



**Damu Entrepreneurship Development Fund JSC**

**Unaudited *interim condensed financial statements***

**September 30, 2021**

**Damu Entrepreneurship Development Fund JSC**  
**Condensed interim statement of financial position**

<i>(in thousands of KZT)</i>	Note	September 30, 2021 (unaudited)	December 31, 2020
<b>ASSETS</b>			
Cash and cash equivalents	4	129,205,935	87,151,266
Amounts due from financial institutions	5	218,383,162	229,441,142
Accounts receivable under subsidy programs		49,922	162,139
Loans and advances to customers		476,557	556,967
Investments in debt securities	6	42,745,927	21,829,298
Property, plant, and equipment		2,128,554	2,361,265
Intangible assets		274,591	234,391
Prepayment of current income tax liabilities		5,728,183	7,430,331
Deferred tax asset		2,216,372	2,978,187
Long-term assets available for sale		199,870	250,217
Other assets	7	6,023,703	5,700,313
<b>TOTAL ASSETS</b>		<b>407,432,776</b>	<b>358,095,516</b>
<b>LIABILITIES</b>			
Borrowed funds	8	170,310,928	175,824,905
Debt securities issued		1,208,553	209,139
Commitments under subsidy programs	9	39,260,859	24,201,336
Deferred income and provisions for credit related commitments	10	52,990,442	37,209,704
Other liabilities	11	711,976	977,970
<b>TOTAL LIABILITIES</b>		<b>264,482,758</b>	<b>238,423,054</b>
<b>EQUITY</b>			
Share capital	12	102,920,273	102,920,273
Additional paid-in capital		10,735,627	10,735,627
Revaluation reserve for investment securities measured at fair value through other comprehensive income		44,752	47,581
Other reserves		316,430	316,430
Retained earnings		28,932,936	5,652,551
<b>TOTAL EQUITY</b>		<b>142,950,018</b>	<b>119,672,462</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>407,432,776</b>	<b>358,095,516</b>
<b>Book value of one common share (KZT)</b>		<b>5,139,19</b>	<b>4,302,18</b>

Deputy Chairman of the Management Board: B.N. Makazhanov

(surname, name, patronymic)

Chief Accountant: Kusaiynova A.K.

(surname, name, patronymic)

(signature)

(signature)

**Damu Entrepreneurship Development Fund JSC**  
**Condensed interim statement of profit or loss and other comprehensive income**

(in thousands of KZT)	Note	Nine months ended	
		September 30, 2021 (unaudited)	September 30, 2020 (unaudited)
Interest income received, calculated using the effective interest method	15	18,431,648	19,159,374
Other similar income	15	106,892	127,185
	15	(5,394, 521)	(8,521,900)
<b>Net interest margin and similar income</b>		<b>13,144,019</b>	<b>10,764,659</b>
Creation of valuation allowance for loan losses		1,187,922	(1,238, 699)
<b>Net interest income after provision for loan impairment</b>		<b>14,331,941</b>	<b>9,525,960</b>
Net fee and commission income	16	12,117,206	3,593,790
Gains less losses from derecognition of financial assets measured at amortized cost	17	6,064,739	2,955,450
Income less expenses from securities at fair value through profit and loss		67,396	123,685
Income less expenses arising from dealing in foreign currencies		(102)	1,822
Income less expenses from revaluation of foreign currencies		35,939	407,286
Expenses incurred on initial recognition of assets at below market rates			(82,300)
(Provision charge)/recovery of provision for impairment losses on investment securities measured at fair value through other comprehensive income		(1,526)	(187)
Provision charge for impairment of other assets		(48,221)	(44,949)
Recovery of provision/ (Provision charge) for credit related commitments		1,476,068	(3,477,810)
Other operating income		84,291	49 914
Expenses incurred in the implementation of the Fund's programs		(496,051)	(378 845)
General and administrative expenses		(3,477,603)	(3,178,883)
<b>Profit before income tax</b>		<b>30,154,077</b>	<b>9,494,933</b>
Income tax expense	18	(3,539,677)	(944,489)
<b>Profit for the period</b>		<b>26,614,400</b>	<b>8,550,444</b>
<b>Other comprehensive income:</b>			
<b>Investments measured at fair value through other comprehensive income:</b>			
- expenses less income for the period		(2,829)	51,736
<b>Other comprehensive income</b>		<b>(2,829)</b>	<b>51,736</b>
<b>Total comprehensive income for the period</b>		<b>26,611,571</b>	<b>8,602,180</b>

*Profit and total comprehensive income for both interim periods are fully attributable to the Fund's shareholder.*

**Damu Entrepreneurship Development Fund JSC**  
**Condensed interim statement of changes in equity**

	Share capital	Additional paid- in capital	Revaluation fund for securities measured at fair value through other comprehensive income	Other reserves	Retained profit/(loss)	Total
<i>(in thousands of KZT)</i>						
<b>Balance as of January 1, 2020</b>	<b>72,920,273</b>	<b>10,735,627</b>	<b>132,723</b>	<b>316,430</b>	<b>2,030,915</b>	<b>86,135,968</b>
Profit for the period (unaudited)	-	-	-	-	8,550,444	8,550,444
Other comprehensive income (unaudited)	-	-	51,736	-	-	51,736
<b>Total comprehensive income for the nine months ended September 30, 2020 (unaudited)</b>	<b>-</b>	<b>-</b>	<b>51,736</b>	<b>-</b>	<b>8,550,444</b>	<b>8,602,180</b>
Contributions to equity (unaudited)	30,000,000	-	-	-	-	30,000,000
Dividends declared (unaudited)	-	-	-	-	(1,141,243)	(1,141,243)
<b>Balance as of September 30, 2020 (unaudited)</b>	<b>102,920,273</b>	<b>10,735,627</b>	<b>184,459</b>	<b>316,430</b>	<b>9,440,116</b>	<b>123,596,905</b>
<b>Balance as of January 1, 2021</b>	<b>102,920,273</b>	<b>10,735,627</b>	<b>47,581</b>	<b>316,430</b>	<b>5,652,551</b>	<b>119,672,462</b>
Profit for the period (unaudited)	-	-	-	-	26,614,400	26,614,400
Other comprehensive loss (unaudited)	-	-	(2,829)	-	-	(2,829)
<b>Total comprehensive income for the nine months ended September 30, 2021 (unaudited)</b>	<b>-</b>	<b>-</b>	<b>(2,829)</b>	<b>-</b>	<b>26,614,400</b>	<b>26,611,571</b>
Dividends declared (unaudited)	-	-	-	-	(3,334,015)	(3,334,015)
<b>Balance as of September 30, 2021 (unaudited)</b>	<b>102,920,273</b>	<b>10,735,627</b>	<b>44,752</b>	<b>316,430</b>	<b>28,932,936</b>	<b>142,950,018</b>

Notes from page 5 to page 23 are an integral part of these condensed interim financial statements

**Damu Entrepreneurship Development Fund JSC**  
**Notes to the condensed interim financial statements - September 30, 2021**

	Nine months ended	
	September 30, 2021 (unaudited)	September 30, 2021 (unaudited)
<i>(in thousands of KZT)</i>		
<b>Cash flows from operating activities</b>		
Interest received	11,144,945	12,901,493
Interest paid	(1,023,535)	(4,197,613)
Fees received	28,468,195	8,565,680
Fees paid	(53,325)	(53,322)
Cash flows from other operating activities	66,819	39,284
Labour costs paid	(1,901,051)	(1,902,738)
General and administrative expenses paid	(2,056,354)	(1,191,966)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>34,645,694</b>	<b>14,160,818</b>
<i>Net decrease/(increase):</i>		
- on funds in other financial institutions	22,405,020	7,774,810
- on loans and advances to customers	140,890	(181,327)
- on other financial assets	(95,477,152)	(259,769)
- on other assets	35,317	(312,873)
<i>Net increase/(decrease) in:</i>		
- on other financial liabilities	111,318,188	29,691,188
- other liabilities	(16,120)	140,244
<b>Net cash generated from operating activities</b>	<b>73,051,837</b>	<b>51,013,091</b>
<b>Cash flows from investment activities:</b>		
Purchase of investment securities	(63,561,599)	(11,184,573)
Proceeds from sale and redemption of investment securities	44,576,083	9,709,790
Purchase of fixed assets	(5,068)	(126,641)
Purchase of intangible assets	(86,651)	(6,841)
Proceeds from disposal of assets held for sale	441,408	104,434
<b>Net cash used in investing activities</b>	<b>(18,635,827)</b>	<b>(1,503,831)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings	1,130,000	4,825,113
Repayment of borrowings	(11,012,131)	(20,603,738)
Equity contributions from shareholders		30,000,000
Dividends paid	(3,334,015)	(1,141,243)
Proceeds from debt securities issued	1,000,000	200,131
Long term leases	(112,950)	
<b>Net cash (used in) / received from financing activities</b>	<b>(12,329,096)</b>	<b>13,280,263</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(1,232)</b>	<b>427,904</b>
<b>Effect of changes in allowance for impairment on cash and cash equivalents</b>	<b>(31,013)</b>	<b>5,498</b>
<b>Net increase in cash and cash equivalents</b>	<b>42,054,669</b>	<b>63,222,925</b>
Cash and cash equivalents at the beginning of the period	87,151,266	40,771,790
<b>Cash and cash equivalents at the end of the period</b>	<b>129,205,935</b>	<b>103,994,715</b>

## **1. Introduction**

These condensed interim financial statements of Damu Entrepreneurship Development Fund JSC (the "Fund") have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" for the nine months ended 30 September 2021.

The Fund was established in accordance with Resolution of the Government of the Republic of Kazakhstan No. 665 dated

26 April 1997. The Fund is registered and operates in the Republic of Kazakhstan as a joint stock company providing financial services as a development institution to support the development of small and medium enterprises.

As of September 30, 2021, the 100% shareholder of the Fund is

Baiterek National Management Holding JSC (the "Sole Shareholder"). The ultimate shareholder of the Fund is the Government of the Republic of Kazakhstan.

**Principal activities.** The principal activities of the Fund are financing under the lending programs through second-tier banks, microfinance organizations and leasing companies, interest rate subsidies, guarantees, consulting support, distribution of information-analytical materials. The Fund uses its own and borrowed funds to finance small and medium-sized businesses in Kazakhstan.

The Fund has 17 regional branches. The head office is located in Almaty, Kazakhstan. As of 30 September 2021, the Fund had 358 employees.

**Legal address and place of business.** The Fund is registered at the following address: 111 Gogol Str., Almaty, Republic of Kazakhstan.

## **2. Economic environment in which the Fund operates**

**Republic of Kazakhstan.** In general, the economy of the Republic of Kazakhstan continues to display some characteristics of an emerging market. It is particularly sensitive to fluctuations in the price of oil, gas and other minerals, which constitute the bulk of the country's exports. These features also include, but are not limited to, the existence of a national currency that is not freely convertible outside of the country and a low level of liquidity in the securities market. Ongoing political tensions in the region and exchange rate volatility have had and may continue to have a negative impact on Kazakhstan's economy, including reduced liquidity and difficulties in attracting international financing.

On August 20, 2015 the National Bank and the Government of the Republic of Kazakhstan decided to stop supporting the exchange rate of tenge and implement a new monetary policy based on the inflation targeting regime, cancellation of currency corridor and transition to a free-floating exchange rate. At the same time, the National Bank's exchange rate policy allows for interventions to prevent sharp fluctuations in the tenge exchange rate to ensure financial stability.

In March 2021 the international rating agency S&P Global Ratings affirmed the long-term and short-term sovereign ratings of Kazakhstan on liabilities in foreign and local currency at "BBB-/A-3", and the national scale rating - "kzAAA". The outlook on the credit ratings is "stable". Stable outlook is confirmed by the presence of positive balance sheet indicators, formed by additional revenues to the National Fund of the Republic of Kazakhstan, low public debt, the total amount of which will not exceed the external liquid assets of the state in two years. Low oil prices, reduction of oil production due to OPEC agreement and consequences of COVID-19 containment measures have adversely affected economy of Kazakhstan in 2020, but recovery of economic growth in 2021, which will average about 4% in 2021-2022 is forecasted.

## **2. Economic environment in which the Fund operates (continuing)**

In the first half of 2021, Kazakhstan's economy began to recover from the pandemic, largely due to increased household spending and public investment. The global economic recovery and high prices in global commodity markets also contributed to this. However, prices in some markets in Kazakhstan and around the world are also rising in response to the economic recovery, contributing to inflation in Kazakhstan. Management is taking all necessary measures to ensure the sustainability of the Fund's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

To estimate the expected credit losses, the Fund uses confirmed forecasting information, including forecasts of macroeconomic indicators. However, as in any economic forecasts, assumptions and their probability are inevitably associated with a high level of uncertainty and, consequently, actual results may differ significantly from those expected. Note 5 provides additional information on how the Fund incorporates forward-looking information into its expected credit loss models.

In March 2020, the International Accounting Standards Board (IASB) emphasized in its guidance that in determining the impact of COVID-19 on the calculation of expected credit losses under IFRS 9, appropriate judgment must be applied given the significant uncertainties that exist, particularly in assessing future macroeconomic conditions. Deteriorating economic forecasts have and will likely continue to increase expected credit losses and, therefore, lead to greater volatility in profit or loss.

## **3. Summary of accounting policy principles**

**Basis of statements presentation.** These condensed interim financial statements are prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the annual financial statements of the Fund for the year ended December 31, 2020, prepared in accordance with International Financial Reporting Standards ("IFRS").

**Interim Period Tax Calculation.** Income tax expense in the interim period is accrued at the effective tax rate applicable to the expected total annual earnings, i.e., the estimated weighted average annual effective income tax rate applicable to the pre-tax earnings for the interim period.

**Basis of cost measurement.** These financial statements have been prepared under the historical cost convention, except for financial instruments at fair value through other comprehensive income and at fair value through profit or loss.

**Assumption of going concern.** Management has prepared these interim financial statements on a going concern basis.

**The functional and presentation currency of the interim financial statements.** The functional currency of the Fund is the Kazakhstani Tenge ("KZT") as, being the national currency of the Republic of Kazakhstan, it reflects the economic substance of the majority of underlying events and circumstances relevant to the Fund.

Tenge is also the presentation currency for the purposes of these interim financial statements.

All financial information presented in KZT has been rounded to the nearest thousand, unless otherwise stated.

**Damu Entrepreneurship Development Fund JSC**  
**Notes to the condensed interim financial statements - September 30, 2021**

**4. Cash and cash equivalents**

<i>(in thousands of KZT)</i>	September 30, 2021 (unaudited)	December 31, 2020 (unaudited)
Sale and repurchase agreements (reverse REPO) with an original maturity of less than three months	70,596,776	49,404,567
Bank balances payable on demand	12,415,991	22,604,007
Balances with NBRK (other than mandatory reserve deposits)	46,224,679	15,143,190
Less allowance for impairment losses	(31,511)	(498)
<b>Total cash and cash equivalents</b>	<b>129,205,935</b>	<b>87,151,266</b>

Demand bank account balances contain funds received to subsidize small and medium-sized businesses. See Note 9.

**5. Funds at financial institutions**

<i>(in thousands of KZT)</i>	September 30, 2021 (unaudited)	December 31, 2020
Loans to financial institutions	210,964,715	218,644,971
Loans issued under Islamic financing programs	14,788,358	12,477,188
Deposits with banks with original maturities of more than three months	3,908,796	10,610,427
Less allowance for loan impairment	(11,278,707)	(12,291,444)
<b>Total funds in financial institutions</b>	<b>218,383,162</b>	<b>229,441,142</b>

The decrease in balance of loans issued to financial institutions as of September 30, 2021 is due to scheduled and early loan repayments made by financial institutions.

During the 9 months of 2021 the Fund received partial early repayments from three banks, to which loans with rates below market had been issued earlier, and recognized gain from partial derecognition of loans to these banks in the amount of 6,064,739 thousand tenge (Note 15).

**6. Investments in debt securities**

<i>(in thousands of KZT)</i>	September 30, 2021 (unaudited)	December 31, 2020
Debt securities at fair value through other comprehensive income	36,366,156	13,853,865
Debt securities measured at amortized cost	5,465,042	5,255,723
Debt securities designated at fair value through profit or loss upon initial recognition	914,729	2,719,710
<b>Total investments in debt securities</b>	<b>42,745,927</b>	<b>21,829,298</b>



**Damu Entrepreneurship Development Fund JSC**  
**Notes to the condensed interim financial statements - September 30, 2021**

**6 Investments in debt securities (continuing)**

The following table discloses investments in debt securities as of September 30, 2021, by category and valuation class.

<i>(in thousands of KZT)</i>	Debt securities designated at fair value through profit or loss	Debt securities at fair value through other comprehensive income	Debt securities at amortized cost	Total
Notes of the National Bank of the Republic of Kazakhstan	-	31,860,110	-	31,860,110
Kazakh government bonds	914,729	3,960,063	-	4,874,792
Corporate bonds	-	554,309	4,666,076	5,220,385
Bonds of other corporate issuers	-	-	811,339	811,339
Total investments in debt securities at September 30, 2021 (fair value or gross carrying amount)	914,729	36,374,482	5,477,415	42,766,626
Valuation allowance for credit losses	-	(8,326)	(12,373)	(20,699)
<b>Total investments in debt securities as of September 30, 2021 (carrying amount)</b>	<b>914,729</b>	<b>36,366,156</b>	<b>5,465,042</b>	<b>42,745,927</b>

The following table discloses investments in debt securities as of December 31, 2020, by category and valuation class.

<i>(in thousands of KZT)</i>	Debt securities designated at fair value through profit or loss upon initial recognition	Debt securities at fair value through other comprehensive income	Debt securities at amortized cost	Total
Notes of the National Bank of the Republic of Kazakhstan	-	13,308,512	-	13,308,512
Kazakh government bonds	1,405,461	-	-	1,405,461
Corporate bonds	1,314,249	552,153	4,437,602	6,304,004
Bonds of other corporate issuers	-	-	828,452	828,452
Total investments in debt securities at December 31, 2020 (fair value or gross carrying amount)	2,719,710	13,860,665	5,266,054	21,846,429
Valuation allowance for credit losses	-	(6,800)	(10,331)	(17,131)
<b>Total investments in debt securities as of December 31, 2020 (carrying amount)</b>	<b>2,719,710</b>	<b>13,853,865</b>	<b>5,255,723</b>	<b>21,829,298</b>

**7. Other assets**

<i>(in thousands of KZT)</i>	September 30, 2021 (unaudited)	December 31, 2020
Accounts receivable measured at amortized cost	1,147,335	753,756
Less allowance for impairment	-76,990	(61,345)
<b>Total financial assets within other assets</b>	<b>1,070,345</b>	<b>692,411</b>
Collateral received for non-payment	4,393,698	4,404,245
Taxes excluding income tax	332,008	449,468

***Damu Entrepreneurship Development Fund JSC******Notes to the condensed interim financial statements - September 30, 2021***

Prepayments for services	178,484	110,141
Raw materials and supplies	38,928	40,651
Construction in progress	4,067	-
Other	11,308	7,145
Less allowance for impairment	(5,135)	(3,748)

<b>Total other assets</b>	<b>6,023,703</b>	<b>5,700,313</b>
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Property collateral received for non-payments represents real estate assets received by the Fund in settlement of delinquent loans. The Fund expects to realize these assets in the foreseeable future. The assets do not meet the definition of long-term assets held for sale and are classified as inventories in accordance with IAS 2, "Inventories". These assets were initially recognized at cost and are subject to revaluation to fair value upon reclassification to non-current assets held for sale.

**Damu Entrepreneurship Development Fund JSC**  
**Notes to the condensed interim financial statements - September 30, 2021**

**8. Borrowed funds**

<i>(in thousands of KZT)</i>	September 30, 2021 (unaudited)	December 31, 2020
Baiterek NMH JSC (6.57% - 6.71%)	94,915,079	90,549,594
Municipalities (0.01% - 1%)	55,623,718	65,507,184
National Welfare Fund "Samruk-Kazyna" JSC (2% - 5.5%)	19,416,325	19,416,325
Ministry of Finance of the Republic of Kazakhstan (0%)	355,806	351,802
<b>Total borrowed funds</b>	<b>170,310,928</b>	<b>175,824,905</b>

**9. Liabilities under subsidy programs**

<i>(in thousands of KZT)</i>	September 30, 2021 (unaudited)	December 31, 2020
Banks	3,658,608	18,528,165
Municipalities	35,602,251	5,673,171
<b>Total liabilities under subsidy programs</b>	<b>39,260,859</b>	<b>24,201,336</b>

Liabilities under the subsidy programs are placed by Committee for Construction and Housing and Communal Services of the Ministry of Industry and Infrastructure Development of the Republic of Kazakhstan RSI, "United Nations Development Program" in the Republic of Kazakhstan and municipal authorities. Such funds are further transferred to local banks as a payment for projects subsidized by the government according to the State program of housing construction "Nurly Zher", the State program of support and development of business "Business Road Map - 2025". From 01.07.2021 Kazakhstan Housing Company JSC became an operator under the State Housing Construction Program "Nurly Zher".

**10. Deferred income and provision for credit related commitments**

<i>(in thousands of KZT)</i>	September 30, 2021 (unaudited)	December 31, 2020
Financial guarantees (provision for credit related commitments)	25,898,608	24,585,176
Deferred income from financial guarantees	27,091,833	12,624,528
<b>Total deferred income and provision for credit related commitments</b>	<b>52,990,442</b>	<b>37,209,704</b>

**11. Other liabilities**

<i>(in thousands of KZT)</i>	September 30, 2021 (unaudited)	December 31, 2020
Accounts payable	188,360	230,291
Finance leases	63,469	178,498
Accrued liabilities and other creditors	130,693	125,339
<b>Total financial liabilities in other liabilities</b>	<b>382,522</b>	<b>534,128</b>
Advances received	191,040	82,905
Taxes payable excluding income tax	50,254	136,221
Reserves on unused vacations	80,640	110,858
Accrued expenses on employee compensations	6,931	112,888
Other	589	970
<b>Total other liabilities</b>	<b>711,976</b>	<b>977,970</b>

## 12. Share capital

<i>In thousands of KZT, except number of shares</i>	<b>Number of outstanding shares (thousands)</b>	<b>Common shares</b>	<b>Total</b>
<b>As of January 1, 2020</b>	<b>27,462</b>	<b>72,920,273</b>	<b>72,920,273</b>
New shares issued	300	30,000,000	30,000,000
<b>As of September 30, 2020</b>	<b>27,762</b>	<b>102,920,273</b>	<b>102,920,273</b>
<b>As of December 31, 2020</b>	<b>27,762</b>	<b>102,920,273</b>	<b>102,920,273</b>
<b>As of September 30, 2021</b>	<b>27,762</b>	<b>102,920,273</b>	<b>102,920,273</b>

On 10 June 2020 and 16 July 2020 the share capital of the Fund was increased by 20,000,000 thousand tenge and 10,000,000 thousand tenge by the decision of the Sole Shareholder of the Fund. The share capital was increased for the purpose of supporting the Fund in a difficult economic period and for further development of the Fund's programs to support small and medium-sized businesses.

On 26 May 2021 at the meeting of the Sole Shareholder the Fund declared dividends for the year ended 31 December 2020 in total amount 3,334,015 thousand Tenge. The full amount of dividends was paid to the Sole Shareholder on 31 May 2021.

## 13. Net assets per common share.

In accordance with the Listing Rules of the Kazakhstan Stock Exchange, the Fund disclosed information on net assets per common share, calculated in accordance with the specified Rules:

<i>in thousands of KZT</i>	<b>September 30, 2021 (unaudited)</b>	<b>December 31, 2020</b>
<b>Assets</b>	<b>407,432,776</b>	<b>358,095,516</b>
Intangible assets	274,591	234 391
Liabilities	264,482,758	238,423,054
Authorized capital on preferred shares	0	0
<b>Net assets for common shares</b>	<b>142,675,427</b>	<b>119,438,071</b>
Total number of common shares	27,762,244	27,762,244
<b>Balance cost of common share (KZT)</b>	<b>5,139.19</b>	<b>5,402.18</b>

As of 30 September 2021 net assets per ordinary share have been determined by dividing the amount of equity capital decreased by the carrying amount of intangible assets which the Fund will not be able to sell to third parties in the amount of 142,675,427 thousand tenge (31 December 2020: 119,438,071 thousand tenge) by the total number of outstanding shares - 27,762,244 (31 December 2020: 27,762,244 shares).

## 14. Earnings per share

<i>(in thousands of KZT)</i>	<b>Nine months ended</b>	
	<b>September 30, 2021. (unaudited)</b>	<b>September 30, 2020 (unaudited)</b>
Profit attributable to the owner of ordinary shares	26,614,400	8,550,444
Profit attributable to the owner of preferred shares	0	0
<b>Profit for the reporting period</b>	<b>26,614,400</b>	<b>8,550,444</b>
<b>Weighted average number of common shares outstanding</b>	<b>27,762,244</b>	<b>27,762,244</b>
<b>Weighted average number of preferred shares outstanding</b>	<b>0</b>	<b>0</b>
<b>Basic and diluted earnings per common share, tenge per share</b>	<b>958.65</b>	<b>307.99</b>
<b>Basic and diluted earnings per preferred share, tenge per share</b>	<b>0</b>	<b>0</b>

**Damu Entrepreneurship Development Fund JSC**  
**Notes to the condensed interim financial statements - September 30, 2021**

**15. Interest income and expenses**

(in thousands of KZT)	Nine months ended	
	September 30, 2021. (unaudited)	September 30, 2020 (unaudited)
<b>Interest income calculated using the effective interest rate method</b>		
Funds at financial institutions	12,293,946	15,876,275
Cash and cash equivalents	3,979,243	2,717,552
Investment securities at fair value through other comprehensive income	1,788,068	238,488
Loans and advances to customers	87,031	256,127
Investment securities measured at amortized cost	283,361	70,932
<b>Total interest income</b>	<b>18,431,648</b>	<b>19,159,374</b>
<b>Other similar income</b>		
Investment securities at fair value through profit or loss	106,892	127,185
<b>Total other similar income</b>	<b>106,892</b>	<b>127,185</b>
<b>Interest expenses</b>		
Borrowed funds	(5,364,185)	(8,501,612)
Debt securities issued	(22,914)	(3,133)
Interest expense on finance leases	(7,422)	(17,155)
<b>Total interest expenses</b>	<b>(5,394,521)</b>	<b>(8,521,900)</b>
<b>Net interest income</b>	<b>13,144,019</b>	<b>10,764,659</b>

**16. Net commission income**

(in thousands of KZT)	Nine months ended	
	September 30, 2021. (unaudited)	September 30, 2020 (unaudited)
Guarantees issued	11,734,105	2,983,995
Services of a financial agent	383,098	610,697
Commission expenses on early loan repayment	3	(902)
<b>Total commission income</b>	<b>12,117,206</b>	<b>3,593,790</b>

Fee and commission income consists of income on guarantees issued (Note 10), subsidy services for the State Institution of the Ministry of National Economy of the Republic of Kazakhstan, RGU "Committee for Construction and Housing and Communal Services of the Ministry of Industry and Infrastructure Development of the RK", "United Nations Development Program" in the RK, RGU "National Bank of RK" as the operator and financial agent (Note 9), and services to support start-up entrepreneurs within the State Program of Business Support and Development "Business Road Map-2025".

**17. Income less expenses from derecognition of financial assets measured at amortized cost**

During 9 months of 2021 the Fund received partial early repayments from three banks, to which loans with rates below market had been issued earlier, and recognized income from partial derecognition of loans to these banks in the amount of 6,064,739 thousand tenge.

During 2020 the Fund derecognized loans issued to two banks by taking the property, securities and loan portfolios of these banks on the balance sheet. Previously the Fund recognized a loss on initial recognition of these loans, which was amortized over the life of these loans. Due to early repayment through transfer of assets to the Fund, the unamortized discount was written off through gains from derecognition of financial assets measured at amortized cost in the amount of 2,955,450 thousand tenge.

**Damu Entrepreneurship Development Fund JSC**  
**Notes to the condensed interim financial statements - September 30, 2021**

**18. Income tax**

Income tax expenses recognized in profit or loss include the following components:

<i>(in thousands of KZT)</i>	Nine months ended	
	September 30, 2021. (unaudited)	September 30, 2021. (unaudited)
Current income tax expenses	2,777,862	2,242,348
Deferred income tax expenses/(benefit)	761,815	(1,297,859)
<b>Income tax expenses for the period</b>	<b>3,539,677</b>	<b>944,489</b>

**19. Conditional and Contractual liabilities**

Credit related liabilities are as follows:

<i>(in thousands of KZT)</i>	September 30, 2021 (unaudited)	December 31, 2020
Guarantees issued	238,923,687	151,794,522
Guarantees issued to secure loans	20,470,000	36,156,550
Unused credit lines	6,811,070	6,745,320
Except provision for credit related commitments Credit related commitments	(25,898,608)	(24,585,176)
<b>Total credit related commitments except provision for impairment</b>	<b>240,306,149</b>	<b>170,111,216</b>

Guarantees of the Damu Fund are guarantees issued by the Fund as part of the implementation of state programs "Business Road Map-2025", according to Decree No. 968 of the Government of the Republic of Kazakhstan dated December 24, 2019, the Program for the development of productive employment and mass entrepreneurship for 2017 - 2021 "Enbek", approved by Decree No. 746 of the Government of the Republic of Kazakhstan dated November 13, 2018, Mechanism of crediting and financial leasing of priority projects, approved by Decree No. 820 of the Government of the Republic of Kazakhstan dated December 11, 2018 and Damu-Optima Guarantee Program, approved by the decision of the Board of the Fund dated January 22, 2018, Minutes No. 05/2018, to secure the performance of liabilities of private entrepreneurship subjects on loans/microcredit/leasing transactions to second-tier banks/microfinance organizations/leasing companies/loan partnerships. Within the programs, the Fund is a financial agent between the coordinator of the program and the subject of private entrepreneurship. The cost of the commission paid by the program coordinator at the local level to the Fund ranges from 20% to 30% of the amount of the financial guarantee. The fee cost received is charged to deferred income, by straight-line charge to income over the life of the guarantee issued. The remainder of the increase for guarantees issued is due to an overall increase in the amount of guarantees issued to small and medium-sized businesses.

The total outstanding contractual amount of undrawn credit lines and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded.

The total outstanding contractual commitments do not necessarily represent future cash outflows, as many of these commitments may expire or terminate without being funded. Movements in the provision for credit related commitments are as follows:

<i>(in thousands of KZT)</i>	Nine months ended	
	September 30, 2021. (unaudited)	September 30, 2021. (unaudited)
<b>Carrying amount as of January 1</b>	<b>(24,585,176)</b>	<b>(1,246,384)</b>
Losses recognized in profit or loss	149,014	(3,943,457)
Recovery of unused provisions	1,327,054	465,647
Reserves created at the expense of deferred income	(2,789,500)	(3,993,458)
<b>Carrying amount as of September 30</b>	<b>(25,898,608)</b>	<b>(8,717,652)</b>

**20. Financial risk management**

The risk management function within the Fund is carried out in respect of financial (credit, market and liquidity), operational and legal risks. Financial risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimize these risks.

**Currency risk.** The currency structure of financial assets and liabilities as at 30 September 2021 is as follows:

<i>(in thousands of KZT)</i>	<b>Tenge</b>	<b>US Dollar</b>	<b>Other</b>	<b>Total</b>
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	129,205,186	279	470	<b>129,205,935</b>
Amounts due from financial institutions	214,958,195	3,424,967		<b>218,383,162</b>
Accounts receivable under subsidy programs	49,922			<b>49,922</b>
Loans and advances to customers	476,557	-	-	<b>476,557</b>
Marketable securities	42,745,927	-	-	<b>42,745,927</b>
Other financial assets	1,070,345	-	-	<b>1,070,345</b>
<b>Total financial assets</b>	<b>388,506,132</b>	<b>3,425,246</b>	<b>470</b>	<b>391,931,848</b>
<b>FINANCIAL LIABILITIES</b>				
Borrowed funds	169,955,123	355,806		<b>170,310,929</b>
Debt securities issued	1,208,553			<b>1,208,553</b>
Commitments under subsidy programs	39,260,859			<b>39,260,859</b>
Deferred income and provision for credit related commitments	52,990,442			<b>52,990,442</b>
Other financial liabilities	382,522			<b>382,522</b>
<b>Total financial liabilities</b>	<b>263,797,499</b>	<b>355,806</b>	<b>-</b>	<b>264,153,305</b>
<b>Net position as of September 30, 2021</b>	<b>124,708,633</b>	<b>3,069,440</b>	<b>470</b>	<b>127,778,543</b>

**Damu Entrepreneurship Development Fund JSC**  
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**20. Financial risk management (continuing)**

The currency structure of financial assets and liabilities as of 31 December 2020 is as follows:

<i>(in thousands of KZT)</i>	<b>Tenge</b>	<b>US Dollar</b>	<b>Other</b>	<b>Total</b>
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalents	87,150,122	652	492	87,151,266
Investments in debt securities	21,829,298	-	-	21,829,298
Amounts due from financial institutions	226,004,505	3,436,637	-	229,441,142
Amounts receivable under subsidy programs	162,139	-	-	162,139
Loans and advances to customers	556,967	-	-	556,967
Other financial assets	692,411	-	-	692,411
<b>Total financial assets</b>	<b>336,395,442</b>	<b>3,437,289</b>	<b>492</b>	<b>339,833,223</b>
<b>FINANCIAL LIABILITIES</b>				
Borrowed funds	175,473,103	351,802	-	175,824,905
Debt securities issued	209,139	-	-	209,139
Commitments under subsidy programs	24,201,336	-	-	24,201,336
Deferred income and provision for credit related commitments	37,209,704	-	-	37,209,704
Other financial liabilities	534,128	-	-	534,128
<b>Total financial liabilities</b>	<b>237,627,410</b>	<b>351,802</b>	<b>-</b>	<b>237,979,212</b>
<b>Net position as of December 31, 2020</b>	<b>98,768,032</b>	<b>3,085,487</b>	<b>492</b>	<b>101,854,011</b>



## **21. Fair Value Disclosures**

Fair value measurements are analysed and allocated by level in the fair value hierarchy as follows: (i) Level 1 are valuations at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) Level 2 are valuation techniques in which all significant inputs used are directly or indirectly observable for the asset or liability (i.e., prices), and (iii) Level 3 are valuations that are not based on observable market data (i.e., are based on unobservable inputs). Management applies judgment in categorizing financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustments, that measurement is a Level 3 measurement. The significance of the inputs used is assessed for the fair value measurement in its entirety.

### **(a) Multiple fair value measurements**

Multiple fair value measurements are measurements required or permitted by other IFRSs in the statement of financial position at the end of each reporting period. The table below shows the levels in the fair value hierarchy into which the recurring fair value measurements are categorized:

<i>(in thousands of KZT)</i>	<b>September 30, 2021</b>		<b>December 31, 2020</b>	
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 1</b>	<b>Level 2</b>
<b>FINANCIAL ASSETS</b>				
<b><i>Investment debt securities at fair value through profit or loss</i></b>				
- Corporate bonds	-		-	1,314,249
- Kazakh government bonds	-	914,729	-	1,405,461
<b><i>Investment debt securities measured at fair value through other comprehensive income</i></b>				
- Notes of the NBRK	-	31,860,110	-	13,308,512
- Kazakhstani government bonds	-	3,960,063	-	-
- Corporate bonds	-	545,983	-	545,353
<b><i>Other financial assets</i></b>				
Derivative financial instruments	-	-	-	-
<b>TOTAL ASSETS MEASURED MULTIPLE TIMES AT FAIR VALUE</b>	-	<b>37,280,885</b>	-	<b>16,573,575</b>

**Damu Entrepreneurship Development Fund JSC**  
**Notes to the condensed interim financial statements - September 30, 2021**

**21. Fair Value Disclosures (continuing)**

*(b) Assets and liabilities not measured at fair value for which fair value disclosures are provided*

	September 30, 2021 (unaudited)			
<i>(in thousands of KZT)</i>	Level 1	Level 2	Level 3	Carrying amount
<b>FINANCIAL ASSETS</b>				
<i>Cash and cash equivalents</i>	46,224,678	82,981,256		129,205,935
<i>Amounts due from financial institutions</i>				
- Loans to financial institutions	-	169,521,491		214,485,003
- Deposits with banks with original maturity of more than three months	-	3,898,159		3,898,159
<i>Accounts receivable under subsidy programs</i>				
- Accounts receivable under subsidy programs	-	-	49,922	49,922
<i>Loans and advances to customers</i>				
- Loans to small- and medium-sized businesses	-	-	476,557	476,557
<i>Investment securities measured at amortized cost</i>	-	-	5,465,042	5,465,042
<i>Other financial assets</i>				
- Other	-	-	1,070,345	1,070,345
<b>TOTAL FINANCIAL ASSETS, REFLECTED BY AMORTIZED COST</b>	<b>46,224,678</b>	<b>256,400,906</b>	<b>7,061,866</b>	<b>354,650,963</b>
<b>FINANCIAL LIABILITIES</b>				
<i>Borrowed funds</i>				
- Baiterek NMH JSC	-	53,875,904	-	94,915,079
- Municipalities	-	37,989,036	-	55,623,718
- National Welfare Fund "Samruk-Kazyna" JSC		19,125,691	-	19,416,325
- Ministry of Finance of the Republic of Kazakhstan	-	355,806	-	355,806
Debt securities issued		-	1,208,553	1,208,553
<i>Liabilities under subsidy programs</i>				
- Municipalities	-	-	35,602,251	35,602,251
- Banks	-	-	3,658,608	3,658,608
<i>Deferred income and provision for credit related commitments</i>				
- Deferred income	-	-	27,091,833	27,091,833
- Financial guarantees (provision for credit related commitments)	-	-	25,898,608	25,898,608
<i>Other financial liabilities</i>				
- Other	-	-	382,522	382,522
<b>TOTAL FINANCIAL LIABILITIES, REFLECTED BY AMORTIZED COST</b>	<b>-</b>	<b>111,346,437</b>	<b>93,842,375</b>	<b>264,153,303</b>

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**Notes to the condensed interim financial statements - September 30, 2021**

**21. Fair Value Disclosures (continuing)**

	December 31, 2020			Carrying amount
(in thousands of KZT)	Level 1	Level 2	Level 3	
<b>FINANCIAL ASSETS</b>				
<b>Cash and cash equivalents</b>	15,143,190	72,008,076	-	87,151,266
<b>Amounts due from financial institutions</b>				
- Loans issued to financial institutions and loans issued under Islamic financing programs	-	190,134,685	-	218,850,080
- Deposits from banks with an original maturity of more than three months	-	10,591,062	-	10,591,062
<b>Receivables from subsidy programs</b>				
- Amounts receivable under subsidized programs	-	-	162,139	162,139
<b>Loans and advances to customers</b>				
- Loans to small- and medium-sized companies	-	-	556,967	556,967
<b>Investment securities measured at amortized cost</b>	-	-	5,255,723	5,255,723
<b>Other financial assets</b>				
- Other	-	-	692,411	692,411
<b>TOTAL FINANCIAL ASSETS REFLECTED BY AMORTIZED COST</b>				
	<b>15,143,190</b>	<b>272,733,823</b>	<b>6,667,240</b>	<b>323,259,648</b>
<b>FINANCIAL LIABILITIES</b>				
<b>Borrowed funds</b>				
- Baiterek NMH JSC	-	43,178,594	-	90,549,594
- National Welfare Fund "Samruk-Kazyna" JSC	-	18,407,447	-	19,416,325
- Municipalities	-	41,583,075	-	65,858,986
- Debt securities issued	-	-	209,139	209,139
<b>Liabilities under subsidy programs</b>				
- Municipalities	-	-	5,673,171	5,673,171
- Banks	-	-	18,528,165	18,528,165
<b>Deferred income and provision for credit related commitments</b>				
- Deferred income	-	-	12,624,528	12,624,528
- Financial guarantees	-	-	24,585,176	24,585,176
<b>Other financial liabilities</b>				
- Other	-	-	534,128	534,128
<b>TOTAL FINANCIAL LIABILITIES CARRIED BY AMORTIZED COST</b>				
	<b>-</b>	<b>103,169,116</b>	<b>62,154,307</b>	<b>237,979,212</b>

**22. Transactions with related parties**

Parties are considered to be related if they are under common control or if one party has the ability to control the other party or may have a significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the economic substance of the relationship, not merely the legal form.

Balances as of September 30, 2021 with related parties are as follows:

<i>(in thousands of KZT)</i>	<b>Sole Shareholder</b>	<b>Companies under common control</b>	<b>Associated companies</b>	<b>Other related parties</b>
Cash and cash equivalents <i>(contractual interest rate: 0%)</i>	-	-	-	46,225,935
Investment securities at fair value through profit or loss <i>(contractual interest rate: 4.87% - 9.1%)</i>	-	-	-	914,729
Investment securities at fair value through other comprehensive income	-	-	-	35,820,173
Amounts due from financial institutions <i>(contractual interest rate: 2% to 8.5%)</i>	-	-	-	7,844,696
Prepayment of current income tax liabilities <i>(Interest rate: 15%)</i>	-	-	-	5,728,183
Deferred tax asset	-	-	-	2,216,372
Other financial assets	-	-	-	221
Other assets <i>(contractual interest rate: 0%)</i>	-	-	-	332,193
Borrowed funds <i>(contractual interest rate: 0.01% - 10.65%)</i>	94,915,079	-	-	75,395,849
Obligations under subsidy programs <i>(contractual interest rate: 0%)</i>	-	-	-	35,602,199
Other financial liabilities <i>(contractual interest rate: 0%)</i>	-	19,678	-	-
Other liabilities <i>(contractual interest rate: 0%)</i>	-	-	-	1,440,212

**Damu Entrepreneurship Development Fund JSC**  
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**22. Transactions with related parties (continuing)**

The income and expense items with related parties for the nine months ended September 30, 2021 were as follows:

<i>(in thousands of KZT)</i>	<b>Sole Shareholder</b>	<b>Companies under common control</b>	<b>Associated companies</b>	<b>Other related parties</b>
Interest income	-	-	-	2,321,477
Interest expenses	(4,561,085)	-	-	(803,100)
Fee and commission income	-	-	-	383,098
Fee and commission expenses	-	-	-	-
Income less expenses from revaluation of securities at fair value through profit or loss	-	-	-	28,756
Interest expenses - other	-	(2,714)	-	-
Provision for loan impairment	-	-	-	(164,255)
Provision for impairment of other financial assets and liabilities	-	-	-	-
Administrative and other operating expenses	-	(45,222)	-	(118,558)
Other income and expenses	-	-	-	1,872
Income tax expenses	-	-	-	(3,539,677)

The aggregate amount of loans provided to and repaid by related parties during the nine months ended September 30, 2021 is as follows:

<i>(in thousands of KZT)</i>	<b>Sole Shareholder</b>	<b>Companies under common control</b>	<b>Associated companies</b>	<b>Other related parties</b>
Loans issued to related parties during the period	-	-	-	-
Loans repaid by related parties during the period	-	-	-	1,401,263

The aggregate amount of the borrowed funds received from related parties and repaid by the Fund during the nine months ended September 30, 2021 is as follows:

<i>(in thousands of KZT)</i>	<b>Sole Shareholder</b>	<b>Companies under common control</b>	<b>Associated companies</b>	<b>Other related parties</b>
Amount of borrowed funds received from related parties during the period	-	-	-	1,130,000
Amount of borrowed funds repaid by the Fund during the period	195,600	-	-	11,816,566

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**Notes to the condensed interim financial statements - September 30, 2021**

**22 Transactions with related parties (continuing)**

The following are the related party balances as of December 31, 2020:

<i>(in thousands of KZT)</i>	Sole Shareholder	Companies under common control	Other related parties
Cash and cash equivalents (contractual interest rate: 0%)	-	366,260	15,187,568
Investment debt securities at fair value through profit or loss (contractual interest rate: (4.93%-7.68%))	-	-	1,405,461
Investment debt securities at fair value through other comprehensive income (contractual interest rate: 0%)	-	-	13,308,512
Due from financial institutions (contractual interest rate: 1%-8.5%)	-	-	8,952,492
Prepayment of current income tax liabilities (Interest rate: 15%)	-	-	7,430,331
Deferred tax asset (Interest rate: 20%)	-	-	2,978,187
Other financial assets (Interest rate: 0%)	-	-	-
Other assets	-	-	459,691
Borrowed funds (contractual interest rate: 0.1% - 5.5%)	90,549,594	-	85,275,311
Obligations from subsidy programs (contractual interest rate: 0%)	-	-	5,670,743
Other financial liabilities	-	71,430	-
Other liabilities	-	-	357,614

The income and expenses items with related parties for the nine months ended September 30, 2020 were as follows:

<i>(in thousands of KZT)</i>	Sole Shareholder	Companies under common control	Associated companies	Other related parties
Interest income	-	-	-	832,457
Interest expenses	(4,517,782)	-	-	(803,737)
Fee and commission income	-	-	-	610,697
Fee and commission expenses	-	-	-	(35)
Income less expenses from revaluation of securities at fair value through profit or loss	-	-	-	22,638
Income less expenses/(expenses less income) from purchase and sale of investment securities measured at fair value through other comprehensive income	-	-	-	2,229
Interest expenses - other	-	(6,000)	-	-
Allowance for loan impairment	-	-	-	160,824
Allowance for impairment of other financial assets and liabilities	-	-	-	-
Administrative and other operating expenses	-	(33,391)	-	(94,362)
Other income and expenses	-	-	-	2,920
Income tax expenses	-	-	-	(944,489)

**22 Transactions with related parties (continuing)**

The aggregate amount of loans provided to the related parties and repaid by the related parties during the nine months ended September 30, 2020 is as follows:

	Sole Shareholder	Companies under common control	Associated companies	Other related parties
<i>(in thousands of KZT)</i>				
Loans issued to related parties during the period	-	-	-	-
Loans repaid by related parties during the period	-	-	-	4,715,828

The aggregate amount of borrowings received from related parties and repaid by the Fund during the nine months ended September 30, 2020 is as follows:

	Sole Shareholder	Companies under common control	Associated companies	Other related parties
<i>(in thousands of KZT)</i>				
Amount of borrowed funds received from related parties during the period	-	-	-	4,825,113
Amount of borrowed funds repaid by the Fund during the period	196,080	-	-	2,025,279

Transactions with related parties without collateral. Expected credit losses on doubtful debts were not created due to absence of doubtful debts of related parties.

**23. Events after the end of the reporting period**

There were no significant events after the reporting date.