projects and assets concerning the climate-related and/or social objectives of the Bond	A.	Document review, Interview	The Issuer's Annual Post-Issuance Report specifies the expected impacts of the Nominated project financed, see Findings to Clause 4.4 (iii) (note: actual impacts on avoided emissions will be calculated later once the project is commissioned and actual outputs are available)	Compliant with the requirement
ii. Use qualitative performance indicators and, where feasible, quantitative performance measures of the outcomes or impacts of the Nominated projects and assets for the climate-related and/or social objectives of the Bond	A.	Document review, Interview	Compliant, the Issuer's Annual Post-Issuance Report specifies quantitative performance measures of the impacts of the project	Compliant with the requirement
iii. Provide the methods and the key underlying assumptions for the calculation of the performance indicators and metrics	A. C. D.	Document review, Interview	The methods and key initial assumptions underlying the calculation of the performance metrics are disclosed in the Issuer's Annual Post-Issuance Report. According to the Framework, in terms of the methodological basis for calculating the effect indicators, the Issuer's impact reporting is generally guided by the indicators provided in the Framework. The Issuer's Annual Post-Issuance Report provides an assessment of the environmental effect based on the projected input of renewable energy capacity and annual generation	Compliant with the requirement
4.12. Examples of quantitative performance measures of the outcomes of nominated projects and assets can include but are not limited to renewable energy capacity installed, GHG emissions avoided, emissions intensity, energy performance of buildings, number of passengers carried by public transport, and volume of wastewater treated. Impact metrics and indicators can include but are not limited to: GHG emissions reduced/avoided, the number of households provided with access to clean power, a decrease in water use, and a reduction in the number of cars required	A.	Document review, Interview	Compliant, see Findings to Clause 4.11 above	Compliant with the requirement
4.13. Methods include, but are not limited to, the framework used and the calculation methodology, including annualized metrics and/or lifetime calculations. Both institutional and proprietary frameworks may be used: institutional frameworks may be referenced by name, but proprietary and new frameworks should be described in sufficient detail to allow assessment	A.	Document review, Interview	Compliant, see Findings to Clause 4.11 (iii) above	Compliant with the requirement
4.14. The Issuer must make available to the public any Verification Reports or other relevant material which supports the Update Report	A. C. D.	Document review, Interview	The Issuer's Annual Post-Issuance report and the related (this) post-issuance verification report are to be published on the official web-sites of the Issuer (https://kdb.kz/) and the verifier (https://gfc.aifc.kz/)	Compliant with the requirement

Table 3.

NOMINATED PROJECTS AND ASSETS³

No.	Projects and Assets	Project description	Location	Verified Exposure USD	Project value (est.)
2	Bank loan to finance the Construction and commissioning of a Wind power development project with a total installed capacity of about 150 MW (Khromtau Wind Power Plant) (Borrower – JSC Kazakhstan Electrolysis Plant)	Construction and commissioning of a Wind power development project with a total installed capacity of about 150 MW (Khromtau Wind Power Plant)	Near the city of Khromtau, Aktobe region, Kazakhstan	USD 17,928,294 (Credit drawn by Borrower) USD 141,652,324 (Credit line amount as per Credit Committee approval)	USD 178 mln
	TOTAL			USD 17,928,294.2	

Figure-1. Khromtau Wind Power Plant project location (From Progress Report No.1)



1.1. Checklist Question	Ref to reviewed doc No.	Verification activity	Findings	Conclusion on Compliance with Requirement
1.1. Nominated projects and assets must meet the eligibility requirements provided in the relevant Sector Criteria documents applicable at the time of certification.	A. B. C. D. H. I.	Document review, Interview	Project Bank loan to finance the Construction and commissioning of a Wind power development project with a total installed capacity of about 150 MW (Khromtau Wind Power Plant) As per Feasibility Study, a 3000 ha site for a 100 or 150MW wind power plant was to be selected 9 km northeast of Khromtau town in Don Rural Area, Khromtau District, Aktobe Region. At the stage of report preparation, the 34 Goldwind GW155-4.5 and 25 Vestas V162-6.0 turbines were considered. Four meter-wide internal roads will connect the turbines. The 35kV alternate current cables will be laid 2m deep in the ground between the turbines to connect them to the internal substation from where a 110kV overhead line will run 21km to the area set for a planned 220kV substation.	Compliant with the requirement

³ The Issuer intends to allocate Green Bond proceeds to any of the Nominated assets and projects indicated herein depending on which one requires disbursement sooner.

			<p>Based on the outcomes of the project risk assessment using GFC’s Environmental and Social Risk Assessment Generic Checklist for Eligible Projects Financed under the Issue of Climate (Green)s/Loans, Project in question was assigned a MEDIUM (CATEGORY B) E&S risk rating.</p> <p>As per ESIA, the project was categorized as “B” for environmental and social aspects and the assessment has not identified any issues that would warrant a review of this categorization. No critical environmental and social issues have been identified and impacts are judged to be site specific with a potential to be brought to acceptable by the stakeholders level and in compliance with the Bank’s Performance Requirements with the mitigation measures.</p> <p>The environmental effect of the Khromtau WPP Project: annual avoided greenhouse gas emissions in the amount of 366,501 tCO2 per year.</p> <p>The P90⁴ factor was used to correlate the annual output. Annual output is expected to be 592 757MWh x 0.9 = 533 481 MWh.</p> <p>Given the projected electricity output by the Khromtau WPP of 533 481 MWh /year and based on the national Combined Margin Grid Emission Factor of 698 g CO2/kWh, or 0,698 tCO2/ MWh (for Kazakhstan⁵), the annual greenhouse gas (GHG) emissions avoided can be expected to be 533 481 MWh x 0,698 tCO2/MWh = 372 370 tCO2. However, since, according to IPCC, the average life-cycle CO₂ equivalent emissions for onshore wind power plants themselves is 0,011t CO₂ equivalent/MWh, the annual adjusted GHG emissions avoided are expected to be 533 481 MWh x (0,698- 0,011tCO2)/MWh = 366 501 tCO2.</p> <p>Note: Earlier, according to an SPO issued to ERG (borrower’s parent company) in June, 2022, on this project, which used the national GHG emission factor for grid electricity generation (EFgrid) equal to 844gCO2/kWh⁶, the annual reduction was estimated to be 433 856 tCO2. However, for the purposes of this Assurance Report, GFC employs a more conservative approach with reference to the IFI Dataset of Default Grid Factors table.</p> <p>When burning 1t of coal in Kazakhstan grid electricity generation network, 13-25kg of SO2 and 7-11kg of NOx are thought to be released⁷ (the lower values of 13 and 7kg are accepted for this calculation). The total annual reduction of SO2 and NOx emission is expected to be 948.4t and 509.8t respectively.</p> <p>GFC notes that the Issuer’s Green and Sustainability Financing Framework was prepared and structured to include Renewable energy (Wind), referring to CBS Sector Eligibility Criteria as selection criteria for cases seeking CBI certification. The Prospectus for the green bond set forth the use of proceeds and provides the description of the wind power projects in question.</p> <p>The issuer described the decision-making process for the selection of nominated projects in the Green and Sustainability Financing Framework.</p> <p>DBK issues other green bonds, however, the environmental objectives associated with the Certified Bond were clearly defined by the Issuer in the Prospectus and limited to the loan transactions financing the wind power projects that comply with the applicable Technical Criteria of the Climate Bond Standard.</p>	
<p>WIND SECTOR ELIGIBILITY CRITERIA of the Climate Bonds Standard Version 1.2)</p> <p>Wind energy assets relate to:</p> <ul style="list-style-type: none"> • The establishment, acquisition, expansion, and/ or ongoing management of a specified onshore wind energy facility. 	<p>A. B. C. D. E. H. I.</p>		<p>GFC verified the procedure used by DBK to identify, check, review and include loans on the basis of their use of proceeds.</p> <p>GFC assures the procedure for selecting the eligible assets:</p> <ul style="list-style-type: none"> • Bank loan to finance the Construction and commissioning of a Wind power development project with a total installed capacity of about 150 MW (Khromtau Wind Power Plant) 	

⁴ So called exceedance probability P90, which denotes the level of annual wind-driven electricity generation that is forecasted to be exceeded 90% of the year

⁵ According to the IFI Dataset of Default Grid Factors table, version 3.2 (used by IFIs as a basis for accounting for greenhouse gas emissions), Combined Margin Grid Emission Factor for Kazakhstan in relation to wind and solar energy projects is set at 0,698 tCO2/ MWh

⁶ Green Economy Transition Handbook, EBRD, 2018 page 51 based on a study carried out by Lahmayer International in 2012, which is still subject to approval. Alternatively, the baseline level of coal in terms of greenhouse gas emissions could be set equal to the carbon dioxide equivalent emission factor of 985 g/kWh (Order of the Minister of Energy of the Republic of Kazakhstan dated June 28, 2017 № 222).

⁷ https://forbes.kz/process/probing/pyil_vekov

<ul style="list-style-type: none">• The establishment, acquisition, expansion and/ or ongoing management of related inputs and infrastructure to support these facilities. <p>These assets are eligible for inclusion in a Certified Climate Bond if they meet:</p> <p>Onshore wind energy generation facilities are Automatically eligible</p>			GFC assures that based on the verification procedures undertaken, the use of proceeds is compliant with the CBI Wind Sector Criteria, and the onshore wind energy generation facilities considered are Automatically eligible .	
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Appendix II. List of Documents Reviewed

Review of Documentation

Documents provided by DBK that relate to the Green Bond are listed below. These have been used as direct sources of evidence for the verification conclusions, and are also further checked, as considered appropriate, through interviews with key personnel.

- A. Post-Issuance Report on Green and Sustainable bonds of JSC "Development Bank of Kazakhstan" (Issuer's Annual Post-Issuance Report)
- B. Prospectus on the Bond Issue
- C. Green Bond Framework as approved on February 01, 2022 (as amended in March 2023)
- D. Green and Sustainable Financing Framework as approved on June 3rd, 2024
- E. Project Information:
 - E.1. Questionnaire filled in on Project #2 (153 MW WPP Khromtau, Aktobe Region)
 - E.2. Preliminary ESIA and Feasibility study for project: «Wind Farm Construction (WFP)», including 154 WPP in Khromtau, issued to Kazchrome, date of approval 17.05.2021
 - E.3. SPO issued earlier for ERG by GFC on 13 June, 2022, re: the compliance of a green loan (ERG is a parent company of JSC "Kazakhstan Electrolysis Plant", DBK's borrower re: the Khromtau WPP project), which includes project assessment for compliance with Kazakhstan's Green Taxonomy
 - E.4. Positive conclusion of an independent examination No. KAREXP-0023/23 dated September 18, 2023 for the project: Construction of a wind power plant (WPP) Khromtau. Service and production complex (SPC) of wind farms, technological passages, installation sites", issued to JSC NTK Kazchrome (a subsidiary of ERG)
 - E.5. Credit Committee decision on inclusion of the project # 2 to the pool of green projects and recommendation for Credit Committee for nomination
 - E.6. Bank Credit Line Agreement with Borrower signed on June 14th, 2024
 - E.7. Bank's intended use of loan checks and site visit reports (Zero Report on the Khromtau WPP as of July 12, 2024, and Progress Report No.1 as of 18.10.2024)
- F. DBK's Criteria for assessing investment project applicants for compliance with environmental, social and corporate governance (ESG) principles as approved by the Credit Committee of Development Bank of Kazakhstan JSC in January 2023
- G. Working spreadsheets on the tracking of DBK's sustainable bond issues and allocation to green projects (excel file)
- H. Verification report for the pre-issuance certification of DBK's Green Bonds, dated 15 December, 2023
- I. Climate Bonds Certificate (Certification) for DBK's Green Bonds issued in the amount of 15 million US Dollars for a tenor of up to 1 year, dated 21st December 2023
- J. SPO issued earlier for DBK by GFC on 1 April, 2024, re: the compliance of DBK's revised Green and sustainable financing framework with the ICMA GBP/SBP/SBG, as well as the GLP and SLPP of the Loan Market Association, Asia Pacific Loan Market Association And Loan Syndications & Trading Association
- K. SPO provided by Sustainable Fitch (dated 2 April 2024) on DBK's revised Green and sustainable financing framework and Sustainable Bond issued in April, 2024
- L. Post-Issuance Verification Report on the debut green bond by DBK dated July 30th, 2024
- M. Bank's Development Strategy for 2014–2023
- N. Development Strategy for 2024–2033 (approved in January 2024)
- O. Sustainable Development Policy
- P. Memorandum on Credit Policy
- Q. Corporate Governance Code
- R. Annual reports of DBK for 2022 and 2023
- S. Draft Roadmap for the implementation of ESG in its activities (approved in April 2023)
- T. Risk management policy of Development Bank of Kazakhstan JSC
- U. Information on the risk management and internal control system

- V. Corporate social responsibility strategy
- W. Principles of corporate social responsibility of DBK
- X. Information disclosure rules of DBK
- Y. Organizational structure

Background documents related to the applied standards:

1. Climate Bond Standard version 4.2, June 2024.
2. Climate Bonds Initiative Wind Sector Eligibility Criteria (Rev. 1.3 as of 13 April 2023).

Interviews with and Information Collected from Bond issuer stakeholders

GFC primarily communicated with DBK’s team of Funding and International Relations Department to gather information about the Bond and collected information from the issuer.

The following key persons were involved in these communications.

1. Adina Berikkyzy, Director, Funding and International Cooperation, DBK
2. Malika Rakhymzhanova, Specialist, Funding and International Cooperation, DBK
3. Anna Zagoskina, Senior manager, Funding and and International Cooperation , DBK
4. With top management: 1) Botagoz Abisheva, Deputy Chairwoman of the Management Board, Financial Management 2) Dina Zhanadil, Managing Director;

Appendix III. Assurance Procedures and Findings

Resolution of issues raised

The objective of this phase of the verification is to resolve any outstanding issues, which need be clarified prior to GFC’s conclusion on the Bond. No corrective action issues, where DBK might have deficient processes and procedures that will influence its ability to meet the requirements of the Climate Bond Standard were raised. A clarification issue was raised where information was insufficient or not clear enough to determine whether the applicable Climate Bond Standard requirements have been met (see below). No material follow-up control issues were raised during verification to highlight issues related to the Bond issuer’s implementation of the requirements of the Climate Bond Standard that require review during a subsequent verification.

Corrective action issues raised

No.	Corrective action issue raised	Action taken by Bond issuer	GFC’s assessment of action taken by Bond issuer
1	None raised		

Clarification issues raised

No.	Clarification issue raised	Action taken by Bond issuer	GFC’s assessment of action taken by Bond issuer
1	Follow up on a possible issue previously raised at the pre-issuance verification stage, which was about the possible lack of internal expertise during the identification and	Since December 2023 when the original concern was raised by GFC during the preparation of the pre-	Action sufficient. GFC confirmed with Client that the Bank has conducted its assessment re: projects to be financed against its Criteria

Post-Issuance Verification report on Certified Climate Bond
Green Bond of Development Bank of Kazakhstan

	<p>selection of eligible projects and related E&S risk assessment. Bank had adopted a document back in 2023 titled 'Criteria for assessing investment project applicants for compliance with environmental, social and corporate governance (ESG) principles', and the Bank also pledged voluntarily to implement in mid-term the Financial Regulator's (ARDFM) Guidance on ESMS officially adopted by the regulator in July 2024, although DBK doesn't fall under the regulated community. Given that the Bank is in the midst of its journey to fully implement ESMS procedures, the Bank may not have the necessary resources to conduct in-depth Due Diligence and follow-up and monitor thoroughly the implementation of any project-related mitigation plans.</p>	<p>issuance verification report, the Bank has addressed the questions. GFC confirmed with Client, including through document review, that the Bank assigned appropriate responsibilities to dedicated internal staff for E&S risk assessment procedures and follow-up monitoring</p>	<p>for assessing investment project applicants for compliance with environmental, social and corporate governance (ESG) principles, that have been carried out by dedicated internal staff for E&S risk assessment procedures.</p>
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Follow-up control issues raised

No.	Follow-up control issue raised	Action taken by Bond issuer	GFC's assessment of action taken by Bond issuer
1	None Raised		

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