



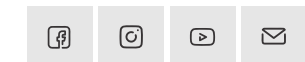
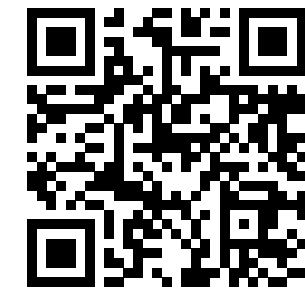
«Damu» entrepreneurship development Fund»

ANNUAL REPORT



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Zhumangarin S. M.

Deputy Prime Minister-
Minister of National Economy
of the Republic of Kazakhstan

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS "DAMU" ENTREPRENEURSHIP DEVELOPMENT FUND" JSC

Ladies and gentlemen!

For over 27 years, the Damu Entrepreneurship Development Fund has been fulfilling its core mission: providing comprehensive and effective government support tools to ensure the sustainable development of micro, small, and medium-sized entrepreneurships in Kazakhstan. The Damu Fund helps novice entrepreneurs take their first steps in business and transform into successful, firmly on their feet companies.

Head of State Kassym-Jomart Tokayev has repeatedly emphasized that small and medium-sized entrepreneurships should become the driving force of Kazakhstan's economy and labor market. Therefore, the comprehensive set of state support measures for SMEs aims to create a "new wave" of entrepreneurs willing to take responsibility for the country's economic progress. The Damu Fund's work across all regions of the country is focused on achieving this goal. Since its inception, the Damu Fund has supported **225 417 projects** totaling over **14.1 trillion tenge**.

This 2024 report presents the results of the Damu Fund's economic and operational activities, ESG projects, and the results of the structural transformation that marked the year.

The Damu Fund is dynamically developing and changing with the market, adapting its programs to business needs. In early 2024, in accordance with the instructions of the Head of State, the Ministry of National Economy, together with the Damu Fund, launched a Unified Comprehensive Entrepreneurship Support Program, combining the "Business Roadmap" and "Economy of Simple Things" programs, which have proven successful in the business community.

In 2024, the Damu Fund supported more than **29 thousand SME projects** for a total amount of loans in the amount of **1,7 trillion tenge**, which exceeds the previous year's figures by **24%**. For this, **590 billion tenge** was allocated, of which 336 billion was allocated for subsidizing and guaranteeing instruments and 254 billion for concessional lending. The Fund was supported by food and building materials enterprises, new schools, hospital buildings and development centers for children were built. Thus, thanks to the Damu Fund's instruments, new jobs are being created, the quality of life is improving for those engaged in business and for people who now have access to modern goods and services offered by Kazakhstani companies, and tax revenues to the state budget are increasing.

The Damu Fund has set new ambitious goals for 2025 to further develop the entrepreneurial environment, and we are confident that we will achieve them by improving existing support tools and offering programs that stimulate the development of a high-quality business environment.





Sarsekeyev F.K.

**Chairman of the Management Board
of "Damu" Entrepreneurship
Development Fund" JSC**

MESSAGE FROM THE CHAIRMAN OF THE MANAGEMENT BOARD "DAMU" ENTREPRENEURSHIP DEVELOPMENT FUND" JSC

The “Damu” Entrepreneurship Development Fund” JSC continues to actively promote the sustainable development of micro, small, and medium-sized businesses. In 2024, **590 billion tenge** was allocated for Small and Medium Entrepreneurs (SME) support activities under government programs, reflecting its significant contribution to the development of the entrepreneurial sector in the Republic of Kazakhstan (RK).

Since its inception, the “Damu” Fund has been an effective partner for businesses, Banks, and Leasing companies, providing entrepreneurs with access to government support tools that meet the current needs and demands of the entrepreneurial community. The Fund actively promotes business development, offering flexible solutions aimed at stimulating the growth and sustainable development of micro, small, and medium-sized enterprises.

In accordance with the Head of State's instructions, in 2024, the Fund acted as the operator of the Ministry of National Economy (MNE) of RK's Unified complex program for supporting small and medium-sized entrepreneurs, which combined programs "Business Roadmap" and "Economy of Simple Things". The program envisions new approaches to supporting SMEs and includes six areas, focusing on supporting projects in the manufacturing industry and developing small and medium-sized businesses in single-industry towns, small towns, and rural communities. It also includes separate areas for supporting social entrepreneurship and developing the stock market. Manufacturing, production, and processing in the agro-industrial complex (AIC) are identified as industry priorities.

Following the launch of the Unified complex program in 2024, more than 27 thousand SME projects received support from the “Damu” Fund, totaling 1.3 trillion tenge in loans, a 28% increase over indicators of the previous year (2023). For these purposes 590 billion tenge were allocated from the national budget, 336 billion tenge of which was allocated for subsidies and guarantees, and 254 billion tenge for preferential lending.

The Government Budget of the RK allocated for subsidizing and guaranteeing loans to SMEs in the country increased from 43 billion tenge in 2019 to 336 billion tenge in 2024, enabling a fivefold increase in the number of projects supported by the “Damu” Fund. Starting in 2024, guarantees for agricultural projects aimed at spring sowing and harvesting began, with guarantees amounting to 85% of the loan amount, up to 1.5 billion tenge. Guarantees are provided for loans from second-tier banks, JSC “Agrarian Credit Corporation”, social entrepreneurship corporations, credit unions, microfinance organizations, and regional investment centers. By the end of 2024, the Fund had supported 401 projects under this program, totaling 94.2 billion tenge in loans.

In 2024, 63% of the “Damu” Fund's support was directed toward SME projects in cities of national significance and regional centers, while entrepreneurs from rural areas, single-industry towns, and small towns accounted for 37%. Almaty (10%), Astana (9%), and the Aktobe region led in terms of the number of projects receiving support. Almaty (14%), Astana, and the Almaty region (8% each) led in terms of loan amounts.

In 2023–2024, the “Damu” Fund focused on strengthening the position of small and medium-sized businesses, stimulating the growth of their share in the economy, and implementing state support measures in priority sectors, including agriculture, manufacturing, transportation, education, and healthcare. As part of these initiatives, the Fund supported 1,664 medium-sized business projects totaling 634.5 billion tenge, demonstrating its commitment to developing the entrepreneurial environment and strengthening the competitiveness of domestic enterprises in international markets.

In 2024, the “Damu” Fund also expanded its product portfolio by launching its own program to support women's entrepreneurship, "Umit."

The Fund, in partnership with the European Bank for Reconstruction and Development, allocated 10 billion tenge to finance projects under this program. Women who decide to start their own businesses are provided free training in the basics of financial literacy. In total, 117 women's business projects were financed in 2024, totaling 6.3 billion tenge.

The “Damu” Fund is actively promoting alternative financing sources: development of the syndicated lending, and coupon rate subsidies on SME bonds are being provided. In 2024, five coupon rate subsidy agreements were signed, with a total loan portfolio of 14.6 billion tenge.

One of the priority tasks for the near future is the reengineering of the “Damu” Fund's programs. In collaboration with the government and second-tier banks, the Fund is developing a concept for a guarantee fund whose participants, alongside the government, will include second-tier banks, international financial institutions, large corporations, and other entities. The experience of countries that have implemented this model, such as Korea, Turkey, and Japan, shows that the participation of these institutions has significantly increased the volume of loan guarantees.

The “Damu” Fund is actively working to improve interactions with entrepreneurs, focusing on maximum transparency and accessibility of processes, with a particular focus on digitalization. Thanks to the introduction of digital tools, application processing time has been reduced to an average of three business days, and entrepreneurs can track every stage of their application process in their personal accounts. Today, we can confidently say that the “Damu” Fund is a digital financial institution, and our government support tools are included in the registry of government services, just like the services available to individuals.

The Fund's work in 2024 was highly praised by international experts. **Moody's revaluated the Fund's rating to Baa2/Prime-2 with a “Stable” outlook**, confirming the “DAMU” Fund's important role as a development institution. In 2025, the Fund will continue to improve its efficiency and transparency, offering new tools to facilitate the growth of micro, small, and medium-sized businesses and improve the country's economic performance.

ABOUT THE FUND

Damu Entrepreneurship Development Fund JSC (hereinafter the Fund or the Damu Fund) is a national development institution established in 1997. The Fund acts as a financial agency implementing government support instruments to promote the qualitative growth of private entrepreneurship in the Republic of Kazakhstan.

The main mission of the Fund

is to form a sustainable and competitive sector of small and medium-sized entrepreneurships, contributing to the diversification of the economy, creating jobs and strengthening the national economy.

In its activities, Damu provides a wide range of financial and non-financial support tools: subsidizing interest rates, guaranteeing loans, concessional financing, training, consulting and project support.

Particular attention is paid to the digitalization of business processes, attracting additional sources of funding, developing international cooperation and information activities.

In a changing economic environment, the Fund flexibly adapts its programs to the current needs of entrepreneurs, continuing to play a key role in the SME support ecosystem.

In the reporting year, Damu achieved significant results, providing support to thousands of Kazakhstani entrepreneurs throughout the country. This report reflects the key outcomes of the Fund, highlighting its contribution to sustainable business development.

The Fund remains a trusted partner of entrepreneurs, providing access to resources, knowledge and opportunities for stable and efficient growth.

BUSINESS MODEL OF THE FUND

- 1 Financial support
- 2 Support and development of micro, small and medium-sized enterprises
- 3 Micro, small and medium-sized enterprises

HISTORY OF THE FUND

1997

Establishment of the Fund (Government Decision No. 665 of 26 April 1997 on the establishment of a small business development fund) ¹

2005

Supporting small enterprises through the implementation of project financing and leasing programs, a program for the development of a microcredit system in Kazakhstan, a program for guaranteeing loans to small enterprises received from second-tier banks

2007

- > Acting as an agent for accounting and control of the use of state budget funds under the Program of Measures to Support Domestic Producers, as well as under credit lines of the Asian Development Bank and the European Bank for Reconstruction and Development
- > Performing the functions of an operator for the conditional placement of funds at the expense of attracted and own funds

2002

Direct lending to small enterprises from own funds: the "Program for lending to small enterprises from the republican budget" and the "Program for the development of small towns for 2004–2006" were implemented.

2010

The Fund has been a financial agency for subsidizing interest rates on loans/leasing transactions of entrepreneurs and guaranteeing loans of entrepreneurs to banks/leasing companies

2013

The change of the Sole Shareholder – "National Management Holding "Baiterek" JSC

2017

The Fund's Development Strategy for 2014–2023 was updated

2020

The Fund made a successful debut placement of "green" bonds on the stock exchange of the "Astana" International Financial Center

2024

The first Sustainability Report for 2023 has been published, approved by the Board decision of 15 October 2024, protocol No. 73/2024.

2016

The Fund was selected as the Financial Agent for the Program for the Development of Productive Employment and Mass Entrepreneurship for 2017–2021

2018

The Fund carried out the first issue of bonds on the platform of "Kazakhstan Stock Exchange" JSC

2021

The Fund carried out a successful debut placement of "social" bonds on the Kazakhstan Stock Exchange

2023

The Fund's Development Strategy for 2024–2033 was approved

¹ The former name of the Fund: JSC "Small Entrepreneurship Development Fund".

GEOGRAPHY OF THE FUND'S ACTIVITIES

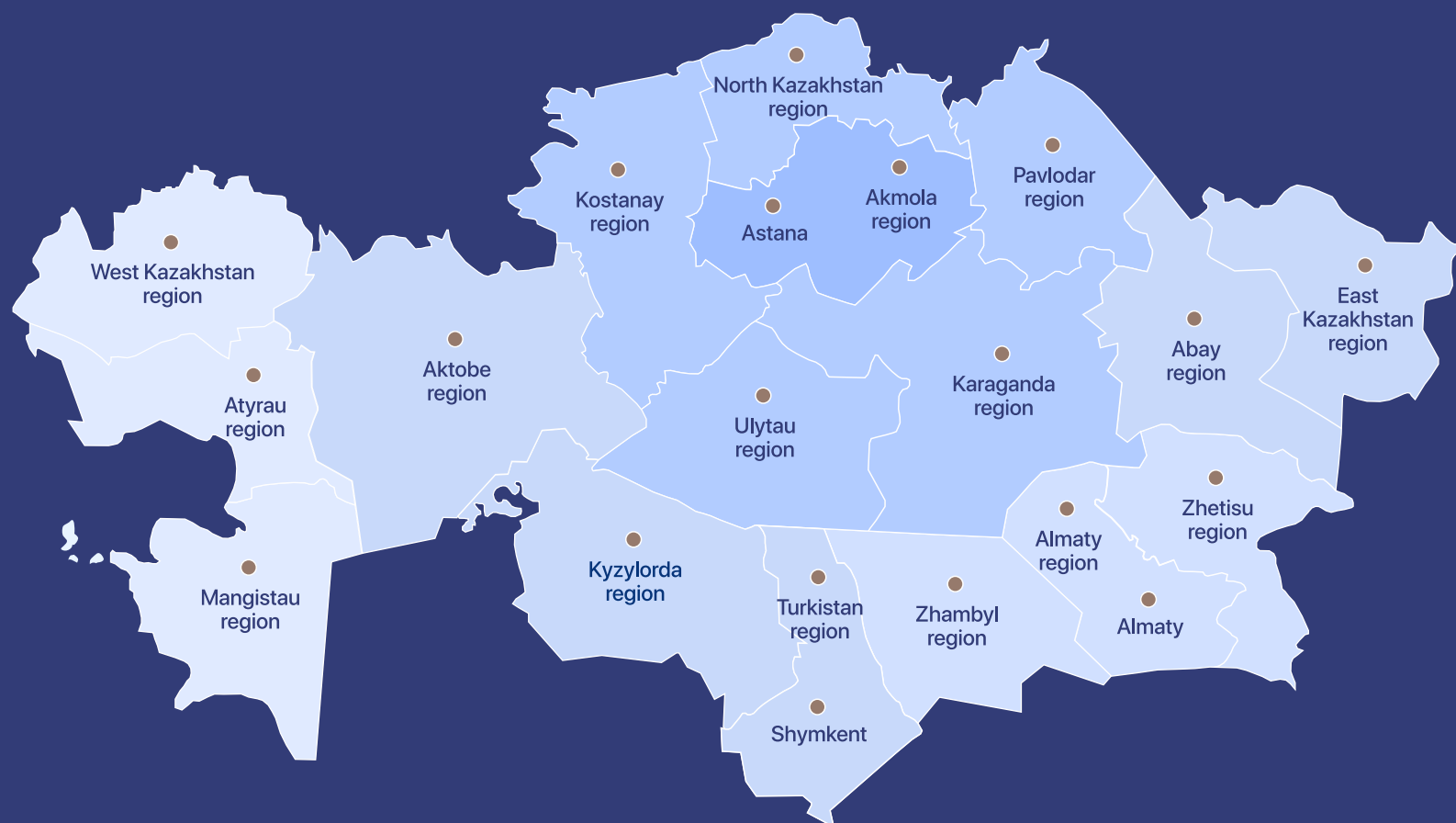
The Fund is represented in all regions of the Republic of Kazakhstan for the full implementation of its activities and carries out its functions through a developed network of regional branches located in all regions of Kazakhstan, as well as cities of republican significance:

As of December 31, 2024

 **17,606** SMEs
contacted regional branches,

and a total of

 **23 294**
consulting services
were provided.



FUNDAMENTAL CORPORATE VALUES OF THE FUND

Competence and professionalism

Fund employees must have appropriate education, work experience, and the ability to make informed and responsible decisions. The Fund creates conditions for its employees to improve their professional knowledge and skills, realize professional, creative abilities, develop potential and career opportunities.

The Fund values in its employees and their work:

- > focus on achieving the strategic goals of the Fund;
- > professionalism and desire to improve one's professional level;
- > initiative and activity in the performance of official duties;
- > discipline and responsibility;
- > mutual support between employees;
- > providing assistance to young professionals and respect for the veterans of the Fund.

Patriotism

The high trust and social responsibility placed on the Fund by the State give rise to a sense of patriotism and a desire to contribute to the sustainable development of the national economy and to ensure maximum benefits for the State.

Team

cooperation to achieve better results from joint activities.

Transparency

the Fund strives for maximum transparency, openness and reliability of information about the Fund, implemented programs to support the entrepreneurial sector of Kazakhstan, its achievements and results of activities. The Fund seeks to honestly, timely inform the Sole Shareholder, the state and partners about the state of affairs, to increase transparency and accessibility of information based on improving the quality of reporting and accounting in accordance with the legislation of the Republic of Kazakhstan. At the same time, the Fund monitors the non-disclosure of information and information constituting a commercial and other secret protected by the legislation of the Republic of Kazakhstan.

Responsibility and integrity

the Fund responsibly and conscientiously treats the accepted obligations established by the requirements of the legislation of the Republic of Kazakhstan, contractual relations, business customs and moral principles. The Fund is aware of its social responsibility to the state and society, as well as the impact of the Fund's activities on stakeholders in the public sphere.

Respect for the human person

the basic principle that guides each official and employee of the Fund, regardless of his position, place of work, performed official and work duties. Mutual observance of the principle of respect for the person is mandatory for both officials in relation to employees and for employees in relation to officials and all other employees of the Fund.

Honesty and integrity

the "basis" of the Fund's activities and business reputation. The Fund does not allow conflict between personal interests and professional activities. Deception, silence and false statements are not compatible with the status of an official, employee of the Fund.

KEY EVENTS OF 2024

1. Confirmation of ratings

On September 11, 2024,
the International Rating Agency

“Moody's Ratings”

raised the long-term and short-term issuer ratings of
Damu Entrepreneurship Development Fund JSC to

Baa2/Prime-2

from Baa3/Prime-3.



Outlook changed from positive to

stable

S&P Global
Ratings

On November 29, 2024, the international rating agency **S&P Global Ratings** confirmed the Fund's long-term and short-term ratings on foreign and national currency liabilities at the level of **BBB-/A-3** respectively, the outlook is **"Stable."** The rating on the National Scale is confirmed at **"kzAAA."**

2. Sustainable development



The international rating agency
S&P Global Corporate
Sustainability Assessment
assigned the Fund a rating of

«24»

The assessment was based on
an analysis of the Damu Fund's
activities in the field of
sustainable development. The
Damu Fund was among the first
to receive an ESG rating among
the financial institutions of the
Republic of Kazakhstan.

On November 10-14, 2024, in Baku (Republic of Azerbaijan), the leadership of the Damu Fund took part in the 29th Conference of the Parties to the UN Framework Convention on Climate Change (COP29), in which the Head of State officially participated. Within the framework of the Conference, at the site of the National Pavilion of Kazakhstan, a panel session of the Damu Foundation was held on the topic "Prospects for the development of green finance and environmental instruments" with the participation of international experts from the financial sector (UNDP, EBRD, AIFC, etc.).

In order to implement the ESG Initiatives Roadmap, enhance its international image, and implement sustainable development principles, on December 9, 2024, the Damu Fund joined the United Nations Global Compact.

Damu Entrepreneurship Development Fund JSC won the KASE competition for the best sustainable development report for 2023.

In 2024, the Management Board developed and approved the Climate Policy of Damu Entrepreneurship Development Fund JSC (Protocol No. 88/2024 of 31.12.2024).

3. Implementation of the Unified Comprehensive Program



The Unified Comprehensive Program was developed by the Government of the Republic of Kazakhstan as part of the implementation of paragraph 58 of the National Action Plan for the implementation of the Address of the Head of State to the people of Kazakhstan dated September 1, 2023, "The Economic Course for a Fair Kazakhstan."

In 2024, the Damu Entrepreneurship Development Fund launched the Unified Comprehensive Program for the Support and Development of SMEs, which combined the National Project for the Development of Entrepreneurship and the Economy of Simple Things programs, which provides for 6 areas of government support measures in the form of subsidies and guarantees depending on the category of business, target segments and industry focus:

- 1 | Micro-Entrepreneurship;
- 2 | Small and Medium Enterprises;
- 3 | Small, Medium and Large Enterprise;
- 4 | Entrepreneurship in mono and small towns, rural communities;
- 5 | Social entrepreneurship;
- 6 | Stock exchange.

> The program's primary focus is on supporting projects in the manufacturing industry and developing small and medium-sized entrepreneurship in single-industry towns, small cities, and rural communities. It also includes specific areas for supporting social entrepreneurship and developing the stock market.

4. Preferential financing (attracting and placing funds)

The Regional Financing Program for SMEs attracted **4.4 billion tenge** in funding from the local executive authorities of Almaty, Astana, Kokshetau, Abay, East Kazakhstan, Zhambyl, and Karaganda regions, and **14,1 billion tenge** in co-financing (including repayable funds) was allocated for regional financing. In 2024, 719 SMEs received 50 billion tenge in funding under the program, including revolving disbursements from funds previously allocated under this program.



In 2024,

719 SMEs received

50 billion
tg

in funding under the program, including revolving disbursements from funds previously allocated under this program.

During 2024, the return funds of the National Fund of the Republic of Kazakhstan in the amount of



22.6 billion
tg

were redistributed and placed in Bank CenterCredit JSC, ForteBank JSC, Eurasian Bank JSC and RBK Bank JSC.

In 2024,



356 borrowers

were financed under the program in the amount of

151.3 billion
tg

4. Preferential financing (attracting and placing funds)

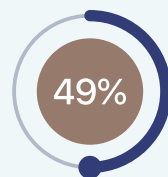
In March 2024, a new program to support women's entrepreneurship, "Umit," was launched, totaling

10 billion
tg

The program aims to stimulate the economic activity of women entrepreneurs through preferential lending for women's entrepreneurship projects, as well as to increase the coverage and number of projects supported by state funding.



Almost half of SMEs in Kazakhstan are headed by women



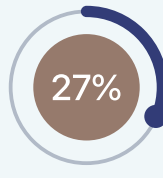
and they make up a significant share of sole proprietors



Women's participation in legal entities is



and in farms



While these data indicate significant female participation in the country's entrepreneurial landscape, it can be assumed that women are predominantly represented in small businesses and less so in medium-sized entrepreneurship, which require greater capital.

The program provides financing for women entrepreneurs classified as micro, small and medium-sized enterprises (hereinafter referred to as MSMEs), in accordance with the legislation of the Republic of Kazakhstan and carrying out entrepreneurial activities in the form of:

- 1) individual entrepreneurship without forming a legal entity in accordance with the legislation of the Republic of Kazakhstan;
- 2) legal entities:
 - with a share of participation of women(-s) in the authorized capital of at least 51 (fifty-one) percent (for LLP);
 - 51 (fifty-one) percent or more of the voting shares of which are owned by a woman(s) (for JSC);
 - where a woman is the first director of a legal entity for at least 1 (one) year.

A unique feature of the program is that end borrowers have access to financial literacy courses free of charge.

Under the "Umit" program, four banks—Halyk Bank Kazakhstan JSC, Bank CenterCredit JSC, Bank RBK JSC, and Eurasian Bank JSC—have received financing totaling **10 billion tenge**. In 2024, **117 female entrepreneurs** will receive financing totaling **6,3 billion tenge** under this program.

SMEs were also supported through programs financed by the Fund's own resources, including the Damu-Micro, Damu-Leasing, and Factoring programs. In 2024, the Fund allocated 12 billion tenge through microfinance organizations and LCs. Under these microfinance organizations/LCs programs, **1,395 SMEs** received support totaling **29.7 billion tenge**.

5. Project monitoring



Automated accounting and control of projects with violations of the subsidy instrument in the bpm'online sales information system, which allowed for timely control in terms of fulfillment of the Fund's requirements (partial early repayment, return of the subsidy, transfer of the project to the Department for Work with Problem Assets/Legal Department);

A process for recording and analyzing investment projects put into operation has been introduced, which makes it possible to track the launch of the most significant systemically important enterprises in the regions;

- 100% monitoring coverage has been implemented within the framework of the implementation of regional financing programs (RFP), which will ensure full control and efficient use of budgetary funds.

6. Support for projects in the agro-industrial complex



Since June 2024, the Fund has been guaranteeing agricultural projects aimed at spring sowing and/or harvesting. Guarantees are provided for loans to entrepreneurs who lack sufficient collateral. Loans under the program can be issued by second-tier banks, JSC Agrarian Credit Corporation, credit unions, social entrepreneurship corporations, microfinance organizations, and regional investment centers.

7. Development of a program to support domestic trade entities



The Fund, together with the Government of the Republic of Kazakhstan, participated in the development of the Rules for the Provision of State Support Measures for Private Entrepreneurship to Entities in Domestic Trade, approved by Order No. 262-HK of the Minister of Trade and Integration of the Republic of Kazakhstan dated June 21, 2024, which are aimed at stimulating measures to develop a modern trade infrastructure.

The program is planned for implementation in 2025. Its implementation will have a positive impact on economic activity, improving the social sphere, the development of small and medium-sized enterprises and modern trade infrastructure.



1. FUND'S DEVELOPMENT STRATEGY

The Fund's Mission

The mission of the Damu Fund is to promote the sustainable development of small and medium-sized entrepreneurship in Kazakhstan by providing financial and non-financial support instruments.

The fund seeks to create favorable conditions for entrepreneurship, contributing to the growth of competitiveness of domestic companies, the introduction of innovations and the development of the regional economy. By implementing government programs, the Fund ensures business access to financing, reduces barriers for entrepreneurs and stimulates the country's long-term economic growth.

Vision of the Fund

The Damu Fund's vision is to become a leading institution for entrepreneurship development in Kazakhstan, providing comprehensive and effective support to small and medium-sized entrepreneurship.

The Fund seeks to create a sustainable business environment in which entrepreneurs have equal access to financial resources, modern technology and educational opportunities. By 2033, the Fund plans to significantly expand its activities, promote the development of innovative and export-oriented projects, as well as strengthen the competitive position of domestic business in international markets.

Development Strategy of the Fund for 2024-2033

In November 2023, a new ten-year Development Strategy for 2024-2033 was approved. The strategy was developed taking into account the Development Plan of the Sole Shareholder of the Fund, and also takes into account the Messages of the President of the Republic of Kazakhstan on the situation in the country and the main directions of state economic policy. The fund focuses on sustainable development, including ESG principles, support for innovative, export-oriented and socially significant projects.

The strategy defines the mission, vision, strategic directions, as well as goals, objectives and projected values of the strategic key performance indicators of the Fund for the period 2024-2033.

STRATEGIC DIRECTIONS OF DAMU FUND DEVELOPMENT

Strategic directions

Support and development of new and existing entrepreneurs

- > Expanding lending to microbusinesses, developing and implementing tools to support microfinance organizations and credit partnerships
- > Increasing the share of coverage of existing MSMEs by the Fund's financial programs
- > Improving the economic efficiency of supported MSMEs

Sustainable institutional development of the Fund

- > Attracting funds from additional sources of financing
- > Achieving the planned level of financial performance results
- > Digitalization of business processes
- > Increasing the level of corporate governance

Стратегические задачи



Main directions of the strategy:

1

Expansion of financing instruments

The Fund continues to develop mechanisms for subsidizing and guaranteeing loans for entrepreneurs, facilitating access to financial resources. In 2024, guarantee limits were increased to 3,5 billion tenge, and the subsidized rate reduced the interest rate for borrowers to 6-10% per annum.

2

Development of regional support programs

Taking into account the peculiarities of the regional economy, joint programs are being implemented with akimats. The emphasis is on supporting entrepreneurs in mono and small towns, as well as in rural areas. The financing conditions are adapted to the needs of local businesses.

3

Development of alternative sources of financing

To diversify investment flows, the Fund is introducing stock market and Islamic finance instruments. Projects aimed at attracting venture capital are also supported.

4

Digitalization of business processes

Automated Fund services allow entrepreneurs to receive support online, minimizing administrative barriers. In 2024, digital services were launched that cover the full cycle of interaction—from application submission to signing the subsidy and guarantee agreement.

5

Promoting Sustainable Development Goals (ESG)

The Fund integrates ESG principles into its strategy, focusing on environmentally friendly, socially significant, and managerially efficient projects. Supporting women's and youth entrepreneurship also remains a priority.

6

Goals and Prospects

The Damu Fund aims to become a key development institution providing comprehensive support to entrepreneurs. By 2033, the Fund plans to significantly expand its funding, facilitate production modernization, and strengthen the competitiveness of domestic businesses in international markets.

The implementation of this strategy will create a sustainable business environment, increase employment, and ensure long-term economic growth in Kazakhstan.

The full text of the Fund's Development Strategy is available at the following link:
<https://damu.kz/o-fonde/o-nas/strategicheskie-napravleniya/>



KEY PERFORMANCE INDICATORS

To fulfill the task of building an effective development institution integrated into Baiterek NMH JSC and implementing strategic directions, the Fund's Strategy defines key performance indicators (KPIs), which are a set of indicators that determine the level of achievement of the Fund's strategic goals and objectives, as well as efficiency his activities. When creating KPI maps, the Fund is guided by, but is not limited to, the following internal documents and (or) legal acts:

- > Development Strategy and Action Plan for its implementation;
- > Development Plan of the Fund;
- > Order on the distribution of responsibilities of officials (managerial employees) of the Fund;
- > Road maps implemented in the Fund;
- > Address of the President of the Republic of Kazakhstan to the people of Kazakhstan on the situation in the country and the main directions of domestic and foreign policy;
- > Changes in the documents of the state planning system, as well as changes in the internal and external environment, having a significant effect on the activities of the Fund;
- > Resolutions of the Government of the Republic of Kazakhstan on the approval of state programs.

The Fund has built the following system for generating efficiency indicators:

- > KPI of the shareholder of Baiterek NMH JSC;
- > KPI of management employees (members of the Board) of the Fund;
- > KPI of the Fund's employees.

The Fund's strategic KPIs are developed taking into account the Shareholder's KPIs. The Shareholder's strategic KPIs are cascaded into those of the Fund's executives by direct cascading or by decomposition. At the same time, when the strategic KPI is decomposed into the KPI cards of the Fund's executives, the achievement of the lower-level KPI targets in the cards of the Fund's executives ensures the fulfillment of the initial upper-level strategic KPI of the Fund.

Corporate KPIs and those of the Fund's executives are approved by the Fund's Board of Directors. The efficiency of the Fund's employees is approved by the Fund's Management Board. The actual KPIs of the Fund's executives are calculated after the end of the reporting year, and for employees, they are calculated quarterly.

The Damu Fund uses a system of key performance indicators (KPIs) to evaluate its performance, achieve strategic goals, and fulfill objectives aimed at supporting and developing entrepreneurship in Kazakhstan. The Fund's KPIs are a combination of quantitative and qualitative indicators that allow for the assessment of the implementation of priority development areas.

2. ANALYSIS OF SMES IN KAZAKHSTAN. DEVELOPMENT PROSPECTS

In 2024, the number of registered SMEs in Kazakhstan increased



by **4%**
to 2,262,000 units.

The number of active entrepreneurs increased



by **3.5%**

driven by a 4% and 4% increase in the number of individual entrepreneurs and peasant farms, respectively.

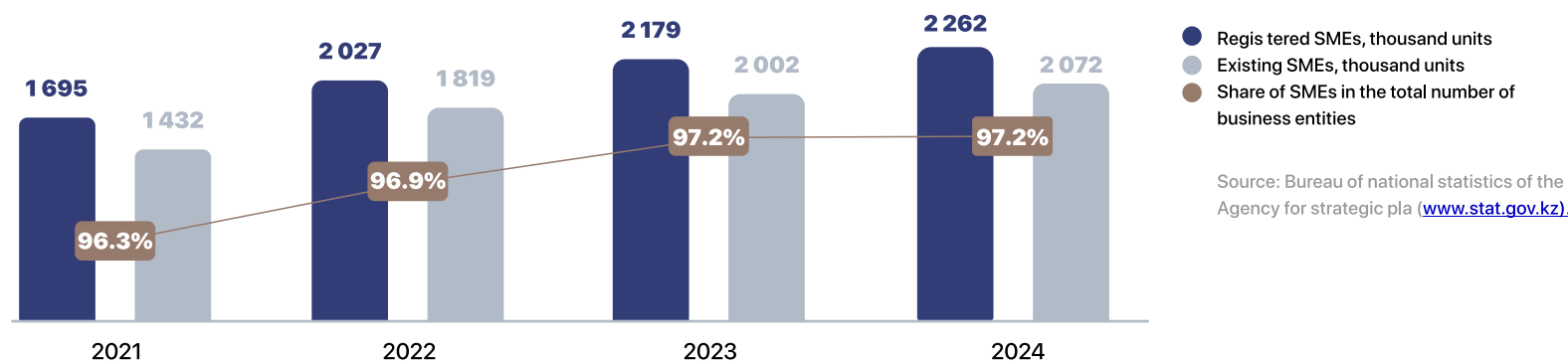
The share of SMEs in the total number of business entities in the country increased



to **97.2%**

It should be noted that from 2019 to 2024, the average annual growth rate of registered SMEs was estimated at 6.9%, while the growth rate of active entrepreneurs over the same period was 9%. The increase in the number of active entrepreneurs, outpacing the growth rate of registered ones, indicates an increase in the active business activities of previously registered entrepreneurs.

Dynamics of the number of registered SMEs in the Republic of Kazakhstan



According to the Bureau of Statistics of the Agency for Social and Economic Development of the Republic of Kazakhstan, the employed population at the end of 2024 was



9,214 thousand people

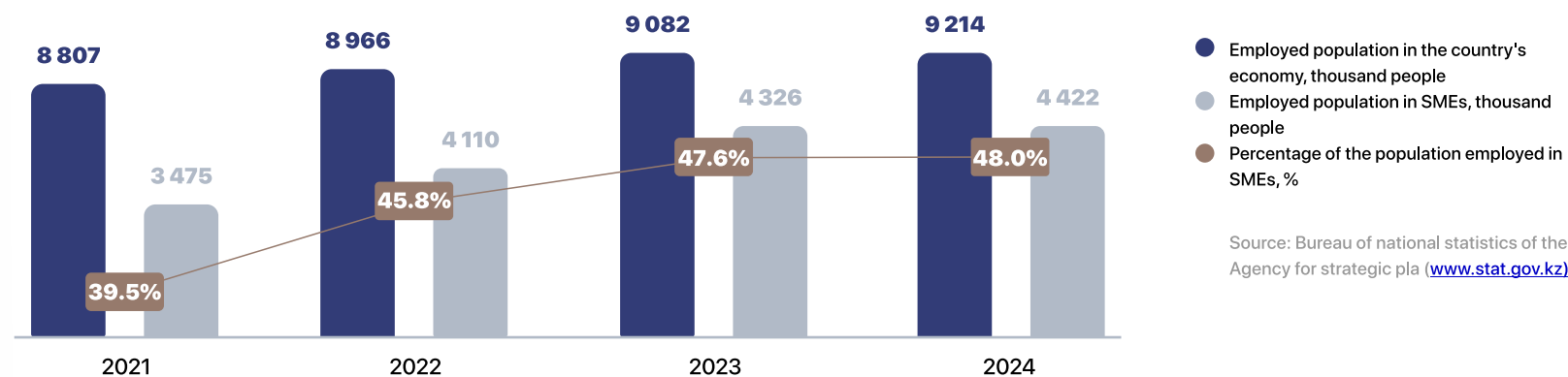
The number of people employed in SMEs was



4,422 thousand people
(48.0% of all employed) as of January 1, 2025.

Compared to the previous year, the number of people employed in SMEs increased by 1.1%. At the same time, the overall employed population in the Republic of Kazakhstan also increased by 1.5%.

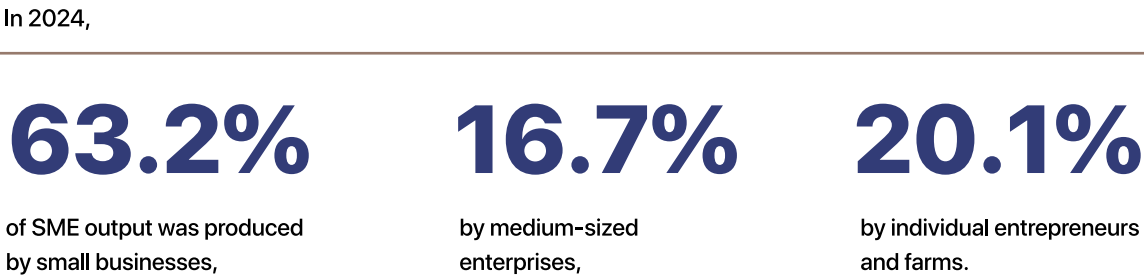
Dynamics of the employed population in the Republic of Kazakhstan



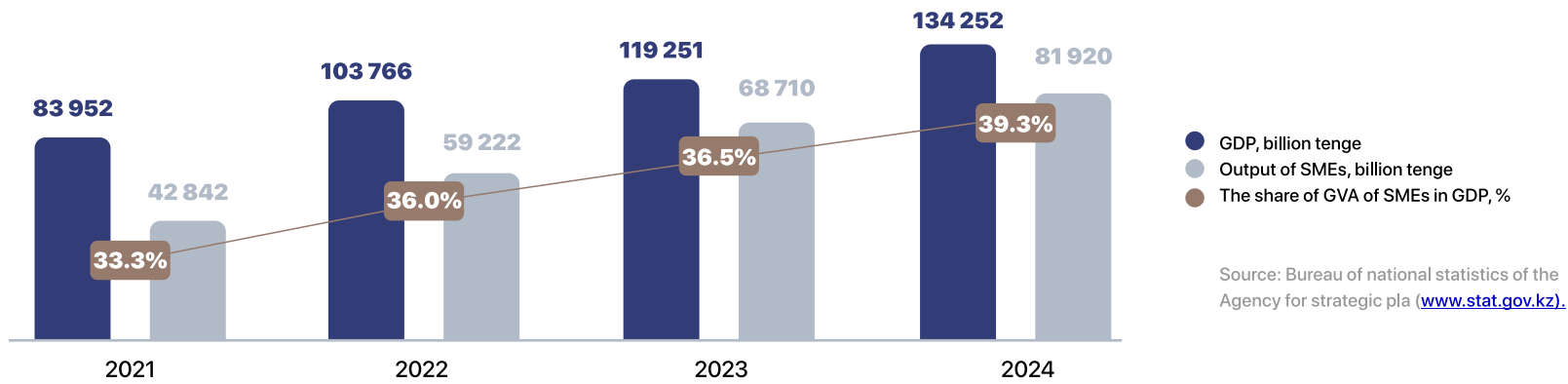
Over the past 10 years, Kazakhstan's GDP has shown growth in real terms (except for 2020, due to a number of restrictions imposed due to the COVID-19 pandemic). Thus, by the end of 2024, Kazakhstan's GDP is expected to grow by 12.4% in real terms, reaching 134.3 trillion tenge. Goods production accounts for 35.3% of GDP (including 25.6% from industrial production), services production accounts for 58.2%, and food taxes account for 6.4%.

According to the Bureau of Statistics of the Agency for Social and Economic Development of the Republic of Kazakhstan, SME output in 2024 amounted to

The share of gross value added by SMEs in GDP, according to preliminary data for 2024, is estimated



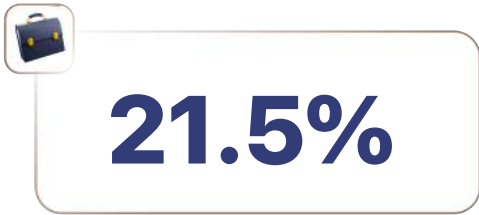
Dynamics of GDP and output of SMEs in the Republic of Kazakhstan



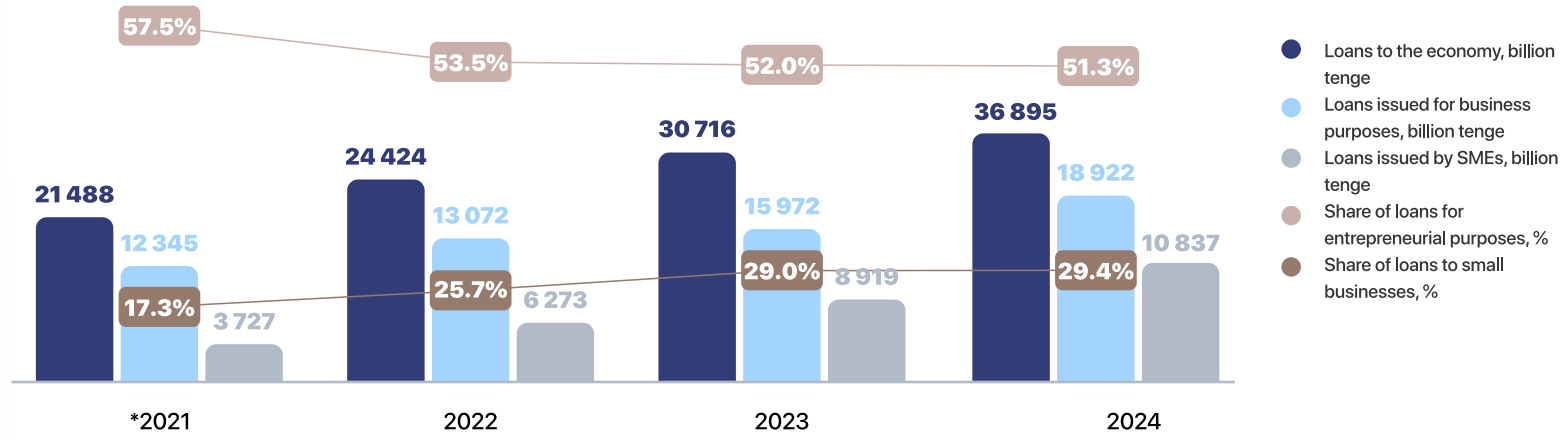
Indicators of entrepreneurship lending and the Fund's share in lending

In 2024, bank lending volumes increased by 20.1% to 36.9 trillion tenge. Growth was observed across most economic sectors and all lending categories. This included loans for business purposes, which increased by 18.5% in 2024 to 18.9 trillion tenge.

Lending to small and medium-sized entrepreneurs (SMEs) outpaced overall bank lending



Annual volumes of lending to the economy and small businesses



*In 2021, 3,727 billion tenge were loans issued to small businesses
Source: National Bank of the Republic of Kazakhstan (www.nationalbank.kz).

PROSPECTS FOR THE DEVELOPMENT OF SME IN KAZAKHSTAN

At the end of 2024, despite the unfavorable factors prevailing in the world market, the growth of the national economy amounted to 5,1%. The work carried out by the state to support small and medium-sized enterprises made it possible not only to preserve existing entrepreneurs, but also to increase the number of new ones. At the end of 2024, there are more than 2 million active small and medium-sized enterprises in Kazakhstan, in which about half of the country's economically active population works. According to this indicator, we are close to the level of OECD countries. The share of entrepreneurship in GDP has increased, which is one of the results


of the joint work of business - the Damu Fund - the state.

To date, the Government of the Republic of Kazakhstan has laid a reliable Fund for the development of Kazakhstani entrepreneurship, including through the instruments of state financial support provided by the Damu Fund.

Statistical indicators for SMEs over the past 10 years indicate that government support measures are fulfilling their objectives: the number of small and medium-sized entrepreneurship and new manufacturing enterprises has increased,


with the growth of registered small and medium-sized entrepreneurship from 2014 to 2024 amounting to



37%


and of existing ones
124%



The development of entrepreneurship is one of the priority areas in the Strategic Course of the State Economic Policy, which is aimed at maintaining the stability of the economy of Kazakhstan by diversifying the economy, digitalizing industries, modernizing existing capacities and increasing export potential.

In 2024, the number of active SMEs in the country increased

by **3.5%**
to 2.1 million

while the number of people employed in SMEs increased

by **2.2%**
to 4.4 million.

SMEs accounted for

39.7%
of GDP by the end of 2024, reaching 53.3 trillion tenge.

Positive growth is observed across all sectors of the economy.

For the further development of the economy, one of the important priorities is the task of developing the SME sector as the main "engine" of economic growth, incl. by developing modern business competencies (increasing the share of small and medium-sized enterprises in GDP to 50% by 2050). Today, all conditions are being created for the successful development of SMEs in Kazakhstan, as the state realizes that the main priority of the country's economic development is a targeted and consistent policy to support SMEs. The Damu Fund in its activities is guided by the main directions of the state economic policy in the field of SME development and, through state financial support instruments, contributes to the exit of enterprises to sustainable and profitable development.


SME development in Kazakhstan remains a key priority of the state economic policy. According to the Fund's Development Strategy for 2024–2033, the goal is to increase the share of SMEs in GDP to 50% by 2050.

To achieve these goals, the Fund implements a wide range of support measures: subsidizing loan interest rates, providing guarantees, consulting and training for entrepreneurs, and financing through partner financial institutions.

Comprehensive and targeted support for SMEs from the government and the Damu Fund contributes to strengthening the business sector, increasing employment, and sustainable development of the national economy.

By the end of 2024, small and medium-sized entrepreneurship (SMEs) in Kazakhstan continued to demonstrate sustainable growth despite global economic challenges.

The national economy grew



by **4.8%**

largely due to active government support for entrepreneurship. Systemic support measures implemented with the participation of the Damu Fund not only preserved existing enterprises but also facilitated the emergence of new ones.

As of the end of 2024, more than


2.1 million
active SMEs were registered in Kazakhstan.

This sector of the economy employs approximately


4.4 million people
representing almost half of the country's economically active population.

The share of SMEs in GDP continues to grow, strengthening Kazakhstan's position among developed market economies.





The role of government support

State policy on entrepreneurship is aimed at creating favorable conditions for sustainable business growth. Financial support instruments provided by the Damu Fund play a key role in this process, including interest rate subsidies, loan guarantees, and concessional financing. In 2024, the government, with the active participation of the Ministry of National Economy and Baiterek National Managing Holding JSC, allocated 336 billion tenge to implement business support programs through subsidies and guarantees. State support was received by 29,500 projects for a total loan amount of 1.7 trillion tenge, including 2,700 concessional lending projects totaling 254 billion tenge.

Over the past 10 years, there has been a significant increase in the number of active businesses:

from 2014 to 2024, the number of registered SMEs increased

by **37%**

and the number of operating businesses

by **124%**

➤ This trend confirms the effectiveness of government support and the public's increased interest in entrepreneurship.

The strategic importance of SMEs

Entrepreneurship development remains a priority for Kazakhstan's economic policy. In the long term, key objectives remain:

➤ increasing the share of SMEs in GDP to 50% by 2050;

- digitalization of business and implementation of innovative technologies;
- development of export potential of enterprises;
- modernization of production capacities and diversification of the economy.

The positive dynamics of SME development in all sectors of the economy indicates the formation of a favorable business environment in the country. The state continues a consistent policy of supporting entrepreneurship, creating conditions for its sustainable growth. The Damu Fund actively promotes the development of small and medium-sized businesses, providing entrepreneurs with the necessary financial instruments to expand their activities and enter new markets.



3. FINANCIAL RESULTS OF ACTIVITIES

Effective asset management

Asset and Liability Management of the Fund is the process of forming and maintaining such a structure of assets and liabilities of the balance sheet, which ensures the achievement of strategic indicators, maintaining profitability, ensuring compliance with the amounts and terms of raising and placing funds and minimizing unjustified risks. The main task of managing the assets and liabilities of the Fund is to regulate assets and liabilities in such a way as to achieve high financial performance of the Fund while minimizing risks.

The need for effective management of the Fund's assets and liabilities in modern conditions is determined by:

- > the emergence of new complex products;
- > changes in the structure of attracted resources;
- > economic instability;
- > the need to coordinate the Fund's activities in all its areas;
- > the need to coordinate approaches to providing funds to counterparties within the overall framework of risk management.

The key objectives in managing the Fund's assets and liabilities are:

- > maintaining a sufficient level of liquidity to ensure the timely fulfillment of all obligations and operational activities.
- > efficient placement of temporarily free funds in order to generate additional income.
- > ensuring a sufficient level of capital to cover possible risks and maintain financial stability.
- > compliance with regulatory requirements and internal policies in the field of asset and liability management.

To achieve these objectives, the Fund has an Asset and Liability Management Committee, which includes representatives from senior management and key divisions of the Fund. The Committee regularly monitors financial performance, analyzes the balance sheet structure, and makes decisions to optimize asset and liability management.

As of January 1, 2025, the Fund's assets amounted to

436 billion tenge

and increased by 14.7 billion tenge compared to the beginning of 2024, capital 198 billion tenge, liabilities amounted to 238 billion tenge.

The Fund's loan portfolio as of the reporting date is

252 billion tenge

which is

57% of assets.

Financial results

The Fund's total revenues for 2024 amounted to 70.1 billion tenge, of which revenues from core activities amounted to 57.4 billion tenge, and revenues from non-core activities amounted to 12.7 billion tenge.

The Fund's total expenses (excluding corporate income tax) for 2024 amounted to 37.4 billion tenge. The largest share of the Fund's expenses is represented by expenses incurred upon the initial recognition of financial instruments at below-market rates (58%), administrative expenses (19%), and expenses related to sales and services (6%).

By the end of 2024, the Fund's financial result amounted to 26.9 billion tenge, which is in line with the planned indicator.

The Fund's total revenues for 2024 amounted to

70.1 billion tenge

By the end of 2024, the Fund's financial result amounted to

26.9 billion tenge

Profitability indicators

Name of KPI	2019	2020	2021	2022	2023	2024
ROA, return on assets	1,10%	1,37%	6,81%	12,91%	9,08%	6,27%
ROE, return on equity	4,8%	4,63%	19,18%	32,85%	20,55%	13,49%
Weighted average return on IRR	8%	10,15%	8,9%	12,43%	16,28%	14,95%
Profitability	20,6%	16,51%	104,31%	124,11%	107,79%	72%
NI margin	19,2%	23,08%	55,64%	70,68%	71,05%	46,87%
Debt/equity	2,9	1,99	1,67	1,44	1,10	1,20
Share of loan portfolio in assets	77,9%	61,27%	62,10%	40,33%	53,38%	57,76%

Development Plan of the Fund

In order to implement the Development Strategy of the Damu Fund, as well as harmonize strategic and current planning of activities to ensure the development of the Damu Fund in accordance with strategic directions, goals, objectives and key indicators, the Fund's Development Plan is developed and adjusted annually.

The development plan of the Damu Fund is developed on the basis of:

- 1 strategic and program documents of the Republic of Kazakhstan;
- 2 strategic goals, objectives, key performance indicators provided for in the Development Strategy of the Damu Fund;
- 3 strategic plans of relevant government bodies;
- 4 annual address of the President of the Republic of Kazakhstan to the people of Kazakhstan;
- 5 forecasts of macroeconomic indicators for the planned years, recommended by the central authorized body for state planning;
- 6 the results of the analysis of the strengths and weaknesses of the activities of the Damu Fund;
- 7 results of monitoring the implementation of the Development Plan of the Damu Fund for the current year;
- 8 assessing the effectiveness of the Damu Fund;
- 9 annual audited financial statements for the year preceding the current year.

By the decision of the Board of Directors dated November 29, 2023, the Development Plan of the Damu Fund for 2024–2028 was approved, which provides for financial indicators planned to implement the strategic objectives of the Damu Fund.

As part of its Development Plan, the Damu Fund plans to achieve gross income no lower than 2024 levels by 2025. The primary sources of income remain conditional placement programs, interest rate subsidies on loans and leasing transactions, and the provision of guarantees for entrepreneurial loans. Additional revenue is expected from the treasury portfolio and other non-core activities.

In 2025, the Fund is expected to incur expenses related to interest on borrowings, administrative costs, reserves, corporate income tax, and expenses related to the initial recognition of financial assets.

With effective management of these budget items, the Fund expects to end 2025 with a positive financial result.



4. MAIN RESULTS OF THE DAMU FUND ACTIVITIES

In 2024, the Fund continued to implement programs for the conditional placement of funds in commercial banks, credit unions, and microfinance organizations, subsidizing interest rates on loans to entrepreneurs, and guaranteeing loans, including through the implementation of the Unified Comprehensive Subsidy and Guarantee Program.



In 2024, the Fund supported

29.5 entrepreneurial
projects

using financial instruments totaling

1.7 trillion
tenge

in loans.



Over the entire period of program
implementation, the Damu Fund has
supported over

222.0
thousand
entrepreneurial projects

totaling

13.68 trillion
tenge

The socioeconomic impact of Damu Fund program participants increases annually.



From 2010 to 2024,
supported small and medium-
sized entrepreneurship
produced goods worth 129.8
trillion tenge, tax revenues
from enterprises from 2010 to
2024 amounted to 9.0 trillion
tenge,

and jobs created
amounted to

220,3 thousand
units

(2010–2024).

RESULTS OF IMPLEMENTATION OF FINANCIAL PROGRAMS

	2019	2020	2021	2022	2023	2024
Financing of entrepreneurs through conditional placement of funds in STB/MFO/LC						
Number of participants, units	18 933	11 136	7 783	5 278	3 330	2 717
Amount of financing, million tenge	239 508	207 588	213 304	183 917	197 924	253 608
Subsidizing remuneration rates						
Number of participants, units	2 647	14 679	32 351	24 485	12 339	17 623
Amount of loans, million tenge	266 844	1 210 350	1 587 163	992 548	1 005 125	1 014 031
Loan guarantee						
Number of participants, units	2 647	7 346	17 219	20 781	8 183	9 173
Amount of loans, million tenge	102 740	275 546	365 286	377 576	363 249	444 915

Share of coverage by state support measures in the SME lending market

In 2024, the Fund's instruments supported entrepreneurs through second-tier banks, microfinance organizations, and leasing companies,



providing loans totaling

1,713 billion
tenge

of which

1,517 billion
tenge

were provided through second-tier banks

Participants in the Fund's programs account for 9.1% of the total amount of bank lending for entrepreneurial purposes, according to the National Bank of the Republic of Kazakhstan (total loans issued by second-tier banks amount to 18,922 billion tenge).



Overall, second-tier banks' SME loan portfolio amounts to 8,928 billion tenge, of which 2,312 billion tenge is covered by state support measures from the Damu Fund.

The share of state support in the SME lending market for second-tier banks is

26%

Dynamics of loans for projects in priority sectors of the economy

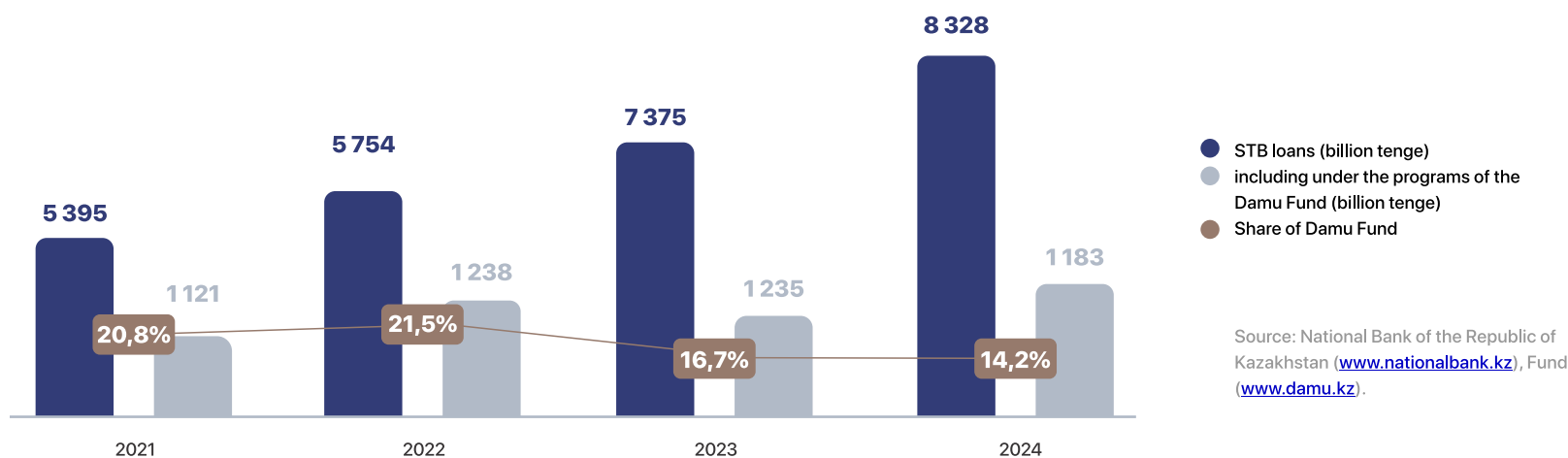
When examining the Fund's contribution to financing priority economic sectors, its share has declined



to **14.2%**

2.5 percentage points lower than last year.

However, in physical terms, the volume of loans issued remains within 1.2 trillion tenge. Overall, a focus on supporting priority economic sectors is now the country's strategy. Consequently, we see an increase in the volume of loans issued by second-tier banks in priority sectors, indicating the positive development direction of these sectors.



Dynamics of loans for projects in the manufacturing industry

The Fund's share of loans to the manufacturing industry also decreased, reaching

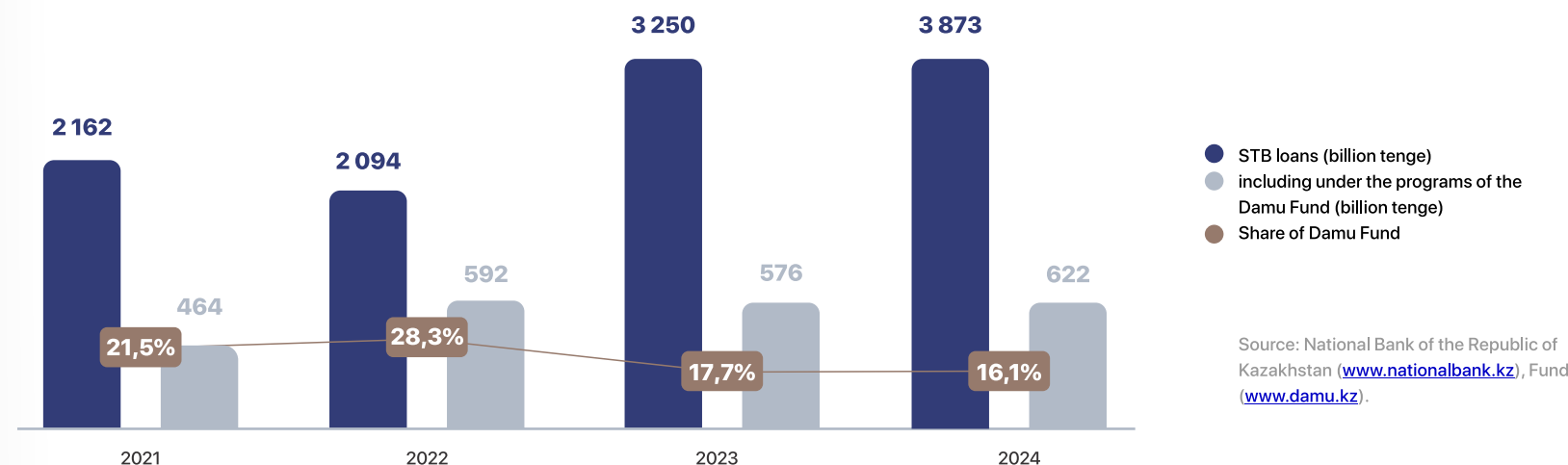
16.1%

This decrease is due to a 13% increase in lending to priority economic sectors, including a 19% growth in the manufacturing sector by 2024, while the Damu Fund's support for these sectors increased by 8%.

In physical terms, support for the manufacturing industry remains within the range of

550-650 billion tenge

➤ Overall, the development of manufacturing as a priority sector has influenced lending to this sector, which also indicates economic growth in these sectors.



ATTRACTION OF BUDGETARY AND EXTRA-BUDGETARY FUNDS IN FINANCIAL MARKETS

In 2024, the Fund continued to actively implement current and new financial programs aimed at supporting MSMEs in Kazakhstan, using both budgetary and extra-budgetary funding sources.

Particular attention is paid to regional financing. The fund attracts funds from local executive bodies (akimats) for the implementation of the program "Regional financing of small and medium-sized private businesses." In 2024, on the terms of co-financing, funds were raised from akimats of the cities of Almaty and Astana, as well as Abay, Zhambyl, Akmola, East Kazakhstan and Karaganda regions

One of the Fund's strategic goals is to increase the share of non-governmental borrowing sources in the overall structure of funds raised, with the aim of replacing some budget financing. To this end, the Fund is working to attract non-governmental sources and establishing cooperation with new potential investors—international financial institutions and investment funds—including through bond issuance on domestic and international capital markets.



for a total of

4.39 billion
tenge

These funds are directed through second-level banks and microfinance organizations to lend to entrepreneurs in priority sectors of the economy for each region.

- Thus, the Damu Fund continues to develop and improve SME financing mechanisms, combining budgetary and extra-budgetary sources, as well as introducing innovative financial instruments to expand entrepreneurs' access to necessary resources.

FINANCIAL SUPPORT OF ENTREPRENEURS

Conditional placement of funds

In order to increase the coverage of existing MSMEs with financial programs in 2024, the Fund continued to work in this area.



As a result, STB/LC/MFI financed

2,717 projects

worth

253.6 billion
tenge



The conditional placement program is one of the tools for implementing state policy on financial support for SME entities in Kazakhstan. This instrument is implemented by providing the Fund with financial resources (funding) to partners on certain (targeted and restrictive) conditions for subsequent lending to MSMEs.



Within the framework of the **Regional Financing Program for SMEs**, funds were raised from MIOs in Almaty, Astana, Kokshetau, as well as Abay, East Kazakhstan, Zhambyl and Karaganda regions in the amount of

4.4 billion
tenge



On the terms of co-financing, funds in the amount of

14.1 billion
tenge

were allocated for regional financing
(including from returnable funds)



The maximum loan amount per small and medium-sized enterprise varies

from **20** million
tenge
to **150** million
tenge

depending on the region.

Thanks to the funds raised and the Fund's funds for 2024,



717 SMEs

were financed in the amount of

49.8 billion
tenge

including revolving issues for funds previously allocated under this program.

During 2024, the return funds of the National Fund of the Republic of Kazakhstan in the amount of



22.6 billion
tenge

were redistributed and placed in **Bank CenterCredit JSC, ForteBank JSC, Eurasian Bank JSC and Bank RBK JSC.**

In 2024, within the framework of this program,



356 borrowers

were financed in the amount of

151.3 billion
tenge.



In March 2024, a new program to support women's entrepreneurship, "Umit," was launched with

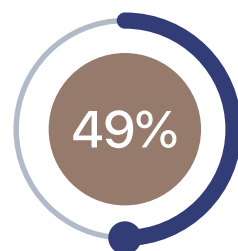


a total funding of

**10 billion
tenge**

The program aims to stimulate the economic activity of women entrepreneurs through preferential lending for women's entrepreneurship projects, as well as to increase the coverage and number of entities receiving state support.

Almost half of SMEs in Kazakhstan are headed by women



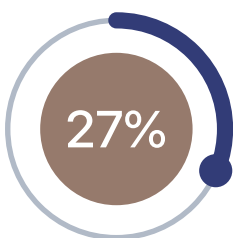
and they make up a significant share among individual entrepreneurs



The participation of women in legal entities is



in peasant farms



Although these data show a marked participation of women in the country's entrepreneurial sphere, it can be assumed that women are mainly represented in small businesses and to a lesser extent - on average, where a larger amount of capital is required.

The program provides financing for women entrepreneurs classified as micro, small and medium-sized enterprises (hereinafter referred to as MSMEs), in accordance with the legislation of the Republic of Kazakhstan and carrying out entrepreneurial activities in the form of:

1) individual entrepreneurship without forming a legal entity in accordance with the legislation of the Republic of Kazakhstan;

2) legal entity:

- with a share of participation of women(-s) in the authorized capital of at least 51 (fifty-one) percent (for LLP);

- 51% (fifty-one) or more percent of voting shares of which belong to a woman(s) (for JSC);

- where a woman is the first director of a legal entity for at least 1 (one) year.

> A unique condition of the program is to provide end borrowers with the opportunity to take financial literacy courses free of charge.

Under the "Umit" program, four banks—**Halyk Bank of Kazakhstan JSC, Bank CenterCredit JSC, Bank RBK JSC, and Eurasian Bank JSC**



have received a total of

**10 billion
tenge**
in financing.

In 2024,



**117
female entrepreneurs**

will receive

**6.3 billion
tenge**

in financing under this program.

In addition, throughout 2024, support for **SMEs** was provided using the Fund's own funds through the **Damu-Micro, Damu-Leasing, and Factoring** programs. Under these programs, **12 billion tenge** was deposited through microfinance organizations and personal accounts,



1,395 SMEs
received support



totaling
**29.7 billion
tenge**




Subsidizing the remuneration rate

Subsidizing the interest rate is a financial support instrument used by the state to partially reimburse an entrepreneur's expenses for paying interest on a loan/microcredit/leasing transactions on a free and irrevocable basis. This tool is implemented within the framework of the Joint Order of the Ministries "**On Approval of the Rules, Forms of State Financial Support, Sectors of the Economy in which Private Business Entities Subject to State Support Operate**", registered in the Register of State Registration of Regulatory Legal Acts under No. 33681 of 27.11.2023, and later in accordance with Government Decree No. 754 of 17.09.2024 (hereinafter referred to as the **Unified Comprehensive Program**).

In order to encourage small and medium-sized entrepreneurship (issuers) to enter the stock market, the Unified Comprehensive Program, in addition to the instrument of subsidizing the interest rate on loans, provides for a support measure in the form of subsidizing a portion of the coupon rate on bonds or Islamic securities of issuers included in the official list of securities of **JSC Kazakhstan Stock Exchange**, as well as in the listing of the exchange of the International Financial Center "Astana".

Part of the coupon rate is subsidized on bonds or Islamic securities issued to finance new investment projects, as well as aimed at modernizing and expanding production or refinancing current project obligations.

At the end of 2024,



5 projects

were supported within the framework of the instrument for subsidizing part of the coupon rate, the amount of bonds issued amounted to

14,6 billion tenge

Furthermore, in 2024, **Order No. 262-HK of the Minister of Trade and Integration of the Republic of Kazakhstan dated June 21, 2024**, approved the **Rules for Providing State Support for Private Entrepreneurship to Domestic Trade Entities** (hereinafter referred to as the **Rules**). Under the Rules, subsidies are provided for loans issued by second-tier banks to domestic trade entities.

Support provided to Damu Fund JSC for a subsidy instrument in 2024

Program	Number of projects	Loan portfolio, billion tenge	Subsidies paid billion tenge
Unified comprehensive program (2nd direction)	8 352	754,6	221,4
Unified comprehensive program (3 direction)	130	155,7	72,9
Portfolio subsidies - support for micro and small businesses	9 121	101,6	16,8
UNDP	20	2,1	0,7
Grand total	17 623	1014	311,8

Guarantee

Guarantee - is a financial support instrument used by the state to ensure that entrepreneurs fulfill their obligations under bank loan or financial leasing agreements when collateral is insufficient. This guarantee is one of the most popular and effective products, providing and simplifying access to credit for businesses.

Thus, the credit guarantee mechanism, on the one hand, enables MSMEs to attract financing that is several times greater than their existing collateral, and on the other hand, it allows banks to share with the state the risks associated with MSME financing, thereby incentivizing banks to finance riskier start-up and MSME projects.


The guarantee instrument is implemented by the Fund within the framework of state support programs:

- >

Unified comprehensive program - through the Joint Order of the Ministries "**On approval of the rules, forms of state financial support, sectors of the economy in which private business entities subject to state support operate**", registered in the Register of State Registration of Regulatory Legal Acts under No. 33681 of 27.11.2023 (hereinafter referred to as the Joint Order), as well as Decree of the Government of the Republic of Kazakhstan No. 754 of 17.09.2024;
- >


Agro-industrial complex programs - in accordance with the **Rules for subsidizing within the framework of guaranteeing and insuring loans of subjects of the agro-industrial complex**, approved by order of the Minister of Agriculture of the Republic of Kazakhstan dated 30.01.2015 No. 9-1/71;
- >

and within the framework of the Fund's own programs, in particular the Damu Optima program, developed with the aim of providing access to bank financing to small and medium-sized entrepreneurship that do not have sufficient collateral and do not meet the conditions of state programs.
- In addition, in 2024, by order of the Minister of Trade and Integration of the Republic of Kazakhstan dated June 21, 2024, No. 262-HK, the Rules for the provision of state support measures for private entrepreneurship to domestic trade entities were approved. Within the framework of these rules, from 2025, it is planned to implement support through the instrument of partial guarantee of loans to domestic trade entities issued by second-tier banks.
- In 2024



9,173 guarantee agreements

were supported for a loan portfolio amounting to

444.9 billion tenge
- 

the guarantee amount being

251.1 billion tenge
-
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Support provided to JSC Damu Fund under the guarantee instrument in 2024

Program	Number of projects	Loan portfolio, billion tenge	Guarantee amount, billion tenge
Unified comprehensive program	3 506	251,4	104,2
Portfolio Guarantee – Support for Micro and Small Enterprises	4 855	59,2	50,1
Agro-industrial complex program (support for investment projects)	1	0,1	0,0
AIC program (SFWH)	401	94,2	80,1
Total	8 763	404,9	234,5
Damu-Optima	410	40,0	16,7
Overall total value	9 173	444,9	251,1

Changes to subsidy and guarantee programs

➤ In 2024, Damu continued to act as a financial agent within the framework of the Unified Comprehensive Program, as well as the implementation of subsidizing and guaranteeing tools in support of micro and small businesses using the portfolio method.

During 2024, the Fund carried out the following work to amend the Unified Comprehensive Program:

- the portfolio guarantee limit under the Program has been increased from **10 million tenge to 60 million tenge**;
 - within the framework of the areas of "Support for small and medium-sized entrepreneurship" and "Support for small, medium and large businesses", the amount of subsidy for a portion of the remuneration rate for a business entity has been fixed by year and depending on the priority of economic sectors;
 - within the framework of the direction "Support for entrepreneurship in single-industry and small towns, rural settlements" the amount of subsidy for a portion of the remuneration rate for a business entity has been fixed depending on the priority of economic sectors;
 - within the framework of the "Support for small, medium and large enterprises" direction, the maximum loan amount under the subsidy instrument has been set at **15 billion tenge**;
 - within the framework of the "Support for social entrepreneurship entities" direction, the maximum loan amount under the guarantee instrument has been set at up to **1 billion tenge**, for the "Support for entrepreneurship in single-industry and small towns, rural settlements" and "Support for small and medium-sized entrepreneurship" directions - up to **1.5 billion tenge**, for the "Support for small, medium and large businesses" direction - up to **3.5 billion tenge**;
- Within the framework of all areas of the Program, except for "Support for Micro and Small Entrepreneurship", for existing entrepreneurs, the amount of guarantees has been established at up to 50% of the loan amount;
 - Within the framework of the "Support for small, medium and large businesses" program, the possibility of subsidizing syndicated loans in the amount of up to **15 billion tenge** is provided;
 - a fee has been established for guarantees for business entities within the framework of the "Support for small, medium and large businesses" direction;
 - within the framework of the areas "Support for small and medium-sized entrepreneurship" and "Support for small, medium and large businesses", the subsidy period has been established depending on the priority of economic sectors;
 - within the framework of the direction "Support for small, medium and large enterprises", requirements are provided that stimulate the transition of small businesses to medium ones;
 - Within the framework of all areas of the Program, reciprocal obligations have been established for their fulfillment by business entities receiving state support;
 - within the framework of the Rules for subsidizing the coupon interest rate on bonds, the total nominal value of the issuer's bonds has been increased to **5 billion tenge**;
- Within the framework of all areas of the Program, requirements and restrictions are provided for certain CCEA codes, and the following CCEA codes have been excluded from the List of priority economic sectors (Appendix 1 to the rules for subsidizing within the Program):**

45.2 "Maintenance and repair of vehicles";
69.2 "Accounting and auditing activities; tax consulting";
71 "Activities in the field of architecture, engineering surveys; technical testing and analysis";
72 "Research and Development";
74 "Other professional, scientific and technical activities";
77.11 Rental and leasing of cars and light commercial vehicles";
81 "Activities for maintenance of buildings and improvement of territories";
91 "Activities of libraries, archives, museums and other activities in the field of culture";
93 Activities for the organization of recreation and entertainment (except for activities in the field of sports);
95 "Repair of computers, personal items and household goods";
96.01 "Washing and (dry) cleaning of textile and fur products";

- within the areas of "Support for small and medium-sized enterprises" and "Support for small, medium and large businesses" for projects in which at least 40% of the loan/financial lease agreement amount is aimed at purchasing goods from a Kazakhstani manufacturer, subsidies are provided with a nominal interest rate: NBRK + 5%, of which 8% is paid by the business entity (hereinafter referred to as the joint venture), and the difference is subsidized by the state, with a subsidy period of up to 7 years;
- within the framework of the areas "Support for small and medium-sized enterprises" and "Support for small, medium and large enterprises" for projects for the production of high-value added goods in accordance with the List of priority goods approved by the Order of the Acting Minister of Industry and Infrastructure Development of the Republic of Kazakhstan dated May 30, 2022 No. 306, subsidies are provided at a nominal interest rate: NBRK + 5%, of which 8% is paid by the joint venture, and the difference is subsidized by the state, with a subsidy period of up to 7 years;
- Within the framework of Islamic financing, the direction "Support for small, medium and large businesses" is provided;
- under the subsidy instrument of the joint venture for investment projects over **500 million tenge**, it ensures participation in the implementation of the project of own funds (cash, movable/immovable property), not less than 10% of the total cost of the project;
- Subsidies for projects for the construction and expansion of shopping centers, modern-format retail facilities, and multifunctional complexes in commercial activities are permitted upon application until July 1, 2025;

- microloans/loans/Islamic financing/bonds aimed at activities under CCEA codes "49.32 Taxi activities" ("green" projects, and projects aimed at purchasing domestically produced passenger cars worth no more than 10 million tenge per unit) and for leasing and renting "77.11 Lease and leasing of passenger cars of motor vehicles (except for leasing and renting of domestically produced passenger cars worth no more than 10 million tenge per unit) are allowed to be subsidized upon applications submitted until December 31, 2024;
- the subsidy instrument provides for a limitation on support for projects aimed at activities under CCEA codes 49.31.1 "Transportation by buses", 49.31.9 "Transportation by other types of transport subject to a schedule", related to transportation by buses running on diesel fuel in cities of national significance;
- The subsidy instrument provides for a restriction on the purchase/rental of electric scooters;
- The guarantee instrument provides support for "green" projects that correspond to the branches of the "green" taxonomy;
- the cost of the guarantee has been reduced from 20% to 15% of the guarantee amount (except for the areas of "Guaranteeing bonds issued by business entities" and "Support for micro and small businesses");
- Additionally, it provides for guaranteed loans for start-up entrepreneurs under the conditions specified for existing entrepreneurs;

- transactions with real estate (individual housing construction) in the field of preschool education are permitted using subsidizing and guaranteeing instruments;

The following joint venture projects are not eligible for subsidies and guarantees under the "Support for small, medium and large businesses" category:

- 1) who are persons associated with second-tier banks/leasing companies that carry out financing or financial leasing, through special relations;
- 2) which are registered in offshore zones.

- an alternative energy audit organization is provided to provide an opinion on compliance with the threshold values of the "green" taxonomy;
- within the framework of the direction "Support for micro- and small entrepreneurship" for subsidizing and guaranteeing instruments, selective monitoring of joint venture projects has been excluded;
- within the framework of the "Support for micro and small entrepreneurship" direction, the monitoring period has been reduced to 6 months;
- Changes and additions have been made to the Map of Eligible Measures under the Program in order to optimize processes.

In 2024, the Fund continued to perform the functions of the Guarantor for the implementation of the guarantee instrument within the framework of the AIC Program.

It should be noted that in May 2024, within the framework of the AIC Program, an additional instrument for guaranteeing agro-industrial complex entities using the portfolio method for the purposes of carrying out spring field and/or harvesting work was introduced.

During 2024, the following work was carried out to amend the AIC Program:

- The conditions, requirements, implementation mechanism, conditions for the payment of subsidies, and the procedure for interaction between participants in guaranteeing agricultural entities using the portfolio method for the purposes of carrying out spring field and/or harvesting work have been determined.
- New creditors have been added, represented by social entrepreneurship corporations and regional investment centers.
- The loan term for spring field and/or harvesting work has been increased from 12 to 18 months.
- The guarantee commission for other projects has been reduced from 30% to 20%.
- A standard has been established for reimbursement of funds from the budget and suspension of the provision of guarantees.
- The list of priority activities subject to guarantees has been expanded.

> The above changes will help stimulate MSMEs to maintain existing and create new permanent jobs, increase the level of production of domestic enterprises and ensure greater access to financing.





MONITORING OF FINANCIAL PROGRAMS

As a key operator of state programs to support MSMEs, the Damu Entrepreneurship Development Fund (Damu) JSC carries out comprehensive monitoring of project implementation to ensure the effective and targeted use of funds provided.

Key monitoring areas include:



Targeted use of funds:

verification of compliance of the actual use of financial resources with the stated objectives of the project.



Payment discipline:

monitoring the timeliness and completeness of fulfillment of financial obligations by entrepreneurs to banks and other financial institutions.



Project implementation:

assessment of the actual progress of the business plan implementation, including the achievement of key performance indicators.



Eligibility for the programs:

verification of the project's compliance with the criteria and requirements of the specific support program under which funding was provided.

The Fund collaborates with second-tier banks, microfinance organizations, leasing companies, and other partners to collect the necessary information and documents. If violations or discrepancies are identified, the Fund takes action in accordance with current legislation and the terms of the contracts.

Thus, systemic monitoring allows the Fund to ensure the transparency and effectiveness of MSME support programs, as well as promptly identify and eliminate potential risks and violations.

In 2024, in order to optimize monitoring of the use of budgetary funds, the Fund carried out the following work:

- > Automated accounting and control of projects with violations of the subsidy tool in the bpm'online sales information system, which made it possible to carry out timely control over the fulfillment of the Fund's requirements (partial early repayment, return of the subsidy, transfer of the project to the Troubled Assets Department/Legal Department).
- > Selective monitoring of grant funding projects has been introduced, implemented on the basis of public procurement contracts concluded with the Ministry of National Economy of the Republic of Kazakhstan.
- > The process of reflecting the following data about entrepreneurs in the bpm'online sales information system has been automated:
 - cadastral number of the acquired property (for loans issued for the acquisition of land plots, commercial properties, construction, as well as for agricultural projects), which will allow for the support of "unique" projects that have not previously been acquired through the implementation of state programs;
 - Information on the counterparty card of all founders of a given borrower will eliminate "double" support for one project and ensure the greatest possible coverage of new entrepreneurs.
- > Amendments have been made to the Rules for Subsidizing Part of the Interest Rate, establishing specific deadlines for the implementation of investment projects (24 months from the date of the financial agency's decision), as well as penalties for failure to meet these deadlines. This change encourages entrepreneurs to take a more responsible approach to project implementation.
- > Amendments have been made to the Project Monitoring Regulations, including the exclusion of the Fund's Governing Body from considering issues of subsidy refunds (in the event of misuse of funds and/or non-compliance of the project with the subsidy conditions) within the framework of portfolio subsidies and guarantees.
- > Scheduled selective monitoring of projects implemented within the framework of portfolio subsidies and portfolio guarantees has been cancelled.

Results of monitoring within the framework of the implementation of government programs

Name of monitoring	Actually verified (number of projects)						
	2018	2019	2020	2021	2022	2023	2024
Monitoring of projects within the framework of the Conditional Investment Programs of the Fund	1 238	1548	1712	954	1 350	695	699
Monitoring of projects within the framework of programs to support small and medium-sized enterprises engaged in the manufacturing industry (funds from the NF of the RK)	896	1610	1029	836	903	684	751
Agency agreements for monitoring UAPF projects (NB, DBK)	737	321	5	0	0	0	0
Monitoring of subsidized projects	2 339	2 793	2912	5 583	6 727	8 250	8 634
Monitoring of guaranteed projects	1 131	2 257	1 919	2 269	1 265	2 298	2 265
Grant monitoring	522	523	834	1 007	1 059	107	552
Monitoring of projects transferred to the Fund's balance sheet	0	0	0	0	201	0	0
TOTAL	6 863	9 052	8 411	10 649	11 505	12 034	12 901

Actions taken regarding comments/violations

Name of monitoring	Number of comments	incl. comments on the intended use of funds, million tenge		Fines accrued, million tenge		Fines collected, million tenge		Substitution made, million tenge	
		Qty	Sum	Qty	Sum	Qty	Sum	Qty	Sum
Monitoring of projects within the framework of the Conditional Investment Programs of the Fund	27	25	573	20	19,7	20	19,7	26	603
Monitoring of projects within the framework of the Programs to support small and medium-sized enterprises engaged in the manufacturing industry (NF RK)	3	2	7,3	1	1,0	1	1,0	3	7,5
Monitoring of subsidized projects	1 489	The total amount subject to return is 2,511 million tenge for 1,011 projects, of which 638 projects received a return of subsidies in the amount of 625.3 million tenge.							
Monitoring of guaranteed projects	369	including 286 guarantees worth 5,967.3 million tenge were cancelled, and the amount of guarantees was reduced for 83 projects worth 879 million tenge.							
Grant monitoring	122	Notifications of identified violations were sent to the regional coordinator of the Program and the competition committee.							
ИТОГО:	2 010	25	580,3	21	20,69	21	20,69	29	610,5



MONITORING OF PROGRAM EFFECTIVENESS

Interest rate subsidies and loan guarantees under the National Entrepreneurship Development Project for 2021–2025 are key government support tools for small and medium-sized entrepreneurship in Kazakhstan. These measures are aimed at reducing the financial burden on entrepreneurs, improving their solvency, and stimulating investment activity.

Furthermore, the implementation of financial instruments contributes to increased tax revenues. For every tenge invested in subsidies, approximately 7 tenge are paid in taxes, confirming the economic feasibility of the program and its positive impact on the country's economy.

Thus, interest rate subsidies and loan guarantees under the National Entrepreneurship Development Project not only improve the financial performance of enterprises but also contribute to the growth of tax revenues, confirming the effectiveness and feasibility of these government support measures.

As of January 1, 2025, the total amount of taxes paid by project participants was estimated at



7.2 trillion tenge

including, according to preliminary data from the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan (hereinafter referred to as the CMF), 1,639 billion tenge for 2024.

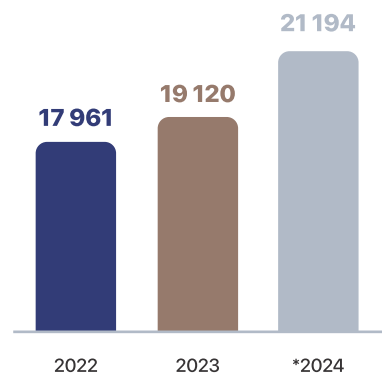
Also, according to preliminary data, the volume of production by enterprises participating in the National Project as of January 1, 2025, amounted to



110.6 trillion tenge

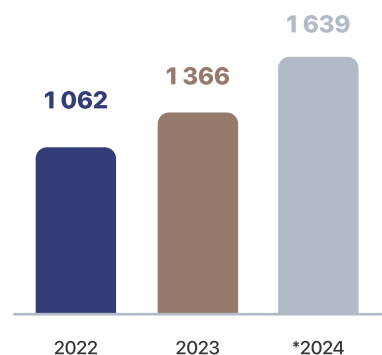
including 24.2 trillion tenge for 2024.

Output of products by the participants of the Unified Comprehensive Program, billion tenge



* According to preliminary data from the State Revenue Committee

Taxes paid by the participants of the Unified Comprehensive Program, billion tenge



* According to preliminary data from the State Revenue Committee

Wide coverage and growing interest in the program on the part of SMEs make it possible to evaluate the social effect of its implementation, which is expressed in providing the population with jobs. Thus, at enterprises supported within the framework of the National Project as of January 1, 2024, more than 542 thousand people were pre-employed.

Program to support SMEs in the manufacturing industry at the expense of the National Fund of the Republic of Kazakhstan



The volume of output from enterprises participating in the SME Support Program in the Manufacturing Industry using funds from the National Fund of the Republic of Kazakhstan for 2014–2024 amounted to approximately

19.6 trillion tenge

including 3,672 billion tenge according to preliminary data for 2024.



Entrepreneurs who received funding under this program paid

1,291 billion tenge

in taxes between 2014 and 2024, including 248.8 billion tenge in taxes for 2024.

Working with distressed assets

In order to recover distressed assets, the Fund carries out work on the forced collection of debts through judicial and extrajudicial procedures within the framework of the legislation of the Republic of Kazakhstan.

Key indicators for 2024:

Ensuring the return of problem debts under fulfilled guarantees in the amount of

1,3 billion tenge

Repayment of the loan portfolio accepted from SB JSC Sberbank and SB JSC VTB Bank in the amount of

1,2 billion tenge

(remaining 0.9 billion tenge)

Total repayment:

29 billion tenge

(95.5%)

Sale of a large project worth

531 million tenge

Collection by court order of the amount of debt for markups and penalties in the amount of

1,6 billion tenge

from JSC Islamic Bank Al-Hilal.



NON-FINANCIAL SUPPORT OF ENTREPRENEURS

Thus, in 2024, over



800,000
unique users

expressed interest in the Fund's support programs on the corporate website.

During 2024,



560
publications

were posted on **Facebook** and **Instagram**, including photos, informational and explanatory videos, advertising and image-building videos, infographics, as well as coverage of key events and success stories of private businesses that received support.

The **Telegram channel** posted



635
publications

In 2024, the Fund continued to actively provide information and consulting support to entrepreneurs, along with the implementation of financial support programs.

To raise awareness among entrepreneurs about its support programs, the Fund actively promoted its social media presence and corporate website.



Call center

As part of this work, Call Center staff handled

49,462
incoming calls

in response to inquiries submitted by clients through the "Feedback" section of the Fund's website.

were handled through a pop-up window on the Fund's corporate website.

3,721
outgoing calls

8,207
conversations

In addition, as part of the Call Center's activities,

261,098
mailings

were carried out to inform clients,

including

122,363
SMS mailings

138,735
e-mail mailing

which made it possible to convey to clients up-to-date information about the Fund's capabilities and services.

➤ These indicators reflect the Fund's commitment to ensuring high accessibility and quality of support for entrepreneurs.

➤ To improve the professional skills of call center operators, the Fund conducts ongoing training sessions and regularly improves service scripts.



In 2024, more than

20 training events

were held for call center operators, significantly improving the quality of interactions with clients.



The key contribution of call center operators to the successful operation and customer service is expressed in the following indicators:

1 Request processing efficiency:

On average, operators process more than

95% of incoming requests

which amounts to approximately

61,390 processed requests per year

ensuring the timely provision of information.

2 Quality of consultations:

by the end of 2024, the customer satisfaction level was

100%

with no registered complaints.

3 Speed of response:

The average response time for calls and inquiries is

less than
30 seconds

Over the course of the year,

more than
49,462 calls

were processed, meeting service quality requirements.

Regional network and service



As of December 31, 2024,

17,606 SMEs

contacted regional branches and 23,294 consulting services were provided.

In 2024, the Fund continued to improve the quality of service provided in regional branches, including by updating its Customer Service Rules, updating scripts for frequently asked questions, and improving the qualifications of branch employees through training on relevant topics.

> In addition, individual branch work plans for 2024 were prepared, covering improvements to service and quality of service in the regions.

Forums and exhibitions for small and medium-sized entrepreneurs

In 2024, the Fund's clients from the Kostanay and Akmola regions took part in the specialized exhibition and demonstration "Jana Dala/Green Day 2024", organized by Expo Time LLC.

Over 300 companies from various regions of Kazakhstan, as well as from neighboring and distant countries such as the Russian Federation, Belarus, Ukraine, China, Germany, and the United States, participated in the demonstration exhibition. Agribusiness companies showcased the capabilities of modern agricultural technologies and high-performance machinery, advances in livestock breeding and plant breeding, as well as innovative developments in veterinary medicine, plant protection, and organic farming.

In 2024, the Fund held a B2B meeting for Kazakhstani entrepreneurs—its clients in the HoReCa (Hotel, Restaurant, Catering/Cafe) sector—with representatives of the Malaysian company SMITA Global, which helps small and medium-sized enterprises (SMEs), startups, and young entrepreneurs enter the global market.

The B2B meeting discussed promising areas of cooperation, distribution of Malaysian food products, agricultural processing, and a tasting of Malaysian products.





Education

In 2024, distance learning continued using a video platform featuring courses for existing and aspiring entrepreneurs, as well as a variety of presentations by successful Kazakhstani entrepreneurs, divided into sections based on specific topics.

- The "Modern Entrepreneur" course is an updated and expanded course designed to train entrepreneurs in line with the latest technological trends and business practices.



During the reporting year,

1,629
entrepreneurs

the Fund's clients—registered and trained on the Fund's distance learning platform.

Key features of this updated course include:

1

Digital for Business Module

➤ ChatGPT (AI) video tutorials:

ChatGPT's educational video tutorials cover various aspects of artificial intelligence and its application in modern business;

➤ Power BI and data visualization:

A module that includes training in using the Power BI tool to analyze data and create visualizations, which will help participants effectively make strategic decisions based on data.

2

Risk Management Module

This module focuses on learning business risk management methods and tools, enabling entrepreneurs to reduce risks and increase the resilience of their businesses.

3

Human Resources Management Module

Training in the fundamentals of effective personnel management, including team management, employee motivation, leadership development, and creating a favorable organizational climate.

4

Marketing and Sales Module

This module focuses on understanding the essence and mechanisms of effective sales, teaching systematic preparation for sales meetings, conducting market and target audience research, as well as creating compelling elevator pitches and active listening to understand customer needs.

After completing all modules, online sessions with the speakers from each module were held from September to December 2024 to review the material and discuss relevant topics. The Fund's entrepreneurial clients were given the opportunity to apply their acquired knowledge in practice and receive feedback from the speakers of the "Modern Entrepreneur" course. The most engaged participants were offered the opportunity to participate in the exclusive "Executive MBA: Intensive" training for 2025.

Information about distance learning is published on the Fund's corporate website

www.damu.kz

in the "Our Support" section.





INTERNATIONAL COOPERATION

In modern conditions, international cooperation plays a key role in the activities of organizations. In an era of global solutions and joint efforts aimed at achieving sustainable economic development, it is important to follow global trends, study best practices, and actively share knowledge. Open dialogue and partnership enable us to find effective solutions to current challenges, which are growing in number every year.

Given the importance of MSME development for the country's economy, the Fund strives to ensure effective interaction with businesses, offering financial and non-financial support tools. The Fund is expanding its partner network, collaborating with international financial institutions, development institutions, associations, and international organizations, attracting additional resources, assisting entrepreneurs in establishing business connections, and providing the technical and informational support necessary for successful business development.

From 29 February to 31 December 2024, the European Bank for Reconstruction and Development (EBRD), together with the Korea Credit Guarantee Fund (KODIT), provided technical assistance to develop the Fund's loan guarantee instruments, including assessing and improving risk management practices and developing risk-based pricing models.

In addition, at the official invitation of KODIT, a study tour for Fund staff was organized to Seoul, Republic of Korea, from September 9 to 12, 2024. The invitation was part of a consulting project initiated by the EBRD. The delegation of Fund staff was led by Mr. B.N. Makazhanov, Deputy Chairman of the Management Board of the Damu Fund.

In order to expand cooperation on SME support issues, the Fund signed a number of documents in 2024:

> On March 11-12, 2024

in Baku (Republic of Azerbaijan), within the framework of the official visit of the Head of State to the Republic of Azerbaijan, a Memorandum of Cooperation and a Roadmap were signed between the Damu Fund and the Small and Medium Business Development Agency KOBIA of the Republic of Azerbaijan;

> On April 25, 2024

in Ankara (Republic of Turkey), in order to intensify and expand cooperation between the Damu Fund and the Organization for the Development and Support of Small and Medium-Sized Entrepreneurship (KOSGEB), an Action Plan was signed within the framework of the 13th meeting of the Kazakh-Turkish Trade and Economic Commission chaired by the Prime Minister of the Republic of Kazakhstan O.A. Bektenov;

> On September 20, 2024

in Astana, the Fund signed a Memorandum of Cooperation with the state enterprise JSC Georgia Development Fund within the framework of the 12th meeting of the Kazakh-Georgian Intergovernmental Commission on Trade and Economic Cooperation;

> On November 13, 2024

within the framework of COP29, a Memorandum of Understanding was signed between the Damu Fund and the Credit Guarantee Fund of the Republic of Turkey with the aim of continuously developing credit guarantee services;

> On November 18, 2024

the Fund signed a Memorandum of Understanding with the Malaysian Small and Medium Enterprises International Trade Association (SMITA SDN.BHD).

The Fund also actively collaborated with the Asian Development Bank, the United Nations Development Programme, the European Investment Bank, the French Development Agency, the International Finance Corporation, and other organizations, as well as with credit guarantee institutions in Japan, Thailand, Malaysia, and other countries, to discuss funding and implement MSME support programs.



Much attention is paid to issues of sustainable development and the implementation of ESG principles

Global experience in achieving sustainable development goals is being studied, and procedures and rules are being improved.

Thus, in November 2024, the Fund actively participated in the 29th session of the **Conference of the Parties to the United Nations Framework Convention on Climate Change (COP29)**. As part of the Conference, the Fund held a panel session at the Kazakhstan National Pavilion on "Prospects for the Development of Green Finance and Environmental Instruments," featuring international financial sector experts.

On December 9, 2024, the Fund joined the **United Nations Global Compact**, a global initiative. It is the largest international initiative uniting organizations worldwide to advance principles in human rights, labor relations, environmental protection, and the fight against corruption.

As part of its collaboration with international partners in 2024, the Fund organized training internships for employees to share experience and knowledge in supporting entrepreneurship:

> On March 24–29, 2024

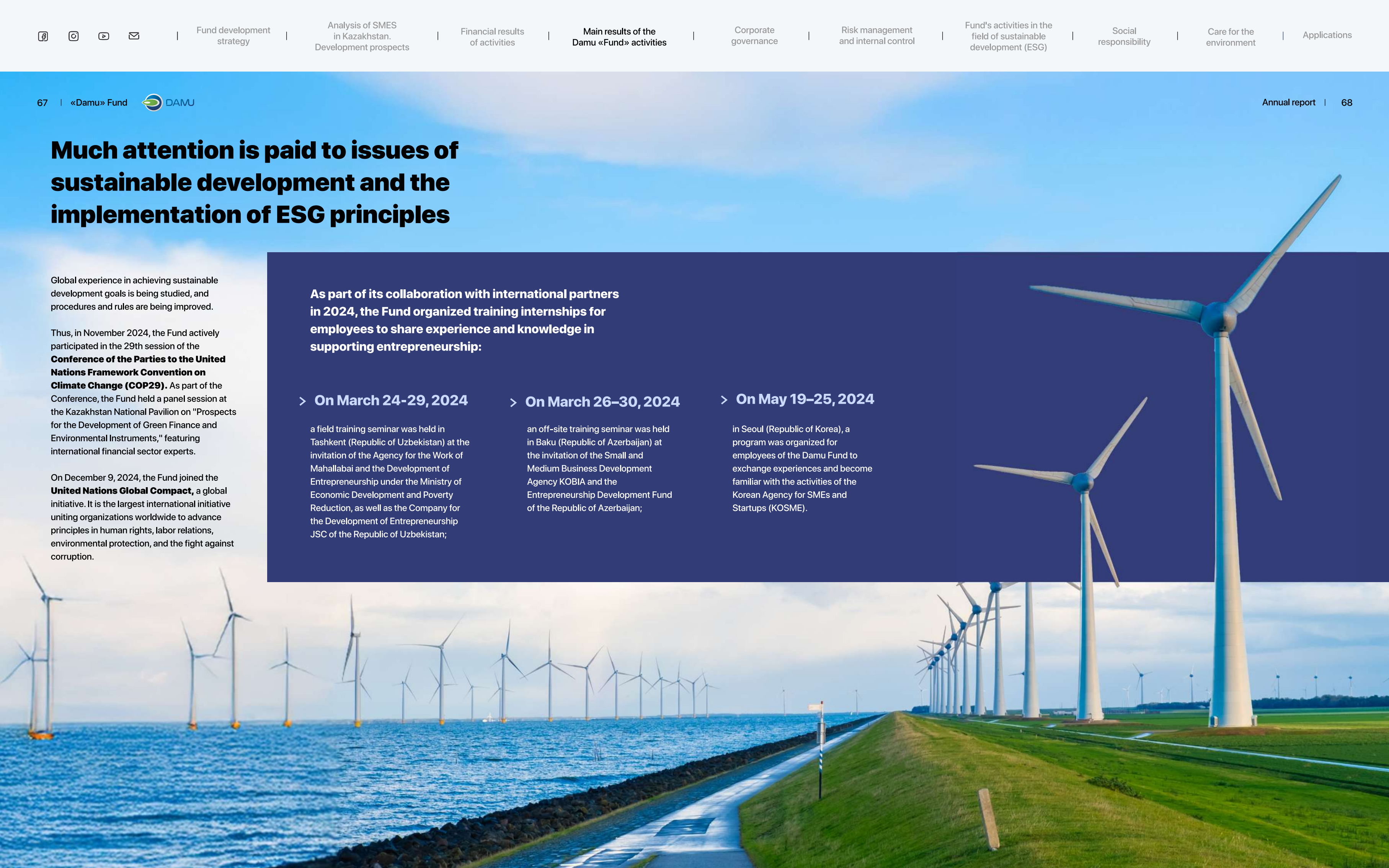
a field training seminar was held in Tashkent (Republic of Uzbekistan) at the invitation of the Agency for the Work of Mahallabai and the Development of Entrepreneurship under the Ministry of Economic Development and Poverty Reduction, as well as the Company for the Development of Entrepreneurship JSC of the Republic of Uzbekistan;

> On March 26–30, 2024

an off-site training seminar was held in Baku (Republic of Azerbaijan) at the invitation of the Small and Medium Business Development Agency KOBIA and the Entrepreneurship Development Fund of the Republic of Azerbaijan;

> On May 19–25, 2024

in Seoul (Republic of Korea), a program was organized for employees of the Damu Fund to exchange experiences and become familiar with the activities of the Korean Agency for SMEs and Startups (KOSME).





Among the international events in which the Fund participated in 2024, the following can be highlighted:

> On May 20-21, 2024

in Istanbul (Republic of Turkey), Deputy Chairman of the Board of the Damu Foundation, B.N. Makazhanov, took part in the regional meeting "Expanding Climate Change and Climate Finance," jointly organized by the Organization for Economic Cooperation and Development (OECD) and the United Nations Development Program (UNDP). Makazhanov B.N. acted as a speaker at the panel session "Financing adaptation to climate change, biodiversity and natural solutions".

> On June 23–25, 2024

on Hong Kong (People's Republic of China), Deputy Chairman of the Board of the Damu Fund, B.N. Makazhanov, took part in the second in-person CASI capacity-building event and spoke at the panel session "Financing the Green and Low-Carbon Transition in Asia."

> On October 28, 2024

in New York (USA), in order to highlight SME support programs in Kazakhstan, the Chairman of the Board of the Damu Fund, G.A. Buribayeva, took part in the Kazakhstan Finance Day forum and held a number of bilateral meetings with foreign partners.

> On November 3–5, 2024

in Shanghai (People's Republic of China), the Chairman of the Board of the Damu Fund, G.A. Buribayeva, took part in the China International Import Expo 2024 to present programs for financing and supporting SMEs in Kazakhstan.

> On November 12, 2024

in Belgrade (Serbia), the Managing Director of the Fund, N.M. Zhanabekov, spoke at the Kazakh-Serbian Business Forum.

> On November 20-23, 2024

in Manila (Philippines) Deputy Chairman of the Board of the Damu Foundation B.N. Makazhanov took part in the Asia Small and Medium-Sized Enterprise Monitor (ASM) 2024 seminar "Creating an SME Ecosystem for Sustainable Growth in Asia and the Pacific," organized by the Asian Development Bank. Makazhanov B.N. acted as a speaker at the panel session "Challenges and political actions to create an ecosystem of active SMEs in Asia and the Pacific."



Membership in associations

Damu Fund is a member of the following associations:

Nº	Name of organization/ association/union	Location	Description of functions of these organizations
1	European Association of Guarantee Institutions (AECM)	Head office Brussels, Belgium	In 2023, the Damu Fund became a partner of the European Association of Guarantee Institutions (AECM) to gain experience, promote and update the Fund's guarantee instruments and update programs in accordance with the accompanying time, participate in meetings of Working Groups and annual seminars, operational trainings, as well as special events on individual issues with the invitation of speakers.
2	Association of Legal Entities "Association of Microfinance Organizations of Kazakhstan"	Almaty, Gogol street 111, office 610	AMFOK – a non-profit organization whose activities are aimed at strengthening and promoting the interests of its members and the microfinance sector in Kazakhstan as a whole. AMFOK – founded in February 2004 at the initiative of leading microfinance organizations in Kazakhstan. AMFOK is the only sectoral union uniting organizations interested in the development of microfinance in the Republic of Kazakhstan.
3	National Chamber of Entrepreneurs of the Republic of Kazakhstan "Atameken"	Astana, Kabanbay batyr 19	NCE RK "Atameken" - a non-profit organization created to strengthen the bargaining power of business with the Government of the RK and state bodies. The Chamber of Entrepreneurs represents the interests of small, medium and large businesses, covering all spheres of entrepreneurship, including domestic and foreign trade. The main task of Atameken is to protect the rights and interests of business and ensure the wide coverage and involvement of all entrepreneurs in the process of forming legislative and other regulatory rules for business.
4	Association of Financiers of Kazakhstan.	Almaty, Baizakova street, 280, BC "Almaty Towers"	AFK unites 128 financial market participants, including banks, insurance organizations, mortgage and leasing companies, micro-credit organizations and pawnshops, UAPF JSC, professional securities market participants, audit and consulting companies, scientific and educational institutions and the media. Financial organizations that are part of AFK form a representative organizing unit of the entire financial community of Kazakhstan.

Nº	Name of organization/ association/union	Location	Description of functions of these organizations
5	Kazakhstan Taxpayers Association	Almaty, Shevchenko street, 165 b, BC "MTS Company", office 503	KTA - a non-profit organization created to promote the protection of the legal rights and interests of taxpayers, increasing their level of knowledge in order to ensure voluntary and timely payment of taxes. KTA systematizes and analyzes problematic issues, proposals and comments in the field of taxation. The results of systematic work are dialogues between government bodies and taxpayers within the framework of round tables, conferences, forums and working groups, as well as a set of proposals for introducing changes and additions to the legislation of the Republic of Kazakhstan on tax issues.
6	ESG Club	Kazakhstan	ESG Club was created as part of Astana Finance Days on July 2022 28, 2022 and brought together 19 companies that are leaders in ESG transformation in their industries. The Fund is one of the co-founders. This is a dialogue platform for business, experts of ESG professionals, as well as employees of the Kazakhstani corporate sector. ESG club promotes the achievement of sustainable development goals, energy efficiency, human rights, and the introduction of appropriate incentives for responsible companies. The club brings together the most responsible and progressive companies, ready to exchange best practices to disseminate the best practices in the field of ESG.
7	Council for Sustainable Development and ESG at NCE "Atameken"	Kazakhstan	The Council for Sustainable Development and ESG is a permanent consultative and advisory body under the NCE of the RK "Atameken" to coordinate and ensure effective relations between business entities and government agencies to implement the principles of sustainable development and ESG in the sectors of the economy and at the regional level. The advisory body was established on October 24, 2023.
8	UN Global Compact	USA	UN Global Compact is the largest international initiative of the UN, uniting organizations around the world to promote principles in the field of human rights, labor relations, environmental protection and the fight against corruption.
9	GIP (Green Investment Principles)	People's Republic of China	The GIP's activities are aimed at advancing sustainable development goals and green economy issues.

DEVELOPMENT OF INFORMATION TECHNOLOGIES

In 2024, the Damu Entrepreneurship Development Fund achieved significant success in digitalization and process automation, ensuring increased efficiency and accessibility of its services.

A direct connection to second-tier banks (STBs) and microfinance organizations (MFOs) has been established. Direct data exchange allows for the prompt transfer and receipt of necessary information between STBs, MFOs, and other financial institutions. This integration allows for the receipt of all necessary information from financial institutions without the entrepreneur's involvement, making the process of receiving government support measures even more convenient.

As part of the improvement and optimization of business processes, in 2024, activities to robotize routine tasks were completed:

> Formation of a security service conclusion.

The robot collects and analyzes the data necessary to prepare the security service's report. This includes reviewing applications, analyzing the company's history, and assessing compliance with established requirements. Automating this process has reduced the time spent processing applications, increasing the efficiency of the security service and speeding up the review of guarantee applications.

> Formation of an electronic credit file.

The robot creates a client profile based on the documents attached to the application. Automation has streamlined the process, saving

9,238
man-hours

> Checking and downloading subsidy schedules.

The robot verifies and uploads subsidy schedules into the Fund's accounting system in real time. This significantly reduced the amount of routine work required by employees, reducing time costs and increasing the accuracy of data processing. Labor savings amounted to

10,495
man-hours

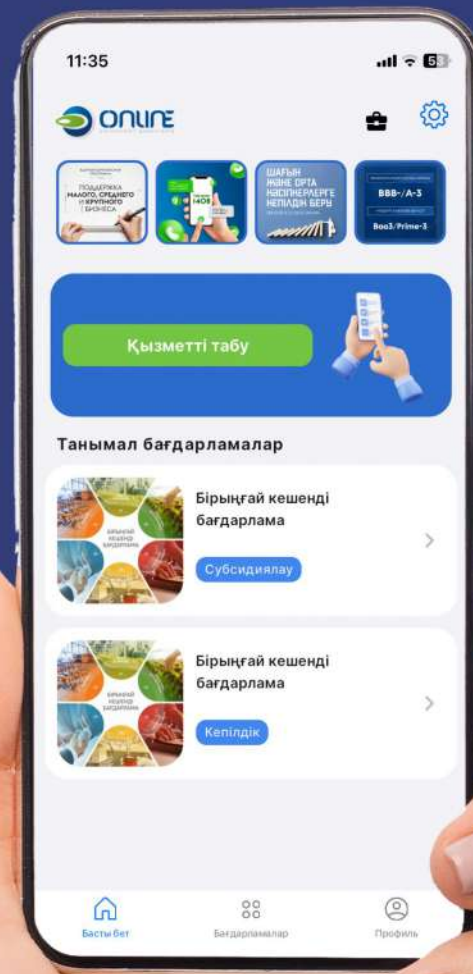
The development of the Online Damu mobile app has made it easier to submit applications

up to **35,000** applications
are expected
per year.

In terms of IT infrastructure development, the following measures were implemented in 2024:

- > **Updating the Fund's electronic document management system Documentolog** from version 7.8.14 to the latest version 7.21.1 with subsequent testing of "customized" functionality.
- > **Implementation of the Cisco ISE platform** for monitoring, access control, identification process management and threat containment on the Fund's network devices.
- > **Modernization of network infrastructure** in the regional branches of the Fund.
- > **Implementation of a modern wireless network** at the head office and regional branches of the Fund.
- > **Purchase of 120 units of computer equipment** as part of the planned replacement of equipment put into operation in 2013.

- > **In 2025, the Damu Fund will continue its digitalization efforts:** integration with government databases (eGov, eLicence, State Revenue Committee), further automation of financial transactions using RPA, and the introduction of artificial intelligence into the call center are planned. These measures are aimed at reducing bureaucracy, accelerating service delivery, and increasing entrepreneur satisfaction.



PLANS OF THE DAMU FUND FOR 2025

Integration with government databases: continuation of activities to integrate with government information systems.

01



Implementation of the new Development Strategy for 2024–2033: integrating sustainable development principles into all areas of the Fund's activities, including products, support programs, and strategic documents, with an emphasis on ESG initiatives.

03



Support for domestic trade: The launch of a new program to support domestic trade entities through subsidies and guarantees, which will stimulate the development of trade within the country.

02



Creation of a Guarantee Fund: It is planned to create a Guarantee Fund based on the Damu Fund, taking into account the best international practices, which will improve the guarantee system and make a significant contribution to the development of private enterprise and the country's financial system.

04



Development of a PR strategy for 2025–2028: development and approval of the Fund's PR strategy, aimed at increasing awareness of the Fund's activities and its support programs.

05

Additionally, the Damu Fund intends to expand its financial support measures and gradually transition from subsidies to guarantee instruments, accompanied by an expansion of loan guarantees.

These initiatives reflect the Damu Fund's commitment to creating a favorable environment for entrepreneurship development in Kazakhstan, with a focus on sustainability, innovation, and increased access to financial resources.

Planned activities for 2025 in terms of project monitoring:

- Implementation of a process for notifying borrowers via SMS and email in accordance with a developed video about the entrepreneur's current obligations (targeted use, counter-obligations, and subjectivity) within the framework of the implementation of state programs.
- Launching the process of generating monitoring reports in the bpm'online system in order to improve the efficiency and speed of reporting.
- Developing automation for accounting and monitoring projects with violations under the assurance and POR tool in the bpm'online system.
- Launching a process in the bpm'online system for paying claims under a guarantee instrument.
- Automation of accounting of investment projects put into operation.



5. CORPORATE GOVERNANCE

The Fund views corporate governance as a means of improving operational efficiency, ensuring transparency and accountability, strengthening reputation and reducing the cost of raising capital.

The Fund views a sound corporate governance system as a contribution to ensuring the rule of law in the Republic of Kazakhstan, as well as an important factor determining its place in the modern economy and society as a whole. The corporate governance system provides for a clear delineation of powers and responsibilities among the Fund's governing bodies, officials, and employees.

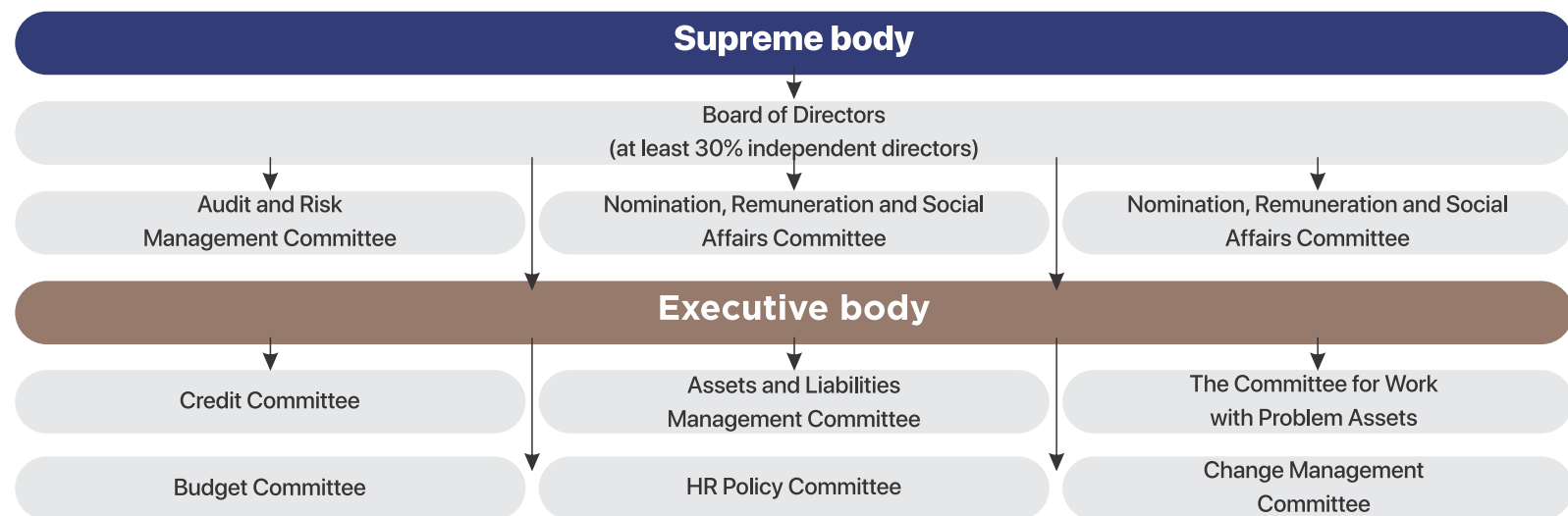
The fundamental principles of corporate governance are:

- 1 The principle of separation of powers;
- 2 The principle of protecting the rights and interests of the Sole Shareholder;
- 3 The principle of effective management of the Fund by the Board of Directors and the Management Board;
- 4 The principle of sustainable development;
- 5 The principle of risk management, internal control and internal audit;
- 6 The principle of regulating corporate conflicts and conflicts of interest;
- 7 Principles of transparency and objectivity in disclosing information about the Fund's activities.



CORPORATE GOVERNANCE SYSTEM

Structure of the Fund's corporate governance system



- 1 **Supreme body**
Sole shareholder

- 3 **Executive body**
Management Board

- 5 **The Assets and Liabilities Management Committee**
The body for improving the efficiency of managing assets and liabilities of the Fund in order to achieve the principles of diversification of assets and liabilities, optimizing financial risks and ensuring financial stability

- 7 **Credit Committee**
The body implementing internal credit policy

- 2 **Governing body**
Board of Directors

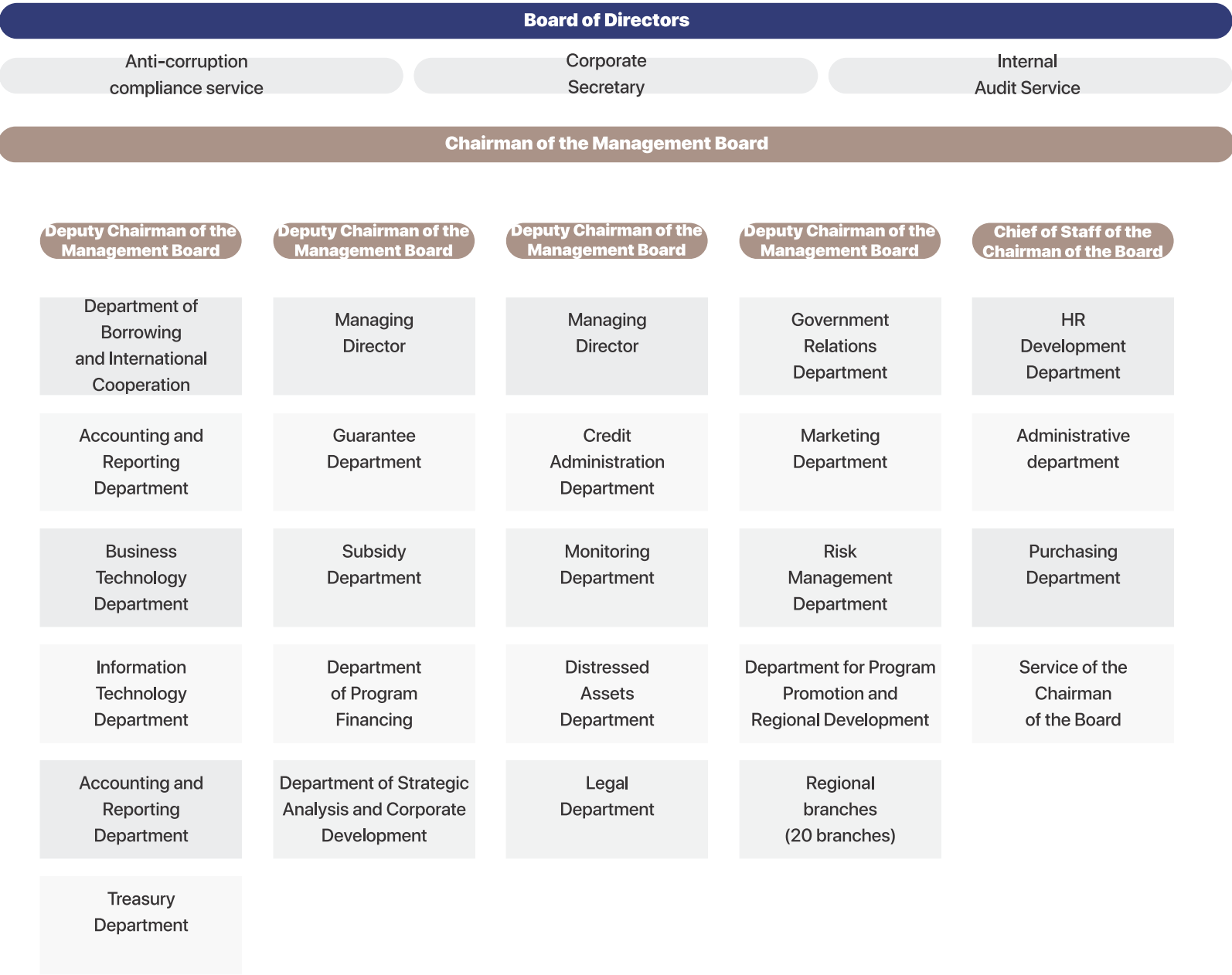
- 4 **Internal Audit Service**
The body exercising control over the financial and economic activities of the Fund

- 6 **The Committee for Work with Problem Assets**
The body that carries out work on the return of problem receivables arising as a result of the credit, leasing, investment, documentary, and economic activities of the Fund

- 8 **Other bodies**
created in accordance with the legislation of the Republic of Kazakhstan.

Organizational structure of the Fund

The organizational structure of the Fund allows it to effectively achieve strategic goals and objectives. The structure of the Fund consists of 5 members of the Board, 4 independent structural units (Managing Directors, Chief of Staff, Corporate Secretary), 22 departments, 3 services, 20 regional branches.



Corporate Governance Code

In 2024, the Fund complied with the principles and provisions of the Corporate Governance Code, which meet the requirements of the legislation of the Republic of Kazakhstan and relevant international standards. The report on compliance/non-compliance with the principles and provisions of the Fund's Corporate Governance Code for 2024 was reviewed by the Board of Directors and approved by a decision dated April 30, 2025 (Minutes No. 04/2025).

A brief Report on compliance/non-compliance with the principles and provisions of the Fund's Corporate Governance Code for 2024 is shown in Appendix No. 2 to the Annual Report (the full version of the Report is posted on the Fund's corporate website).

In December 2023, the Fund's internal audit service conducted an audit of the corporate governance effectiveness assessment, according to which the final diagnostic score was

96.2%

In accordance with the requirements of the Corporate Governance Code, the Fund is required to conduct an independent corporate governance assessment at least once every three years. Based on the results of an independent corporate governance assessment conducted by Rakurs Rating Agency LLC in the fourth quarter of 2024, the compliance level of corporate governance was 97.25%. Rakurs Rating Agency LLC's report was reviewed by the Board of Directors and approved by a resolution dated March 19, 2025 (Minutes No. 02/2025).

97.25%





Composition of the Board of Directors

The procedure for nominating and selecting candidates to the Board of Directors, its committees, as well as the criteria used when nominating candidates to the Board of Directors, its committees, is regulated by the Corporate Governance Code and the Regulations on the Board of Directors of the Fund.

The composition of the Board of Directors of the Fund is formed from persons proposed (recommended) for election to the Board of Directors as representatives of the Sole Shareholder, individuals not proposed (not recommended) for election to the Board of Directors as a representative of the Sole Shareholder.

The composition of the Board of Directors and its committees should provide for a balance of skills, experience and knowledge of their members, depending on the sectoral specifics of the Fund's activities, the scale of the Fund's activities, issues considered by the committees of the Board of Directors, which makes it possible to ensure independent, objective and effective decisions in the interests of the Fund and the Sole Shareholder. Only an individual can be a member of the Board of Directors of the Fund.

In accordance with the Corporate Governance Code, the Sole Shareholder elects members of the Board of Directors of the Fund in the manner prescribed by the legislation of the Republic of Kazakhstan, the Charter and internal documents of the Fund, taking into account the competencies, skills, achievements, business reputation and professional experience of candidates. When re-electing individual members of the Board of Directors or its full composition for a new term, their contribution to the efficiency of the Board of Directors is taken into account.

In order to form an effective and balanced composition of the Board of Directors, the Fund ensures adherence to the principles of corporate governance, including taking into account the professional experience, business reputation, achievements and competencies of candidates. Particular attention is paid to ensuring diversity in personal characteristics and gender composition. These approaches are applied within the framework of competitive selection, which contributes to improving the quality of strategic management and sustainable development of the Fund.

In accordance with the Charter of the Fund, the determination of the quantitative composition, term of office of the Board of Directors, election (re-election) of its members and early termination of their powers belongs to the exclusive competence of the Sole Shareholder - the Management Board of Baiterek National Management Holding JSC. The principles of selection and appointment of members of the Board of Directors are determined by the Regulations on the Board of Directors of the Fund.

> As of December 31, 2024, the Fund's Board of Directors consists of 7 members, of which 3 are independent directors, which corresponds to the best corporate governance practices.

Composition of the Board of Directors



Chairman of the Board of Directors

Baybazarov Nurlan Serikovich

Born in 1975, date of election as a member of the Board of Directors of the Fund on March 13, 2024, date of election as Chairman of the Board of Directors on May 29, 2024.

1997-2003 worked in the Ministry of Finance of the Republic of Kazakhstan.
2004-2011 held the positions of Head of the Project Agency Services Department, Managing Director for Investment Projects, Director of the Corporate Development Department, and Corporate Secretary of Development Bank of Kazakhstan JSC.
2013-2016 headed the Department of Development of Economic Sectors of the Ministry of National Economy of the Republic of Kazakhstan.
2016-2022 he was the Chairman of the Management Board and a member of the Board of Directors of Industrial Development Fund JSC.
2022-2023 Chairman of the Management Board of JSC Development Bank of Kazakhstan.
2023-2024 Chairman of the Board of JSC National Management Holding Baiterek.
From Deputy Prime Minister – Minister of National Economy of the Republic of Kazakhstan.
February 6, 2024 to December 21, 2024



Member of the Board of Directors, representative of the Sole Shareholder

Karagoyshin Rustam Timurovich

Born in 1983, date of election as a member of the Board of Directors of the Fund, representative of the Sole Shareholder - March 13, 2024.

2004-2007 Manager, Chief Manager, Head of the Project Analysis Department of JSC Development Bank of Kazakhstan.
2007-2011 Managing Director - Member of the Board of JSC BRK-Leasing.
2011-2012 Head of the Foreign Economic Activity Department of the Oil and Oil Products Marketing Department of Petroleum Operating LLC.
2012-2013 Chairman of the Board of Credit Systems LLP.
2013-2015 Deputy General Director, General Director of Sberbank Leasing LLP.
2015-2019 Deputy Chairman of the Board of JSC KazAgroFinance.
2019 General Director of Grain Consortium of Kazakhstan LLP.
2019-2021 Deputy Chairman of the Board of JSC National Management Holding Baiterek
2021-2024 Director of Grain Consortium of Kazakhstan LLP, work in business structures
Since February 2024 Chairman of the Board of JSC National Management Holding Baiterek.



Member of the Board of Directors

**Buribayeva
Gaukhar
Asylbekovna**

Born in 1983, date of election as an independent director, member of the Board of Directors of the Fund April 242019 (from April 5, 2022, re-elected for a 3-year term of office of the Board of Directors).

2003–2004	Manager at the South Korean transport company GreenIntegratedLogisticsCo.LTD.
2005–2006	Chief specialist of the financial monitoring department of Food Contract Corporation JSC of the Ministry of Agriculture of the Republic of Kazakhstan.
2006–2009	Chief Manager of the Project Lending Department, Chief Front Manager of the Project Directorate of Development Bank of Kazakhstan JSC (09.2006–05.2009);
2009	Chief Manager of the Investment Project Administration Department of Samruk-Kazyna Invest LLP.
2009–2010	Chief Manager of the Corporate Business Department of Alliance Bank JSC.
2010–2011	Deputy Head of the Project Directorate of Development Bank of Kazakhstan JSC.
2011–2013	Executive Director for Development of JSC National Center for the Development of Transport Logistics (now JSC KTZ Express).
2013	Head of the Strategy and Analytical Research Department of NC KTZ JSC, branch “Center for the Development of Transport Logistics”.
2013–2017	Vice – President for Financial and Economic Issues of the subordinate organization of the Administration of the President of the Republic of Kazakhstan.
2017	Director of the Administrative Department of Damu Entrepreneurship Development Fund JSC.
2017–2018	Managing Director of Damu Entrepreneurship Development Fund JSC.
2018–2019	Deputy Chairman of the Board of Entrepreneurship Development Fund “Damu” JSC.
Since April 2019	Chairman of the Board of JSC Damu Entrepreneurship Development Fund.

The members of the Board of Directors of the Fund are citizens of the Republic of Kazakhstan and do not own shares of the Fund or shares of suppliers or competitors of the Fund.



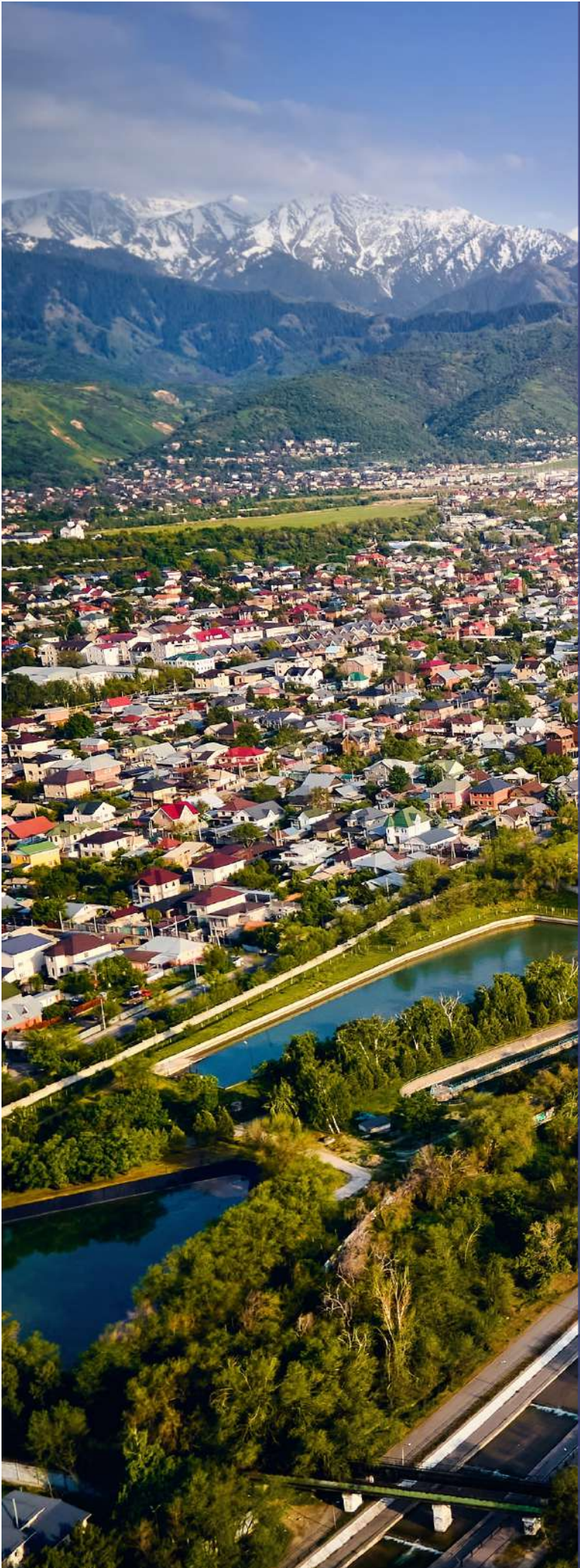
Changes in the composition of the Board of Directors in 2024

During the reporting period, the following changes occurred in the composition of the Fund's Board of Directors based on the relevant corporate decisions of the Sole Shareholder:

- 1) On February 1, 2024 (minutes No. 06/24), the powers of the independent director Khusainov G.A. were terminated early, the number of members of the Board of Directors was determined to be 6 (six) people;
- 2) On March 13, 2024 (minutes no. 14/24), the powers of the members of the Board of Directors E.K. Zhamaubaev (since February 5, 2024), T.M. Zhaksylykov and E.S. Ausharipov were terminated early. N.S. Baibazarov and R.T. Karagoishin were elected as members of the Board of Directors with a term of office until the expiration of the term of office of the Board of Directors. In accordance with the decision of the Board of Directors of the Fund dated May 29, 2024 (minutes no. 02/2024), N.S. Baibazarov was elected Chairman of the Board of Directors of the Fund with a term of office until the expiration of the term of office of the Board of Directors of the Fund as a whole;
- 3) On June 12, 2024 (minutes no. 29/24), Shaikhi Zh.A. was elected as a member of the Board of Directors, representative of the Sole Shareholder with a term of office until the expiration of the term of office of the Board of Directors as a whole. By the decision of the Board of Directors dated September 6, 2024 (minutes no. 05/2024), Shaikhi Zh.A. was elected as a member of (a) the Audit and Risk Management Committee and (b) the Strategic Planning and Corporate Development Committee with a term of office until the expiration of the term of office of the Board of Directors of the Fund as a whole;
- 4) On July 4, 2024 (minutes no. 35/24), Kasymbek A.M. was elected as a member of the Board of Directors, an independent director of the Fund, with a term of office until the expiration of the term of office of the Board of Directors as a whole. In accordance with the decision of the Board of Directors dated September 6, 2024 (minutes no. 05/2024), Kasymbek A.M. was elected (a) as the Chairman of the Nomination, Remuneration and Social Issues Committee, (b) as a member of the Audit and Risk Management Committee, and (c) as a member of the Strategic Planning and Corporate Development Committee.

Newly elected directors were provided with information regarding key aspects of the Fund's activities, including the current Development Strategy, key internal regulatory documents (Charter, regulations of the Board of Directors, Management Board, etc.), etc.

In accordance with the Decree of the President of the Republic of Kazakhstan dated December 21, 2024, N.S. Baibazarov was relieved of his post as Deputy Prime Minister – Minister of National Economy of the Republic of Kazakhstan.



Attracting independent directors

In accordance with the Fund's Corporate Governance Code, the presence and participation of independent directors on the Board of Directors is mandatory. The number of independent directors who are members of the Board of Directors cannot be less than thirty percent of the composition of the Board of Directors. The recommended number of independent directors on the Board of Directors is up to fifty percent of the total number of members of the Board of Directors.

Based on the actual composition of the Fund's Board of Directors, as of December 31, 2024, the ratio of independent directors to the total number of Board members was 43%, which corresponds to the best corporate governance practices.

In accordance with the requirements of the Regulations on the Board of Directors of the Fund, candidates for independent directors must be free from any material interests or relationships with the Fund, its management or its property that could jeopardize the exercise of objective judgment, have sufficient professionalism and independence, to make independent and objective decisions, free from the influence of the Sole Shareholder, executive body and other interested parties.

By the end of 2024, all independent directors serving on the Fund's Board of Directors will meet the independence criteria.

Key issues considered by the Board of Directors in 2024

During the reporting period, the Board of Directors considered the following issues: approving the matrix of business processes, risks and controls, the Anti-Corruption Compliance Program and the map of key performance indicators for the employees of the Anti-Corruption Compliance Service, making changes to the composition of the committees of the Board of Directors, approving amendments and additions to the Charter, preliminary approval of the audited annual financial statements, approving proposals for the procedure for distributing net income and the amount of dividends for the year, approving the report on compliance/non-compliance with the principles and provisions of the Corporate Governance Code, quarterly risk reports, reviewing the results of the performance assessment of the Board of Directors, approving the report on the work of the ombudsman, extending the powers of the ombudsman for 2024-2026, approving the Annual Report, approving reports on the implementation of the Action Plan for improving corporate governance, changes in the composition of the Management Board, approving reports on the implementation of the Development Plan, approving the risk register, the action plan for critical risks management, the risk map, key risk indicators, the size of the risk appetite for 2025, approving the map of audit areas and the annual audit plan of the Internal Audit Service audit, issues related to the activities of the Internal Audit Service, compliance controller, corporate secretary, etc.



Report on the activities of the Board of Directors

➤ In 2024, 7 meetings of the Board of Directors were held, including 5 in-person and 2 in absentia meetings of the Board of Directors, and more than 60 issues were considered.

Number of meetings of the Fund's Board of Directors:

2024	In-person meeting	Absentee meeting	Total
1st quarter	1	-	1
2nd quarter	2	1	3
3rd quarter	-	1	1
4th quarter	2	-	2
TOTAL	5	2	7

Number of issues considered at meetings of the Board of Directors:

2024	In-person meeting	Absentee meeting	Total
1st quarter	1	-	1
2nd quarter	15	21	36
3rd quarter	-	11	11
4th quarter	18	-	18
TOTAL	34	32	66

Participation in meetings of members of the Board of Directors of the Fund² in 2024:

Members of the Board of Directors	Participation	%
Baybazarov Nurlan Serikovich	6/7	86%
Batalov Raimbek Anvarovich	7/7	100%
Bakhmutova Elena Leonidovna	7/7	100%
Kasymbek Ardak Makhmuduly	3/7	43%
Karagoyshin Rustam Timurovich	6/7	86%
Shaikhy Zhandos Alkenovich	4/7	100%
Buribayeva Gaukhar Asylbekovna	7/7	100%

Committees of the Board of Directors

The Fund's Board of Directors has three committees: audit and risk management, appointments, remuneration and social issues, and strategic planning and corporate development.

In accordance with best corporate governance practices, the relevant committees of the Board of Directors are headed by independent directors.

The composition of the Committees was approved from the following members of the Board of Directors

Audit and Risk Management Committee

Chairman of the Committee	Bakhmutova E.L., independent director
Committee member	Batalov R.A., independent director
Committee member	Kasymbek A.M., independent director
Committee member	Shaikhy Zh.A., member of the Board of Directors, representative of the Sole Shareholder

Nomination, Remuneration and Social Affairs Committee

Chairman of the Committee	Kasymbek A.M., independent director
Committee member	Batalov R.A., independent director
Committee member	Bakhmutova E.L., independent director

Strategic Planning and Corporate Development Committee

Chairman of the Committee	Batalov R.A., independent director
Committee member	Bakhmutova E.L., independent director
Committee member	Kasymbek A.M., independent director
Committee member	Shaikhy Zh.A., member of the Board of Directors, representative of the Sole Shareholder

Audit and Risk Management Committee

The Committee develops recommendations for establishing an effective control system for the Fund's financial and economic activities, including the completeness and accuracy of financial reporting, monitoring the reliability and effectiveness of the internal control and risk management system, compliance with corporate governance standards, and overseeing the independence of the external and internal audit and compliance controller. Furthermore, the Committee monitors compliance with the legislation of the Republic of Kazakhstan and the Fund's internal regulations, and prepares recommendations for the Board of Directors on identifying priority development areas and ensuring the functioning of an adequate risk management system.

Also in the reporting year, the Committee decided to preliminarily approve the auditing firm PricewaterhouseCoopers LLC to conduct an audit of the Fund's financial statements for 2024–2026. Following consideration of all issues, the Committee made appropriate decisions and provided recommendations to the Board of Directors.

In 2024, 7 Committee meetings were held, at which 50 issues were considered, including:

- approval of the Matrix of business processes, risks and controls for 2025;
- approval of the audited annual financial statements for 2023;
- review of the results of interim audits conducted by the external auditor;
- approval of the Risk Register, the Critical Risk Management Action Plan, the Risk Map, Key Risk Indicators and risk appetite for 2025;
- approval of the Anti-Corruption Compliance Program and the Key Performance Indicator Map for employees of the Anti-Corruption Compliance Service for 2025;
- approval of the Map of Audit Areas, the Annual Audit Plan, the Professional Training Plan for the employees of the Internal Audit Service, the budget of the Internal Audit Service and the Map of Key Performance Indicators of the employees of this service for 2025, etc.



² Taking into account joining the Board of Directors

Nomination, Remuneration and Social Affairs Committee

The Nomination and Remuneration Committee prepares recommendations to the Board of Directors through in-depth review and monitoring of issues within its purview in the areas of HR policy, the appointment and remuneration system, and the performance assessment of the members of the Board of Directors and the Fund's Management Board. The Committee also considers matters related to succession planning for the Chairman and members of the Management Board, as well as the performance assessment of the Corporate Secretary.

In 2024, the Committee held six meetings, reviewing 18 issues. These included: preliminary approval of the report on the achievement of key performance indicators by members of the executive body for 2023;

approval of the Map of Key Performance Indicators for Management Board Members and their target values for 2025; review of the results of the Board of Directors' performance assessment for 2023; and others.

The Committee pays special attention to the activities of the Ombudsman. In accordance with the Code of Business Ethics, the Ombudsman's primary functions include collecting information on non-compliance with the Code's provisions, consulting employees and officials on the application of the Code, initiating the consideration of disputes related to its violation, and participating in the resolution of such disputes.

Following a review of the Ombudsman's report for 2023, it was established that no complaints were received from the Fund's employees or officials during the reporting period, no violations of the Code of Business Ethics were identified, and no legal proceedings regarding labor disputes between the Fund and employees were recorded.

Taking into account the reviewed report, the term of office of the Ombudsman, D.V. Akrachkova, Head of the Office of the Chairman of the Board of JSC National Managing Holding Baiterek, was set for two years, beginning July 14, 2024.

Strategic Planning and Corporate Development Committee

Prepares recommendations on the development of priority areas of activity (development), strategic goals (development strategy), issues of corporate development, including issues on the development of measures that contribute to increasing the efficiency of the Fund in the medium and long term, its profitable activities and sustainable development.

In the reporting year,

5 meetings of the Committee

were held,

15 issues

were considered

including the preliminary approval of the Fund's Annual Report, reports on the implementation of the Fund's Strategy, plans for the development of the Fund (adjustment), and so on.

Report on the activities of the Committees of the Board of Directors

> In 2024, seven Board of Directors meetings were held, including five in-person and two in absentia, and over 60 issues were considered. Eighteen Board of Directors committee meetings were held during the reporting year.

In total, more than 80 issues were considered at the level of three committees of the Board of Directors, with more than half of all issues considered by the Audit and Risk Management Committee (50 issues), 15 issues considered by the Strategic Planning and Corporate Development Committee, and 18 issues by the Nomination, Remuneration and Social Issues Committee.

Participation of directors³ in committee meetings:

Audit and Risk Management Committee		Participation	%
Chairman of the Committee	Bakhmutova E.L.	7/7	100%
Committee member	Batalov R.A.	6/7	86%
Committee member	Kasymbek A.M.	3/7	43%
Committee member	Shaikhy Zh.A.	3/7	43%

Strategic Planning and Corporate Development Committee		Participation	%
Chairman of the Committee	Batalov R.A.	5/5	100%
Committee member	Bakhmutova E.L.	5/5	100%
Committee member	Kasymbek A.M.	1/5	20%
Committee member	Shaikhy Zh.A.	1/5	20%

Nomination, Remuneration and Social Affairs Committee		Participation	%
Chairman of the Committee	Kasymbek A.M.	2/6	33%
Committee member	Batalov R.A.	6/6	100%
Committee member	Bakhmutova E.L.	6/6	100%

³ Members of the Board of Directors Kasymbek A.M. and Shaikhy Zh.A. were elected to the committees by the decision of the Board of Directors dated 06.09.2024, minutes No. 05/2024.

Evaluation of the effectiveness of the Board of Directors

In accordance with the Regulation on the Board of Directors, the Fund conducts an annual comprehensive assessment of the effectiveness of the Board of Directors and committees, and an individual assessment of the performance of directors in accordance with best international practice.

The assessment of the activities of the Board of Directors and its committees (Assessment) is carried out in order to obtain a comprehensive analysis of the main areas of activity of the Board of Directors and allows:

- 1 | conduct an analysis and identify the strengths and weaknesses (advantages and disadvantages) of the activities of the Board of Directors of the Fund
- 2 | make adjustments to the work and adjust the target areas of activity of the Board of Directors of the Fund
- 3 | determine the extent to which the structure and composition of the Board of Directors of the Fund contribute to the achievement of the Fund's strategic objectives
- 4 | determine the performance of the Chairman of the Board of Directors and each member of the Board of Directors
- 5 | - determine the effectiveness of the remuneration system for members of the Board of Directors

The Board of Directors may conduct an Assessment:

- 1 | by our own efforts in accordance with the requirements of the legislation of the Republic of Kazakhstan or the internal documents of the Fund
- 2 | with the involvement of independent consultants, professional associations and organizations that assign corporate ratings
- 3 | in other ways

Results of the assessment of the effectiveness of the Board of Directors

In accordance with the Board of Directors Regulations, the Fund conducts an assessment of the performance of the Board of Directors and its committees at least once every three years with the participation of an independent professional organization. In 2025, following a competitive process, the Fund engaged the independent consulting firm Dostyk Advisory, which conducted an assessment of the Board of Directors' performance based on the 2024 results.

The methodology for assessing the performance of the Board of Directors included the requirements of best international corporate governance practices (OECD Principles of Corporate Governance, UK Accountability Council Codes and Guidelines, etc.), as well as the Model Code of Corporate Governance in State-Controlled Joint-Stock Companies, with the exception of the National Welfare Fund (hereinafter referred to as the Model Code of Corporate Governance).

The assessment was based on the results of an analysis of the Fund's reporting and regulatory documents, an analysis of the minutes and decisions of the Board of Directors and its committees, as well as the results of interviews and questionnaires. The survey results allowed us to formulate an individual assessment of the Board of Directors and the Corporate Secretary, identifying key strengths and areas for potential improvement.



Based on the results of the assessment of the activities of the Board of Directors, its committees and the corporate secretary, consultants from **Dostyk Advisory** assigned an overall

rating of
88%
(Mature/A+)

which corresponds to a high level of corporate governance and the effectiveness of the Board of Directors.

REMUNERATION SYSTEM FOR MEMBERS OF THE BOARD OF DIRECTORS AND THE MANAGEMENT BOARD OF THE FUND

Remuneration of members of the Board of Directors of the Fund

In accordance with the procedure established by the legislation of the Republic of Kazakhstan, the Charter, internal documents of the Fund, members of the Board of Directors of the Fund may be paid remuneration and/or compensated for expenses related to the performance of their functions as members of the Board of Directors of the Fund during the period of their duties.

Members of the Board of Directors who are representatives of the Sole Shareholder, the Chairman of the Management Board (if he is a member of the Board of Directors of the Fund) do not receive remuneration for participation in the work of the Board of Directors of the Fund.

The following types of remuneration may be established for a member of the Board of Directors of the Fund:

- 1

a fixed annual remuneration for membership in the Board of Directors
- 2

a fixed annual remuneration for participation in the committee of the Board of Directors as the Chairman of the committee of the Board of Directors
- 3

a fixed annual remuneration for participation in a committee of the Board of Directors as a member of a committee of the Board of Directors.

When establishing the amount of remuneration for a member of the Board of Directors of the Fund, the duties of the members of the Board of Directors of the Fund, the scale of the Fund's activities, the long-term goals and objectives determined by the development strategy, the complexity of the issues considered by the Board of Directors of the Fund, and the level of remuneration in similar companies in the private sector (benchmarking, remuneration review) are taken into account.

For 2024, the amount of remuneration paid to members of the Fund's Board of Directors – independent directors – amounted to

20,700,628.61 tg

Fund management remuneration

Payment of remuneration and compensation to members of the Management Board based on the results of work for the year is carried out in accordance with the Rules for remuneration, performance evaluation and remuneration of the Fund's executives, approved by the decision of the Board of Directors dated October 30, 2015 (minutes No. 65).

The rules for remuneration, performance evaluation and remuneration of the Fund's executives provide for the following principles of the remuneration system:

- > the relationship between remuneration and the achievement of goals and objectives that meet the interests of the Fund and its Sole Shareholder;
- > simplicity and fairness of the principles for determining the amount of remuneration;
- > dependence of the amount of remuneration on the results of the Fund's activities and the personal performance of management employees.

A system of key performance indicators (KPIs) is used to evaluate the performance of management. This system ensures the maximum application of the above principles in work and contributes to the improvement of the Fund's financial and operational efficiency through an effective planning and goal-setting process and a reliable and fair assessment of the performance of each individual member of the Fund's Management Board. These factors significantly increase the degree to which management achieves corporate and individual KPIs.

For 2023, the amount of annual remuneration paid to members of the Fund's Board amounted to

54,751,807.00 tg

At the time of preparation of this Annual Report, no remuneration was paid to the members of the Fund's Board for 2024.

Subsidiaries

As of January 01, 2025, there are no companies in which the Fund has an equity interest.

Information on major transactions and related-party transactions

> According to information provided by the Fund's structural divisions, the Fund did not conclude any major transactions in 2024.

In 2024,
560 related-party transactions were concluded,

including **256 guarantee agreements, 296 subsidy agreements, 3 agreements on conditional placement of funds**, etc.

JSC «Bereke Bank» (formerly SB JSC Sberbank)			JSC Eurasian Bank		JSC Agrarian Credit Corporation	
Subsidies	Guarantee	Conditional placement of funds	Subsidies	Guarantee	AA to the FA (for the purpose of implementing the Program of lending to small business entities in cities (Enbek)	Portfolio Guarantee Agreement
91	208	3	88	165	4	1
Total:						560

In addition, inform that the following transactions were concluded during the period from October 9, 2024 to January 1, 2025:

- 1

with JSC Nurbank - 9 additional agreements on partial early repayment of obligations
- 2

with LLP Subsidiary Nurbank Leasing Company NurLeasing JSC - 1 pledge agreement and 1 additional agreement on partial-early repayment

In accordance with the updated list of affiliated persons as of January 1, 2025, the specified transactions with JSC Nurbank and LLP SB JSC Nurbank LC NurLeasing are related to transactions in which there is an interest.

Materials on these transactions were submitted for review and approval by the Board of Directors after the official update of the list of affiliated persons.

BOARD

The Board is a collegial executive body of the Fund, accountable to the Board of Directors and the Sole Shareholder, formed in accordance with the Charter of the Fund and managing the current activities of the Fund in the interests of the Fund and its Sole Shareholder.

The Board has the right to make decisions on any issues of the Fund's activities that are not included in the competence of other bodies and officials of the Fund by the legislative acts of the Republic of Kazakhstan and the Charter of the Fund, including on issues referred to its competence by legislation and the Charter of the Fund.

The Chairman of the Board carries out general management of the Fund's activities in accordance with the legislation of the Republic of Kazakhstan, the Charter and internal documents of the Fund.

The Chairman of the Board is appointed by the decision of the Sole Shareholder. Members of the Board are elected by the Board of Directors of the Fund. The main element of assessing the performance of the Chairman and members of the Board is the achievement of the set key performance indicators (KPIs), which are approved by the Board of Directors of the Fund.



Chairman of the Board

**Buribayeva
Gaukhar
Asylbekovna**

Born in 1983, date of election as Chairman of the Management Board April 29, 2019

Heads the Board of the Fund. Carries out general control, coordination and management of the activities of all structural divisions and employees of the Fund, directly controls, coordinates and manages the activities of members of the Board, Assistant to the Chairman of the Board, Chief of Staff, Compliance-controller, Internal Audit Service, Compliance Controller, Corporate Secretary.

- 2003-2004

Manager at the South Korean transport company GreenIntegratedLogistics Co.LTD.
- 2005-2006

Chief specialist of the financial monitoring department of Food Contract Corporation JSC of the Ministry of Agriculture of the Republic of Kazakhstan.
- 2006-2009

Chief Manager of the Project Lending Department, Chief Front Manager of the Project Directorate of Development Bank of Kazakhstan JSC.
- 2009

Chief Manager of the Investment Project Administration Department of Samruk-Kazyna Invest LLP.
- 2009-2010

Chief Manager of the Corporate Business Department of Alliance Bank JSC.
- 2010-2011

Deputy Head of the Project Directorate of Development Bank of Kazakhstan JSC.
- 2011-2013

Executive Director for Development of JSC National Center for the Development of Transport Logistics (now JSC KTZ Express).
- 2013

Head of the Strategy and Analytical Research Department of NC KTZ JSC, branch “Center for the Development of Transport Logistics”.
- 2013-2017

Vice President for Financial and Economic Issues of the subordinate organization of the Administration of the President of the Republic of Kazakhstan.
- 2017

Director of the Administrative Department of Damu Entrepreneurship Development Fund JSC.
- 2017-2018

Managing Director of Damu Entrepreneurship Development Fund JSC .
- 2018-2019

Deputy Chairman of the Board of Entrepreneurship Development Fund “Damu” JSC.
- Since 2019

Chairman of the Board of JSC Damu Entrepreneurship Development Fund.



Deputy Chairman of the Board

**Abdolla
Nursultan
Aristatluly**

Born in 1989, date of election as Deputy Chairman of the Board of the Fund on August 10, 2023

Supervises and coordinates the work of the Managing Director for State Programs, the Subsidy Department, the Guarantee Department, the Program Finance Department and the Strategic Analysis and Corporate Development Department.

- 2010–2013

2013–2015

2015–2016

2016–2017

2017–2018

2018–2021

2021–2023

Since 2023
- Assistant of the Department for Problem Loans of KazInvestBank JSC.

Manager for work with problem loans of KazInvestBank JSC.

Deputy Director of the Department for Problem Loans of KazInvestBank JSC.

Director of the Corporate Client Lending Department of KazInvestBank JSC.

Deputy Director of the Regional Branch of JSC EDF “Damu” in Astana.

Director of the Regional Branch of JSC EDF "Damu" in Astana.

Managing Director - Director of the Regional Branch of JSC EDF "Damu" in Astana.

he has held the position of Deputy Chairman of the Board of Damu Entrepreneurship Development Fund JSC.



Deputy Chairman of the Board

**Makazhanov
Bakhytzhan
Nigmedzhanovich**

Born in 1990, date of election as Deputy Chairman of the Board of the Fund October 7, 2019

Supervises and coordinates the work of the Treasury Department, the Borrowing and International Cooperation Department, the Accounting and Reporting Department, the Budget Planning Department and the Business Technologies Department.

- 2012–2013

2014–2015

2015–2016

2016–2019

Since 2019
- Manager of the Strategy and Corporate Development Department of Kazgeology JSC.

Deputy Chairman of the Board - member of the Board of JSC Rehabilitation and Asset Management Company.

Director of the Department of Forecasting, Public Procurement, Accounting and Reporting of JSC “Company for Rehabilitation and Asset Management”.

Deputy Chairman of the Board - member of the Board of Investment Fund of Kazakhstan JSC.

he has held the position of Deputy Chairman of the Board of Damu Entrepreneurship Development Fund JSC.



Deputy Chairman of the Board

**Yeskakov
Yerbol
Amangeldinovich**

Born in1982, date of election as Deputy Chairman of the Board of the Fund March 6, 2020

Supervises and coordinates the work of the Managing Director for Program Administration and Monitoring, the Monitoring Department, the Credit Administration Department, the Troubled Assets Department and the Legal Department.

- 2003–2006

2006–2011

2011–2014

2014–2016

2016–2017

2017–2020

Since 2020
- Investigator at the Department of Internal Affairs of the Akmola region.

Chief Specialist of the Legal Department of ATF Bank JSC, Almaty.

Head of the Legal Expertise Department of Development Bank of Kazakhstan JSC, Astana .

Head of the Department of Legal Support, National Bank of the Republic of Kazakhstan, Almaty.

Deputy General Director-Director of the Legal Department of AF Ipoteka JSC - mortgage organization, Almaty.

Director of the Department for Work with Problem Assets of Damu Entrepreneurship Development Fund JSC.

he has been appointed Deputy Chairman of the Board of Damu Entrepreneurship Development Fund JSC.



Deputy Chairman of the Board

**Bapayev
Murat
Mirkurbanovich**

Born in 1981, date of election as Deputy Chairman of the Board of the Fund July 15, 2022

Supervises and coordinates the work of the Managing Director for Interaction with Government Authorities, Department for Interaction with Government Authorities, Risk Management Department, Information Technology Department, Marketing Department, Department of Methodology and New Products, Regional Branches.

- 2002–2003

2003–2004

2004–2005

2005–2008

2007–2011

2012–2014

2014–2017

2018–2019

2019–2020

2020

2020–2021

2021–2022

Since 2022
- Representative of the sales department of Gallagher Kazakhstan LLP.

Wholesale sales manager of Gallagher Kazakhstan LLP.

Regional supervisor of LG Electronics Almaty Kazakhstan JSC.

regional manager of Milagro Foods LLP.

Sales and Marketing Manager, Insurance Company Generali Life JSC.

Chairman of the Board of JSC OFFP Otan.

Director of Kuzey LLC.

Director of Fintex LLP.

Director of the Department of International Cooperation of Damu Entrepreneurship Development Fund JSC.

Director of the Department of Marketing and International Cooperation of Damu Entrepreneurship Development Fund JSC.

Managing Director-Director of the Department of Client Service and Regional Development of Damu Entrepreneurship Development Fund JSC.

Managing Director-Director of the Department of Borrowing and International Relation.

he has been appointed Deputy Chairman of the Board of Damu Entrepreneurship Development Fund JSC.



Members of the Fund's Board are citizens of the Republic of Kazakhstan and do not own shares of the Fund, shares of suppliers or competitors of the Fund.

On September 29, 2022, the number of members of the Management Board was approved as 5 (five) members of the Management Board.

Changes in the composition of the Management Board in 2024:

On December 4, 2024, Deputy Chairman of the Board Abdolla Nursultan Aristatluly left the Board.

Report on the activities of the Management Board

The rights and obligations of members of the Fund's Management Board are determined by the Charter, Regulations on the Management Board and other internal regulatory documents of the Fund.

The Regulations on the Board of the Fund determine the procedure for the formation and functioning of the Board of the Fund, the rights and obligations of members of the Board, the adoption and execution of its decisions, as well as monitoring their implementation.

During the reporting period, the Fund's Board considered issues on various aspects of operating activities, issues of guarantees and subsidies, financing of partners, as well as approval of internal documents, issues on financial programs, issues in the field of sustainable development and corporate governance.

During 2024,

88 meetings of the Fund's Board

were held, at which decisions were made on the Fund's operational management.

The number of issues considered was

438



Committees under the Board of the Fund

To prepare decisions of a recommendatory nature for the Chairman and members of the Board on certain areas of the Fund's activities, as well as to carry out preparation and preliminary consideration of issues within the competence of the Board, collegial working bodies - Committees - operate under the Board of the Fund.

Personal composition and number of Committee members shall be determined by the decision of the Fund's Management Board. The Committees "activities are managed by the Committee Chairmen. The Committees shall be composed of members of the Management Board (no more than two (2)), including other employees of the Fund. The Committees consist of the Chairman of the Committee, who is a member of the Management Board of the Fund, the Deputy Chairman of the Committee and other members of the Committee who have the right to vote, including advisory.

The activities of the Committees under the Board of the Fund are regulated by the Regulations on the Committees of the Fund.

Credit Committee

A collegial body that implements the Fund's internal credit policy and makes decisions on issues of guarantees and subsidies.

In 2024,

50 meetings

were held on guarantee issues,

at which **225 issues** were considered, and 3,839 applications were reviewed in bpm` online sales; on subsidy issues, 52 meetings were held, at which 1,143 issues were considered, and 10,944 applications were reviewed in bpm` online sales.

Fund Asset and Liability Management Committee

A collegial body to improve the efficiency of management of the Fund's assets and liabilities in order to achieve the principles of diversification of assets and liabilities, optimization of financial risks and ensuring financial stability.

In 2024, were held

22 meetings

were considered

24 issues

Committee on Work with Problem Assets

A collegial body for the implementation of work on the return of problem receivables arising as a result of the implementation of credit, leasing, documentary (issuance of guarantees), investment, and economic activities of the Fund.

In 2024, were held

37 meetings

were considered

236 issues

Personnel Policy Committee

a body that ensures the implementation of personnel policy, the development and implementation of professional standards that establish requirements for the content and working conditions, qualifications and competencies of employees, and the development of an integrated personnel planning system.

In 2024, were held

48 meetings

were considered

652 issues

Change Management Committee

a body that works to improve, digitalize and optimize existing/new business processes of the Fund, as well as review and preliminary approval of new products.

In 2024, were held

34 meetings

were considered

82 issues

Budget Committee

a body for ensuring and developing proposals for determining the indicators of the draft budget of the Fund for the relevant financial year, developing proposals for making adjustments to the current budget of the Fund, and reviewing the results of the assessment of the execution of the budget of the Fund.

In 2024, were held

48 meetings

were considered

162 issues

INTERNAL AUDIT

➤ The Internal Audit Service (hereinafter referred to as the IAS) ensures the organization and implementation of internal audit and control over the activities of the Fund.

The IAS reports to the Board of Directors of the Fund, and its mission is to provide the necessary assistance to the Board of Directors and the Management Board of the Fund in fulfilling their responsibilities to achieve the strategic goals of the Fund. The activities of the Internal Audit Service are supervised by the Audit and Risk Management Committee under the Board of Directors of the Fund.

In accordance with the Annual Audit Plan for 2024 (hereinafter referred to as the AAP), approved by the decision of the Board of Directors of the Fund dated 25.12.2023, protocol No. 11/2023, it was planned to conduct 12 audit assignments and consultations, which were completed by the IAS in a timely manner, in full and within the timeframes established by the AAP, which include monitoring the limits of certain types of administrative expenses, checking the process of control and monitoring of the implementation of the Fund's Development Strategy, including an audit of the reliability of the actual values of the key performance indicators of the members of the Fund's Management Board, an audit of the business process of treasury operations and liquidity management, an audit of the business process of organizing the procurement of goods, works and services, an audit of the implementation of conditional placement programs, an audit of the process of administering financial support instruments, an audit of the marketing process, as well as an audit of the activities of the Regional Branches of the Fund in Atyrau Region, Kostanay Region, Abay Region, Turkestan Region and the city of Astana.

The audit of the activities of the Fund's regional branches was conducted jointly with the Anti-Corruption Compliance Service and the Security Department.

The audit revealed no critical findings. Based on the assessment of all findings, the internal control systems for business processes were assigned appropriate ratings. Based on the results of the audits of the Fund and its regional branches for 2024, the Internal Audit Service issued recommendations aimed at improving/automating the Fund's systems/processes/procedures.

As of January 1, 2025, the Fund was implementing 24 internal audit recommendations and 12 external audit recommendations. For all issued recommendations, audited entities have developed corrective and/or preventive action plans, which have been approved by the Fund's Management Board and the Board of Directors.

The Internal Audit Service monitors the implementation of recommendations from the Internal Audit Service and external auditors on a quarterly basis. Information on the monitoring results is provided to the Audit and Risk Management Committee of the Fund's Board of Directors and to the Fund's Board of Directors.

In the context of developing and improving its activities in 2024, the SVA carried out the following activities:

- 1) In the direction of "Professional development of the SVA personnel" - in order to maintain, expand, deepen and improve previously acquired professional knowledge, skills and abilities, SVA employees have completed training aimed at improving their qualifications.
- 2) in the direction of "Improving the regulatory framework for the activities of the Internal Audit Service" - as part of the implementation of the Action Plan for improving the activities of the internal audit services of JSC "NMH "Baiterek", aimed at implementing the recommendations of KPMG Tax and LLPAdvisory» based on the results of the external assessment of the activities of the internal audit services of the group of JSC NMH «Baiterek» SVA Fund, amendments were made to Appendix No. 24 «Methodology for conducting an audit of information systems» of the Rules for the organization of internal audit of JSC «Entrepreneurship Development Fund «Damu», which were approved by the decision of the Board of Directors of JSC «Entrepreneurship Development Fund «Damu»;
- 3) The results and materials of each audit, as well as the action plans, are submitted to the Management Board, the Audit and Risk Management Committee, and the Fund's Board of Directors for review on a quarterly basis, within the approved deadlines. The objectives and activities outlined in the approved Annual Audit Plan for the Internal Audit Service for 2024 have been fully implemented.
- 4) Individual development plans for 2024 have been fully implemented by the employees of the Internal Audit Service.
- 5) As part of the 2024 GAP, scheduled and unscheduled (upon request) consultations were conducted. Training seminars were also held for Fund employees to explain detection categories and monitor the implementation of recommendations.

The IAS ensures regular internal assessment of the effectiveness of its activities based on approved key performance indicators approved by the decision of the Board of Directors of the Fund.

CORPORATE ETHICS AND CONFLICTS OF INTEREST RESOLUTION

To determine procedures for preventing and regulating corporate conflicts, timely identification and prevention of conflicts of interest (Conflicts), as well as coordinating the actions of all bodies in the event of the occurrence or possibility of a corporate conflict or conflict of interest, the Fund has approved a Policy for the Settlement of Corporate Conflicts and Conflicts of Interest (decision Board of Directors dated April 15, 2015, minutes No. 60).

One of the effective mechanisms for observing and protecting the rights of the Sole Shareholder, as well as protecting the property interests and business reputation of the Fund is the prevention and resolution of Conflicts.

During the reporting period, the Anti-Corruption Compliance Service of the Fund did not receive any requests/appeals from structural divisions regarding conflicts of interest.

The Fund regularly carries out activities to create an anti-corruption culture with methods for introducing the principles of integrity, honesty and zero tolerance for corruption.

Code of Conduct

Business ethics is one of the essential prerequisites for a company's success and the key to its healthy and sustainable development.

The Fund's Code of Business Ethics establishes corporate values and standards for each employee. The Fund's employees adhere to such values as honesty, reliability, professionalism and strive to contribute to the sustainable development of the economy of Kazakhstan.

On an annual basis, the Fund's employees are trained and tested for knowledge and understanding of the basic principles of the Fund's Code of Business Ethics.

All employees of the Fund, regardless of race, nationality and gender, are provided with equal career opportunities, and are also provided with equal pay depending on the position held and the functionality performed. Every year, the Fund allocates funds for the development of employees, providing them with the opportunity to learn and improve their professional competencies.

Relationships between employees are built on the principles of the Code of Business Ethics. The Fund has also developed the Institute of the Ombudsman, whose role is to advise employees who contact him, participants in labor disputes, conflicts and assist them in developing a mutually acceptable, constructive and implementable solution, taking into account compliance with the laws of the Republic of Kazakhstan (including compliance with confidentiality if necessary) , providing assistance in solving problematic social and labor issues of both employees and the Fund.

Compliance with the Code of Business Ethics is mandatory for all employees of the Fund, regardless of their position.

In the period from June 10 to June 13, 2024, by Order No. 185-н dated 05/24/2024, employees were tested for knowledge and understanding of the Code of Business Ethics of Damu Entrepreneurship Development Fund JSC 456 full-time and outstaffing employees were tested.

ANTI-CORRUPTION

The Fund highly values its reputation and understands that clients expect the Fund to honestly, fairly and impartially fulfill its tasks and implement government business support programs.

In order to properly comply with the requirements of the legislation of the Republic of Kazakhstan, the Fund has created an Anti-Corruption Compliance Service, the main purpose of which is to ensure compliance by the Fund and its employees with the legislation of the Republic of Kazakhstan on combating corruption, as well as monitoring the implementation of anti-corruption measures.

The Anti-Corruption Compliance Service is directly subordinate to the Board of Directors of the Fund and reports to it on its work. In 2024, the Anti-Corruption Compliance Service completed the activities stipulated by the Anti-Corruption Compliance Program for 2023, approved by the Board of Directors of the Fund in 01.03.2023 (Minutes No. 01/2023) in a timely manner, in full and on time

In order to prevent, prevent or identify facts of fraud and corruption, inappropriate behavior of the Fund's employees, which may harm the interests or damage the reputation of the Fund, there is a special section “Combating Fraud and Corruption” on the corporate website of the Fund, and a “Hotline” has been established in 2024, in which each message is checked and reviewed, taking into account anonymity. Employees and contractors of the Fund, third parties can inform the Anti-Corruption Compliance Service via any Hotline channel, which ensures confidentiality and anonymity of messages. In 2024no calls were received through the Hotline channels.

In 2024, there were no calls through the Hotline channels. Also, in 2024, thematic anti-corruption monitoring was carried out on a quarterly basis, based on the results of which analytical reports are compiled and recommendations are given to the structural divisions of the Fund.

The Anti-Corruption Compliance Service conducted a joint audit with the Internal Audit Service of the regional branches in Kostanay Region, Astana, and Turkestan Region, as well as a joint audit with the Security Department of the regional branch in Astana. The audits were conducted to verify the proper use of funds.

The Anti-Corruption Compliance Service conducted an internal analysis of corruption risks in the activities of the following structural divisions:

- Department of Human Resources Development;
- Fund Procurement Department;
- Department of Subsidies.

As part of the implementation of the instructions stipulated by the Audit Report of JSC "Damu Entrepreneurship Development Fund" conducted by the audit team of JSC "National Management Holding "Baiterek," the Anti-Corruption Compliance Service conducted three internal audits in the third quarter of 2024. The results of the internal investigations, along with the recommendations of the Anti-Corruption Compliance Service, were submitted to the Fund's authorized body for review.

To enhance the anti-corruption culture of the Fund's employees, the Anti-Corruption Compliance Service conducted training events on the following topics in 2024:

- Anti-Corporate Fraud and Corruption Policy of JSC "Damu Entrepreneurship Development Fund”;
- general declaration;
- state-guaranteed measures to protect persons providing (who provided) assistance in combating corruption;
- Regulation of issues of giving and receiving gifts in JSC "Damu Entrepreneurship Development Fund".

➤ As of the end of 2024, there were no instances of corruption on the part of the Fund's employees.

EXTERNAL AUDIT

To check and confirm the reliability of the annual financial statements and evaluate the risk management and internal control system, the Fund engages a professional audit organization (external auditor) on the basis of a competitive selection. Determining, in accordance with the established procedure, the audit organization performing the audit of financial statements falls within the exclusive competence of the Sole Shareholder of the Fund. The determination, in accordance with the established procedure, of the audit organization that will conduct the audit of the financial statements falls within the exclusive competence of the Sole Shareholder of the Fund. The Fund's external audit is governed by the Policy on the Organization of External Audit at JSC "Damu Entrepreneurship Development Fund," approved by the Board of Directors of JSC "Damu Entrepreneurship Development Fund" on May 3, 2019 (Minutes No. 04/2019).

The Policy has been developed in accordance with the legislation of the Republic of Kazakhstan, the internal documents of JSC "Damu Entrepreneurship Development Fund" (hereinafter referred to as the Fund), and international financial reporting and auditing standards recognized by the Republic of Kazakhstan.

The purpose of the Policy is to organize effective activities for engaging an external auditor (including non-audit services provided by external auditors in accordance with their profile of activity), to implement generally accepted procedures for their selection, to ensure that the Fund's external auditors maintain their status of independence when providing audit and non-audit services and to prevent conflicts of interest.

The procurement of audit services is carried out by the Fund in accordance with regulatory legal acts in the field of procurement and the internal documents of the Fund.

The financial statements for 2024 were audited by PricewaterhouseCoopers LLC. The fee paid to PricewaterhouseCoopers LLC for the 2024 financial statement audit was 95,200 thousand tenge, including VAT. In 2024, PricewaterhouseCoopers LLC did not provide individual services.

Former employees of audit organizations that conducted the audit of financial statements were not hired by the Fund.



6. RISK MANAGEMENT AND INTERNAL CONTROL

The Fund's risk management system

includes a system of processes and procedures that provide the Fund's executive and management bodies with timely information on risks and risk mitigation decisions.

The main element of the Fund's risk management process is its integration with the specifics of the organization, the basic principles of activity, business processes and the involvement of each employee in the risk management process.

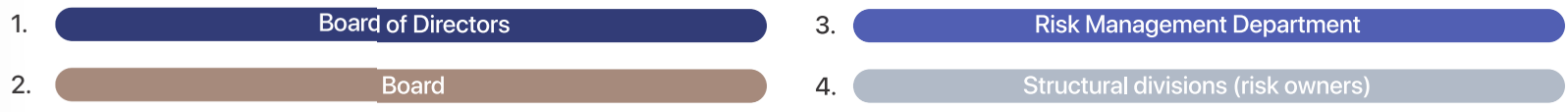
The sequence and continuity of functioning of the Fund's corporate risk management system (hereinafter – CRMS) is shown in the diagram below.



RISK MANAGEMENT IS AN ONGOING PROCESS

CREATING AN ATMOSPHERE OF "CONCERN" ABOUT RISKS IS THE TASK OF THE COMPANY'S MANAGEMENT

Currently, the CRMS structure consists of four levels of risk management:



Risk identification and assessment are aimed at providing an overall view of existing risks and their magnitude by performing a basic ranking to determine the weakest areas. This process allows for an assessment of the methods and procedures used to manage the main risks.

Risk management is the process of developing and implementing measures to reduce the negative effect and likelihood of losses or to obtain financial compensation in the event of losses associated with the risks of the Fund's activities.

The risk management system is aimed at implementing the principles of comprehensive analysis of credit risks within the framework of programs for guaranteeing SME projects. Given the importance of implementing the program, the Fund annually improves the methodology for assessing project risks, which allows minimizing credit risks at an early stage.

When making decisions on providing guarantees or refusing to provide them, the Fund uses the results of its own comprehensive methodology for assessing credit risks. This methodology is based on a comprehensive analysis of interrelated risk factors that may negatively affect the financial performance of the project and, accordingly, increase the level of the Fund's credit risk for the portfolio of issued guarantees.

When managing financial risks in 2024, three risk zones have traditionally been identified:

- conditional loans to STB
- securities portfolio
- temporarily available funds in a STB.

To minimize them, methods of limiting active transactions with counterparty banks and remote analysis of credit risks of second-tier banks, private companies and corporate issuers were used. The use of limiting techniques became possible as a result of the efforts of the Risk Management Department to improve the methodological and technical bases for financial risk management.

Since the beginning of the implementation of the risk management system, the Fund has done significant work to introduce basic methodological documentation for risk management. In particular, as part of the centralized activities of Baiterek NMH JSC, together with an external consultant represented by PWC, a risk management system was introduced, developed in accordance with best international practice taking into account the requirements of the Basel Committee on Banking Supervision, including the management and assessment of all individual types of risk (credit, market, operational risks, business risks, real estate risk), determination of the total amount of risks taking into account normal and stressful situations, calculation of internal capital adequacy and formation of risk appetite (in terms of capital adequacy, profitability and liquidity).

In accordance with the Risk Management Policy, the Fund's Board quarterly provides the Board of Directors with a Risk Report on a consolidated basis, with a description and analysis of key risks, information on compliance with risk limits, as well as information on the implementation of plans and programs to minimize key risks.

All identified and assessed risks are reflected on the risk map. The risk map allows you to assess the relative importance of each risk (compared to other risks), as well as highlight risks that are critical and require the development of measures to manage them.

The corporate-level risk register and the Fund's risk map contain risks belonging to the following groups: strategic, financial (credit, market, liquidity risk), legal and operational. Depending on the level of exposure, risks are divided into "red", "yellow" and "green" zones.

An action plan/control procedures to minimize risks has been drawn up for all risks:

- 1) Key risk indicators (KRI) were approved;
- 2) the practice of constantly maintaining a database of realized and potential risks has been introduced;
- 3) plans were drawn up for restoring the activities of the Fund, crisis management of the Fund within the framework of the Fund's continuity management system.

Key risks

The Fund divides key risks into the following categories.

- a

The credit risk of the Fund's counterparties is the risk of loss of funds placed in STBs, MFIs and LCs due to their failure to fulfill their obligations to the Fund.
- b

The guarantee portfolio credit risk is the risk of the Fund's obligations to pay guarantees in case of non-fulfillment or improper fulfillment by the borrower of its obligations under the loan agreement secured by the Fund's guarantee. Arises in a situation where a borrower, for whose obligations the Fund has provided a guarantee, admits a default, as a result of which the creditor (bank) makes a claim for the payment of the guarantee amount.
- c

Financial risk - probability of losses due to currency fluctuations and unbalanced structure of interest rates.
- d

processes, personnel actions, system functioning, as well as to losses arising from the implementation of external events, including legal risk (excluding strategic and reputation risk).
- e

Legal risk is a potential risk that arises due to violation or non-compliance with the requirements of legislation, regulatory legal acts, agreements, accepted practice or ethical standards.
- f

Strategic risk is the risk of losses due to changes or errors (shortcomings) in determining and implementing the Fund's business and development strategy, changes in the political environment, regional conditions, industry recession and other external systemic factors.

The internal control system

is an integral part of the corporate governance system and an important element that ensures the efficiency of business processes.

In order to improve the current internal control system, the Fund is taking the following measures:

- 1

Changes/additions were made to the Policy on the Internal Control System (approved by the decision of the Board of Directors of the Fund dated December 19, 2019 No. 14/2018) in accordance with the COSO model (Committee of Sponsoring Organizations of the Treadway Commission) to include procedures aimed at improving the effectiveness of the internal control system;
- 2

The concept of “organization of an internal control system” is given in more detail with a detailed description of the three lines of defense of internal control, which establish the participants of the internal control system, their competence, as well as powers and responsibilities;
- 3

Five interrelated components of the internal control system (in accordance with the COSO model) are described in detail, including the control environment, risk assessment, control procedures, information support and information exchange system, monitoring and evaluation of the effectiveness of the internal control system.

In order to identify risks and shortcomings in the internal control system, comprehensive measures are taken to eliminate identified violations/comments and to improve internal control in the Fund. The Risk Management Department regularly carries out:

- 1

monitoring the implementation of recommendations of the Internal Audit Service regarding the activities of all structural divisions of the Fund;
- 2

monitoring the implementation of recommendations provided based on the results of the external audit;
- 3

monitoring the implementation of recommendations of the Sole Shareholder of the Fund - Baiterek National Holding Holding JSC and independent directors of the Fund.

According to the assessment of the Fund's corporate risk management system, the Internal Audit Service assigned a final score of

96%

As part of continuous improvement of risk management processes, the following changes were made in 2024:

- The Risk Assessment Methodology was updated for counterparties and projects within the framework of loan guarantee programs of Damu Entrepreneurship Development Fund JSC in order to reduce risks when making decisions on granting guarantees;
- Amendments were made to the Rules for setting limits on transactions with leasing companies of Damu Entrepreneurship Development Fund JSC in terms of strengthening control over compliance with the maximum limit on Leasing Companies;;
- The Methodology for setting limits on microfinance organizations of Damu Entrepreneurship Development Fund JSC has been updated in terms of optimizing processes, establishing, revising and terminating limits, monitoring procedures, as well as updating the calculation of the internal rating of MFOs in order to reduce credit risk;
- Amendments were made to the Methodology for impairment of financial assets, receivables, off-balance sheet liabilities of Damu Entrepreneurship Development Fund JSC in accordance with International Financial Reporting Standard 9 "Financial Instruments" in terms of modeling the probability of default based on the dollar exchange rate and the cost of oil and post-verification, back testing;

In order to improve ESG principles in the Fund's activities, the Risk Register is supplemented by ESG risks, in particular:

- Tightening of regulatory requirements in the field of climate change;
- Support for projects with a high degree of dependence on climatic conditions. Negative changes in the environment or long-term adverse effects of these changes on the activities of the Fund;
- Decrease in living standards and an increase in social tension in the regions;
- Insufficiently effective implementation of the "greening of the Fund's portfolio".



7. FUND'S ACTIVITIES IN THE FIELD OF SUSTAINABLE DEVELOPMENT (ESG)

In his Address to the People of Kazakhstan on September 1, 2023, "The Economic Course of a Fair Kazakhstan," President of the Republic of Kazakhstan Kassym-Jomart Tokayev noted:

"Attracting green finance is becoming increasingly important for leading economies. Over the past seven years, over two and a half trillion dollars have been invested in green bonds globally. ESG principles have quickly become standard practice for financial institutions."

The Damu Entrepreneurship Development Fund consistently implements a sustainable development policy, supporting environmental, social, and corporate governance (ESG) initiatives. As a socially responsible organization, the Fund ensures the implementation of comprehensive government financial support measures for businesses, while paying particular attention to the integration of ESG principles into all aspects of its operations.

The Fund is committed to continuously improving its internal policies and procedures in the areas of sustainable development, corporate social responsibility, and environmental, social, and gender policies. As part of its approved **ESG Initiatives Roadmap**, the Fund continues to consistently integrate sustainability principles into corporate processes and entrepreneurship support programs.

In accordance with the **Corporate Governance Code**, the Fund is guided by the following key principles of sustainable development: openness, accountability, transparency, ethical behavior, respect for the interests of stakeholders, the rule of law, respect for human rights, intolerance to corruption, and prevention of conflicts of interest.

The Fund recognizes its role in ensuring sustainable economic growth, improving the environmental situation, and enhancing social justice. Following international best practices, the Fund ensures that projects receiving its financial support meet high environmental, social, and governance standards, contributing to Kazakhstan's long-term sustainable development.

STRATEGIC KPIs WITHIN SUSTAINABLE DEVELOPMENT

One of the strategic goals within the framework of the Development Strategy of the Damu Fund for the upcoming ten-year period 2024-2033 is to increase the level of sustainable development. This goal is aimed at integrating the principles of sustainable development in the long term. In achieving the goal of cost-effective and sustainable operations, the Fund follows international best practices in environmental, social and corporate governance issues (ESG factors) within the framework of projects receiving government financial support from the Damu Fund.

The result of the implementation of the strategic goal to increase the level of sustainable development should be an increase in the rating of sustainable development.

A key tool for assessing the effectiveness of implementing ESG issues in a company's activities is the sustainability rating. Moreover, such a rating is aimed at identifying the risks and opportunities of a company to determine its sustainability in the long term.

In this regard, within the framework of the new Development Strategy of the Damu Fund for 2024-2033, the "Sustainable Development Rating" is included as the main strategic KPI of the Fund in the field of sustainable development. An increase in the level of assessment will be the result of the goals and objectives implemented by the Damu Fund aimed at developing social, corporate and environmental aspects and improving management practices.

IMPORTANT EVENTS OF THE DAMU FUND IN 2024 WITHIN THE ESG AGENDA

United Nations – UN Global Compact

The Damu Fund has joined the United Nations global initiative, the UN Global Compact. The UN Global Compact is the largest international initiative uniting organizations around the world to advance principles in human rights, labor relations, environmental protection, and the fight against corruption.

Launch of the "Umit" program

As part of its support for women's entrepreneurship, a new program, "Umit," was launched in 2024, aimed at expanding opportunities and resources for women entrepreneurs.

Transformation into a guarantee fund

Starting in 2024, the Damu Fund began the process of transforming itself into a guarantee fund, which will allow it to increase its guarantee portfolio to 1 trillion tenge by 2028, expanding support for entrepreneurs and promoting sustainable economic growth.

Support for green projects

During 2024, support for "green" projects corresponding to the sectors of the "green" taxonomy is provided (allocated) under the guarantee instrument within the Unified Comprehensive Program.



IMPLEMENTATION OF THE ACTION PLAN FOR SUSTAINABLE DEVELOPMENT OF THE FUND FOR 2023-2024

In 2024, the Damu Entrepreneurship Development Fund continued to actively implement its sustainable development policy, based on ESG (environmental, social, and corporate governance) principles. The Fund's activities were aimed at integrating sustainable practices into all aspects of its work, including supporting green projects, developing social responsibility, and improving corporate governance.



Ecological direction

As part of its ESG component, the Damu Fund supported a number of projects aimed at reducing environmental impacts and developing renewable energy sources. One of the key areas was financing green energy projects, including the construction of wind farms and other facilities that contribute to the reduction of greenhouse gas emissions.

Social direction

The Fund continued to implement social programs aimed at supporting entrepreneurs, particularly those in vulnerable groups. Particular attention was paid to programs for women entrepreneurs, youth, and individuals with disabilities. The Fund provided access to financial resources, training programs, and advisory services, promoting the development of inclusive entrepreneurship.

Corporate governance

In 2024, Damu Fund continued to improve its corporate governance system, ensuring transparency, accountability, and operational efficiency. New internal control, risk management, and performance assessment mechanisms were introduced, all in line with international standards. The Fund also actively engaged with stakeholders, ensuring openness and accessibility of information about its activities.

In accordance with the Damu Fund's Sustainable Development Policy, the Fund is developing a corresponding Sustainable Development Action Plan. The Action Plan was approved by Board Decision No. 91-2023 dated November 30, 2023, and is defined in accordance with the Policy by three indicators:

10 measures

for the economic indicator

13 measures

for the social indicator

25 measures

for the environmental indicator

The Action Plan consists of 48 measures. Of these, four have not yet reached their deadlines. Three measures are scheduled for implementation in 2024, all of which have been completed, namely:

In 2024, within the framework of the Renewable Energy Sources Program,

were supported for a total of

✓

19 projects

1,956 million tenge

in loans

660.1 million tenge

in subsidies were paid.

✓

4 additional risks

have been introduced within the framework of the Fund's sustainable development,

changes have been made

to 2 risks

✓

32 saplings

were purchased and planted along Klochkova Street (between Zhambyl and Kabanbai Batyr Streets).

As part of the nationwide environmental campaign "Taza Kazakhstan,"

11 tree saplings

were planted during a cleanup day on October 19, 2024,

along Gagarin Street, at the corner with Tole-bi Street.

The number of activities to be performed annually, on an ongoing basis, or as needed is 41. Total: 44 activities (for 2024 and ongoing). All activities have been completed.

The Damu Fund's Sustainable Development Policy also requires the establishment of sustainable development performance indicators (SDIs). The target values for the 2024 sustainability performance indicators were approved by Board Decision No. 91-2023 dated November 30, 2023, and were established in accordance with the Damu Fund's Sustainable Development Policy for three indicators: four economic indicators, seven social indicators, and four environmental indicators. This brings the total to 15 indicators. All of these indicators were met in 2024.

✓

The Fund provided charitable assistance to children with special educational needs in the amount of **5,000,000 tenge**.

✓

A direct channel has been established for the exchange of information between second-tier banks/microfinance organizations and the Fund in the context of reviewing applications for portfolio guarantees and subsidies.

✓

There were no cases of corruption or fraud, workplace injuries, or discrimination recorded at the Fund in 2024.

✓

Electricity consumption in 2024 decreased by **1%** compared to 2023.

✓

The office sorts and stores waste and office equipment, and ensures its proper disposal.

The heads of the relevant structural divisions of the Fund bear personal responsibility for the implementation of the Action Plan and the achievement of KPIs in the area of sustainable development within the scope of their competencies.

The report on the implementation of the Action Plan and the report on the implementation of the target values of indicators for assessing the effectiveness of activities in the field of sustainable development are published on the Fund's corporate website and are open to the public.



DAMU FUND'S CONTRIBUTION TO THE ACHIEVEMENT OF THE UN SUSTAINABLE DEVELOPMENT GOALS

The Damu Fund supports the 17 Sustainable Development Goals (SDGs) developed in 2015 by the UN General Assembly, "A Plan to Achieve a Better and More Sustainable Future for All."

As part of the internal assessment, the **Damu Fund** today takes into account

15 of the 17

UN Sustainable Development Goals in its activities:



• Charity

- The Foundation on an ongoing basis provides charitable and sponsorship assistance to WWII veterans, labor veterans and children of war in the form of food baskets. The fund provides assistance to charitable private foundations, annual charity fairs are organized annually.
- The Foundation holds charity events on an annual basis, including the provision of material assistance to schoolchildren, war veterans, homeless animals.
- By the decision of the Board of the Fund dated 15.10.2024, protocol No. 73/2024, the provision of charitable assistance to the Bolashak Corporate Fund in the amount of 5,000,000 (five million) tenge was approved for the implementation of the Educational and Production Plants project for children with special educational needs. As part of the project, 30 adolescents with special needs aged 13-16 will receive education "seamstress," "baker," "confectioner."



• creating safe working conditions for workers

• Assistance

• donor day

- The organization of the work process in the Fund in terms of labor protection is aimed at increasing the level of protection of workers, creating safe working conditions and preserving the health of workers, systematically introducing a safety culture and preventing accidents.
- According to the requirements of the Order of the Minister of Health and Social Development of the Republic of Kazakhstan dated December 25, 2015 No. 1019 "On approval of the Rules and deadlines for training, instructing and testing knowledge on safety and labor protection of workers" training events are held on an annual basis.
- In order to reduce the threat to the life and health of the Fund's employees, free health insurance is provided and annual on-the-job medical examinations are carried out. At the same time, seasonal vaccination is being organized for the prevention of SARS and influenza.
- Foundation employees take part in the Donor Day event on an annual basis, thereby making their unique contribution to the health and life expectancy of others.
- As part of measures to support sectors of the economy affected by COVID-19, in September 2021, the Damu Fund carried out its debut issue of social bonds on the KASE platform in the amount of 1 billion tenge.
- The Fund organized a charity event for the International Day of the Elderly. The employees of the Head Office Fund raised funds, 4 elderly people were awarded food baskets. In 4 RB of the Fund (Pavlodar, Zhetysu, East Kazakhstan region, Shymkent), fundraising was also organized and assistance was provided to 4 elderly people.
- In May 2024, fundraising was organized on the eve of the Great Victory Day, with the proceeds, employees of the Head Office of the Fund congratulated 10 veterans of the Great Patriotic War and home front workers, presented gifts (food baskets). In 4 RB Funds (Turkestan, Atyrau, Kyzylorda, Shymkent), fundraising was also organized and assistance was provided to 5 home front workers.
- On July 11, 2024, the Donor Day campaign was organized and held together with the Almaty City Blood Center, in which 32 employees of the Head Office and the regional branch in Almaty took part and donated blood.
- On June 27-28, 2024, a medical examination of employees was organized and carried out by the Kazakh Corporation of Health and Medical Insurance Intertich JSC.
- On July 22, 2024, the Day Without a Car challenge was held.



4 КАЧЕСТВЕННОЕ ОБРАЗОВАНИЕ



- **non-financial support for entrepreneurs, including the organization of training programs**
- **implementation of internal training programs**
- In parallel with financial support programs, the Damu Fund works to implement training programs and provide consulting support to entrepreneurs. Various training events are organized together with local and foreign partners.
- Work is carried out on an **ongoing basis to train and professionally develop** employees in accordance with the Fund's employee training plan. The fund has **a personnel reserve, providing decent motivation and remuneration.**
- In 2024, 656 employees of the Fund were trained at 30 training events

5 ГЕНДЕРНОЕ РАВЕНСТВО



- **creating equal working conditions and career opportunities**
- **ensuring an equal system of performance assessment and remuneration**
- Stimulating the development of women's entrepreneurship is one of the main directions of state policy determined by the Head of State. As the Head of State Kassym-Jomart Tokayev noted, supporting women's entrepreneurship along with the institution of the family, mothers with many children, **ensuring gender balance are the most important priorities of state policy.**
- The Fund is committed to creating **equal working conditions and career opportunities** and does not tolerate gender, ethnic or other discrimination. The gender policy of the Damu Fund has been introduced.
- **According to the data of 2024, the share of men in the total number of employees of the Damu Foundation is 39.8%, women - 60.8%, women in the middle management - 50%.**

6 ЧИСТАЯ ВОДА И САНИТАРИЯ



- **green office**
- Within the framework of the "**green office**" concept, the Fund is working to improve the culture of rational use of water resources and sanitation for all, **including the Fund provides workers with clean drinking water**, as well as sanitation items (sanitizers, soap, wipes, etc.).
- For the period 2022-2023 waste sorting urns (plastic, glass, paper, non-sorted waste) are installed in the Fund on each floor. Work on separate waste disposal is carried out and worked out with the supplier.
- The Foundation provides "green office" training on an ongoing basis.

7 НЕДОРОГОСТОЯЩАЯ И ЧИСТАЯ ЭНЕРГИЯ



- **green bonds**
- **green office**
- In 2020, the Fund carried out the debut placement of "**green**" **bonds** on the AIFC stock exchange, with the support of **UNDP** within the framework of the project "Reducing the risks of investing in renewable energy sources" by **200 million tenge**. For which, in April 2021, the Fund was awarded the prestigious prize of the international organization Climate Bonds Initiative in the nomination "**Pioneer of the Green Market**".
- In 20.06.2023, an agreement was concluded with UNDP in the amount of \$ 1 871 639 66 under the UNDP-GEF project in order to implement a support mechanism for an investment premium in terms of principal in the amount of 35% for small and medium-sized businesses implementing renewable energy project.
- From November 25 to December 09, 2024, within the framework of the action plan to increase the level of involvement of employees of the Fund and sustainable development, the GREEN OFFICE competition was held.
- On November 2, 2024, an initiative event was held to increase the environmental awareness of workers - an environmental action (planting trees). Landing location on Klochkova street (between Zhambyl and Kabanbai batyr).

8 ДОСТОЙНАЯ РАБОТА И ЭКОНОМИЧЕСКИЙ РОСТ



- **support and development of MSMEs by providing financial instruments to the Fund**
- **implementation of initiatives aimed at increasing customer focus of services**
- The Fund approves the **Personnel Reserve** on an annual basis. It also actively works to **develop the professional and personal competencies** of employees.
- The state support measures implemented by the Fund (subsidizing the remuneration rate, guaranteeing loans and concessional lending) are aimed at stimulating micro, small and medium-sized businesses to maintain existing and create new permanent jobs, increase the level of production of domestic enterprises and ensure greater availability of financing.
- The Damu Foundation strives to make business processes as accessible, convenient and transparent as possible for entrepreneurs. To achieve this goal, digital technologies have been systematically introduced since 2016. Due to this, the level of digitalization of the Fund is 100%, which allows entrepreneurs to submit online applications and receive support from the Fund remotely, which helps to increase the customer focus of services. Applications for state support measures are submitted through the online.damu.kz Internet portal, the egov.kz e-government website, as well as through the web service for receiving and transmitting data from the STB.
- Integration has been made with the Smart Data Ukimet database (which has a connection to 57 databases of information systems of government agencies) and an SFTP connection with the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan.



- **support for projects aimed at increasing labor productivity in the manufacturing industry**
- **promoting Kazakh producers of non-commodity goods and service providers in foreign markets and strengthening their competitiveness**
- The Fund provides **support to priority sectors** of the economy, including in the field of processing, manufacturing, medicine, education, tourism, etc.
- The Fund annually holds an exhibition of Kazakhstani manufacturers “ULTTYQ ÓNIM”, which have received government support. The exhibition has been held by the Damu Fund since 2015 and serves as an effective platform for uniting Kazakhstani commodity producers, providing participants with a unique opportunity to exchange experience in the production, processing and promotion of domestic products to achieve high results in improving the quality of products and services. In 2023, the number of participants reached 320 enterprises from various sectors of the economy and regions of the country, supported by government programs, and the number of visitors exceeded 22 000 people, sales amounted to 74,1 million tenge.



- **development of products for youth, aspiring entrepreneurs**
- **development of products for socially vulnerable segments of the population**
- **supporting people with disabilities in the regions of presence through the implementation of charity projects**
- As part of the programs implemented by the Fund, tools are being developed to support social and youth entrepreneurship. In order to provide support and inclusion in the active life of the Fund of people with difficulties in physical development, including those with disabilities or mental characteristics, the total staff of the Fund's employees includes employees with disabilities.
- The Fund also implements programs to support women's entrepreneurship. Thanks to the measures of state support provided by the Fund, the share of women entrepreneurs is more than 48% of the total number of entrepreneurs who received financial support within the framework of all programs of the Fund. So, at the 01.01.2025 of the year, the Fund supported 105.6 thousand projects of women's entrepreneurship for a total amount of loans of 4,118 billion tenge (30% of the total).



- **comprehensive support for MSMEs**

The Fund annually, through an independent company, conducts a survey of the Fund's clients to identify an index of confidence in the Fund's activities. In 2024, the study was conducted by an independent company ACTION BUSINESS CONSULT LLP, according to which the Integral Index of Trust and Satisfaction of MSME Subjects with the Fund's Activities for 2024 amounted to 90.8%.



- **application of resource-saving technologies in the Damu office**
- **responsible consumption of resources**
- Within the framework of the "green office" concept, work is being carried out to improve the culture of energy saving, to reduce resource consumption (energy consumption, water consumption). Paper free optimization.
- The work is carried out on an ongoing basis, for the period 2022-2023. The Fund has waste sorting bins on each floor (plastic, glass, paper, unsorted waste). Work on the removal and separate disposal of waste is carried out (worked out) with the supplier.
- The Fund sorts/stores computer equipment and cartridges. Used cartridges are disposed of as part of a recycling agreement in accordance with established procedures.



- **support for green projects**
- The Fund, together with UNDP, is implementing 3 important mechanisms/directions on renewable energy sources and energy efficiency (RES and EE):
 - 1) investment premium in terms of the principal debt in the amount of 35% for MSMEs implementing renewable energy projects.
 - 2) investment premium for a portion of the principal debt in the amount of 40% for MSMEs implementing energy efficiency projects.
 - 3) issuance of financial guarantees in the amount of up to 85% of the loan amount for MSMEs implementing projects in the field of RES and EE.
- From 2018 to 2024, 56 projects were supported by UNDP-GEF for a loan portfolio of 4.3 billion tenge, the subsidies paid amount to 1.0 billion tenge.
- From 2020 to 2024, UNDP-RES supported 25 projects worth 2.3 billion tenge, subsidies paid amount to 0.7 billion tenge.
- 7 projects worth 179.1 million tenge, guarantee amount 72.1 million tenge were supported within the guarantee instrument.
- Within the framework of implemented instruments, the Fund supported 212 green projects totaling 248.5 billion tenge.



- **implementation of government programs aimed at the socio-economic development of the country**
- **participation in the development/updating of regulations affecting the interests of the Fund**

- In November 2023, a new Development Strategy of the Fund for 2024–2033 was approved. One of the strategic goals within the Development Strategy is to increase the level of sustainable development, and is aimed at integrating the principles of sustainable development in the long term. The Fund follows international best practices in environmental, social and corporate governance issues in projects receiving government financial support from the Fund. Particular attention is paid to responsible financing. The fund follows ESG principles and actively implements them in its activities;
- As part of reducing corruption, the Fund provides ongoing training to employees on anti-corruption behavior.
- The Fund ensures the development of accountability and transparency through the disclosure of non-financial information, compliance with the principles of corporate governance.



- **cooperation with international institutions and financial organizations on sustainable development issues**
- **participation in conferences, forums, round tables on promoting SDGs in Kazakhstan**

- The Fund actively participates in national and international sustainable development initiatives aimed at helping to accelerate the country's transition to a green economy. So, in 2022, the Damu Foundation became one of the founders of the National ESG Club of Kazakhstan. The Fund is actively working with international institutions and financial institutions to raise funds to provide financial support for green and sustainable projects.
- On an ongoing basis, the Holding takes part in round tables and seminars on issues of sustainable development.
- 04.12.2023 year, the Damu Entrepreneurship Development Fund became one of the signatories of the Green Investment Principles for Belt and Road in Central Asia.
- December 9, 2024, the Fund joined the United Nations Global Initiative - UN Global Compact

STAKEHOLDER ENGAGEMENT

In 2024, the Damu Entrepreneurship Development Fund continued its active engagement with stakeholders, integrating sustainable development principles (ESG) into its operations. The Fund strives to maintain effective dialogue with various stakeholder groups, including entrepreneurs, government agencies, financial institutions, international organizations, and the public.

Stakeholder Engagement Approach

The Damu Fund recognizes the importance of stakeholder influence on its activities and, in turn, strives to take their interests into account when formulating strategies and implementing programs. To systematize this process, a Stakeholder Map has been developed, which allows for:

- Identify key stakeholders and assess their influence on the Fund's activities.
- Rank stakeholders by importance and impact.
- Determine the most effective forms of interaction with each group.

The stakeholder map is an open document and is available for review on the Fund's official website.



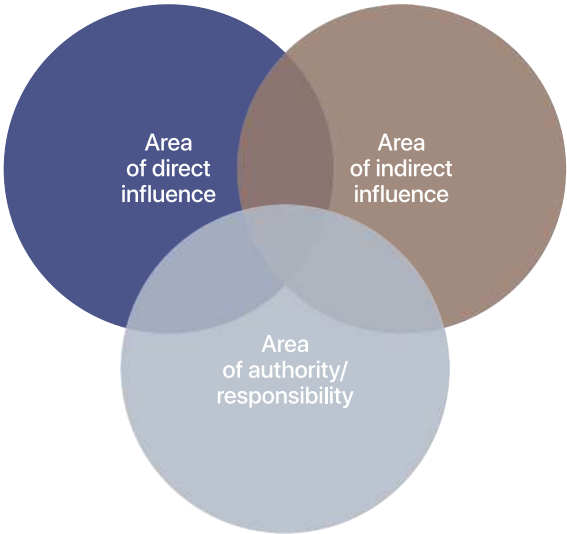
Forms of interaction

In 2024, the Damu Fund used a variety of forms of stakeholder engagement, including:

- Joint programs and projects: implementing initiatives in partnership with other organizations.
- Memoranda of Cooperation: Formalizing Agreements with Key Partners
- Working groups and meetings: discussing current issues and developing joint solutions.
- Publications and reports: providing information on the Fund's activities and results achieved.
- Feedback through digital channels: using the official website, social media, and hotlines to collect opinions and suggestions
- Main areas of interaction

The Fund has focused its efforts on collaboration in the following areas:

- Strategic planning: taking into account stakeholder input when developing development strategies.
- Financial activities: ensuring transparency and accountability in financial transactions.
- Project management: collaboration in the implementation of projects aimed at developing entrepreneurship
- Legislation: participation in the discussion and development of regulations affecting the business environment
- Operational activities: improving the efficiency of internal processes taking into account the needs of stakeholders.



Interaction evaluation

The Fund uses a stakeholder engagement assessment system based on two scales:

- Support/Resistance Level: -5 (maximum resistance) to +5 (maximum support).
- Influence level: from 0 (no influence) to 5 (maximum influence).

This system allows the Fund to effectively manage relationships with various stakeholder groups and adapt engagement strategies depending on the current situation.

> The Damu Fund continues to improve its stakeholder engagement mechanisms in an effort to enhance its operational efficiency and achieve sustainable development goals.

Map of stakeholders and degrees of influence on the Fund's interests

- Government bodies

■ Clients, consumers

■ Suppliers

■ Investors

■ Partners

■ Auditors

■ Consulting organizations

■ Financial
- Mass media

■ Competitors

■ Population

■ Public organizations

■ Sole shareholder

■ Government

■ Management

■ Personnel

Sphere of influence on the interests of the Fund

Stakeholders	Sphere of influence on the interests of the Fund					
	Strategic development	Operational activity	Regulatory regulation	Quality of project and/or business process management	Operating results	Reputation
Area of authority/responsibility						
Sole shareholder	*		*			*
Government	*		*		*	
Management	*	*	*	*	*	*
Staff		*				
Area of direct influence						
Government bodies	*		*		*	*
Clients, consumers		*				
Suppliers					*	
Investors	*			*	*	*
Partners				*		
Auditors						*
Consulting organizations	*					
Financial institutions		*			*	
Area of indirect influence						
Mass media						*
Competitors	*	*	*	*	*	*
Population					*	
Public organizations						

- high degree of influence
- low degree of influence
- *

high degree of interest

Strategic development	determination of long-term priorities, strategic directions for the development of the Fund through the adoption of state and industry development programs, development and approval of strategic documents of the Fund
Operating activities	constant daily activities to manage regular, standard processes in the Fund
Regulatory regulation	adoption of regulations directly or indirectly regulating certain aspects of the Fund's activities
Quality of project and/or business process management	the degree of competence and efficiency of the Fund's personnel and management in providing project and/or business process management services
Operating results	quantitative indicators of the effectiveness of the Fund's operating activities
Reputation	the prevailing public opinion about the qualities, advantages and disadvantages



INFORMATION DISCLOSURE

Given the high economic and social significance of the Damu Fund, the organization seeks to actively inform the target audience about its work. This allows to achieve the involvement of citizens and the business community in the programs implemented by the Fund, as well as purposefully strengthen its business reputation.

Since the Fund has an extensive network of regional branches, communications are tailored to the interests and needs of regional audiences. Information is disseminated through television, radio, print, and electronic media.

The fund continues to develop digital channels for the convenience of small and medium-sized businesses. One of the most important communication tools is the corporate website of the Fund www.damu.kz, which allows to quickly notify entrepreneurs and the public about the results of activities, changes or new support programs, as well as receive feedback on topical issues. The site also provides analytical information on the markets and sectors of the Kazakh economy, which entrepreneurs can use when making decisions.

As part of the digitalization of the Fund's services, applications for state support measures are submitted through the online.damu.kz Internet portal, the egov.kz e-government website, as well as through a web service for receiving and transmitting data from STB.

Almost all aspects of the PR campaign are implemented through social media. This includes a content strategy that systematically informs audiences about the Fund's products and programs, communication with entrepreneurs, advertising campaigns, promotions, and contests, identifying audience sentiment, and increasing loyalty.

By the end of 2024, on the Fund's programs were published in regional media and online resources.

1,268
materials

Thanks to the development of digital marketing, were posted on Instagram, Facebook, and Telegram in 2024.

1,755
publications

The Fund's combined social media following exceeds

147 thousand
people

24 press
tours
were conducted across
the regions.

INCREASING THE DEGREE OF TRUST AND SATISFACTION OF MSME ENTITIES WITH THE ACTIVITIES OF THE FUND

Given the high level of attention paid to the Damu Fund's activities as a quasi-public sector entity, the organization ensures a high level of transparency in its decision-making—both in program implementation and in specific internal procedures that generate the greatest interest from external audiences (procurement, hiring, and provision of financial and non-financial support instruments). To achieve this, both modern information technology and traditional communication tools are used.

To promptly identify potential communication gaps, potential pain points, or misunderstandings in client interactions, the Fund conducts an annual survey to assess the level of trust and satisfaction among MSMEs with the Damu Fund's activities. The primary goal of this survey is to determine the level of satisfaction with the services provided, as well as the level of trust among entrepreneurs who have received support through the Fund.

In 2024, a study was conducted by the independent company ACTION BUSINESS CONSULT LLC. Its results showed that **the trust and satisfaction rating of micro, small, and medium-sized entrepreneurship with the Fund's activities for 2024 was**

90.8%

To increase trust and satisfaction among MSMEs, the Fund conducts annual outreach efforts to promote its activities and the state programs it implements. This includes media and social media publications and the creation of video and audio clips. The primary goal of these activities is to increase awareness, trust, and satisfaction among current, former, and potential clients.

The Fund's website has a feedback mechanism in the “Feedback” section (<https://damu.kz/ru/obratnaya-svyaz>), which received

8,247
citizen requests
in 2024.

➤ All requests were promptly processed by the relevant departments.



8. SOCIAL RESPONSIBILITY

PERSONNEL MANAGEMENT



Human capital - the main value and main resource; the results of the Fund's activities directly depend on the level of professionalism and safety of the Fund's employees.

As part of its human resource management activities, the Fund adheres to the goals and objectives of the Unified Personnel Policy of Baiterek NMH JSC. The goal of the Unified Personnel Policy is to strengthen the position of the organization, which requires the sustainable development of highly professional and mobile labor resources sufficient to fulfill the strategic objectives.

To provide the Fund with the necessary human resources with the necessary qualifications and the required motivation, the Fund, within the framework of the Strategy, is actively working on the development and cultivation of personnel by creating an effective system of training and education for employees. The Fund's HR objectives are to attract and retain professionals who can contribute to the development and growth of the Fund's effectiveness.

As part of the personnel policy, taking into account a unified approach to all subsidiaries of Baiterek NMH JSC, the Fund is developing in the following areas:

- 1

workforce planning will be carried out through the use of open competitive selection, ensuring transparency, as well as through the creation of a personnel reserve from the best employees of the Fund;
- 2

increasing the level of labor productivity of employees will be carried out through performance assessment, the use of key performance indicators, personnel certification and motivational programs;
- 3

productive management of human capital will be ensured by a system of continuous training and development of personnel, the introduction and use of modern technologies and information management systems in work processes, including the digitalization of knowledge management processes;
- 4

ensuring fair and competitive remuneration for work based on the implemented grade system and taking into account a review of wages on the market.

ENSURING EQUAL CAREER OPPORTUNITIES AND PROTECTING HUMAN RIGHTS

To create and ensure equal opportunity, the Fund develops tools to support social and youth entrepreneurship and takes measures to create equal working conditions and career opportunities. The Fund does not tolerate gender, ethnic, or other discrimination.

In order to support people with disabilities, including those with disabilities or mental disabilities, the Fund's overall staff includes positions for employees with disabilities.

To strengthen the commitment to the principles of equality, non-discrimination, respect for the individual and fairness in relation to employees, and in accordance with international human rights standards - including the norms enshrined in the Constitution of the Republic of Kazakhstan and other generally recognized documents - **the Fund developed and approved on November 14, 2024 (Protocol No. 79/2024) the Policy of JSC "Damu Entrepreneurship Development Fund" in the field of equal opportunities, inclusiveness and diversity.**

All Fund employees, regardless of race, nationality, or gender, are provided equal career opportunities and receive equal pay based on their position and responsibilities. The Fund annually allocates funds for employee development, providing them with training and professional development opportunities.

	general	MO	RO
number of trained worker	656	470	186
saverage cost of training per worker (thousand tenge)	82,0	93,8	52,0
training costs (thousand tenge)	53 772	44 105	9 667

Execution of expenses under the item "training costs" in 2024 is

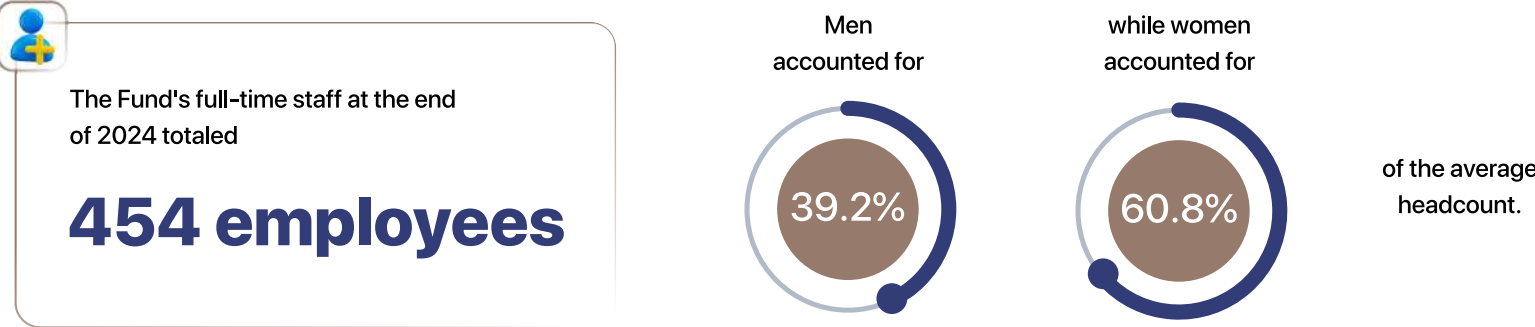
100%

30 training events

were organized and conducted for the Fund's employees.



STAFF STRUCTURE



Structure of the Fund's personnel at the end of 2024, by gender and age

Index	Total (pers.)	structure by gender groups, %		structure by age groups, %		
		Men	women	up to 30 y.o.	30-50 y.o.	over 50
Average headcount total	427	39,2%	60,8%	10,5%	81,8 %	7,7%
Top management	5	80%	20%	0%	100%	0%
Middle managers	47	59,6%	40,4%	2,1%	82,9%	15%
Workers	375	36%	64%	11,7%	80,3%	8%

According to 2024 data, the average age of the Fund's employees is 39 years.

STAFF TURNOVER

In 2024, voluntary staff turnover was

▪ 7.8 %
with a target of no more than 11%.

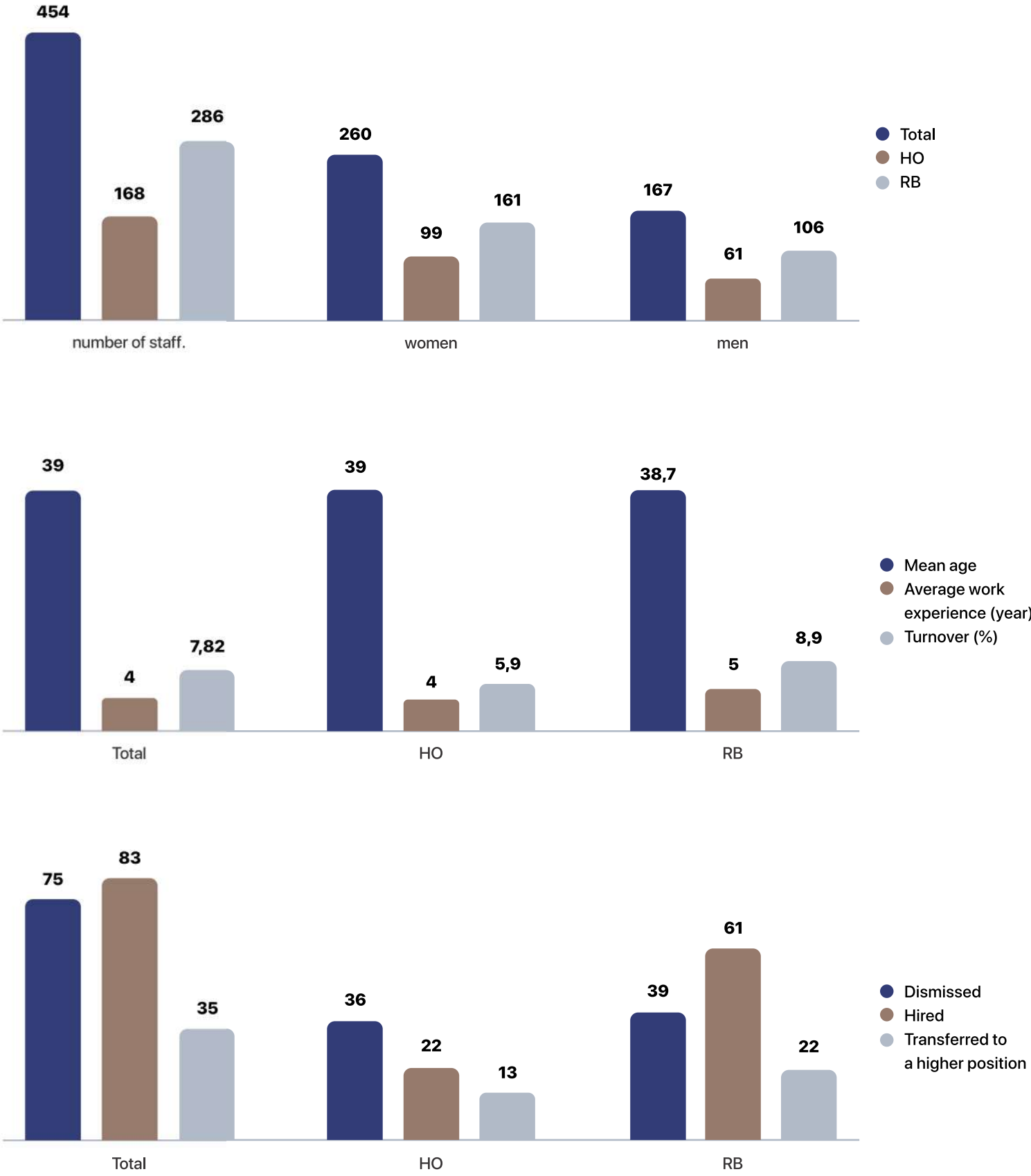
Of these, 85 vacancies (which is 79%) were closed with the involvement of external candidates.

The total number of open vacancies for the year was

▪ 105 UNITS

The remaining 20 vacancies (or 21%) were closed due to internal transfers of employees.

Staff turnover and number of employees hired in 2024



DEVELOPMENT OF CORPORATE CULTURE

The development of corporate culture is an essential element of building a highly effective organization and a necessary component for achieving the company's strategic goals, in connection with which the Fund annually conducts a staff survey to analyze the degree of their involvement, regularly holds business meetings, meetings of working groups and the HR Policy Committee of the Fund's Board

professional holidays, with the participation of Fund employees, including regional branches. The purpose of these events was to strengthen corporate culture and maintain team spirit. Within the framework of these events, the best employees of the Fund were awarded with letters of thanks and awards:

■ Letter of thanks from the Prime Minister of the Republic of Kazakhstan	1 employee
■ Letter of thanks from the Deputy Prime Minister – Minister of National Economy	8 employees
■ Honorary Certificate of the Minister of Labor and Social Protection of the Population	1 employee
■ Letter of thanks from the Chairman of the Board of JSC National Management Holding Baiterek	3 employees
■ Public Order "Honored Financier" of the Association of Financiers of Kazakhstan	3 employees
■ Commemorative medal «Үлес» of the Association of Financiers of Kazakhstan	1 employee
■ Commemorative medal «Еңбегі үшін» of the Association of Financiers of Kazakhstan	1 employee
■ Letter of thanks from the Chairman of the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market	5 employees
■ Certificate of the Chairman of the Board of the Fund "For active participation and worthy representation of the Fund at the creative evening of Абай әлемі, dedicated to the birthday of Abai Kunanbayev"	8 employees
■ Certificate from the Chairman of the Board of the Fund "For achieving high results in work and high-quality implementation of assigned tasks" - 18 employees	18 employees

MOTIVATION AND REWARD

A policy for improving labor efficiency in the Fund is created in order to link the strategic goals of the Fund, the strategy and business plans of the Fund with the policy of labor assessment, motivation and encouragement of employees.

All employees must be focused on achieving goals and objectives that are based on the strategic objectives of the Fund. Assessing the performance of employees depends on the completion of specific tasks, which must be confirmed by key performance indicators of the employee's activities, and therefore, the Fund conducts a quarterly assessment of the activities of administrative employees, on the basis of which the suitability of employees for their positions and the degree of achievement of their goals is determined.

The Fund's employees are provided with annual medical insurance from funds provided in the Fund's budget. In addition, the Fund's employees are provided with financial assistance in the amount of two official salaries when granted annual leave, financial assistance upon marriage, the birth of a child, and financial assistance is also paid in connection with the death of a family member.

Maternity leave is also paid, maintaining the average salary minus the number of social benefits in case of loss of income due to pregnancy and childbirth.

Information on maternity leave as well as parental leave

Index	Value (persons)	including	
		Men	Women
Number of people taking maternity leave and parental leave in 2024	7	0	7
Number of employees returning from maternity leave and parental leave in 2024	20	0	20



FORMATION OF A SYSTEM OF TRAINING AND PERSONNEL DEVELOPMENT

Training and professional development of employees is carried out with the aim of updating and additional acquisition of theoretical and practical knowledge, skills, competencies and skills in the field of professional and managerial activities necessary for the effective performance of official duties and the implementation of tasks defined by the Fund's Development Strategy.

In order to implement this task, the decision of the Fund's Personnel Policy Committee approved the Fund's Employee Training Plan (Protocol No. KKP 52-2023 of 30.11.2023).



During the reporting year,

656 Fund employees

completed

30 training events

Some employees attended training multiple times throughout the year, including in-house. The training programs were aimed at developing business, personal, and professional competencies. These included courses on IFRS and changes to the Tax Code, financial analysis, Kazakh language courses, and programs for regional network employees, including risk management training.

Indicators for employee training in 2024

Index	By gender groups			By employee category		
	For all employees	Women	Men	Top management	Middle managers	Workers
Average number of hours of training that employees of the organization completed during the reporting period	14	14	15	12	11	15
Number of employees trained	656	356	300	8	09	539
Number of training hours	9 500	5 000	4 500	96	1 199	8 205

Results achieved in 2024 in the field of social responsibility

CSR areas	Indicators	Target values for 2023	Execution
HR indicators	Degree of staff involvement	Above average	The aggregated value of the level of employee engagement and satisfaction for 2024 was 77.2%.
	Number of young specialists who completed internships or internships within the Fund	15 people	In 2024, the number of young specialists who completed an internship/training at the Fund amounted to 15 people.
	Number of Fund employees who completed training	185 people	The number of trained employees in 2024 amounted to 656 people.
	Number of employee appeals to the Fund's Ombudsman regarding issues of non-compliance with the Code of Business Ethics	no more than 7	In 2024, there were no employee appeals to the Ombudsman.

PERSONNEL RESERVE

The Fund is systematically building and developing its human resources.

In 2024, the Fund's talent pool was approved at

14 full-time administrative staff members

Presidential Youth Personnel Reserve - a strategically important initiative of Head of State Kassym-Jomart Tokayev, aimed at forming a new team of effective managers and building a system of effective social mobility for the country's next generation. The addition of reservists from the Presidential Youth Personnel Reserve to the Fund's ranks underscores the high professional level of the Fund's specialists, each of whom contributes to the qualitative development of small and medium-sized entrepreneurship in Kazakhstan.

In 2024, 16 employees of the Fund will be included in the Unified Personnel Reserve of JSC National Management Holding Baiterek, including:

- 3 employees are in the top 20 group;
- 7 employees are in the top 50 group;
- 6 employees are in the top 100 group.



In 2024, **2 reservists from the Presidential Youth Personnel Reserve** (the Director of the Legal Department and the Managing Director for Government Programs), as well as **1 reservist from the Unified Personnel Reserve** (the Director of the Department of Borrowing and International Cooperation), joined the Fund's team.

The Fund actively works to develop the professional and personal competencies of reservists through training and self-education. **Individual development plans** have been developed for them, and relevant training courses are also organized. As part of their participation in the personnel reserve, each reservist prepares a report on the implementation of their individual development plan at the end of the year.

OCCUPATIONAL SAFETY AND HEALTH

The organization of the work process in the Fund in terms of labor protection is aimed at increasing the level of protection of workers, systematically introducing a safety culture and preventing accidents. In this area, responsible employees of the Fund are working to improve the regulatory and legal acts of the Republic of Kazakhstan in the field of civil protection and implement them into the everyday production cycle.

Along with this, employees, including regional branches, are guided by the orders and laws of the Republic of Kazakhstan. Law of the Republic of Kazakhstan “On Civil Protection” dated April 11, 2014 No. 188-V, order of the Minister of Health and Social Development of the Republic of Kazakhstan dated December 25, 2015 No. 1019 “On approval of the Rules and terms of training, instruction and knowledge testing on safety and labor protection of workers” on labor protection of office workers of the Fund. The requirements of the country's regulatory legal acts apply to all labor processes performed by them while working in the offices of the Fund, business trips, as well as during emergencies and emergencies.

In order to reduce the threat to the life and health of the Fund's employees, free medical insurance is provided and annual on-the-job medical examinations are carried out. At the same time, seasonal vaccination is being organized for the prevention of SARS and influenza.

As a result of the implementation of the Policy in the field of labor protection and industrial safety, as well as established interaction with structural divisions and regional branches within the framework of joint Fire Safety Plans for 2024, no violations or penalties were allowed by supervisory authorities.



SUSTAINABLE FINANCE

Today, the Fund has an Environmental and Social Policy, the goals of which are:

1

reducing potential negative environmental and social impacts and increasing potential positive environmental and social effects from the Fund's activities;

2

encouraging direct finance clients to develop and maintain environmental and social risk management systems;

3

taking into account the interests of the public in the field of the project's impact on the environment, as well as in the field of social impact, when making decisions on financing projects and their implementation.

As part of its activities, the Fund actively works to develop sustainable financing practices. In this regard, the Fund is introducing aspects of sustainable financing into the process of providing financial support implemented by the Fund. In order to increase the environmental focus of the Fund's partners, changes were approved to standard agreements with the Fund's partners, taking into account the implementation of the principles of sustainable development, which are communicated to all the Fund's partners.

The Fund actively participates in national and international initiatives in the field of sustainable development aimed at facilitating the country's accelerated transition to a green economy. In this regard, since 2017, the Fund has been collaborating with the UN Development Program in Kazakhstan, within the framework of which there is a positive result, tools have been developed and implemented to support and develop energy efficiency projects in urban infrastructure and reduce CO₂ emissions, as well as reduce the risks of investing in renewable energy sources .



The Damu Fund, together with UNDP and the Astana International Financial Center, has made a significant contribution to the development of a basic legislative and regulatory framework for the development of the green finance market. In December 2021, the Environmental Code introduced a taxonomy of "green" projects to be financed through "green" bonds and loans, which gave a legislative definition of "green" projects and "green" financing.

In its work for the classification (taxonomy) of green projects, the Fund is guided by Decree of the Government of the Republic of Kazakhstan dated December 31, 2021 No. 996 "On approval of the classification (taxonomy) of "green" projects to be financed through "green" bonds and "green" loans" (as amended on 13.04.2024), developed in accordance with paragraph 3 of Article 130 of the Environmental Code of the Republic of Kazakhstan.



According to Article 130 of the Environmental Code of the Republic of Kazakhstan, "green" financing means investments aimed at the implementation of "green" projects, attracted through such instruments as "green" bonds, "green" loans and other financial instruments determined by the authorized body for regulation, control and supervision of the financial market and financial organizations.

Green projects include those defined on the basis of an approved classification (taxonomy) aimed at improving the efficiency of the use of existing natural resources, reducing the level of negative impact on the environment, improving energy efficiency, energy saving, climate change mitigation and adaptation to climate change. The classification of "green" projects to be financed through "green" bonds and "green" loans is developed by the authorized body in the field of environmental protection and approved by the Government of the Republic of Kazakhstan.

The Damu Fund's piloting of the first green instruments for UNDP programs gave a positive impetus to the creation and development of the sustainable finance market in Kazakhstan.

Within the framework of the implemented instruments, the Fund supported



212 green projects

for a total loan amount of

248,5 billion tenge

By the end of 2024, the share of supported "green" projects amounted to 0.18% of the total number of projects financed (55 out of 29 513). Support was provided through interest rate subsidies (36 projects) and guarantees (19 projects).

Women's empowerment

The Fund also implements programs to support women's entrepreneurship, which is one of the main directions of state policy defined by the Head of State. As Head of State Kassym-Jomart Tokayev noted, supporting women's entrepreneurship, along with the institution of family, mothers of many children, and ensuring gender balance are the most important priorities of state policy. In this regard, the Fund strives to create equal working conditions and career opportunities. In 2021, the Damu Fund approved a gender policy.

Over the past decade, the Fund has implemented a number of programs to support women entrepreneurs, including: the "Women in Business" program in cooperation with the European Bank for Reconstruction and Development (implementation period 2015 – 2021), the Program for financing MSMEs, including women entrepreneurs within the framework of the agreement between the Government of the Republic of Kazakhstan, the Asian Development Bank and the Damu Fund (implementation period 2011–2020), as well as within the framework of the Fund's own program "Program of conditional placement of funds in second-tier banks for subsequent microcredit to women's entrepreneurship" (implementation period 2009–2018).

In 2024, the Damu Fund expanded its product portfolio by launching its own program to support women's entrepreneurship, "Umit." The Fund, in partnership with the European Bank for Reconstruction and Development,



allocated

10 billion tenge

to finance projects under this program.

Women who decide to start their own businesses are provided free training in the basics of financial literacy.



In total,



117 women's business projects

were financed in 2024, totaling

6.3 billion tenge

As of January 1, 2025, the Fund supported



105.6 thousand

women's entrepreneurship projects
for a total loan amount of

4,118 billion tenge

(30% of the total amount).

SPONSORSHIP AND CHARITY ASSISTANCE

In everyday activities, various legal entities and individuals periodically apply to the Fund for material charitable assistance. So, in 2024, the following measures were implemented by the forces and means of the Fund's employees:

- 1 Financial assistance was provided to disabled person of the 1st group, V. B. Tolmacheva, who is the organizer of the "«SUPER ӘЖЕ 2024» competition;
- 2 Assistance was provided to residents of 10 regions of the Republic of Kazakhstan affected by floods;
- 3 Material assistance in the form of cash and food baskets was provided to veterans of the Great Patriotic War;
- 4 Financial assistance was provided to children with cancer on Children's Day.

In May 2024, a fundraiser was organized in the lead-up to Victory Day. Using the proceeds, the Fund's Head Office staff congratulated 10 veterans of the Great Patriotic War and home front workers, presenting them with gifts (food baskets).

In four regional branches of the Fund (Turkistan, Atyrau, Kyzylorda, Shymkent), fundraising was also organized and assistance was provided to five home front workers.

The Fund organized a charity event for International Day of Older Persons. Head office staff raised funds and presented food baskets to four elderly people. Four regional branches of the Fund (Pavlodar, Zhetysu, East Kazakhstan region, and Shymkent) also organized fundraising events and provided assistance to four elderly people.

The Fund provides ongoing charitable and sponsorship assistance to WWII veterans, labor veterans, and children of war in the form of food baskets. The Fund also supports private charitable organizations and organizes annual charity fairs.

By decision of the Fund's Board of Directors dated October 15, 2024 (Minutes No. 73/2024), charitable assistance was approved to the Bolashak Corporate Fund in the amount of

5,000,000 tg

(five million) for the implementation of the "Educational and Industrial Complexes" project for children with special educational needs.

As part of the project,

30

teenagers with special needs,

aged 13–16, will receive training in the following professions: seamstress, baker, and pastry chef.

PROCUREMENT ACTIVITIES

The Fund's procurement processes are based on the principles of optimal and efficient use of funds, increased efficiency, transparency, and minimization of corruption risks, as well as providing potential suppliers with equal opportunities to participate in the procurement process.

The Fund, being a quasi-public company, when purchasing goods, works and services necessary to ensure its statutory activities, is guided by the **Law of the Republic of Kazakhstan "On Procurement by Certain Entities of the Quasi-Public Sector"** and the Rules for Procurement by Certain Entities of the Quasi-Public Sector, with the exception of the National Welfare Fund and organizations of the National Welfare Fund, approved by Order No. 1253 of the Minister of Finance of the Republic of Kazakhstan dated November 30, 2021.

The Fund's Procurement Department has been designated as the structural unit responsible for procurement.

All procurement procedures are carried out on the procurement web portal <https://eep.mitwork.kz/>, which ensures transparent and open interaction with suppliers of goods, works and services.

Control over compliance with the rules for procurement in the quasi-public sector is carried out by the Centralized Procurement Control Service of JSC NMH Baiterek.



Purchase volume in 2024 and share of local content

The total volume of goods, works, and services purchased by the Fund in 2024 amounted to

3,171 million tenge

of which

2,020 million tenge

were from domestic suppliers,

with a total share of domestic value (local content) of

91%

Plans for 2025

The Fund will continue to conduct procurement activities in accordance with its corporate values and current regulations. The total volume of goods, works, and services planned for 2025 is

3,521 million
tenge

Adherence to the principles of sustainable development

An important part of the Fund's activities is improving the processes of interaction with suppliers, including improving the sustainability of these processes. The Fund conducts procurement activities adhering to the principles of optimal use of financial resources, paying particular attention to providing equal opportunities for all potential suppliers to participate in tenders, as well as improving process efficiency, ensuring transparency, and mitigating corruption risks. In its activities, the Fund relies on external regulatory documents: the Law of the Republic of Kazakhstan "On Procurement by Certain Entities in the Quasi-Public Sector" and the Rules for Procurement by Certain Entities in the Quasi-Public Sector. The Law of the Republic of Kazakhstan on Procurement and the Rules regulate the provision of free access for all potential suppliers to information about planned procurements. Agreements with partners and suppliers also include provisions on the mandatory principle of compliance with the provisions of the Sustainable Development Policy and the Law "On Combating Corruption."

The Procurement Department is the structural unit responsible for procurement. Procurement of goods, works, and services (hereinafter referred to as GWS) is conducted through the procurement web portal,

which also facilitates communication with potential suppliers through tender applications and the signing of procurement contracts. Tendering for the procurement of goods is initially conducted among individuals and legal entities included in the register of domestic producers of goods, works, and services.

To control the risks of poor procurement, the Damu Fund carried out the following measures in 2024:

- monitoring prices of purchased goods, works and services;
- coordination of technical specifications of purchased goods and services;
- Coordination of documents for conducting procurement through a request for price proposals and an open tender.

The effectiveness of procurement procedures is assessed quarterly for review by the Fund's Budget Committee. The Fund is committed to modernizing and improving its supply chain, adhering to new standards and trends. To this end, it conducts internal training seminars for employees, during which representatives of the Procurement Department explain procurement rules to those involved in the procurement process.

The Fund places particular emphasis on the integration of digital technologies into work processes, including the automation of procurement procedures. As part of this strategy, the Fund has implemented the following technologies:

- Automation of quarterly and annual reports on the implementation of the Procurement Plan, in accordance with Appendix 2 to the Instructions for the organization and conduct of procurement of goods, works and services.
- Automation of technical specifications for procurement methods (tender).
- Automation of the process for returning contract performance security and advance payment security, including finalizing the notification and creating a return memo.
- Updating UNGWS in 1C.
- A video has been developed for procurement initiators on all procurement processes prior to contract conclusion.
- Automation of memos on amendments and additions up to 100 MCI and on changes in procurement methods.
- Automation of notifications about planned purchases.
- A procurement report for 2024 has been prepared in Power BI format.

SECURITY OF CLIENT DATA

Data security and reliable operation of online systems are key factors in assessing the success of this project.

In this context, the Fund strives to ensure a high level of information security and the availability of online services for its partners. The fund of this activity is the Information Security Policy, which sets out the basic principles, guidelines, and requirements for information security. This document serves as a guide for the development of relevant rules, regulations, and instructions, as well as for maintaining the required level of information security.

The Fund views information as one of its most valuable assets, including the protection of personal data. Information security is an integral part of the Fund's overall business security strategy. Any breaches in this area can lead to serious consequences, such as loss of customer trust or a decline in competitiveness. Information disclosure is governed by a separate Policy, which defines the approaches and rules for providing information, the list of materials for public and internal disclosure, and the timing and methods of publication.

To ensure transparency and objectivity, the Fund regularly posts analytical reports, presentations, and lists of participants in both financial programs (subsidies, guarantees, financing through commercial banks, and others) and non-financial support measures for entrepreneurs on its corporate website. Furthermore, the website publishes documents and information that must be publicly available in accordance with legislation and internal regulations.

Information security measures include a wide range of actions aimed at protecting data and supporting infrastructure. The Fund continuously improves its approaches to information security, adhering to the provisions of the Information Security Policy, approved in January 2018. This document covers all automated and telecommunications systems managed by the Fund.

To ensure a high level of security, the Fund uses only licensed software, regularly updates its systems, and employs modern security technologies such as data encryption, access management, and multi-factor authentication. It utilizes global best practices in information security, including international standards such as ISO/IEC 27001.

The Fund also strictly adheres to national information security legislation, including personal data protection and confidential information management regulations, guided by the Law of the Republic of Kazakhstan "On Personal Data and Their Protection." Vulnerability assessments, cyberattack testing, and information system audits are regularly conducted.

9. CARE FOR THE ENVIRONMENT

The Damu Fund strives to improve the environmental impact of ongoing and planned activities. At the same time, taking into account the specifics of its activities, the Fund does not have a direct significant impact on the environment. The main resources consumed by the Fund are electricity, heat and water.

The Damu Fund takes measures to reduce the environmental impact of operating activities, develops “green” products, raises awareness of supported entrepreneurs, trains its own specialists in accordance with the approved documents of the Fund in the field of sustainable development, and also conducts training seminars on the topic of ecology and impact on her.

To implement the tasks set in this direction, the Fund is guided by the Environmental and Social Policy, the goals of which are:

- 1 | reducing potential negative environmental and social impacts and increasing potential positive environmental and social effects from the Fund's activities;
- 2 | encouraging direct finance clients to develop and maintain environmental and social risk management systems;
- 3 | taking into account the interests of the public in the field of the project's impact on the environment, as well as in the field of social impact, when making decisions on financing projects and their implementation.

Climate Impact Management

The Damu Fund recognizes its significant position in the financial sector and its responsibility to contribute to sustainable development. The Fund is committed to the goals of the Paris Climate Agreement, the UN Sustainable Development Goals, and the National Strategy for Achieving Carbon Neutrality. One of the Fund's strategic objectives is to minimize the negative impact of its activities on climate change.

Calculating greenhouse gas emissions is an important step in comprehensively assessing the direct and indirect emissions associated with the Fund's activities. During the reporting period, the Fund calculated:

- direct GHG emissions (Scope 1), which are produced directly by sources owned or controlled by the Fund and include emissions from fuel combustion at the Fund's facilities (generators, boilers) and from mobile sources (diesel and gasoline vehicles);
- indirect GHG emissions (Scope 2) associated with the consumption of purchased electricity and heat energy and related to the activities of the Fund, but originating from sources not controlled by the Fund (power plants and thermal power plants producing energy).

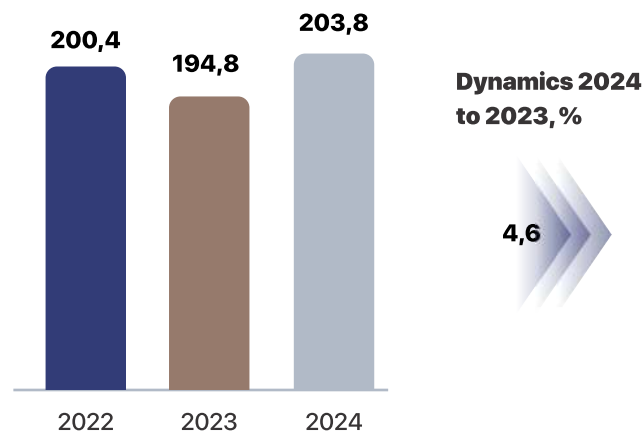
The Damu Fund's key climate impact reduction areas are:

- reducing the consumption of resources, including electricity, paper, glass, water and the introduction of energy-efficient technologies;
- sustainable waste management: recycling of batteries, computer components, furniture;
- reduction of direct and indirect greenhouse gas emissions from own activities;
- encouraging MSMEs and Fund partners to develop measures to reduce harmful impacts on the climate;
- reducing the share of carbon-intensive projects financed.

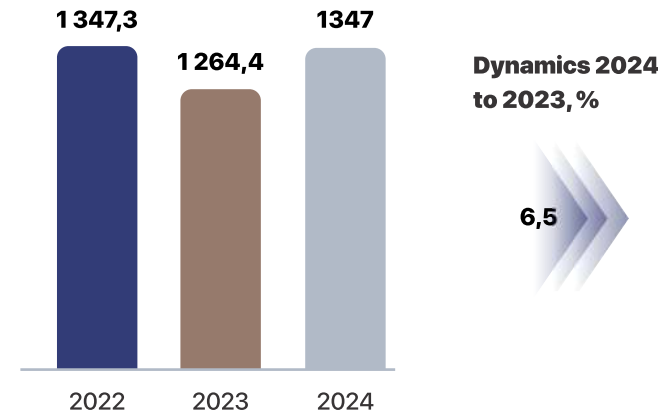
Responsibility for climate change impact management issues lies with the Fund's ESG Implementation Working Group.



The Fund's Scope 1 greenhouse gas emissions assessment results for 2024⁶, t CO₂-eq



The Fund's Scope 2 greenhouse gas emissions assessment results for 2024⁷, t CO₂-eq



Total Scope 1 and Scope 2 emissions in 2024 amounted to 1,550.8 tCO₂e, a 6.3% increase compared to 2023. Specific greenhouse gas emissions (Scope 1 and Scope 2) per employee in 2024 amounted to 5.05 tCO₂e/person. The calculation took into account the average headcount for 2024—454 employees.

⁶ GHG emissions results are calculated using the internal Methodology for Calculating CO₂ Emissions (Scope 1, 2) developed by Sustainability Solutions (Consulting for Sustainable Development LLC). The table includes data for the head office and all 20 regional branches.

⁷ GHG emissions are calculated using the internal CO₂ Emissions Calculation Methodology (Scope 1, 2) developed by Solutions (Consulting for Sustainable Development LLC). The table includes data for the Head Office and nine of the company's 20 regional branches, excluding the following: Almaty, Astana, Shymkent, and the Abay, Almaty, Aktobe, Karaganda, Kostanay, Ulytau, Mangistau, and Turkestan regions. The occupied premises are leased, and, according to the current lease agreements, heat and electricity consumption are not allocated from the tenant's total consumption. These emissions will be classified as Scope 3.



Major repairs are planned for 2025–2026:

- for the complete replacement of the heating system of the Fund's office, with the installation of a manual control system for central heating radiators;
- for complete replacement of windows with energy-saving ones;
- The office is equipped with modern air conditioners with eco and auto modes.

The Damu Fund takes measures to reduce the environmental impact of its operations, raises awareness among supported entrepreneurs, trains its own specialists in accordance with the Fund's approved sustainable development documents, and conducts educational seminars on environmental issues and their impact on it.

GREEN OFFICE

The Green Office concept of JSC Damu Entrepreneurship Development Fund was approved by the Fund's Board decision No. 88/2024 dated December 31, 2024.

The Fund's head office has waste separation bins and a bin for used batteries. Further recycling is carried out in accordance with Agreement No. 37000185 dated April 5, 2024.

In 2024, the Administrative Department purchased bamboo ballpoint pens as part of the Green Office initiative under contract No. 970840000277EEP2408018/00 dated August 29, 2024.

Application of environmentally friendly, energy- and material-saving technologies

LED lighting has been installed throughout the Fund, replacing incandescent and fluorescent bulbs. Automatic lighting control systems have been installed in the bathrooms. Signs are posted in the bathrooms to encourage water conservation. Waste sorting bins have been installed on each floor. Furthermore, through the digitalization of business processes and the transition to electronic document management, paper consumption has been significantly reduced.

Waste related issues

As part of the implementation of the “green office” concept, the Fund continued to carry out separate storage and removal of non-hazardous waste and materials subject to recycling to raw material processing centers, as part of the implementation of the “green office” concept. Removal of non-hazardous waste is carried out in the Fund on the basis of a Service Procurement Agreement, which is concluded with suppliers on an annual basis.

Volume of resource consumption

Indicators	Units of measurement	2021	2022	2023	2024
Thermal energy	g/cal	4 813	1 485	1 359	1 543
Water consumption	m3	6 998	6 861	6 490	6 324
Electricity	kW/h	983 628	638 061	653 072	677 086
MSW	m3	480	480	1080	360

Indicators	Units of measurement	2022	2023	2024
A4 paper	pack	1960	2500	2500
A3 paper	pack	0	0	0



CLEAN CITY

The Fund continues to actively participate in environmental initiatives aimed at improving the urban environment and fostering an environmental culture among employees and city residents.

In 2024, the Fund's employees participated in cleanup days, organized both on their own initiative and as part of citywide environmental campaigns.

The Fund purchased and planted 32 tree seedlings under contract No. 970840000277EEP2410029/00 dated October 30, 2024. The planting took place on November 2, 2024, on Klochkova Street (between Zhambyl and Kabanbai Batyr Streets).

In addition, on October 19, 2024, as part of the nationwide environmental campaign "Taza Kazakhstan," Fund employees held a cleanup day and planted 11 tree saplings on the corner of Gagarin and Tole Bi Streets.

Also, as part of environmental protection measures, a procurement of landscaping services was initiated in 2024, including demolition, site preparation, and planting of greenery on the Fund's adjacent property. As a result of these works, flowers and lawns were planted, contributing to the ecological and aesthetic improvement of the surrounding area.



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161 «Damu» Fund <div><div></div><div>DAMU</div></div>																												Annual report 162											
Principles and provisions of the Corporate Governance Code				Complied with/partially complied with/				Measures taken to implement the principles and provisions of the Corporate Governance Code				Principles and provisions of the Corporate Governance Code				Complied with/partially complied with/				Measures taken to implement the principles and provisions of the Corporate Governance Code																			
								During 2024, 7 meetings of the Board of Directors were held, including 5 in-person and 2 in absentia meetings, at which 66 issues were considered. An ongoing dialogue between the Sole Shareholder and the Fund is maintained through meetings of relevant committees with the participation of independent directors. In 2024, the Board of Directors had 3 committees: <ul style="list-style-type: none">Audit and Risk Management Committee.Committee for Strategic Planning and Corporate Development.Committee on Appointments, Remuneration and Social Issues. The activities of the committees are regulated by the relevant Committee Regulations , approved by the Board of Directors on August 26, 2021. In accordance with best corporate governance practices, the committees are chaired by independent directors. The corporate secretary serves as the secretary of the Board of Directors' committees. The committee secretary ensures the preparation of committee meetings, the collection and organization of meeting materials, the timely dispatch of notices of committee meetings to committee members and invitees, the preparation of meeting agendas, materials on agenda items, the recording of meeting minutes, the preparation of draft committee resolutions, and the subsequent storage of all relevant materials. During 2024 the following was carried out: a) 5 meetings of the Strategic Planning and Corporate Development Committee, at which 15 issues were considered. b) 7 meetings of the Audit and Risk Management Committee, at which 50 issues were considered. c) 6 meetings of the Nomination, Remuneration and Social Issues Committee, at which 18 issues were considered. Members of the Board of Directors, with the exception of independent directors, serve on an unpaid basis. The procedure for paying remuneration to independent directors is determined in accordance with the Rules for the Selection, Payment of Remuneration, and Reimbursement of Expenses of Independent Directors. Information on the payment of remuneration to independent directors is disclosed in the Fund's annual report.																				In accordance with the decisions of the Fund's Board of Directors, a collegial executive body—the Fund's Management Board —has been established and is functioning. The term of office is set at three (3) years, beginning February 24, 2022, and consists of five (5) members. The composition of the Management Board as of December 31, 2024: 1. Buribayeva G.A. – Chairman of the Board; 2. Eskakov E.A. – Deputy Chairman of the Board; 3. Makazhanov B.M. – Deputy Chairman of the Board; 4. Bapaev M.M. – Deputy Chairman of the Board; By the decision of the Board of Directors of the Fund dated December 4, 2024, minutes No. 07/2024, the powers of Abdolla N.A., Deputy Chairman of the Board and member of the Board of the Fund, were terminated early . The Chairman and members of the Management Board possess high professional and personal characteristics, have an impeccable business reputation and adhere to high ethical standards. In 2024, the Board held regular meetings in an automated business process mode: 88 meetings were held . The number of issues considered was 438, including questions on various aspects of operational activities, issues of guarantees and subsidies, partner financing, as well as approval of internal documents, questions on financial programs, issues in the field of sustainable development and corporate governance. All questions without exception , submitted at the initiative of the Management Board for consideration by the Board of Directors and the Sole Shareholder and strategic sessions, are preliminarily reviewed and approved by the Management Board exclusively in the format of in-person meetings. By the decision of the Board of Directors of the Fund dated July 14, 2022 (minutes No. 07/2022), Dina Viktorovna Akrachkova, Head of the Office of the Chairman of the Board of JSC Baiterek National Managing Holding, was appointed Ombudsman for a term of office of 2 (two) years . By decision of the Board of Directors dated May 31, 2024, minutes No. 03/2024: a) the report on the work of the Ombudsman for 2023 was approved, according to which in the reporting period there were no appeals from employees or officials of the Fund to the Ombudsman, there were no violations of the provisions of the Code of Business Ethics, there were no legal proceedings on labor disputes between the employer represented by the management of the Fund and employees, b) the term of office of Ombudsman D.V. Akrachkova, Chief of Staff of the Chairman of the Management Board of Baiterek National Managing Holding JSC - 2 (two) years from July 14, 2024.											



Principles and provisions of the Corporate Governance Code	Complied with/partially complied with/	Measures taken to implement the principles and provisions of the Corporate Governance Code	Principles and provisions of the Corporate Governance Code	Complied with/partially complied with/	Measures taken to implement the principles and provisions of the Corporate Governance Code
Principle of sustainable development	Observed	<p>The Board of Directors approved the Fund's Sustainable Development Policy (Minutes No. 03/2019 dated April 17, 2019). The purpose of the Policy is to define the fundamental norms, principles, rules, and approaches to which the Fund must adhere in building its sustainable development management system. In accordance with the requirements of the Policy:</p> <p>1) The Board approves the Action Plan for Sustainable Development and, on an annual basis, a Report on the implementation of the plan's activities is prepared; 2) The Fund's structural divisions implement activities in the field of sustainable development.</p> <p>The reports on the implementation of the Sustainable Development Action Plan and the Target Values of the Performance Indicators for Sustainable Development for 2023 were reviewed by the Fund's Board on January 30, 2024 (Minutes No. 08/2024).</p> <p>In order to implement ESG initiatives in the Fund's activities, the Fund's Management Board approved the Fund's ESG Initiatives Roadmap by Resolution No. 91/2023 of November 30, 2023, as well as the Sustainable Development Action Plan for 2024–2026 and the Target Values of Performance Indicators for Sustainable Development for 2024.</p> <p>In 2024, PwC released the fifth edition of the "Top 50 Best Kazakhstani Companies by ESG Disclosure." To compile this ranking, PwC assessed the Annual Reports (2023) and Sustainability Reports (2023) of 98 Kazakhstani companies. Based on PwC's assessment, Damu Fund entered the top 20 companies and ranked 16th with a "B" rating, demonstrating a level of ESG disclosure significantly superior to most of the assessed reports.</p> <p>The international rating agency S&P Global Corporate Sustainability Assessment assigned the Fund a rating of "24." The assessment was based on an analysis of the Damu Fund's sustainability performance. The Damu Fund was among the first financial institutions in the Republic of Kazakhstan to receive an ESG rating.</p> <p>In order to strengthen the Fund's commitment to the principles of equality, non-discrimination, respect for the individual and fairness in relation to employees, in accordance with international standards in the field of equality and protection of human rights, including the principles established by the Constitution of the Republic of Kazakhstan and other generally recognized documents in this area, the Fund developed and approved on November 14, 2024 (Protocol No. 79/2024) the Policy of JSC "Damu Entrepreneurship Development Fund" in the field of equal opportunities, inclusiveness and diversity.</p>			<p>The report on the implementation of the Fund's Sustainable Development Action Plan for 2024-2026 for 2024 and the Report on the implementation of target values of performance indicators for sustainable development for 2024 were reviewed by the Fund's Board on January 30, 2025 (minutes No. 05/2025).</p> <p>Although the Sustainable Development Policy was approved by the Fund in 2019, a number of positive changes in the Fund's activities were noted by the end of 2024. For example:</p> <ul style="list-style-type: none">• The Fund provided charitable assistance to children with special educational needs in the amount of 5,000,000 tenge.• A direct channel has been established for the exchange of information between second-tier banks/microfinance organizations and the Fund in the context of reviewing applications for portfolio guarantees and subsidies.• There were no cases of corruption or fraud, workplace injuries, or discrimination recorded at the Fund in 2024.• Electricity consumption in 2024 decreased by 1% compared to 2023.• The office sorts and stores waste and office equipment, and ensures its proper disposal. <p>Regarding the implementation of the Fund's Sustainable Development Action Plan for 2024-2026 in 2024, the Action Plan was also defined in accordance with the Policy based on three specified indicators: 10 events for the economic indicator, 13 events for the social indicator, and 25 events for the environmental indicator. In total, the Action Plan consists of 48 events.</p> <p>There are 3 events to be implemented in 2024, all of which have been completed, namely:</p> <ul style="list-style-type: none">• In 2024, within the framework of the Renewable Energy Sources Program, 19 projects were supported for a total of 1,955 million tenge in loans, and 660 million tenge in subsidies were paid.• Four additional risks have been introduced within the framework of the Fund's sustainable development, and changes have been made to two risks.• Thirty-two tree saplings were purchased and planted along Klochkova Street (between Zhambyl and Kabanbai Batyr Streets). As part of the nationwide environmental campaign "Taza Kazakhstan," 11 tree saplings were planted during a cleanup day on October 19, 2024, along Gagarin Street, at the corner with Tole Bi Street. <p>governance system conducted in 2021, the percentage of compliance with the "Sustainable Development Management System" was 66.7%, accordingly, "Partial compliance" was noted for this item.</p>



Principles and provisions of the Corporate Governance Code	Complied with/partially complied with/	Measures taken to implement the principles and provisions of the Corporate Governance Code	Principles and provisions of the Corporate Governance Code	Complied with/partially complied with/	Measures taken to implement the principles and provisions of the Corporate Governance Code
		<p>At the same time, by the decision of the Board of Directors of the Fund dated February 4, 2022 (minutes No. 01/2022), the Action Plan for improving the corporate governance of JSC Damu Entrepreneurship Development Fund for 2022-2024 was approved.</p> <p>The report on the implementation of the Action Plan for improving corporate governance for 2022-2024 for the first half of 2024 was approved by the decision of the Board of Directors of the Fund dated September 6, 2024, and for the second half of 2024 – March 19, 2025.</p> <p>In order to confirm the Fund's commitment to international documents ratified by the Republic of Kazakhstan, the Constitution and laws of the Republic of Kazakhstan in the field of human rights, labor protection, employee insurance and workers' rights, the Fund developed and approved on August 18, 2024 (Protocol No. 62/2024) the Policy of JSC "Damu Entrepreneurship Development Fund" on Human Rights.</p> <p>The reports on the implementation of the Sustainable Development Action Plan and the Target Values of the Performance Indicators for Sustainable Development for 2024 were reviewed by the Fund's Board on January 30, 2025 (Minutes No. 05/2025).</p> <p>By the decision of the Board of Directors dated November 29, 2023 (minutes No. 10/2023), the Fund's Development Strategy for 2024–2033 was approved, which contains a section on sustainable development.</p>			<p>In 2024, reports were submitted to the Sole Shareholder, the Board of Directors and the Management Board of the Fund:</p> <ul style="list-style-type: none">report on compliance with limits on second-tier banks and microfinance organizations;a monthly report on the structure of funds utilization, gap analysis, and the Fund's currency position;a quarterly risk report consisting of 16 appendices, covering credit, financial, operational and strategic risks (provided to the sole shareholder and the Board of Directors on a quarterly basis).The Risk Map, Risk Register, and Key Indicator Dashboard were approved by the Board of Directors for 2024, including the entire list of operational risks and an action plan for managing critical risks.semi-annual monitoring of the financial condition of the Fund's counterparty banks. <p>Within the framework of the above reports, an analysis of the risk portfolio was carried out and proposals for a response strategy and resource allocation were developed, operational control over the risk management process by structural divisions was carried out, and the risk management system and internal control were monitored in accordance with the requirements of the Internal Regulations.</p>
Principle of risk management, internal control and internal audit	Observed	<p>The Fund has risk management and internal control systems in place, which are a set of interrelated components (organizational policies, procedures, methods, mechanisms, standards of conduct and actions, etc.) aimed at providing reasonable assurance in achieving strategic and operational goals.</p> <p>Regulatory framework for risk management and internal control systems is ensured by the presence of a set of internal acts regulating the construction and operation of the risk management process.</p> <p>The register and map of risks that have a critical impact on the Fund's ability to achieve its strategic and operational goals and objectives are updated annually.</p> <p>The internal audit service conducts an assessment of the effectiveness of risk management and internal control systems at established intervals.</p> <p>The Fund is constantly improving its corporate risk management system.</p>	Principle of regulating corporate conflicts and conflicts of interest	Observed	<p>The Fund and the Board of Directors are guided by the Policy for the Resolution of Corporate Conflicts and Conflicts of Interest, approved by the Board of Directors' Resolution No. 60 dated April 15, 2015. Compliance with the norms and provisions of this Policy allows for the avoidance/prevention of corporate conflicts and conflicts of interest.</p> <p>In 2024, no situations related to corporate conflicts were identified.</p> <p>In the Fund, issues related to corporate conflicts and conflicts of interest are regulated within the framework of the Policy for the Resolution of Corporate Conflicts and Conflicts of Interest (hereinafter referred to as the Policy), approved by the decision of the Board of Directors of the Fund dated April 15, 2015.</p> <p>The policy regulates the order and procedures for pre-trial conflict resolution, as well as the actions of the Fund's bodies, officials, and employees within the framework of these processes.</p>

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<table><tr><th>Principles and provisions of the Corporate Governance Code</th><th>Complied with/partially complied with/</th><th>Measures taken to implement the principles and provisions of the Corporate Governance Code</th><th>Principles and provisions of the Corporate Governance Code</th><th>Complied with/partially complied with/</th><th>Measures taken to implement the principles and provisions of the Corporate Governance Code</th></tr><tr><td></td><td></td><td><p>In 2019, a number of amendments and additions were made to the Policy at the initiative of the Compliance Controller in connection with:</p><ul style="list-style-type: none">expansion of the circle of persons to whom the requirements of the Policy apply;redistribution of functional responsibilities between the Legal Department and the Compliance Controller;application of new measures to minimize the risk of conflict of interest.<p>At the same time, in accordance with the requirements of the Law of the Republic of Kazakhstan "On Combating Corruption", as well as amendments to the Charter of the Fund in 2022, the position of compliance controller was abolished, and the Anti-Corruption Compliance Service was created, the main task of which is to ensure compliance by the Fund and its employees with the legislation of the Republic of Kazakhstan on combating corruption.</p><p>During 2024, the Fund did not record any cases of corporate conflicts or conflicts of interest.</p><p>By the decision of the Board of Directors of the Fund dated July 14, 2022 (minutes No. 07/2022), Dina Viktorovna Akrachkova, Head of the Office of the Chairman of the Board of JSC National Managing Holding Baiterek, was appointed Ombudsman for a term of office of 2 (two) years.</p><p>By decision of the Board of Directors dated May 31, 2024, minutes No. 03/2024:</p><p>(a) the report on the work of the Ombudsman for 2023 was approved, according to which in the reporting period there were no appeals from employees or officials of the Fund to the Ombudsman, there were no violations of the provisions of the Code of Business Ethics, there were no legal proceedings on labor disputes between the employer represented by the management of the Fund and employees,</p><p>(b) the term of office of Ombudsman D.V. Akrachkova, Head of the Office of the Chairman of the Management Board of Baiterek National Managing Holding JSC - 2 (two) years from July 14, 2024.</p><p>The Fund's Code of Business Ethics, approved by the Board of Directors on July 25, 2011, Protocol No. 28, contains principles for preventing conflicts of interest, methods for identifying and resolving them both at the level of the Fund's management and the Board of Directors, if such a conflict falls within its competence, with the involvement of the Ombudsman and/or corporate secretary, etc.</p><p>From June 10 to 13, 2024, the Fund's employees were tested on their knowledge and understanding of the Code of Business Ethics of JSC "Damu Entrepreneurship Development Fund." A total of 456 full-time and outsourced employees completed the test.</p></td><td><p>Principle of transparency and objectivity in disclosing information on the activities of the Fund</p></td><td><p>Observed</p></td><td><p>The Fund discloses information on corporate events, financial statements and audit reports, lists of affiliated persons, as well as other information subject to disclosure on the Internet resources of the Financial Statements Depository (FSD) in accordance with the requirements approved by Resolution No. 189 of the Board of the National Bank of the Republic of Kazakhstan dated August 27, 2018 and the listing rules of Kazakhstan Stock Exchange JSC.</p><p>Timely disclosure of information about the Fund's activities, including its financial position, economic indicators, operating results, and governance structure, is ensured to stakeholders. In accordance with best disclosure practices, the Fund prepares an Annual Activity Report annually. In 2024, the Fund's Annual Activity Report for 2023 was released.</p><p>In order to ensure systematic disclosure of information, the Fund has the following internal documents:</p><ul style="list-style-type: none">The regulations for posting information on the Internet resource of the financial reporting depository, approved by the decision of the Fund's Board of Directors dated May 31, 2019 (minutes No. 77/2019).Regulations on the interaction of structural divisions within the framework of the preparation and disclosure of information in the annual report of the Fund, approved by the decision of the Board of the Fund dated April 6, 2018 (minutes No. 35/2018).Rules for concluding major transactions and transactions in which the Fund has an interest, approved by the decision of the Fund's Board of Directors dated December 15, 2017 (minutes No. 99/2017).The regulations for periodic reporting to be submitted to stock exchanges within the framework of the issue of securities of JSC "Damu Entrepreneurship Development Fund", approved by the decision of the Fund's Board dated December 20, 2022 (minutes No. 109/2022).<p>The Fund adheres to and is guided by the Information Security Policy. This policy defines the fundamental principles, guidelines, and requirements for information security, serves as the basis for ensuring information security, and serves as a guide in the development of relevant regulations, rules, and instructions.</p><p>Furthermore, information disclosure matters are regulated by the Information Disclosure Regulations, approved by the Management Board's decision dated May 19, 2020 (Minutes No. 40/2020). The Regulations define the rules and approaches to information disclosure; a list of publicly available documents, information (materials) subject to disclosure; a list of documents, information (materials) subject to disclosure to the Sole Shareholder; methods and timing of information (materials) disclosure, etc.</p></td></tr></table>										Principles and provisions of the Corporate Governance Code	Complied with/partially complied with/	Measures taken to implement the principles and provisions of the Corporate Governance Code	Principles and provisions of the Corporate Governance Code	Complied with/partially complied with/	Measures taken to implement the principles and provisions of the Corporate Governance Code			<p>In 2019, a number of amendments and additions were made to the Policy at the initiative of the Compliance Controller in connection with:</p> <ul style="list-style-type: none">expansion of the circle of persons to whom the requirements of the Policy apply;redistribution of functional responsibilities between the Legal Department and the Compliance Controller;application of new measures to minimize the risk of conflict of interest. <p>At the same time, in accordance with the requirements of the Law of the Republic of Kazakhstan "On Combating Corruption", as well as amendments to the Charter of the Fund in 2022, the position of compliance controller was abolished, and the Anti-Corruption Compliance Service was created, the main task of which is to ensure compliance by the Fund and its employees with the legislation of the Republic of Kazakhstan on combating corruption.</p> <p>During 2024, the Fund did not record any cases of corporate conflicts or conflicts of interest.</p> <p>By the decision of the Board of Directors of the Fund dated July 14, 2022 (minutes No. 07/2022), Dina Viktorovna Akrachkova, Head of the Office of the Chairman of the Board of JSC National Managing Holding Baiterek, was appointed Ombudsman for a term of office of 2 (two) years.</p> <p>By decision of the Board of Directors dated May 31, 2024, minutes No. 03/2024:</p> <p>(a) the report on the work of the Ombudsman for 2023 was approved, according to which in the reporting period there were no appeals from employees or officials of the Fund to the Ombudsman, there were no violations of the provisions of the Code of Business Ethics, there were no legal proceedings on labor disputes between the employer represented by the management of the Fund and employees,</p> <p>(b) the term of office of Ombudsman D.V. 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Akrachkova, Head of the Office of the Chairman of the Management Board of Baiterek National Managing Holding JSC - 2 (two) years from July 14, 2024.</p> <p>The Fund's Code of Business Ethics, approved by the Board of Directors on July 25, 2011, Protocol No. 28, contains principles for preventing conflicts of interest, methods for identifying and resolving them both at the level of the Fund's management and the Board of Directors, if such a conflict falls within its competence, with the involvement of the Ombudsman and/or corporate secretary, etc.</p> <p>From June 10 to 13, 2024, the Fund's employees were tested on their knowledge and understanding of the Code of Business Ethics of JSC "Damu Entrepreneurship Development Fund." A total of 456 full-time and outsourced employees completed the test.</p>	<p>Principle of transparency and objectivity in disclosing information on the activities of the Fund</p>	<p>Observed</p>	<p>The Fund discloses information on corporate events, financial statements and audit reports, lists of affiliated persons, as well as other information subject to disclosure on the Internet resources of the Financial Statements Depository (FSD) in accordance with the requirements approved by Resolution No. 189 of the Board of the National Bank of the Republic of Kazakhstan dated August 27, 2018 and the listing rules of Kazakhstan Stock Exchange JSC.</p> <p>Timely disclosure of information about the Fund's activities, including its financial position, economic indicators, operating results, and governance structure, is ensured to stakeholders. In accordance with best disclosure practices, the Fund prepares an Annual Activity Report annually. In 2024, the Fund's Annual Activity Report for 2023 was released.</p> <p>In order to ensure systematic disclosure of information, the Fund has the following internal documents:</p> <ul style="list-style-type: none">The regulations for posting information on the Internet resource of the financial reporting depository, approved by the decision of the Fund's Board of Directors dated May 31, 2019 (minutes No. 77/2019).Regulations on the interaction of structural divisions within the framework of the preparation and disclosure of information in the annual report of the Fund, approved by the decision of the Board of the Fund dated April 6, 2018 (minutes No. 35/2018).Rules for concluding major transactions and transactions in which the Fund has an interest, approved by the decision of the Fund's Board of Directors dated December 15, 2017 (minutes No. 99/2017).The regulations for periodic reporting to be submitted to stock exchanges within the framework of the issue of securities of JSC "Damu Entrepreneurship Development Fund", approved by the decision of the Fund's Board dated December 20, 2022 (minutes No. 109/2022). <p>The Fund adheres to and is guided by the Information Security Policy. This policy defines the fundamental principles, guidelines, and requirements for information security, serves as the basis for ensuring information security, and serves as a guide in the development of relevant regulations, rules, and instructions.</p> <p>Furthermore, information disclosure matters are regulated by the Information Disclosure Regulations, approved by the Management Board's decision dated May 19, 2020 (Minutes No. 40/2020). The Regulations define the rules and approaches to information disclosure; a list of publicly available documents, information (materials) subject to disclosure; a list of documents, information (materials) subject to disclosure to the Sole Shareholder; methods and timing of information (materials) disclosure, etc.</p>																



Contract counterparty name	Subject of the contract	Date and number of the decision of the authorized body of the Fund that made the decision to conclude the transaction	Summary, justification and purpose of the conclusion
JSC Agrarian Credit Corporation	Guarantee	According to the decision of the Board of Directors of the Fund dated 04.05.2022 (minutes No. 05/2022).	In 2024, the Fund concluded 165 guarantee agreements within the framework of the decision of the Fund's Board of Directors dated 04.05.2022 (minutes No. 05/2022) "On approval of standard terms of transactions in which JSC "Damu Entrepreneurship Development Fund" has an interest."
JSC Agrarian Credit Corporation	Portfolio Guarantee Agreements	According to the decision of the Board of Directors of the Fund dated 04.05.2022 (minutes No. 05/2022).	In 2024, the Fund concluded 5 portfolio guarantee agreements within the framework of the decision of the Fund's Board of Directors dated May 4, 2022 (minutes No. 05/2022) "On approval of standard terms of transactions in which JSC Damu Entrepreneurship Development Fund has an interest."
JSC Nurbank	Additional agreements to the current Agreement No. 19000332 dated April 28, 2021.	Materials on these transactions will be submitted for approval to the Board of Directors in 2025, after the official update of the list of affiliated persons.	From October 9, 2024 to January 1, 2025, 9 additional agreements were concluded to the current Agreement No. 19000332 dated April 28, 2021.
LLP "Subsidiary Organization of JSC "Nurbank" Leasing Company "NurLeasing"	Pledge Agreement No. 467 of property rights (claims) under financial leasing agreements dated December 27, 2024.	Materials on these transactions will be submitted for approval to the Board of Directors in 2025, after the official update of the list of affiliated persons.	Under the current Agreement on the provision of a credit line for financing leasing transactions of micro, small and medium-sized private enterprises No. 348 dated March 13, 2024, for the next future disbursement of funds (in fact, the Loan Agreement has not been concluded due to the identified interest of the parties).
LLP "Subsidiary Organization of JSC "Nurbank" Leasing Company "NurLeasing"	Supplementary Agreement No. 1 dated December 2, 2024 to Loan Agreement No. 2 to the Agreement on the provision of a credit line for financing leasing transactions of micro, small and medium-sized private enterprises No. 348 dated March 13, 2024.	Materials on these transactions will be submitted for approval to the Board of Directors in 2025, after the official update of the list of affiliated persons.	Partial early repayment from 14.11.2024 in the amount of 3,520,000.00 tenge. Remaining principal before NDP 155,182,500.00 tenge; Remaining principal after NDP 151,662,500.00 tenge.

Annex No.4

Extracts from annual financial statements

The financial statements of Damu Fund have been prepared in accordance with International Financial Reporting Standards («IFRS») based on historical cost accounting principles, adjusted for initial recognition of financial instruments at fair value and revaluation of financial instruments at fair value through profit or loss and at fair value through other comprehensive income.

The accounting principles used in preparing the financial statements are presented in the Audited Financial Statements for 2023 posted on the Fund's website.

Financial status statement

(in thousands of Kazakhstani tenge)	December 31, 2024	December 31, 2023
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Assets

Cash and cash equivalents	124,564,933	124,974,982
Funds in financial institutions	293,768,064	284,039,085
Receivables from subsidy programmes	55,643	136,338
Loans and advances to clients	668,723	1,214,754
Investments in debt securities	7,503,801	5,692,121
Prepayment of current tax obligations	4,591,763	2,075,575
Other assets	464,724	1,075,511
Deferred tax asset	2,439,458	582,713
Fixed assets	2,495,709	2,051,605
Intangible assets	229,715	264,471
Non-current assets held for sale	131,295	28,347
Total assets	436,913,828	422,135,502

Commitments

Borrowed funds	154,845,019	148,272,206
Issued debt securities	1,035,039	1,035,039
Obligations under subsidy programs	10,970,035	2,972,435
Income of future periods and reserves for credit-related liabilities	69,844,640	68,393,748
Others obligations	1,724,479	889,865
Total liabilities	238,419,212	221,563,293



(in thousands of Kazakhstani tenge)

Capital

	December 31, 2024	December 31, 2023
Share capital	102,920,273	102,920,273
Additional paid-in capital	8,648,785	10,735,627
Revaluation reserve for investment securities measured at fair value through other comprehensive income	(254,287)	(363,647)
Other reserves	316,430	316,430
Retained earnings	86,863,415	86,963,526
Total capital	198,494,616	200,572,209
Total liabilities and capital	436,913,828	422,135,502

Statement of profit or loss in other comprehensive income

(in thousands of Kazakhstani tenge)	2024	2023
Interest income,calculated using the effective interest rate method	35,665,418	38,698,263
Other similar income	6,934	6,887
Interest expenses	(7,639,129)	(8,088,073)
Net interest margin and similar income	28,033,223	30,617,077
Allowance for credit losses	2,058,641	8,331,208
Net interest margin and similar income after provision for credit losses	30,091,864	38,948,285
Net commission income	31,607,244	29,756,451
Gains less expenses from derecognition of financial assets measured at amortized cost	494,355	1,471,514
Net loss arising on initial recognition of financial instruments at rates below market	(14,556,698)	(19,553,280)
Expenses less income from debt securities at fair value through profit or loss	4,972	(968)
Expenses less income on foreign currency transactions	(44)	(12,083)
Expenses minus income from revaluation of foreign currency	473,694	(37,301)
Deductions to the reserve for impairment of other assets	(8,833)	(78,447)
Restoration of reserves/ (deductions to the reserve) for credit obligations	(6,028,016)	4,028,476
Other operating income	94,225	911,690
Expenses for the implementation of the Fund's programs	(2,252,049)	(1,778,577)
General and administrative expenses	(7,155,733)	(6,344,313)
Profit before tax	32,764,981	47,311,447
Income tax expenses	(5,850,680)	(8,719,430)
Profit for the year	26,914,301	38,592,017

(in thousands of Kazakhstani tenge)

Other comprehensive income:

	2024	2023
Items that may subsequently be reclassified to profit or loss:	109,360	407,706
Investments in debt securities measured at fair value through other comprehensive income:		
Other comprehensive income/(loss) for the year	109,360	407,706
Total comprehensive income for the year	27,023,661	38,999,723

Statement of changes in equity

(in thousands of Kazakhstani tenge)	Share capital	Additional paid-in capital	Revaluation reserve for securities measured at fair value through other comprehensive income	Other reserves	Retained earnings	Total
Balance as of January 1, 2023	102,920,273	10,735,627	(771,353)	316,430	61,787,891	174,988,868
Profit for the year	-	-	-	-	38,592,017	38,592,017
Other comprehensive loss	-	-	407,706	-	-	407,706
Total comprehensive income for the year	-	-	407,706	-	38,592,017	38,999,723
Dividends declared	-	-	-	-	(13,416,382)	(13,416,382)
Balance as of December 31, 2023	102,920,273	10,735,627	(363,647)	316,430	86,963,526	200,572,209
Profit for the year	-	-	-	-	26,914,301	26,914,301
Deposit discount	-	(2,086,842)	-	-	-	(2,086,842)
Other comprehensive income	-	-	109,360	-	-	109,360
Total comprehensive income for the year	-	(2,086,842)	109,360	-	26,914,301	24,936,819
Dividends declared	-	-	-	-	(27,014,412)	(27,014,412)
Balance as of December 31, 2024	102,920,273	8,648,785	(254,287)	316,430	86,963,526	198,494,616

Cash flow statement

(in thousands of Kazakhstani tenge)

Cash from operating activities:

	2024	2023
Interest receivedInterest paid	26,977,625	30,054,995
Commissions received	(451,082)	(1,701,519)
Commissions paid	34,840,391	29,653,979
Income from other operating activities	(74,927)	(133,922)
Labor costs paid	67,512	162,428
General and administrative expenses paid	(4,197,496)	(3,623,789)
Paid income tax	(5,025,698)	(3,891,731)
	(7,004,316)	(11,146,497)
Cash provided by operating activities before changes in operating assets and liabilities	45,132,009	39,373,944
Net (increase)/decrease in:		
• funds in financial institutions	(24,730,083)	(46,196,182)
• loans and advances to clients	2,419,327	192,643
• other financial assets	(14,120,279)	(9,268,556)
• other assets	532,170	5,258,473
Net increase/(decrease) in:		
• other financial obligations (obligations under subsidy programs)	14,732,691	7,339,796
• other obligations	146,604	(139,496)
Net cash (used in) / received from operating activities	24,112,439	(3,439,378)

Cash from investing activities

Purchase of investment securities	(3,075,000)	(23,323,389)
Proceeds from the sale and redemption of investment securities	6,763,816	9,697,517
Acquisition of fixed assets	(245,556)	(53,121)
Acquisition of intangible assets	(66,407)	(31,298)
Proceeds from the sale of assets for sale	2,480	19,136
Net cash received from investing activities	3,379,333	(13,691,155)

Cash from financing activities

Obtaining borrowed funds	4,590,000	4,350,000
Repayment of borrowed funds	(5,206,741)	(30,430,863)
Redemption of issued debt securities	-	(200,000)
Repayment of long-term lease	(281,099)	(226,352)
Dividends paid	(27,014,412)	(13,416,382)
Net cash used in financing activities	(27,912,252)	(39,923,597)

(in thousands of Kazakhstani tenge)

Net cash used in financing activities	(27,912,252)	(39,923,597)
Impact of exchange rate changes on cash and cash equivalents	(834)	(256)
Impact of changes in the allowance for impairment on cash and cash equivalents	11,265	(7,977)
(Net decrease)/net increase in cash and cash equivalents	(410,049)	(57,062,363)
Cash and cash equivalents at the beginning of the period	124,974,982	182,037,345
Cash and cash equivalents at the end of the period	124,564,933	124,974,982

Related party transactions

Parties are considered related if they are under common control, or one of them has the ability to control the other, or can exercise significant influence over the other party in making financial and operating decisions. When considering relationships with all related parties, the economic content of such relationships is taken into account, and not just their legal form.

The balances as of December 31, 2024 for transactions with related parties are as follows:

(in thousands of Kazakhstani tenge)	Sole Shareholder	Companies under common control	Other related parties
Cash and cash equivalents (target interest rate: 0%)	-	2,583,762	72,484,192
Funds from banks (target interest rate: 2-10%)	-	-	10,670,020
Accounts receivable from subsidy programs (target interest rate: 0%)	-	-	-
Investment debt securities measured at fair value through other comprehensive income (target interest rate: 2-8%)	-	-	7,424,916
Investment debt securities measured at amortized cost (target interest rate: 9%)	-	-	-
Investment debt securities measured at fair value through profit or loss (target interest rate: 5.5%-7.68%)	-	-	78,885
Prepayment of current income tax liabilities (target interest rate: 15%)	-	-	4,591,763
Deferred tax asset (target interest rate: 20%)	-	-	2,439,458
Other financial assets (target interest rate: 0%)	-	-	179
Other assets (target interest rate: 0%)	-	-	146,896
Borrowed funds (target interest rate: 0.1% – 0.15%)	116,226,770	-	38,618,319
Obligations under subsidy programs (target interest rate: 0%)	-	-	64,999
Other financial liabilities (target interest rate: 0%)	-	137,050	-
Other liabilities (target interest rate: 0%)	-	-	202,560

ADDRESSES AND CONTACTS

Head office:

A05C9Y3, Republic of Kazakhstan, Almaty, Gogol st., 111

+7 (727) 244 55 77

Call-center 1408 (calls in Kazakhstan are free)

info@fund.kz

www.damu.kz

Shymkent

address: X08X2D1, Shymkent, Kunaev Boulevard, 95/1
tel.: +7 (7252) 99-70-49
e-mail: Zhazira.Bekbayeva@fund.kz

Akmola region

address: C00G9B9, Kokshetau, Akana Seri st., 46/1
tel.: +7 (7162) 55-11-16, 55-11-14
e-mail: akmola@fund.kz

Almaty region

address: B10A0A7, Konaev, 1 microdistrict. 14B., 1st floor
tel.: +7 (7272) 445566, ext. 3242
e-mail: info@fund.kz

Karaganda region

address: M01M7M3, Karaganda, Ermekov st., 29
tel.: +7 (7212) 55-90-20
e-mail: info@fund.kz

Branch network:

Astana

address: Z05T2H3, Astana, Yesil district, Mangilik El st., 55 “A”, BC “Baiterek”
tel.: 8(7172) 55-91-99, 55-92-14
e-mail: astana@fund.kz

Almaty

address: A05K7A5, Almaty, Nauryzbay Batyr st. 8, “Koba” BC, 1st floo
tel.: +7 (727) 244-55-77 (ext. 3100)
e-mail: info@fund.kz

Aktobe region

address: D00K9D9, Aktobe, A. Moldagulova Ave., building 30
tel.: 8 (7132)70-38-08, 70-38-10
e-mail: aktobe@fund.kz

North Kazakhstan region

address: TO1E6A4, Petropavlovsk, Zhambyl st., 191
tel.: +7 (7152) 55-98-10 (16)
e-mail: sko@fund.kz

Atyrau region

address: E01X8K9, Atyrau, Azattyk Ave., 17
tel.: +7 (7122) 55-80-91
e-mail: info@fund.kz

East Kazakhstan region

address: F00M3F5, Ust-Kamenogorsk, Pobeda Ave., 6
tel.: +7 (7232) 56-05-93
e-mail: damu-vko@mail.ru

Zhambyl region

address: H01X4X8, Taraz, Zheltoksan st., 94
tel.: 8 (7262) 99-94-70
e-mail: taraz@fund.kz

West Kazakhstan region

address: L02K7D7, Uralsk, Temir Masin st., building 67/2
tel.: +7 (7112) 55-48-06
e-mail: zko@fund.kz

Kyzylorda region

address: N02B7B1, Kyzylorda, Ivan Zhurba st., 12
tel.: 1408
e-mail: info@fund.kz

Kostanay region

address: P00F8C6, Kostanay, AI-Farabi Ave., 65
tel: +7 (7142) 99-03-05
e-mail: info@fund.kz

Mangistau region

address: R00A7D3, Aktau, 13 microdistrict, building 55
tel.: +7 (7292) 70-10-51
e-mail: info@fund.kz

Pavlodar region

address: S03G9X0, Pavlodar, Bukar zhyrau st., 109
tel.: +7 (7182) 70-38-02
e-mail: info@fund.kz

Turkistan region

address: X43D7G7, Turkistan, microdistrict. Zhana Kala, st. 28, building 5
tel.: +7 (7253) 35-99-90
e-mail: info@fund.kz

Abay region

address: F16T7G3, Semey, Kayum Mukhamedkhanov st. 23a, office 101, BC “Orleu”
tel.: +7 (7222) 60-00-50
e-mail: info@fund.kz

Zhetisu region

address: B01G6D5, Taldykorgan, Tolebaev st., 86, Birzhan sal st.
tel.: +7 (7282) 55-87-10
e-mail: info@fund.kz

Ulytau region

address: M13F6C8, Zhezkazgan, Mir Avenue, 43/1
tel.: 1408
e-mail: info@fund.kz