



YEARS

2021 ANNUAL REPORT

OF DAMU ENTREPRENEURSHIP
DEVELOPMENT FUND JOINT STOCK COMPANY



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

Zhamaubayev E.K.



Ladies and gentlemen!

This year, Damu Entrepreneurship Development Fund JSC celebrates its 25th anniversary.

Over the years, a reliable foundation has been laid for development of domestic entrepreneurship, to which Damu Fund has made a significant contribution, becoming a reliable partner for small and medium-sized businesses.

As a result of daily work, along with comprehensive measures of government support, this sector has significantly improved its performance. Thus, for the past 10 years, gross value added of small and medium-sized enterprises in GDP has risen from 20.6% to 33.3%. Output of SMEs doubled, and number of operating business entities reached 1.4 million. Employment in this sector totaled 3.4 million people, which is more than half of the economically active population. In terms of this indicator, we have approached the level of OECD countries.

However, despite significant achievements, we have a long and painstaking work ahead. Against the background of a declining trade and economic activity worldwide, sanction confrontations and market volatility, the government has run into new challenges, and at the same time, new incentives and opportunities for development of domestic entrepreneurship.

Solution of these problems forms a basis of the new economic policy of Kazakhstan, effective implementation of which is possible only with active participation of small and medium-sized businesses.

On March 16, 2022, President of Kazakhstan Kassym-Jomart Tokayev announced 'New Kazakhstan' concept. It covers all spheres of life of the society and is intended for qualitative modernization of the economy through increased fair competition, protection of private property, diversification and demonopolization of the economy. All these measures will significantly

enhance the system for protection of interests and rights of business, and create broad economic opportunities for domestic entrepreneurs.

Even today, there is a wide variety of tools for government support of small and medium-sized businesses – these are tax incentives, affordable loans, provision of ready-made infrastructure, support for exporters, and much more.

Thus, only under the programs implemented by Damu Fund in 2021, the government provided support with a subsidizing instrument to more than 32 thousand projects of entrepreneurs, and under a guarantee instrument to more than 17 thousand projects of entrepreneurs.

In 2022, implementation of SME support tools will continue within 2021-2025 National Entrepreneurship Development Project. In this regard, a new entrepreneurship development agenda will be based on creation of a modern entrepreneurial ecosystem. Damu Fund will play an active role there

through implementation of comprehensive and effective support tools.

In conclusion, I would like to point out that a targeted and consistent policy to support micro, small and medium-sized businesses will be one of the main priorities of the state, since it is the SME sector that should become a key driver of further economic growth.

Zhamaubayev E.K.
Deputy Prime Minister/
Minister of Finance of the
Republic of Kazakhstan
Chairman of the Board of
Directors Damu Entrepreneurship
Development Fund JSC

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

Buribayeva G.A.



Ladies and gentlemen!

Issues of entrepreneurship development in Kazakhstan have a special status. Major role in supporting this area is played by comprehensive measures implemented by the state. Damu Fund, being a main operator of state financial support measures, implements both government and its own financing programs. Today, programs of the Fund cover all regions of the country. Main support tools of Damu Fund are subsidizing the interest rate, guaranteeing loans, preferential lending through banks, microfinance organizations and leasing companies, as well as consulting support and customer support.

Since its launch, projects of Damu Fund that have received government support have achieved a significant socio-economic effect. In particular, products worth 47.6 trillion KZT have been produced. Enterprises that received government support paid taxes for 4.0 trillion KZT. Moreover, 797 thousand jobs have been saved, including 217 thousand newly created jobs. For the entire period of program implementation, Damu Fund has provided support to over 156 thousand projects of entrepreneurs for a total amount of 9.2 trillion KZT. Compared to 2020, support provided via all instruments surged by 74% to 57.4 thousand projects in 2021. Amount of financial support increased to 2.2 trillion KZT.

Damu Fund constantly expands and improves its functions in order to create favorable conditions to support entrepreneurs of the country. Thus, initiatives planned last year were completely implemented and introduced. In 2021, Damu Fund successfully adopted a guarantee functionality from Agricultural Financial Support Fund (AFSF). Entrepreneurs from rural areas and small towns with

low-liquid collateral continued to have access to credit funds. At the end of 2021, demand for government support measures from entrepreneurs significantly increased, including through implementation of portfolio guarantees and subsidizing loans by the Fund.

Given a growing flow of applications for loan guarantees, one of strategic objectives of the Fund is digitalization or digital transformation, that is, restructuring and improvement of the Fund through development of new and transfer of existing business support services to a digital format in order to further improve business processes that would not be possible without use of new generation technologies and approaches. In this regard, in 2021, Damu Fund implemented a possibility to sign guarantee agreements completely in electronic format between three parties: an entrepreneur, a bank and Damu Fund. Now, in order to sign guarantee agreements, clients no longer need to come to an office of a bank or Damu Fund. This technical innovation has become a next step in automation of business processes. For convenience of entrepreneurs, for the past five years, Damu Fund has achieved high levels of digitization and automation of business processes both through its own platform Online.Damu.kz and through an alternative one – egov.kz.

In September 2021, Damu Fund made a debut issue of social bonds focused on the principles of sustainable development. Securities were placed on the floor of Kazakhstan Stock Exchange JSC (KASE) and bought out by local institutional investors. The new tool was released as part of joint initiatives to promote principles of environmental social governance (ESG) in financing the economy. This made it possible to direct funds from placement of bonds to second-tier banks, microfinance

organizations for further lending to small and medium-sized businesses in Kazakhstan.

Along with that, Damu Fund has been paying more and more attention to ESG environmental, social and corporate governance practices in recent years. Policies of the Fund have been developed taking into account requirements of the UN Global Compact and have been gradually implemented since 2013. Thus, in 2020, Damu Fund pioneered an issue of green bonds on the market of Kazakhstan.

Within its corporate governance, in order to achieve targeted financial performance, Damu Fund works to introduce unified approaches to planning and budgeting, create a management reporting system, and establish key performance indicators. This has borne fruit. For example, in 2021, S&P Global Ratings raised and equated the rating of Damu Fund to sovereign, which confirms high financial stability and systemic importance of the organization in the field of socio-economic development of the state and, in particular, development of the SME sector.

In 2022, Damu Fund will traditionally continue to work to support and develop entrepreneurs of the country as well as to improve its own efficiency, transparency and accountability.

Main task of Damu Fund, first of all, is to promote sustainable qualitative development of SMEs in Kazakhstan through implementation of comprehensive and effective support tools. In this regard, the Fund plans to continue its activities in this area. In particular, Damu Fund will seek to increase support for priority sectors of the economy, as well as enterprises in mono / small towns and rural areas, domestic producers in the manufacturing sectors of the economy

that bring high added value, to increase competitiveness of the country's economy.

Additionally, Damu Fund intends to actively participate in development of stock market instruments in Kazakhstan by providing a guarantee instrument for issued corporate bonds of SMEs. This mechanism is being developed jointly with the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market (ARDFM), Kazakhstan Stock Exchange KASE and Astana International Financial Center (AIFC). Main goal of this event is to create an alternative channel for SME financing at the expense of private and institutional investors on the KASE and AIFC platforms, using a guarantee instrument.

Moreover, in order to make sustainable development system more efficient, the Fund intends to carry out preparatory work in 2022 for an independent evaluation and obtaining an ESG rating from the international rating agency.

Buribayeva G.A.

Chairman of the Management Board
Damu Entrepreneurship Development
Fund JSC

2021 KEY EVENTS

31.03

On March 31, 2021, the Fund, with support of the UN Development Program in Kazakhstan, launched a program of conditional placement of funds in STBs/MFOs for subsequent financing of SME transactions under the UNDP-GEF project 'Reducing the Risks of Investing in Renewable Energy Sources'.

MARCH

In March 2021, a joint program was completed with the European Bank for Reconstruction and Development (hereinafter – the 'EBRD') implemented under a guarantee of the Fund for subsequent provision of STBs/MFOs with loans to SMEs, including funds allocated to finance entrepreneurial projects of women. Under the program, EBRD funds were raised for a total amount equivalent to about 70,968 million KZT, under which 15,205 SMEs were financed for the entire period from the start of the joint program in the amount of 127,758 million KZT.

08.09

On September 8, 2021, S&P upgraded its long-term and short-term credit ratings of Damu Fund for liabilities in foreign and national currencies to the sovereign level (BBB-/A-3). Along with that, rating of the Fund on the national scale was upgraded to 'kzAAA'. On August 11, 2021, Moody's affirmed its long-term rating of Damu Fund in foreign and national currency at Baa3, short-term rating in foreign and national currency at P-3. According to the national scale, Damu Fund has Aa2.kz rating. Forecast of change in the ratings is 'Stable'.

15.09

On September 15, 2021, the Fund made a successful debut placement of 'social' bonds on the floor of the Kazakhstan Stock Exchange. With issue of the 'social' bonds, the Fund raised funds in the amount of 1.0 billion KZT. The funds are co-financed with own resources of the Fund at a ratio of 1:1. A total pool of funds in the amount of 3 billion KZT was placed in November 2021 with Bank RBK JSC. These funds are intended to support SMEs in the most affected sectors of the economy during the COVID-19 pandemic;

SEPTEMBER

In September 2021, the Fund and Turkestan Region Akimat signed an Agreement to place funds of MFO Yrys LLP as part of 'Regional Financing of Small and Medium-Sized Private Enterprises' program to finance entrepreneurs operating in Karavan Saray tourist complex and ECO BAZAR in the amount of 1 billion KZT (funds of Turkestan Region Akimat in the amount of 330 million KZT are co-financed with 670 million KZT of own funds provided by the Fund). These efforts pursue launch of joint territorial program 'Yassy Business' which provides for development of tourism in the region.

AGRO

Within implementation of the Roadmap under paragraph 52 of the National Action Plan for implementation of the Message of the Head of State 'Kazakhstan in a New Reality: Time for Action' dated September 1, 2020, the Fund successfully adopted functionality to guarantee projects of the agro-industrial complex from the Fund for Financial Support of Agriculture JSC as well as a current portfolio of guarantees for loans to the agro-industrial complex.

ONLINE.DAMU

Within automation of business processes, in 2021, a possibility to sign guarantee agreements in electronic format was implemented. Currently, most of the applications for guarantees are received electronically, both via Online.Damu.kz platform and egov.kz.

BUSINESS ROADMAP-2025

In 2021, as part of improving government support measures, a number of changes and additions were made to the State Business Support and Development Program 'Business Roadmap-2025' and the Lending and Financial Leasing Mechanism for Priority Projects.

ALMATY BUSINESS

In 2021, together with Almaty City Akimat, an updated Almaty Business program was launched with a total pool of funds of nearly 8.5 billion KZT, within which, in order to increase availability of loans, industry restrictions were excluded when issuing a loan to SMEs, interest rate for SMEs was cut to 5% p.a. in low activity areas of Almaty, such as Alatau, Zhetysu, Nauryzbai, Turksib Districts.

FORUM

International Online Forum 'Opportunities for cooperation between member states of the Conference on Interaction and Confidence Building Measures in Asia (CICA) within Kazakhstan's chairmanship in the CICA in the Field of Digitalization of the Economy' was arranged (September 9, 2021). The forum was attended by heads of state structures, line experts and specialists from 14 CICA member states, including Azerbaijan, Bangladesh, China, Egypt, India, Iran, Iraq, Jordan, Kazakhstan, Pakistan, Russian Federation, Thailand, Turkey and Uzbekistan.

EVENTS

The Fund participated in 7 official significant events, such as B2B Meeting & Tech Seminar, XVII Bond Congress of the CIS and Baltic countries, Business Council Kazakhstan-Spain, Economic Forum Poland-Kazakhstan, 26th session of the Conference of Parties of the UN Framework Convention on Climate Change, Kazakhstan Trade and Investment Forum at Dubai EXPO-2020, investment round table meeting with representatives of business community of the Swiss Confederation.

27.12

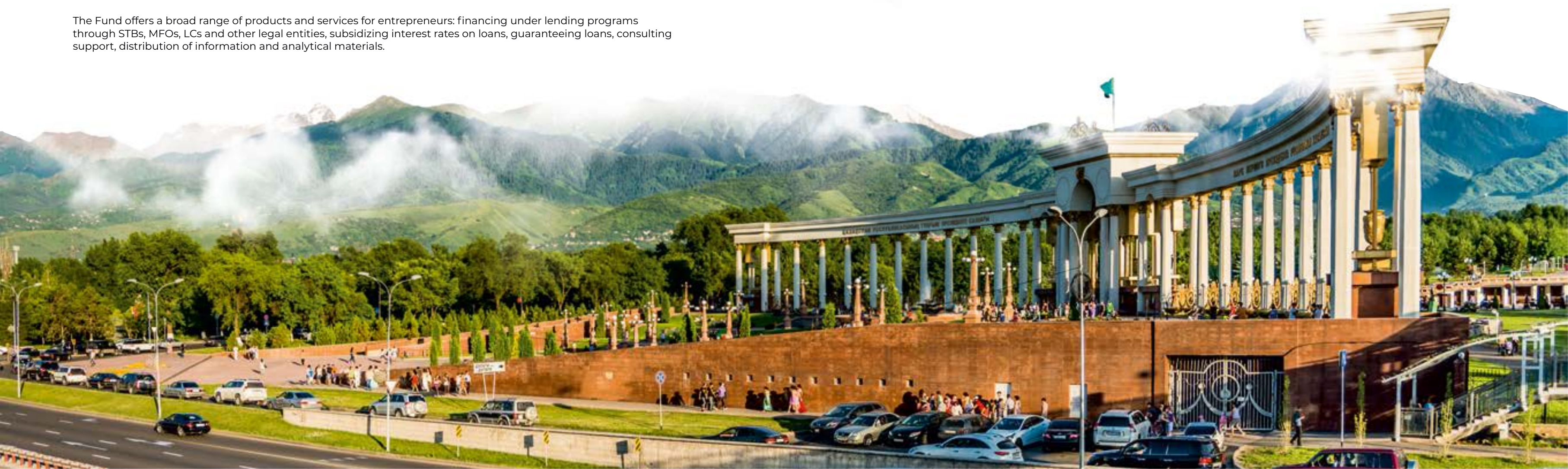
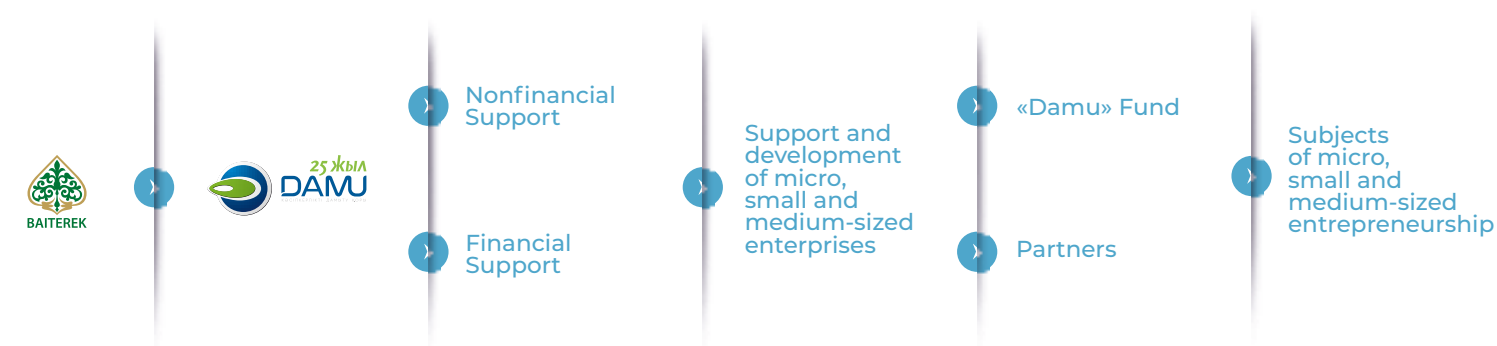
On December 27, 2021, an agreement was signed with the United Nations Development Program in Kazakhstan under the project 'Creation of conditions to attract investors in energy efficiency in Kazakhstan' within the guaranteeing instrument.

ABOUT THE FUND

DAMU ENTREPRENEURSHIP DEVELOPMENT FUND JSC IS A NATIONAL DEVELOPMENT INSTITUTION. IT IS ESTABLISHED TO PROMOTE QUALITATIVE DEVELOPMENT OF PRIVATE ENTREPRENEURSHIP IN THE REPUBLIC OF KAZAKHSTAN BY PROVIDING FINANCIAL SUPPORT.

The Fund offers a broad range of products and services for entrepreneurs: financing under lending programs through STBs, MFOs, LCs and other legal entities, subsidizing interest rates on loans, guaranteeing loans, consulting support, distribution of information and analytical materials.

BUSINESS MODEL OF THE FUND





1.1. HISTORY OF THE FUND

1997 Establishment of the Fund (decree of the Government of the Republic of Kazakhstan dated 26 April 1997 No. 665 'Establishment of Small Entrepreneurship Development Fund')	STARTING FROM 2002 direct lending to small businesses from own funds; 'Program of Lending to Small Enterprises Using Funds of the Republican Budget' and '2004-2006 Small Town Development Program' were implemented	STARTING FROM 2005 provision of support to small enterprises through implementation of programs of project financing and leasing, program for development of the microlending system in Kazakhstan, programs for guaranteeing loans of small enterprises raised from second-tier banks
STARTING FROM 2007 function of an agent for accounting and control of use of funds of state budget under the Program of Measures to Support Local Producers of Goods and also under credit lines of the Asian Development Bank and the European Bank for Reconstruction and Development	STARTING FROM 2007 functions of an operator of conditional placement of funds using raised and own funds	STARTING FROM 2010 the Fund is a financial agency to subsidize interest rates under loans/ leasing transactions of entrepreneurs and to guarantee loans of entrepreneurs to banks/ leasing companies
IN 2013 change of the Sole Shareholder – Baiterek National Management Holding JSC	IN 2016 the Fund was picked as a Financial Agent under 2017–2021 Productive Employment and Mass Entrepreneurship Development Program	IN 2017 2014–2023 Development Strategy of the Fund was updated
IN 2018 the Fund made its first issue of bonds on the floor of Kazakhstan Stock Exchange JSC	IN 2020 the Fund successfully placed its debut 'green' bonds on a stock exchange floor of Astana International Financial Center	IN 2021 the Fund successfully placed its debut 'social' bonds on a stock exchange floor of Astana International Financial Center

¹ Previous name of the Fund: Small Entrepreneurship Development Fund.

1.2. GEOGRAPHY OF ACTIVITIES OF THE FUND

The Fund is represented in all regions of Kazakhstan. Its regional network covers 17 branches in all regional centers and also cities of Nur-Sultan, Almaty and Shymkent and regional center in Semey.



2021:

5 152

PROJECTS

of entrepreneurs are exempted from approval by STBs/MFOs/LCs under programs of the Fund;

15 538

CONSULTING SERVICES

are provided to first-time and existing entrepreneurs.

1.3. DEVELOPMENT STRATEGY OF THE FUND

Mission of the Fund

Mission of the Fund is an active role in sustainable development of micro, small and medium-sized enterprise in Kazakhstan through implementation of complex and effective support instruments

Vision of the Fund

Vision of the Fund by 2023 – national development institute – an initiator and implementer of programs to support and develop micro, small and medium-sized enterprises in Kazakhstan through implementation of complex and effective support instruments.

Development strategy of the Fund is designed to develop sector of micro, small and medium-sized enterprises in Kazakhstan and takes into account experience of successful and efficient implementation of both state and own development programs of micro, small and medium-sized enterprises (hereinafter – the 'MSMEs'). The Fund has mover than 20 years of experiences in support of micro, small and medium-sized enterprises and a number of other strong advantages which are implemented in improvement of efficient implementation of the Strategy for development and achievement of set objectives and tasks.

MAIN STRATEGIC DIRECTIONS OF DEVELOPMENT OF THE FUND

Strategic directions

Support and development of first-time and existing entrepreneurs

Strategic tasks

- Expand lending to micro business, develop and implement instruments for support of MFOs and credit societies
- Increase a capture share of the existing MSMEs by financial programs of the Fund
- Improve economic efficiency of supported MSMEs

Strategic directions

Sustainable institutional development of the Fund

Strategic tasks

- Raise funds from extra financing sources
- Achievement a target level of financial performance
- Automate business processes
- Increase level of corporate governance

Development strategy of Damu Entrepreneurship Development Fund JSC (hereinafter – the 'Development Strategy of the Fund') is approved by decision of the Board of Directors of the Fund dated July 3, 2017.

Full text of the Development Strategy of the Fund is available at: <https://damu.kz/o-fonde/o-nas/strategicheskie-napravleniya/>

ADILI TEXTILE

Adili Textile LLP is a company that has pioneered an innovative production for printing on natural fabrics and accessories with a national Kazakh ornament. While developing its business in trade, the company, as a result of long work, has launched its own finishing production, which enables application of active water-based dyes. It is remarkably that Adil Assel, a founder of the company and Adili brand, closely follows global trends. Thanks to government funding, Adili Textile LLP is ready to offer high-quality printing that will allow any imagination to be realized on fabric.



2. SME ANALYSIS IN KAZAKHSTAN, DEVELOPMENT PROSPECTS

In 2021, Kazakhstan saw an insignificant increase in the number of registered SMEs up by

5.2%

to 1,695 thousand enterprises

Share of SMEs in the total number of market participants of the country remained at previous

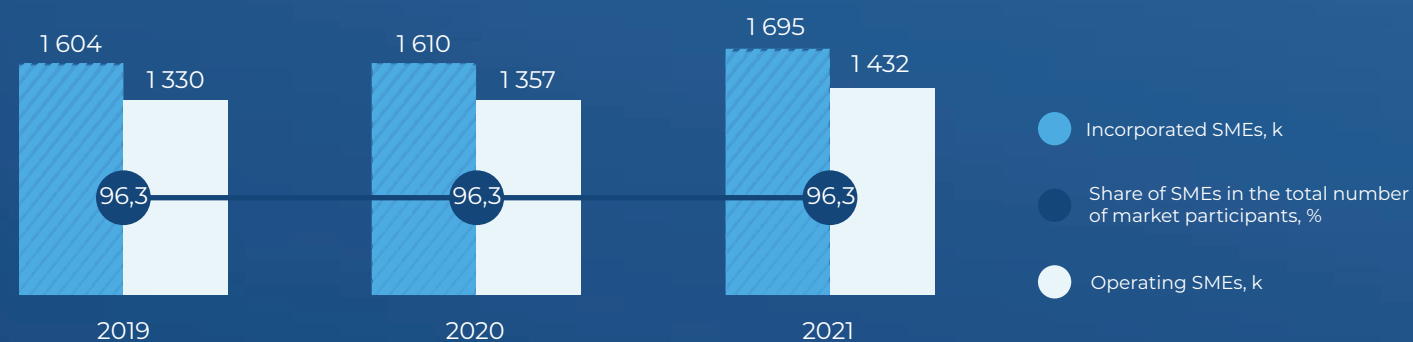
96.3%

Number of operating enterprises rose by

5.5%

It is necessary to point out that in 2016-2020, an average value of growth of number of registered SMEs was evaluated at 1.7%, meanwhile value of growth of existing entrepreneurs was 8.3% in 2018, and 7.1% in 2019. Growth in the number of registered entrepreneurs, outpacing the growth in the number of active ones, is indicative of constraints for SMEs to actively conduct business for already registered entrepreneurs.

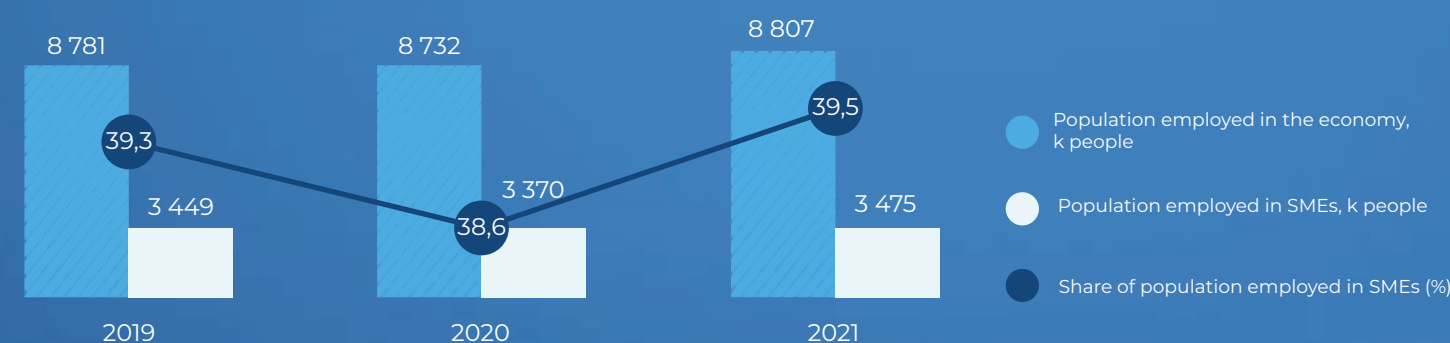
DYNAMICS OF NUMBER OF REGISTERED SMES IN KAZAKHSTAN



Source: National Statistics Bureau of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan (www.stat.gov.kz).

According to data of the National Statistics Bureau of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, in late 2021 employed population totaled 8,807 thousand people. Meanwhile, 3,475 thousand people (39.5% of all the employed) work in SMEs. As compared to the last year, number of those employed with SMEs grew by 3.1%. Along with that, an overall growth of 0.9% of the employed population is reported in Kazakhstan.

DYNAMICS OF SIZE OF EMPLOYED POPULATION IN THE REPUBLIC OF KAZAKHSTAN



Source: National Statistics Bureau of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan (www.stat.gov.kz).

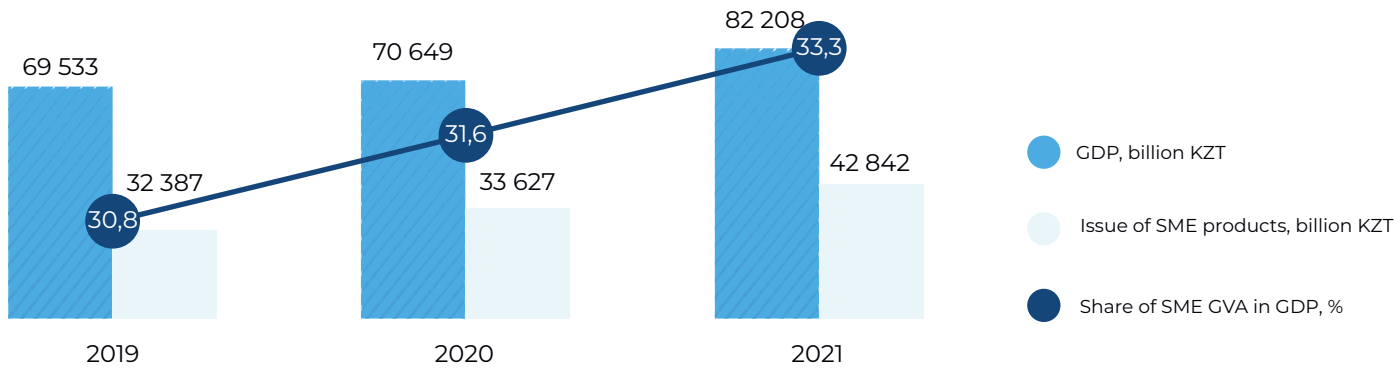
For the past 9 years, GDP of Kazakhstan has demonstrated a growth in real terms (except for 2020 due to a number of introduced restrictions in connection with COVID-19 pandemic).

Thus, 2021 results also demonstrate GDP growth in Kazakhstan of **4.1%** making **82 208 BILLION KZT**

Production of goods accounts for 40.3% of the GDP (including 29.4% at the expense of industrial production), production of services – 53.8%, product taxes – 6.3%.

As the National Statistics Bureau of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan reports, in 2021 SMEs produced goods worth 42,842 billion KZT. This is 18% up year-on-year (in comparable prices). In 2021, small enterprises accounted for 68.7% of the total volume of products produced by SMEs, medium-sized enterprises for 17.9%, and individual enterprises and owner-operated farms for another 13.4%. Share of gross added value of SMEs in GDP according to tentative data based on results of 2021 is evaluated as 33.3%.

GDP DYNAMICS AND ISSUE OF SME PRODUCTS IN THE REPUBLIC OF KAZAKHSTAN



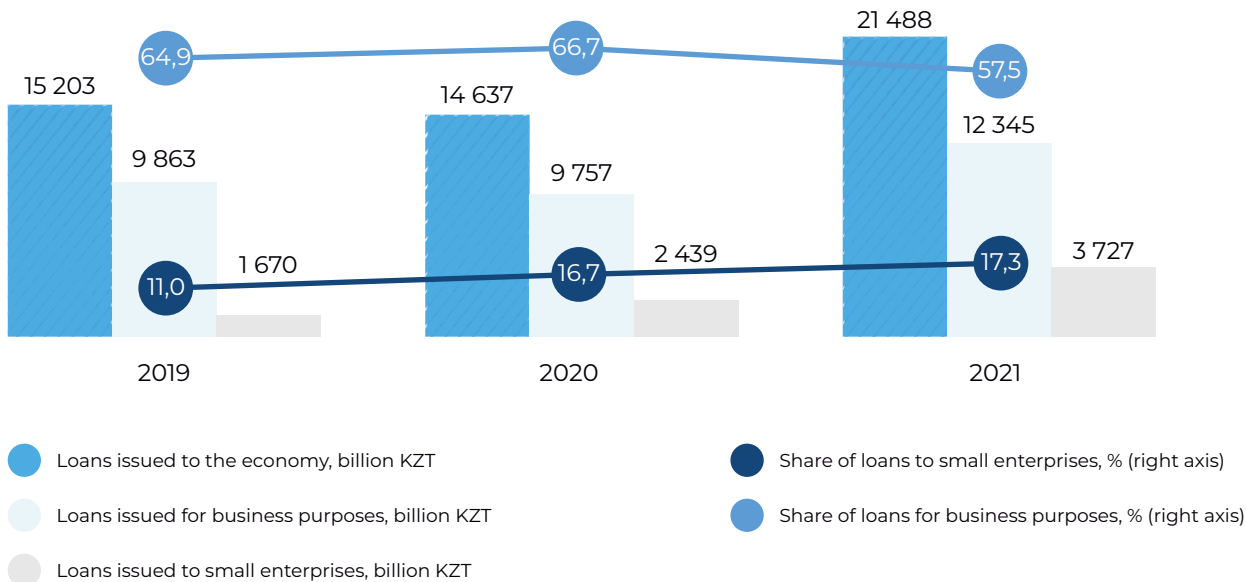
Source: National Statistics Bureau of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan (www.stat.gov.kz).

INDICATORS OF BUSINESS LENDING AND FUND'S SHARE IN LENDING

Overall, volume of bank lending in 2021 demonstrated a 46.8% jump up to 21.5 trillion KZT. The growth is reported in most sectors of the economy and for all lending facilities. This includes loans for business purposes, which in 2021 rose by 26.5% and reached 12.3 trillion KZT. Significant growth is reported in lending to small businesses (a 52.8% surge).

At the same time, the major growth in bank lending took place due to consumer loans to the population, issue of which almost doubled compared to 2020 and makes nearly 7.3 trillion KZT. There is also a high growth in loans issued for construction and purchase of housing (77.8% growth).

ANNUAL VOLUMES OF LENDING TO ECONOMY AND SMALL BUSINESSES



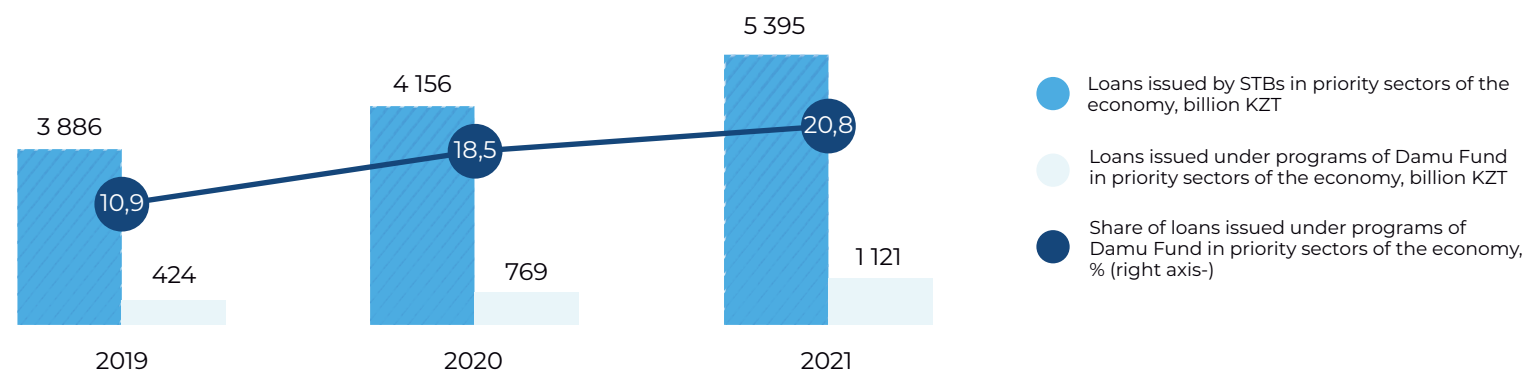
Source: National Bank of the Republic of Kazakhstan (www.nationalbank.kz).

In 2021, the Fund continued to implement programs for conditional placement of funds with STBs, LCs, MFOs, subsidizing of interest rates on loans to entrepreneurs and guaranteeing of loans. In 2021, implementation of subsidizing and guaranteeing instruments by the portfolio method, which was launched in late 2020, was also continued.

Overall, within support programs of the Fund, for the past year, support was provided in loans in the amount of 2,197 billion KZT (including support for the most affected sector of the economy) to private businesses through second-tier banks. In the total amount of bank lending for business purposes, loans issued to participants in programs of the Fund accounted for 17.8%. This indicator demonstrates a high role of the Fund in supporting entrepreneurship in the country.

As for contribution of the Fund with a focus on financing priority sectors of the economy, it is marked with a continued positive growth to 20.8%, which is 2.3 percentage points higher than last year.

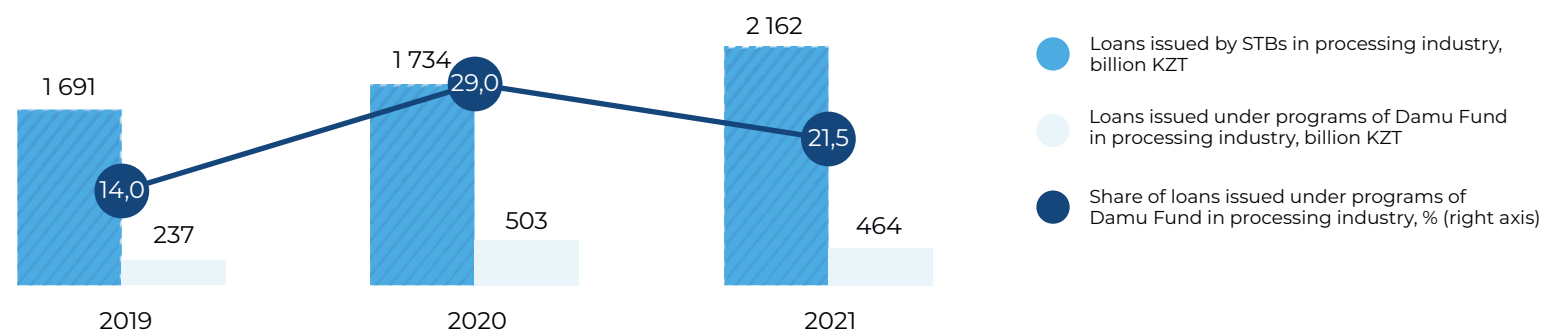
DYNAMICS OF LOANS FOR PROJECTS IN PRIORITY SECTORS OF ECONOMY



Source: National Bank of the Republic of Kazakhstan (www.nationalbank.kz), Fund (www.damu.kz).

Share of Fund's loans in processing industry instead shrank to 21.5%. Along with that, in terms of amount of loans issued by the Fund in processing industry insignificantly diminished. Contraction of the share is attributed to larger support to projects in non-priority sectors.

DYNAMICS OF LOANS FOR PROJECTS IN PROCESSING INDUSTRY



Source: National Bank of the Republic of Kazakhstan (www.nationalbank.kz), Fund (www.damu.kz).

2022 DEVELOPMENT PROSPECTS FOR ECONOMY AND SMES IN KAZAKHSTAN

In 2021, due to large-scale vaccination of the population and reduction of restrictive measures connected with the COVID-19 pandemic, economy of the Republic of Kazakhstan continued its recovery. According to preliminary estimates of the Ministry of National Economy of the Republic of Kazakhstan, economic growth in 2021 made 4%. Growth was reported in the following sectors: information and communications – by 12.9%, trade – by 9.2%, construction – by 7.6%, manufacturing – by 5.5%, electricity – by 4.8%. At the same time, investments in fixed assets in 2021 increased by 3.5%. Foreign trade turnover rose by 11.4% and amounted to \$101.5 billion. Moreover, global economic recovery spurred demand for energy resources and continued a positive trend in oil prices, which also had its influence on growth of the economy.

In 2022, in line with a basic scenario of economic development, according to the Ministry of National Economy of the Republic of Kazakhstan, GDP growth will make 3.9%. Provided that economic activity continues its moderate growth rates and negative consequences of the coronavirus pandemic are leveled off with gradual stabilization of the epidemiological situation.

Along with that, there are risks associated with the geopolitical situation around the Russian Federation and possible consequences for Kazakhstan from sanctions imposed by Western countries.





IN ORDER TO IMPLEMENT ITS MISSION AND VISION THE FUND CARRIES OUT WORK IN TWO KEY STRATEGIC AREAS OF DEVELOPMENT, SUPPORTS AND DEVELOPS FIRST-TIME AND EXISTING ENTREPRENEURS, AND ALSO ENSURES IMPLEMENTATION OF ISSUES OF SUSTAINABLE INSTITUTIONAL DEVELOPMENT.

Within these strategic directions, financing of micro, small and medium-sized businesses through STBs, MFOs and LCs, subsidizing interest rates and guaranteeing loans, raising funds from extra financing sources, automation of business processes, support for projects of entrepreneurs, working out issues of international cooperation, development of information activity.

3. CORE ACTIVITIES

CONDITIONAL PLACEMENT OF FUNDS

In 2021, 7,783 borrowers received financing under programs of conditional placement of funds in STBs, MFOs and LCs for a total amount of loans of about 213.3 billion KZT.

During 2021, the Fund placed funds with STBs/ financial institutions under programs/ products of conditional placement of funds in the amount of 62.3 billion KZT, including 5.2 billion KZT with MFO.

Within this area of activity, an important task is to raise funds, including from non-state sources, for subsequent conditional placement of funds in financial institutions for the purpose of lending to MSMEs.

ATTRACTION AND PLACEMENT OF BUDGETARY FUNDS

3.1. FINANCIAL SUPPORT FOR ENTREPRENEURS

In 2021, within the product 'Regional financing of small private and medium-sized private enterprises' funds were raised from local executive bodies of the Regions of East Kazakhstan, Turkestan and Shymkent City in the amount of

1.13 billion KZT, which were placed with second-tier banks on conditions of co-financing with own resources of the Fund for a total amount of 9.9 billion KZT. In 2021, 361 SMEs were financed under the program in the amount of 25.3 billion KZT, given revolving disbursements on funds previously allocated under this program.

In 2021, implementation of 2017-2021 Yenbek State Program for Development of Productive Employment and Mass Entrepreneurship was carried out with the use of funds raised by the Fund from regional budgets in 2017-2019. In 2021, the program financed 602 MSME entities for a total amount of 8.3 billion KZT, given revolving disbursements on funds previously allocated under this program.

Implementation of programs using funds of the National Fund of the Republic of Kazakhstan (200 billion KZT allocated in 2014-2015) was also continued. In 2021, under these programs, 459 SME projects were financed in the amount of 106.9 billion KZT, given revolving disbursements on funds previously allocated under these programs.

ATTRACTION AND PLACEMENT OF FUNDS FROM INTERNATIONAL FINANCIAL ORGANIZATIONS

In March 2021, the Fund placed with SB Sberbank JSC funds in the amount of 200 million KZT raised through the issue of 'green' bonds on the stock exchange of Astana International Financial Center, to finance MSME projects designed to introduce renewable energy technologies. Successful debut placement of 'green' bonds was carried out on August 11, 2020 with support of the United Nations Development Program in Kazakhstan as part of the project 'Reducing the Risks of Investing in Renewable Energy Sources'.

Also in 2021, a program funded by the EBRD, implemented under the guarantee of the Fund, was completed to subsequently provide STBs/ MFOs with SME loans, including for development of women's entrepreneurship. The program raised funds from the EBRD, in KZT equivalent, for a total amount of almost 71 billion KZT, within which 15,205 SMEs received financing for the entire period from the start of the joint program in the amount of 127.8 billion KZT.

WITHIN IMPLEMENTATION OF THE DEVELOPMENT STRATEGY OF THE FUND, THE FOLLOWING ACTIVITIES WERE CARRIED OUT IN 2021:

1) On September 15, 2021, the Fund made a debut issue of 'social' bonds on the KASE in the amount of 1 billion KZT.

These funds are intended for implementation of social tasks: financing of micro, small and medium-sized private businesses through second-tier banks and/or MFOs and/or LCs in conditions of COVID-19 pandemic with a possibility to maintain and/or create jobs that carry out activities according to the list of activities subject to Appendix 1 to Decree of the Government of the Republic of Kazakhstan dated April 20, 2020 No. 224.

2) The Fund continued implementation of its new program for SMEs lending on principles of Islamic finance through which long-term financial support is provided to entrepreneurs through Islamic financial instruments. This program is a pilot program in Kazakhstan, which gives impetus to development of Islamic finance in Kazakhstan, provides entrepreneurs with an opportunity to obtain alternative financing for business development. The program is implemented through purchase of goods on the commodity exchange in order to finance STBs/LCs using Islamic finance instruments. During 2021, funds in the total amount of 3.7 billion KZT were placed. At the end of the year, 50 SMEs were financed under the program for a total of 9.2 billion KZT.

3) Funds raised within the issued 'social' bonds in the amount of 1 billion KZT are co-financed with own resources of the Fund in a ratio of 1:1. The total pool of funds in the amount of 3 billion KZT was placed in November with Bank RBK JSC.

4) During 2021, the following conditional placement programs were reoriented:

- within programs from the National Fund of the Republic of Kazakhstan (NF 1, 2, 3 tranches), maximum funding limit for one SME was increased from 1,850 million KZT to 3,600 million KZT, funding limit for start-up SMEs was trebled from 20 million KZT to 60 million KZT, list of food industry sectors for which funding is provided without limit in terms of amount has been expanded (introduced on the basis of amendments to the Government Decree dated September 21, 2021);

- within Fund's product of Islamic Finance, it is now possible to accept property rights (claims) to leasing portfolio as a pledge;

- factoring program, which now provides for participation of leasing companies represented by Partners, loan term for SMEs has been extended to 5 years, and loan rate for entrepreneurs has been revised downward.

- for product of the Damu-Leasing Fund (hereinafter – the 'LC Program'), the list of loan purposes and leasing items has been expanded – the list includes buildings, structures, machines, land plots and types of vehicles have been added: railway

and air transport. Moreover, a minimum tranche amount and a ban on purchase of luxury cars have been established. A variable pricing model has been introduced as part of the LC Program. Rating model of the Fund to evaluate LC creditworthiness has been updated, qualitative and quantitative indicators of the rating model were revised in order to bring them in line with market conditions.

- for Damu-Micro product (hereinafter – the 'MFO Program'), a minimum tranche amount and a ban on purchase of luxury cars are established in order to comply with requirements of the business code. A variable pricing model has been introduced as part of the MFO Program. Rating model to evaluate MFO creditworthiness has been updated, qualitative and quantitative indicators of the rating model of the Fund have been revised in order to bring them in line with market conditions.

SUBSIDIZING

Subsidizing of the interest rate is implemented within the 2025 Business Roadmap and the Mechanism. During implementation of 2025 Business Roadmap, the subsidizing tool has gained popularity among entrepreneurs and has shown effectiveness in terms of attracting loans to priority sectors of the economy.

In order to diversify the economy, increase a growth rate of production, cut costs of production, that is, development and operation of the manufacturing industry, the Lending Mechanism for priority projects to ensure long-term tenge liquidity was implemented: total amount of financing of second-tier banks in 2018-2021 to support private

businesses operating in the manufacturing and agro-industrial sectors is up to 1 trillion KZT. Meanwhile, 32.8 billion KZT from the republican budget were allocated for subsidizing under this Mechanism.

IN 2021, THE FUND PROVIDED SUPPORT FOR THE SUBSIDIZING INSTRUMENT:

- 1 within the 2025 Business Roadmap, 7,269 projects were supported with a loan portfolio of 734.2 billion KZT, subsidies paid amounted to 76.6 billion KZT;
- 2 within the Priority Projects Lending Mechanism, 372 projects were supported with a loan portfolio of 350.9 billion KZT, amount of paid subsidies totaled 29.5 billion KZT;
- 3 within Nurly Zher State Program, 10 projects were supported with a loan portfolio of 4.4 billion KZT, the amount of paid subsidies totaled 2.4 billion KZT;
- 4 within the Program of support for energy service initiatives in the cities of Kazakhstan 'Sustainable Cities for Low-Carbon Development' in 2021 there were no new projects. For projects signed before 2021, the amount of paid subsidies totaled 85.5 million KZT.
- 5 within portfolio subsidies, 13,717 projects were supported in the amount of 77.3 billion KZT loans, 5.9 billion KZT were paid, in affected sectors of the economy, 10,983 projects were supported in the amount of 421 billion KZT, subsidies in the amount of 14.1 billion KZT were paid.

GUARANTEEING

Guarantee instrument is implemented both within government support programs 2025 Business Roadmap and the Mechanism, and on its own by the Fund within DAMU OPTIMA program.

One of significant events for the guarantee instrument in 2021 was that in line with Order No. 263 of the Acting Minister of Culture and Sports of the Republic of Kazakhstan dated October 25, 2021, possibility to sign guarantee agreements between an entrepreneur, a second-tier bank and Damu Fund completely in electronic format was implemented. This feature made it possible to make the

procedure even more transparent, minimize physical contact, optimize time for entrepreneurs implementing business projects primarily in remote regions, since most of all applications for guarantees are submitted electronically, both via Online.Damu.kz platform and egov.kz.

Since 2018, the Fund has developed a portfolio guarantee product within 2025 Business Roadmap, Yenbek and Damu Optima Programs, and in 2021 also within the Economy of Simple Things Program.

Essence of portfolio guarantee is to provide financial partners (STB, MFOs) with a certain limit for use of guarantees of the Fund, without the Fund's approval of each individual project. For portfolio guarantee, the Fund has developed a methodology, within which it has defined clear criteria for financial partners (STB, MFOs), criteria for SMEs, under which a loan can be issued using the portfolio guarantee method.

Application of this method of guarantee is possible in case when the Fund and STB/MFO enter into a Portfolio Guarantee Agreement (hereinafter – the 'Agreement').

In 2021, 13,397 guarantee agreements were signed within the portfolio guarantee. Implementation of this method demonstrates a number of opportunities for both MSMEs and financial partners of the Fund (STBs, MFOs):

- accessibility to loans even in the absence of a sufficient collateral;
- increased speed of obtaining a loan with a guarantee of the Fund;
- reduced time spent on evaluation and registration of a collateral;
- competitive advantage over other banks.

In 2021, the Fund provided support under the guarantee instrument:

- 1 within 2025 Business Roadmap, 16,806 projects were supported with a loan portfolio of 299.7 billion KZT, the guarantee amounted to 149.5 billion KZT;
- 2 within the Yenbek Program, 62 projects were supported with a loan portfolio of 0.735 billion KZT, amount of the guarantee was 0.373 billion KZT;
- 3 within DAMU OPTIMA Guarantee Program, 179 projects were supported with a loan portfolio of 16.3 billion KZT, amount of the guarantee was 7 billion KZT;
- 4 within the Lending and Financial Leasing Mechanism for Priority Projects, 172 projects were supported with a loan portfolio of 48.4 billion KZT, the guarantee amounted to 21.1 billion KZT.

CHANGES IN SUBSIDY AND GUARANTEE PROGRAMS

In 2021, within improvement of government support measures, a number of changes and additions were made to the State Business Support and Development Program '2025 Business Roadmap':

- 1 within the first direction of the Program (portfolio subsidies and partial guarantees), nominal interest rate on microcredits of MFOs was increased from 17.5% to 28% p.a., where the government compensated 50%;
- 2 adjustments were made to the NCEA in terms of restrictions for certain NCEA not related to entrepreneurial activity;
- 3 subsidizing is provided for projects for construction of retail facilities of a modern format, with the exception of the cities of Nur-Sultan and Almaty, provided that retail facilities comply with certain criteria;
- 4 93 NCEAs were supplemented for affected sectors of the economy, for which subsidies were carried out between April 1, 2021 and August 31, 2021 (inclusive);
- 5 deadline for study of applications for the affected sectors of the economy was extended until August 1, 2021.

FOR 2021, AS PART OF THE PORTFOLIO GUARANTEE, AGREEMENTS WERE SIGNED WITH THE FOLLOWING STBS:

- SB Sberbank of Russia JSC
- ATFBank JSC
- Eurasian Bank JSC
- Nurbank JSC
- First Heartland Jusan Bank JSC
- Subsidiary VTB Bank JSC
- JSC Halyk Bank of Kazakhstan
- Bank CenterCredit JSC
- SB Alfa Bank JSC
- ForteBank JSC



Changes were made to the Mechanism for lending and financial leasing of priority projects:

- 1

a new direction has been included – guaranteeing and subsidizing of leasing transactions;
- 2

a part of the interest rate on loans to business entities for projects in the agro-industrial complex was cut from 6% to 5% p.a.;
- 3

a portfolio guarantee procedure has been included;
- 4

under financial leasing, a business entity provides participation with its own funds (money) in the amount of at least 20% of s value of the leased asset.

RESULTS OF IMPLEMENTATION OF FINANCIAL PROGRAMS

	FACT 2017	FACT 2018	FACT 2019	FACT 2020	FACT 2021
Financing for entrepreneurs via conditional placement of funds with STBs/MFOs/LCs					
Number of participants, units	8 305	18 656	18 933	11 136	7 783
Financing amount, million KZT	230 469	272 912	239 508	207 588	213 304
Subsidizing of interest rates					
Number of participants, units	2 310	1 470	2 647	14 679	32 351
Financing amount, million KZT	275 660	198 380	269 786	1 197 058	1 588 280
Guaranteeing of loans					
Number of participants, units	1 317	1 950	2 674	7 346	17 219
Financing amount, million KZT	42 845	65 455	102 740	275 546	365 286

3.2. MONITORING OF FINANCIAL PROGRAMS

Information related to monitoring of projects within financial programs of the Fund and also within agency agreements and other agreements within which the fund provides monitoring functions.

Description of monitoring

Monitoring of projects within Programs of conditional placement of resources of the Fund (17 programs)

Monitoring of projects within Programs of support for SMEs engaged in processing industry (funds of the National Fund of the Republic of Kazakhstan)

Agency agreements for monitoring of UAPF (MNK, DBK) projects

Monitoring of subsidized projects

Monitoring of guaranteed projects

Monitoring of grants

Total

Actually inspected (number of projects)

2016	2017	2018	2019	2020	2021
226	2 334	1 238	1 548	1 712	954
725	576	896	1 610	1 029	836
0	777	737	321	5	0
3 068	2 595	2 339	2 793	2 912	5 583
1 170	989	1 131	2 257	1 919	2 269
406	183	522	523	834	1 007
5 595	7 454	6 863	9 052	8 411	10 649

MEASURES TAKEN IN RESPONSE TO REMARKS/ VIOLATIONS

Description of monitoring

Monitoring of projects within Programs of conditional placement of resources of the Fund

Monitoring of projects within Programs of support for SMEs engaged in processing industry (funds of the National Fund of the Republic of Kazakhstan)

Monitoring of subsidized projects

Monitoring of guaranteed projects

Monitoring of grants

Total

Number of remarks/ violations		Charged fines, million KZT		Collected fines, million KZT		Remarks to intended use of funds, million KZT		Made replacement, million KZT	
Q-ty	Amount	Q-ty	Amount	Q-ty	Amount	Q-ty	Amount	Q-ty	Amount
12	9,86	9	7,36	23	393,37	22	383,37		
5	3,9	5	3,9	14	144,62	14	144,62		
119	including 113 projects which provide for refund of subsidies in the amount of 115 million KZT								
60	including 24 guarantees cancelled and guarantee amount reduced for 36 projects								
663	Notice about detected violations sent to the Regional Program Coordinator, Tender Committee								
879	17	13,76	14	11,26	37	537,99	36	527,99	

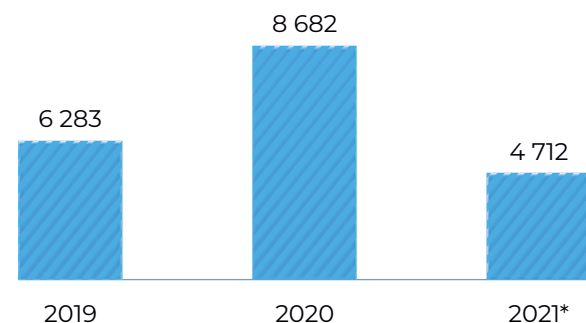
MONITORING OF PROGRAM EFFICIENCY

State program for business support and development 2025 Business Roadmap

According to forecast data of the Fund for enterprises and entrepreneurs participating in 2025 Business Roadmap, volume of output as of January 1, 2022 amounted to 38.7 trillion KZT, including 4.7 trillion KZT for 2021.

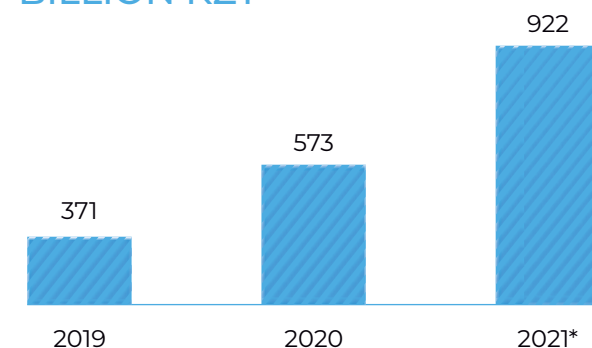
Subsidizing of interest rates and guaranteeing of loans within 2025 Business Roadmap contributes to improving financial performance of enterprises, which is especially important in the current economic situation. In turn, due to improvements in activities of enterprises, increased budget revenues are ensured, budgetary effect of the program and its economic feasibility advance. According to an estimate as of January 1, 2022, participants of 2025 Business Roadmap paid a total of 3.1 trillion KZT taxes, including, according to tentative data from the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan (hereinafter – the 'SRC'), 922 billion KZT for 2021.

OUTPUT OF PRODUCTS BY PARTICIPANTS OF 2025 BUSINESS ROADMAP, BILLION KZT



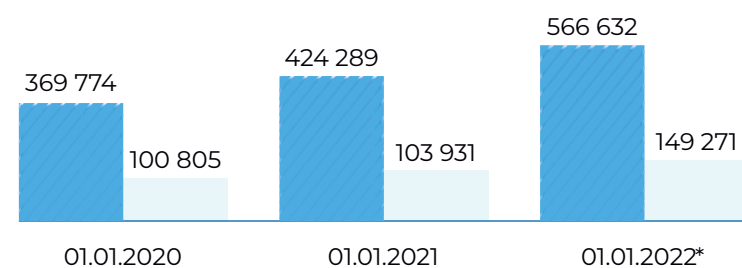
* According to tentative data of the SRD

TAXES PAID BY PARTICIPANTS OF 2025 BUSINESS ROADMAP, BILLION KZT



Broad coverage of the business sector in 2025 Business Roadmap and a growing interest in the program on the part of SMEs make it possible to assess social effect of its implementation, which is expressed in providing the population with jobs. Thus, as of January 1, 2022, participants of 2025 Business Roadmap tentatively saved about 567 thousand existing jobs and created over 149 thousand new ones.

NUMBER OF CREATED AND SUPPORTED JOB SITES, UNITS



● Preserved job sites, units
 ● Created job sites, units

* According to tentative data of the SRD

SUPPORT PROGRAM FOR SMES IN THE MANUFACTURING INDUSTRY USING RESOURCES OF THE NATIONAL FUND OF THE REPUBLIC OF KAZAKHSTAN

Volume of output from enterprises participating in the Program to support SMEs in the manufacturing industry using resources of the National Fund of the Republic of Kazakhstan for 2014-2021 made almost 8.0 trillion KZT, including, according to preliminary data for 2021, 671 billion KZT.

Entrepreneurs who received financing under this program paid taxes in the amount of 632 billion KZT for 2014-2021. This amount included 155 billion KZT according to 2021 preliminary data.

Supported enterprises created almost 19.2 thousand jobs in 2014-2021, including at least 114 jobs in 2021.

3.3. WORK WITH TOXIC ASSETS

Volume of toxic assets as of January 01, 2022 is

26,587 BILLION KZT

In the total volume of 2021 toxic assets, a decrease in toxic assets in the amount of

2,049 BILLION KZT

or by

7,56% was ensured



3.4. CUSTOMER SERVICE

Concurrently with financial support programs in 2021, the Fund continued to work on implementation of training programs and advisory support for entrepreneurs.

In 2021, regional branches served 12,450 clients, they received 15,538 consultations.

In terms of supported projects, at the end of 2021, regional branches supported 5,152 projects before STBs/ LCs/ MFOs approved requests from private entrepreneurs for financial support under instruments of the Fund.

Thus, the Fund continues to work to improve quality of services it provides and uses offline and online channels for this purpose.

MONITORING OF IMPLEMENTATION OF SERVICE SUPPORT.

The Fund continues to monitor the component 'Provision of service support for ongoing business activities' within 2025 Business Roadmap.

In 2021, 26,718 SMEs applied for service support services and received 31,788 services.

CONTACT CENTER.

Contact Center of the Fund also continues its operation. The center processes requests from entrepreneurs and individuals, and informs them in interests of the Fund through various communication channels.

In 2021, employees of the Contact Center provided consultations to 36,016 clients, 26,046 (72.3%) of which are private businesses. There were 21,995 clients registered in the BPM system. Share of missed calls was 0.10%.

3.5. DEVELOPMENT OF INFORMATION TECHNOLOGIES

In 2021, core of a local network of the Fund was relocated from its Head Office building to a building of a data processing center of Kazteleport JSC, a subsidiary of Halyk Bank of Kazakhstan. This made it possible to eliminate an impact on Regional Branches of the Fund in case of an emergency outage of electricity and communication services at the Head Office of the Fund.

Within supply of Fortinet Security Factory solutions, together with Security Service of the Fund, work was carried out to replace outdated network equipment with new-generation FortiGate firewalls, followed by a transfer of configurations (IPSec VPN tunnel settings, Internet access filtering rules, etc.) from the current Cisco ASA equipment and WatchGuard on software FortiGate VM02V and software and hardware firewalls FortiGate 101F, FortiGate 40F.

In compliance with requirements of the Cisco Systems vendor, in 2021 the Fund switched to a telephony and videoconferencing service licensing model, which made it possible to abandon the software and hardware complex in favor of a virtual environment with an update to the current version of the Cisco Unified Communications Manager software (hereinafter – 'CUCM'). The entire telephone infrastructure of the Fund was migrated to a virtual environment. The new version of CUCM has improved stability and includes additional functionality. In 2022, it is planned to deploy a new solution from Cisco Systems vendor – Cisco meeting server (its own video conferencing service with the ability to securely connect from any device).

Also, within 2020-2023 Information Technology Development Strategy of Damu Entrepreneurship Development Fund JSC and 2020-2023 Action Plan for implementation of 2020-2023 Strategy for Development of Information Technologies of Damu Entrepreneurship Development Fund JSC. (Minutes No. 114/2020 dated December 25, 2020) works are underway to replace personal devices with multifunctional devices of a corridor type with connection to Uniflow software, which allows to increase control over security of printed documents, control over rational use, consumption of materials and collection of statistics.

ALONG WITH THAT, WORK ON AUTOMATION AND DIGITALIZATION OF BUSINESS PROCESSES OF THE FUND CONTINUED IN 2021. AT THE END OF 2021, THE FOLLOWING KEY PROJECTS WERE IMPLEMENTED:

- 1

Automation of the process of portfolio subsidizing and guaranteeing was carried out in the 1st direction of Government Program 2025 Business Roadmap;
- 2

Project for electronic signing of guarantee agreements has been completed;
- 3

Management Reporting Portal was implemented;
- 4

New module HR-solutions for applications to the ARC was implemented;
- 5

Electronic signing of labor contracts and GPC were implemented;
- 6

Automated Business Process Matrix in EDMS;
- 7

Integration with IS e-Minfin was implemented.

3.6. INTERNATIONAL COOPERATION

Development of international cooperation takes a special place in activities of an advanced organization. In the era of rapid development of integration processes, it is vital not to miss accents of global trends and advanced solutions in various areas. In 2021, the Fund significantly expanded geography of its contacts and voiced its vision of developing MSME support at many global platforms. In particular:

- 1 It signed 6 Memorandums of Understanding and Cooperation with international organizations such as the World Bank, Executive Agency for SME Support of the Republic of Bulgaria, Korea SME and Startup Agency (KOSME), Austrian Supervisory Bank (OeKB), Malaysian SME Development Corporation (SME Corp Malaysia), entered into an agreement with UNDP on the project 'Creating Conditions for Attracting Investors in Energy Efficiency in Kazakhstan' under the Guarantee Instrument; Also, a Roadmap was signed online for implementation of activities under the Memorandum of Cooperation between Damu Entrepreneurship Development Fund JSC and Entrepreneurship Development Fund of the Republic of Azerbaijan;
- 2 Work was carried out on interaction with international rating agencies Moody's and Standard & Poor's. Results: credit rating of the Fund was upgraded to the sovereign level (BBB-/A-3);
- 3 The Fund participated in 7 official significant events, such as B2B Meeting & Tech Seminar, XVII Bond Congress of the CIS and Baltic countries, Business Council Kazakhstan-Spain, Economic Forum Poland-Kazakhstan, 26th session of the Conference of the Parties to the Framework UN conventions on climate change, Kazakhstan trade and investment forum at Dubai EXPO-2020, investment round table meeting with representatives of business communities of the Swiss Confederation. Also, a speech was arranged by representatives of the Fund on October 25 at KazAID seminar for the Tajik side and on November 26 at a seminar for the Kyrgyz side in the area of providing public services based on a 'single window' principle;
- 4 Arrangement of presentations of its top managers at 3 online events, such as Round Table of the Business Council of the Shanghai Cooperation Organization on the topic 'MSMEs within the SCO', the UN ESCAP Regional Workshop on resource mobilization for sustainable development in the Asia Pacific countries in special situations, Seminar VEB.RF of the Interbank Association of the countries of the Shanghai Cooperation Organization for exchange of experience in overcoming consequences of the pandemic for economies of the organization;
- 5 The International Online Forum 'Opportunities for cooperation between member states of the Conference on Interaction & Confidence Building Measures in Asia (CICA) within Kazakhstan's chairmanship at the CICA, in the area of digitalization of the economy' was arranged (September 9, 2021). The forum was attended by heads of government institution, profile experts and specialists from 14 CICA member states, including Azerbaijan, Bangladesh, China, Egypt, India, Iran, Iraq, Jordan, Kazakhstan, Pakistan, Russian Federation, Thailand, Turkey and Uzbekistan. The Fund also arranged Bulgarian-Kazakhstan online business forum, a round table meeting of partners of the Fund on Sustainable Development Goals in support of SMEs);
- 6 It arranged 3 online trainings from international organizations for employees of the Fund and MSMEs on such topics as 'Islamic Finance', 'Green and Social Finance', 'Credit Scoring' from the E&Y Academy and the European Bank for Reconstruction and Development.

3.7. ADVERTISING ACTIVITIES AND WORK WITH MASS MEDIA

During the challenging period of the COVID-19 pandemic, which had a strong negative impact on the economy of the entire world and Kazakhstan, as well as on micro, small and medium-sized businesses of the country, the Fund established systematic, consistent and effective external communications. Their goal is to create broad awareness of entrepreneurs and the public about all measures of government support implemented through the Fund.

Since the Fund runs an extensive network of regional branches, communications are built taking into account interests and needs of the audience in regions. Information was disseminated through television, radio, printed media and electronic media. When there were no quarantine restrictions, the Foundation held press conferences both in regions and through the Central Communications Service under the President of the Republic of Kazakhstan.

As a result, in 2021, over 309 materials on implementation of state programs and programs of the Fund were published in the media. 2 press conferences and 17 press tours were held.

The Fund strives to continue developing digital channels for convenience of micro, small and medium-sized businesses. One of the most important digital communication channels is a corporate website of the Fund

www.damu.kz, which allows to promptly notify entrepreneurs and the general public about results of activities, adopted changes or new support programs implemented by the Fund, as well as receive feedback on the most pressing issues. The website also concentrates all analytical information on markets and sectors of Kazakhstan's economy, which entrepreneurs can study and rely on research when making their decisions.

Promotion of products of the Fund is concentrated on portal <https://online.damu.kz/>. Most of all applications, 98%, received by the State Institute for Development of Support for Micro, Small and Medium Business, are processed through it. The portal has gained particular relevance against the background of the pandemic and quarantine measures.

Almost all directions and aspects of a PR campaign are implemented through social networks: this is a content strategy that consistently and purposefully informs the audience about products and programs of the Fund, and communication with entrepreneurs, and conducting advertising campaigns, promotions, contests, identifying audience sentiment, increasing loyalty. Thanks to development of this area of Digital marketing, more than 1,290 publications were posted on Instagram and Facebook in 2021. Total audience of subscribers of the

Fund's in social networks exceeds 80 thousand people.

Realizing particular importance of informing micro, small and medium-sized businesses during the COVID-19 pandemic and economic recovery that follows it, the Fund has developed '2021-2023 Communication Strategy of Damu Entrepreneurship Development Fund JSC' based on provisions of '2014-2023 Development Strategy of Damu Entrepreneurship Development Fund JSC' and '2019-2023 PR-strategies of Baiterek National Managing Holding JSC.' This document is intended to change quality of communication of the development institute with its audience: to make it better and more accessible. The communication strategy defines two chief goals that the communication work will address:

1. practical goal – to facilitate an increase in the number of requests for support of the Fund under various programs;
1. image goal – to increase a level of awareness of the public at large about activities of the Fund and formation of reputation of the Fund as a modern, open and accessible financial institution.

4. PERFORMANCE

4.1. PERFORMANCE OF STRATEGIC PARAMETERS OF THE DEVELOPMENT PLAN

Efficiency factor	2020	Target	2021	% of perf. target	Explanation of causes behind default on performance of target/ performance above target
	Fact		Fact		
Share of MFO portfolio in loan portfolio of the Fund, %	22,3%	24,7%	27,07%	109,6%	Performance over target is connected with an increased volume in loan portfolio of MFOs
Share of micro and small entrepreneurs in the total number of supported entrepreneurs, %	88,7%	85,2%	88,16%	103,5%	Performance over target under the guaranteeing instrument due to introduction of portfolio-based subsidy and guaranteeing within the first direction of Government Program 2025 Business Roadmap, under the subsidy instrument due to expanded conditions for participation in subsidy and also due to number of projects in the most affected sectors of the economy, performance over target under POR is connected with performance over target in terms of a volume of funds placed with STBs/LCs/MFOs
Share of MSMEs which received financial support in the total number of operating MSMEs on the market, %	8,5%	10%	10,1%	101%	Performance over target under the guaranteeing instrument due to introduction of portfolio-based subsidy and guaranteeing within the first direction of Government Program 2025 Business Roadmap, under the subsidy instrument due to expanded conditions for participation in subsidy and also due to number of projects in the most affected sectors of the economy, performance over target under POR is connected with performance over target in terms of a volume of funds placed with STBs/LCs/MFOs
Number of new projects and projects to upgrade and expand the existing manufactures given an increase in labor productivity and expansion of sales markets, with accumulation since 2014 (Government Programs/ Programs of the Fund), units	115 764	138 278	144 604	104,6%	Performance over target under the guaranteeing instrument due to introduction of portfolio-based subsidy and guaranteeing within the first direction of Government Program 2025 Business Roadmap, under the subsidy instrument due to expanded conditions for participation in subsidy and also due to number of projects in the most affected sectors of the economy, performance over target under POR is connected with performance over target in terms of a volume of funds placed with STBs/LCs/MFOs
Volume of subsidized loans of privately owned developers, billion KZT	23	-	4,4	-	Function is transferred to KHC JSC on 01.07.2021.

Efficiency factor	2020	Target	2021	% of perf. target	Explanation of causes behind default on performance of target/ performance above target
	Fact		Fact		
Share of private sector in loan portfolio of the Fund, %	100%	100%	100%	100%	-
Volume of products produced by enterprises which received support, billion KZT	30 530	5 500	6 015,6	109,4%	According to tentative data received from the State Revenue Directorate of the Ministry of Finance of the Republic of Kazakhstan
Increase in taxes paid by enterprises which received support of the Fund, billion KZT	71	15	145,6	970,7	According to tentative data received from the State Revenue Directorate of the Ministry of Finance of the Republic of Kazakhstan
Share of non-state lending sources in the total lending structure for reporting year, %	3,9%	83,3%	46,9%	56,3%	The parameter is not achieved in connection with an excessive liquidity and also absence of a need by STBs/ MFOs
Automation of key business processes of the Fund, %	94,4%	100%	95,2%	95,2%	The parameter is measured on an annual basis. 80 out of 84 main business processes have been automated. It is planned to complete automation of the remaining 4 processes in 2022.
Evaluation of trust and satisfaction of MSME with activities of Damu Entrepreneurship Development Fund, %	94,5%	Not less than 80%	93,9%	117,4%	2021 parameter is performed over target since results of a research demonstrated that business support programs of Damu Fund enjoy big success among MSMEs and gain a high level of trust and satisfaction among businessmen, they are evaluated as efficient programs of government support for first-time and existing businesses.

4.2. EFFICIENT ASSET MANAGEMENT

Asset and liability management of the Fund is a process of forming and maintaining such a structure of assets and liabilities of the balance sheet, which ensures achievement of strategic indicators, maintaining profitability, ensuring compliance with amounts and terms of raising and placing funds, and minimizing unreasonable risks. The major task of the asset and liability management of the Fund is to manage assets and liabilities in such a way as to achieve high financial performance of the Fund while minimizing risks.

NEED FOR EFFECTIVE MANAGEMENT OF ASSETS AND LIABILITIES OF THE FUND IN MODERN CONDITIONS IS DETERMINED BY:

- 1 emergence of new complex products;
- 2 changes in the structure of attracted resources;
- 3 instability of the economy;
- 5 need to coordinate activities of the Fund in all its areas;
- 6 need to coordinate approaches to providing funds to counterparties within the overall framework of risk management.

Main tasks of the Fund in managing its assets and liabilities are to maintain liquidity at a level sufficient to cover all the needs of cash flows, if possible, to profitably allocate excess liquidity, to maintain sufficient capital to repay any business risks, to ensure safety of temporarily free funds, solvency for current liabilities, ability to finance emerging investment opportunities.

As of January 1, 2022,
assets of the Fund
totaled

377,5 BILLION KZT

and increased by

19,4 BILLION KZT compared to early 2021

In the structure of Fund's assets, the loan portfolio accounts for a main share (62%). Share of cash is 3% of the total assets, Reverse REPO operations – 17%. Securities portfolio of the Fund makes 12% of total assets.

Liabilities of the Fund at the end of 2021 make 236.2 billion KZT, which is 2.2 billion KZT less than in the previous period.

Equity capital as of January 1, 2021 was 141.3 billion KZT.

4.3. FINANCIAL PERFORMANCE

Total 2021 income of the Fund is

54,6 BILLION KZT

where operating income totals 45.0 billion KZT, non-operating income makes 9.6 billion KZT

Total 2021 expenses of the Fund amount to

24 BILLION KZT

Financing costs make the major share in expenses of the Fund making 76%, while administrative expenses account for 21%.

At the end of 2021, financial results of the Fund totaled

25 BILLION KZT

which is 317% above the target



5. PROFITABILITY PARAMETERS OF ACTIVITIES

Description	2018 (fact)	2019 (fact)	2020 (fact)	2021 (target)	2022 (fact)
ROA, return on assets	-3,8%	1,10%	1,37%	1,63%	6,81%
ROE, return on equity	-13,7%	4,8%	4,63%	4,95%	19,18%
Weighted average return VSD	8,6%	8%	10,15%	8,0%	8,96%
Operating profitability	-28,6%	20,6%	16,51%	19,8%	104,3%
NI margin	-28,6%	19,2%	23,08%	19,7%	55,6%
Debt/ equity capital	3,0	2,9	1,99	2,10	1,67
Share of credit portfolio in assets	71,8%	77,9%	61,27%	62,53%	62,10%

For 2021, actual value of profitability indicators of the Fund significantly exceed the target value due to receipt of net income above the target level:

- ROA (return on assets) made 6.81%, while the target was 1.63%;
- ROE (return on equity) made 19.18%, while the target was 4.95%;
- Profitability of activities made 104.3% with the target of 19.8%;
- NI margin (net income margin) made 55.6%, while the target was 19.8%.

Share of the loan portfolio in assets as of the reporting date is 62.10%. Deviation from the forecast level is insignificant – less than 1%.

RATING

In 2021, S&P Global Ratings upgraded long-term and short-term credit ratings on Damu Fund for foreign and local currency obligations to a sovereign level of 'BBB-/A-3'. At the same time, the national scale rating of the Fund was upgraded to 'kzAAA'

Moody's Investors Service in 2021 affirmed its long-term foreign and national currency rating on Damu Fund at Baa3, short-term foreign and national currency rating at P-3. According to the national scale, the rating of Damu Fund is Aa2.kz.

Rating outlook is 'Stable'.



DEVELOPMENT PLANS

In order to implement development strategy of Damu Fund as well as to harmonize strategic and current planning of activities to ensure development of Damu Fund in line with strategic directions, goals, objectives and key indicators, Development Plan of the Fund is devised and adjusted on an annual basis.

Development Plan of Damu Fund is devised 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 Damu Fund;
- 3

strategic plans of relevant government agencies;
- 4

annual message of the President of the Republic of Kazakhstan to the nation of Kazakhstan;
- 5

forecasts of macroeconomic indicators for planned years recommended by a central authorized body for state planning;
- 6

results of SWAT-analysis of activities of Damu Fund;
- 7

results of monitoring of implementation of the Development Plan of Damu Fund for a current year;
- 8

evaluation of effectiveness of activities of Damu Fund;
- 9

annual audited financial statements for a year preceding a current year

By decision of the Board of Directors of Damu Fund dated October 29, 2021, 2019-2023 Development Plan of Damu Fund was approved. It provides for financial indicators planned to implement strategic objectives of Damu Fund.

As a result of activities in 2022-2023, it is planned to receive a gross income of 30,671 million KZT in 2022 and 32,799 million KZT in 2023. In 2022-2023, Damu Fund plans to receive income from implementation of programs for conditional placement of funds with the use of borrowed and own funds, subsidizing the interest rate on loans/ leasing transactions of entrepreneurs and guaranteeing loans to entrepreneurs to banks/ leasing companies. Damu Fund also plans to receive income from non-operating activities, which includes income from treasury portfolio.

Indicators of the Development Plan, in terms of future expenses for 2022-2023 of Damu Fund, will make 24,651 million KZT in 2022 and 29,097 million KZT in 2023. In the upcoming period, the Fund will incur costs for payment of interest on raised loans, administrative costs and expenses for formation of reserves.

Upon reaching the above-stated indicators of the Development Plan, Damu Fund will receive a net profit in the amount of 4,783 million KZT in 2022 and 7,905 million KZT in 2023.

6. 2022 PLANS

IN 2022, THE FUND PLANS TO IMPLEMENT A NUMBER OF ACTIVITIES AND PROJECTS:

01 to carry out preparatory work for an independent evaluation of ESG and obtaining an ESG rating;	02 to hold the VI exhibition of Kazakhstan's SME manufacturers ULTTYQ ŌNIM;	03 to attract investments to support 'green'/social projects, sustainable development projects from financial institutions/by issuing bonds;	04 to carry out activities in order to obtain accreditation in the Green Climate Fund;
05 within cooperation of the Fund with the European Investment Bank, it is planned to develop and implement a new product for SME lending using funds of the international institution, as well as issue of obtaining technical assistance to identify green projects;	06 within cooperation with the UNDP, it is planned to implement a new product under the agreement on the project 'Creating conditions for attracting investors to energy efficiency in Kazakhstan' within the guarantee instrument;	07 development and implementation of rules for subsidizing and guaranteeing within the framework of 2021-2025 National Project for the Development of Entrepreneurship;	08 in order to form an alternative channel for financing SMEs using funds of private and institutional investors on the KASE/AIFC platforms, it is planned to work out the issue of introducing a guarantee instrument for issued bonds of SMEs within 2021-2025 National Entrepreneurship Development Project.

PLANS FOR CURRENT PROGRAMS OF THE FUND:

01 work will be continued to raise funds from LEAs for implementation of target regional programs that provide entrepreneurs in regions with affordable and long-term funding;	02 work will be continued within cooperation with international financial organizations, including raising funds of the first tranche from the European Investment Bank under Credit Line A to provide financial support to entrepreneurs affected by consequences of COVID-19;	03 work will be continued to provide non-financial assistance together with foreign partners through arrangement of B2B meetings, forums, seminars and consultations.
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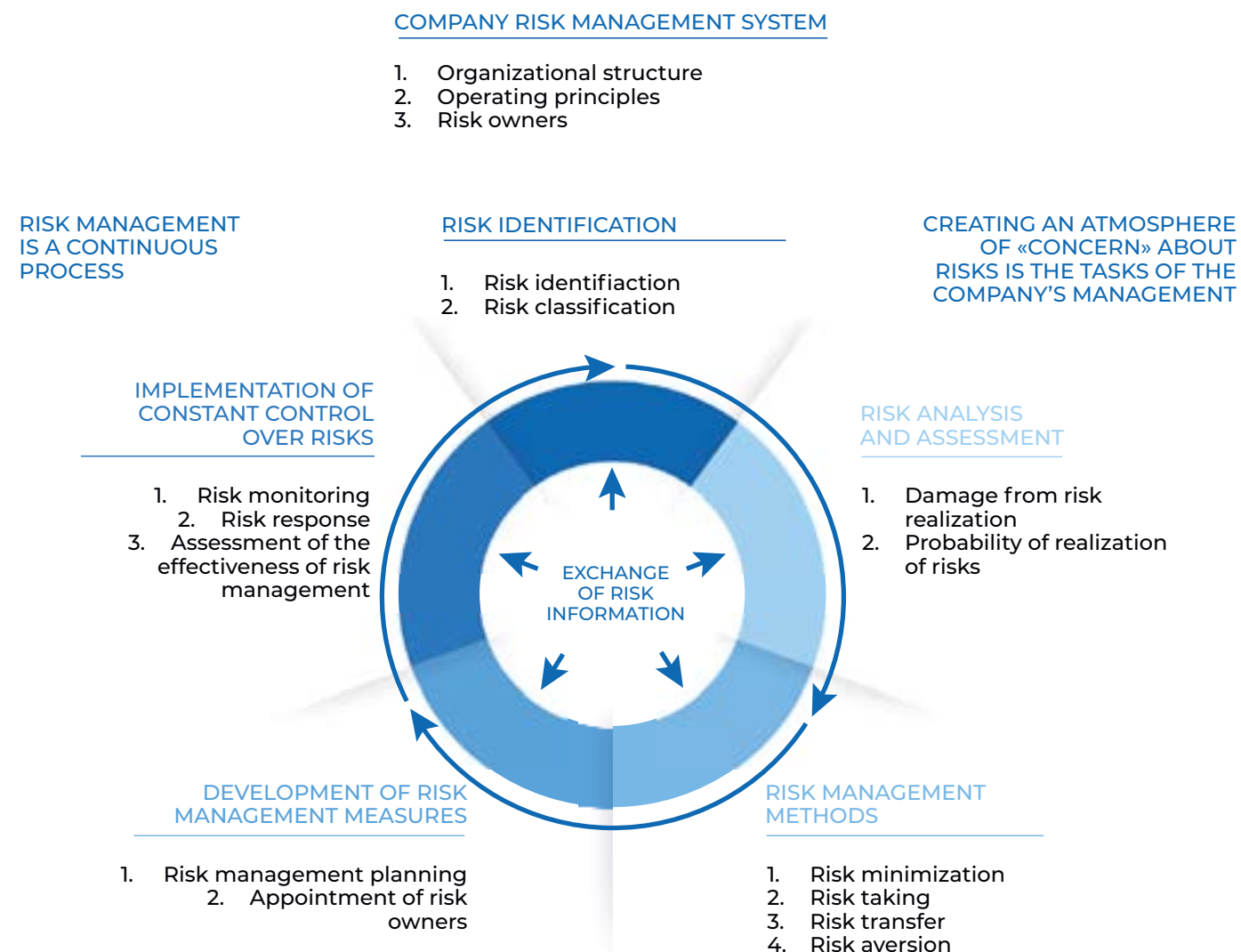


7. RISK MANAGEMENT AND INTERNAL CONTROL

Risk management system of the Fund includes a system of processes and procedures that provide executive and management bodies of the Fund with timely information about risks and decisions to minimize them.

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

Consistency and continuous operation of the corporate risk management system of the Fund (hereinafter – the 'CRMS') is set out in the diagram below.



Currently, the CRMS structure consists of four levels of risk management: Board of Directors, Management Board, Risk Management Department, business subdivisions (risk owners).

Risk identification and evaluation are designed to provide a general view of existing risks and their magnitudes by performing a basic ranking to determine the 'weakest' points. This process enables to assess methods and procedures used to manage principal risks.

Risk management is a process of developing and implementing measures to mitigate a negative effect and the likelihood of losses or receive financial compensation in case of losses associated with risks of Fund's activities.

Risk management system is intended to implement principles of a comprehensive analysis of credit risks within programs to guarantee SME projects. Given importance of program implementation, the Fund annually improves methodology to assess project risks, which allows minimizing credit risks at an early stage.

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

When managing financial risks in 2021, three risk zones were traditionally identified: conditional loans in STBs, portfolio of securities, and temporarily free funds in STBs. In order to minimize them, methods of limiting active transactions with counterparty banks, remote analysis of credit risks of STBs, LCs and corporate issuers were used.

Use of limiting methods became possible as a result of efforts of the Risk Management Department to improve methodological and technical bases for managing financial risks.

Since the start of introduction of the risk management system in the Fund, significant work has been done to introduce basic methodological documentation on risk management. In particular, within centralized activities, Baiterek NMH JSC, together with its external consultant PWC, introduced a risk management system developed in line with the best international practice, taking into account requirements of the Basel Committee on Banking Supervision, including management and evaluation of all individual types of risk (credit, market, operational risks, business risks, real estate risk), determination of a 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 compliance with the Risk Management Policy, the Management Board of the Fund on a quarterly basis submits to the Board

of Directors its consolidated Risk Report, with a description and analysis of key risks, information on compliance with risk limits, as well as information on implementation of plans and programs to minimize key risks.

In 2021, work continued on managing operational risks. Measures were taken to automate risk bases and a risk register. All structural subdivisions of the Fund are involved in efforts in this direction, a comprehensive package of documents has been approved, including: the risk register and map, risk management action plans have been updated.

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

Corporate Level Risk Register and risk map of the Fund contain risks related to the following risk groups: strategic, financial (credit, market, liquidity risk), legal and operational. Risks falling within the 'red' zone represent the highest risk exposure of activities of the Fund. Risks falling within the 'yellow' zone represent an acceptable level of risk exposure. Risks falling within the 'green' zone represent a minimum level of risk exposure.

For all risks, an action plan/ control procedures to minimize risks has been drawn up:

- 1 approved key risk indicators (KRIs);
- 2 practice of constant maintenance of the database of realized and potential risks has been introduced;
- 3 plans for restoration of activities of the Fund, crisis management of the Fund within business continuity management system of the Fund have been drawn up.

In 2021, an independent evaluation of the risk management system of the Fund was carried out by external experts. Final score of the independent evaluation of the risk management system was 92%.

KEY RISKS

The Fund divides key risks into the following categories.

- A Credit risk of counterparties of the Fund is a risk of losing funds placed with STBs, MFOs and LCs due to their failure to discharge their obligations to the Fund.
- B Financial risk is a possibility of losses due to fluctuations in exchange rates and an unbalanced structure of interest rates.
- C Operational risk is a risk that causes losses as a result of inadequate or erroneous internal processes, actions of personnel, system operation, as well as losses arising from implementation of external events, including legal risk (excluding strategic and reputational risk).
- D Legal risk – a potential risk that arises from violation of or non-compliance with requirements of the law, regulations, agreements, accepted practices or ethical standards.

INTERNAL CONTROL SYSTEM

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

In order to improve the existing internal control system, the Fund takes the following measures:

- 1 Policy on internal control system (approved by decision of the Board of Directors of the Fund dated December 19, 2019 No. 14/2018) in compliance with the COSO model (Committee of Sponsoring Organizations of the Treadway Commission) has been amended/ supplemented to include procedures intended to improve efficiency of the internal control system;
- 2 Concept of 'arrangement of the internal control system' is given in more detail, with a detailed description of three lines of protection of internal control, which establishes participants of the internal control system, their competence, as well as powers and responsibilities;
- 3 Five interrelated components of the internal control system (in compliance with the COSO model) are described in detail, including control environment, risk evaluation, control procedures, information support and information exchange system, monitoring and evaluation of effectiveness of the internal control system.

In order to identify risks and deficiencies 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 conducts:

- 1 monitoring of implementation of recommendations of the Internal Audit Service in relation to activities of all business divisions of the Fund;
- 2 monitoring of implementation of recommendations provided based on results of an external audit;
- 3 monitoring of implementation of recommendations of the Sole Shareholder of the Fund – Baiterek NMH JSC and independent directors of the Fund.

An independent evaluation of the ICS is carried out every three years subject to regulations of the Fund. According to results of evaluation of effectiveness of the internal control system of Deloitte LLP Fund, final score of the independent evaluation of the internal control system was 88%.



8. POLICY OF CORPORATE AND SOCIAL RESPONSIBILITY

Human capital is a main value and a key resource, performance of the Fund directly depends on level of professionalism and safety of Fund's employees.



PERSONNEL STRUCTURE AT THE END OF 2021

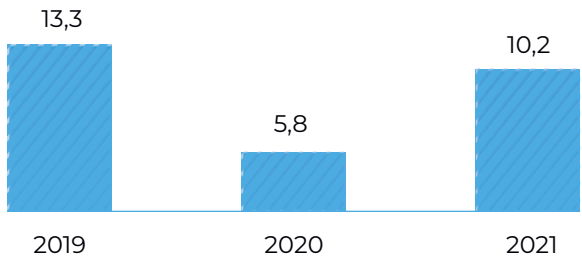
Parameter	Total (persons)	structure by gender groups, %		structure by age groups, %		
		men	female	below 30	30-50 years	above 50
Average staffing number	394	47%	53%	10,6%	84,6%	4,8%
personnel total						
Top managers	5	80%	20%	0%	100%	0%
Middle managers	49	61,2%	38,8%	2%	92%	6%
Employees	340	45,6%	54,4%	11%	83%	6%

Based on 2021 data, average age of Fund's employees is 37.5 years.

STAFF TURNOVER

In 2021, voluntary staff turnover was 10.2%, meanwhile the planned one did not exceed 13%. In 2021, number of open vacancies in the Fund totaled 96, including 90 vacancies for administrative positions and 6 vacancies for management positions and positions of chief executives. 25% of vacancies for administrative positions are filled by internal candidates, 75% of vacancies are filled by external candidates. 66% of vacancies for management positions and positions of chief executives are filled by internal candidates who are part of Personnel Reserve, of the Fund. 34% of vacancies are filled by external candidates.

LEVEL OF STAFF TURNOVER AT DAMU ENTREPRENEURSHIP DEVELOPMENT FUND FOR 2019-2021



EMPLOYEE TURNOVER AND NUMBER OF HIRED EMPLOYEES IN 2021

Parameter	Total	including by gender groups		including by age groups		
		men	women	below 30	30-50 years	above 50
Employee turnover, %	10,2%	3,75%	6,45%	37,5%	62,5%	-
Number of hired employees in 2021, persons	77	40	37	19	56	2

PERSONNEL RESERVE

Work is underway to form and develop personnel potential of the Fund. In 2021, Personnel Reserve of the Fund included 17 full-time administrative employees and 6 employees of the management team, 4 of which were promoted to higher positions.

The Fund actively works towards development of professional and personal competencies through training and self-education of succession pool members. In particular, Individual Development Plans have been formed for them and appropriate training courses are arranged.

When in the personnel reserve, each succession pool member prepares a report on his implementation of an individual development plan.

DEVELOPMENT OF CORPORATE CULTURE

Development of corporate culture is the most important element in building a highly efficient organization and a necessary component to achieve strategic goals of the company, in connection with which an annual personnel survey is carried out to analyze an extent of personnel involvement, business meetings, meetings of working groups and the HR Policy Committee under the Board of the Fund are regularly held.

According to 2021 results, an aggregate value of a level of involvement and satisfaction of Fund's employees was 71%.

In 2021, due to the challenging epidemiological situation in the Republic of Kazakhstan in connection with the COVID-19 pandemic, the Fund pro-actively employed the online and distance learning format. During the year, the Fund actively held online congratulatory meetings dedicated to state and professional holidays with employees of the Fund, including regional branches throughout the Republic of Kazakhstan, in order to enhance corporate culture and maintain corporate spirit. At these events, the best employees of the Fund were awarded with letters of thanks and awards.

MOTIVATION AND REWARD

The Fund creates its labor efficiency improvement policy in order to link strategic goals of the Fund, strategy and business plans of the Fund with its policy of labor evaluation, employee motivation and encouragement.

All employees must focus on achieving goals and objectives that come from strategic objectives of the Fund. Evaluation of performance of employees depends on performance of specific tasks, which must be confirmed by key performance indicators of the employee, in connection with which, the Fund evaluates activities of administrative employees on a quarterly basis, on the basis of which compliance of employees with their positions and extent of achievement of goals are determined.

Employees of the Fund are covered with annual medical insurance using resources provided for in the budget of the Fund. Moreover, employees of the Fund receive financial assistance in the amount of two official salaries when they are granted an annual labor leave, material assistance for marriage, birth of a child, and material assistance is also paid in connection with death of a family member.

Maternity leave is also paid, with the average salary maintained, less an amount of a social benefit in case of loss of income due to pregnancy and childbirth.

INFORMATION ABOUT MATERNITY LEAVE AND PARENTAL LEAVE

Parameter	Value (people)	including	
		men	women
Number of employees who officially received maternity and parental leaves in 2021	8	0	8
Number of employees who returned from maternity and parental leaves in 2021	5	0	5

OCCUPATIONAL HEALTH

Arrangement of an operating procedure in the Fund in terms of occupational health is designed to improve a level of protection of employees, systematic introduction of safety culture and prevention of accidents. In this area, responsible employees of the Fund work to refine regulatory legal acts of the Republic of Kazakhstan in civil protection and introduce them into a daily production cycle.

Thus, during the reporting period, Occupational Health and Safety Instruction for employees of the Fund during remote work, Security Threat Risk Minimization Instruction of Damu Entrepreneurship Development Fund JSC were developed and approved by the Management Board as extra measures to ensure safety of employees.

Along with this, employees, including regional branches, follow Decrees of the Government of the Republic of Kazakhstan on occupational health of office workers of the Fund. Requirements of regulatory legal acts of the country apply to all labor processes performed by them while working in offices of the Fund, business trips as well as during emergencies and contingency situations.

As a result of implementation of the Policy in the field of labor protection and industrial safety, as well as established interaction with business subdivisions and regional branches within the joint Fire Safety Plans for 2021, no violations and penalties from the supervisory authorities were allowed.

FORMATION OF A SYSTEM OF TRAINING AND DEVELOPMENT OF PERSONNEL

Training and professional development of employees is carried out with a view to update and additionally acquire theoretical and practical knowledge, proficiency, competencies and skills in professional and managerial activities of employees for effective performance of their duties and solve tasks determined in compliance with the Development Strategy of the Fund.

In order to implement this task, Personnel Policy Committee of the Fund approved by its decision a Training Plan for employees of the Fund (Minutes No. KKP 63-2020 dated November 30, 2020). During the reporting year, 314 employees of the Fund passed training at 29 training events, some of them received several trainings during the year, including in a corporate format. Training within the annual Plan was designed to develop business, personal and professional competencies of employees. Among other things, employees were trained in development of mobile applications on iOS, development in Creatio, training on IFRS and changes in the Tax Code, as well as financial analysis, courses in Power BI, risk modeling in MS Excel, courses in the Kazakh and English languages, project management and operational efficiency improvement, etc.

PARAMETERS OF EMPLOYEE TRAINING IN 2021

Parameter	All employees	By gender groups		By categories of employees		
		Women	Men	Top managers	Middle managers	Workers
Average number of training hours which employees of the organization passed in the reporting period	31,54	36	27,1	20,0	11,5	36,6
Number of employees who passed training	314	188	126	5	49	260
Training hours	10 180,6	6 766	3 414,6	100	564,6	9 516

SPONSORSHIP AND CHARITY

Employees of the Fund have arranged fundraising and provided target assistance as food baskets to 10 veterans of the Great Patriotic War, labor veterans and war children.

In December 2021, fundraising was arranged at the Head Office to purchase New Year's gifts for children from orphanages and low-income families. Total amount of collected funds was 80,000 KZT. For this amount, 20 New Year's gifts were purchased and delivered to children from low-income families



2021 PERFORMANCE IN SOCIAL RESPONSIBILITY

Directions in CSR	Parameters	2021 targets	Performance
Economic parameters	Volume of funds in budget of the Fund provided for sponsorship/ charity	5 million KZT are allocated within 2021 Budget under item 'Provision of sponsorship'	5 million KZT are allocated within 2021 Budget under item 'Provision of sponsorship.' That amount was not used in 2021.
	Gross amount spent by the Fund to provide sponsorship and charity to interested third parties	Target amount planned in 2021 provide sponsorship and charity to interested third parties makes 5 million KZT	
Parameters of work with personnel	Extent of personnel's involvement	Above average	Evaluation of an extent of personnel's involvement was carried out by Independent consultants for all employees of Baiterek NMH JSC this September. Aggregated value of the extent of involvement and satisfaction of Fund's employees was 0.71%. This parameter falls in the area of positive involvement (extent of involvement is above average).
	Number of young specialists who passed practice or internship within the Fund	15 people	In 2021, number of young specialists who passed practice/internship within the Fund was 15.
	Number of employees of the Fund who passed training	185 people	Number of trained employees in 2021 was 314.
	Number of inquiries of employees to ombudsman of the Fund with respect to questions of a failure to comply with the Business Ethics Code	not more than 7	In 2021, there were no inquiries of employees to Ombudsman



BUSINESS ETHICS CODE

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

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

Employees of the Fund on an annual basis receive training and pass a test for knowledge and understanding of basic principles of the Business Ethics Code of the Fund.

POLICY FOR SETTLEMENT OF CORPORATE CONFLICTS AND CONFLICTS OF INTERESTS

In order to determine procedures for prevention and regulation of corporate conflicts, timely detection and prevention of conflicts of interests (hereinafter – the 'Conflicts'), as well as coordination of actions of all bodies in case of a corporate conflict or a conflict of interests or a possibility of a corporate conflict or a conflict of interests, the Fund has approved its Policy for settlement of corporate conflicts and conflicts of interests (decision of the Board of Directors dated April 15, 2015, minutes No. 60, hereinafter – the 'Policy').

One of effective mechanisms to observe and protect rights of the Sole Shareholder, as well as protect property interests and business reputation of the Fund is prevention and settlement of Conflicts.

In the reporting period, the Compliance Controller of the Fund received 1 inquiry from an employee regarding a possible conflict of interest:

1. A close relative of an employee applied to a regional branch in Shymkent City for financial support;

With respect to this inquiry, the Compliance Controller issued conclusions explaining the conflicts of interests that have arisen with a recommendation for further actions to resolve the conflict of interests that has arisen.

The Fund also conducts activities to form an anti-corruption culture with methods for introduction of principles of integrity, honesty and zero tolerance for corruption.

In connection with introduction of amendments and additions to Law of the Republic of Kazakhstan 'Combating Corruption' dated November 18, 2015 No. 410-V LRK, employees were explained new requirements of the anti-corruption laws, amendments were made to internal documents of the Fund and training was conducted on the topic 'Anti-Corruption Policy of the Fund.

ANTI-CORRUPTION EFFORTS

The Fund pays special attention to efforts to lower corruption risks. Every year, in line with 2015-2025 Anti-Corruption Strategy of the Republic of Kazakhstan, together with representatives of the Agency for Civil Service Affairs and the National Anti-Corruption Bureau, the Fund and its regional branches hold lectures with videos, explain provisions of the law 'Combating Corruption'. Along with that, constant work is carried out with newly hired employees of the Fund, who, first of all, are acquainted with the Anti-Corruption Policy.

The purpose of the Policy is to enhance control over prevention and detection of corruption as well as to create an atmosphere of strict rejection in the Fund. It nurtures legal culture of employees of the Fund ensuring compliance with principles of honesty and transparency in discharge of employment obligations. In order to achieve an atmosphere of intolerance towards any manifestations of corruption in the Fund, this document contains anti-corruption standards intended to form value and moral anti-corruption guidelines for behavior of employees in exercise of their official powers.

At the end of 2021, the following activities were implemented.

- 1 All employees of the Fund are familiar with Fund's Policy for Combating Corporate Fraud and Corruption.
- 2 In order to avoid and prevent fraudulent acts by persons posing themselves as employees or representatives of the Fund, the corporate website has a special section covering activities of the Fund to suppress fraud and corruption. The site also contains links to all communication channels ('hot lines', dedicated e-mail, etc.) to receive information from employees of the Fund and representatives of counterparties about signs of fraudulent activities and corruption.
- 3 The Compliance Controller regularly carried out activities designed to improve anti-corruption culture of employees of the Fund.
- 4 In order to minimize possible corruption and reputational risks of the Fund, situational checks 'Mystery Shopper' were arranged and conducted.
- 5 In order to minimize possible corruption and reputational risks for employees of the Fund, an online course was arranged and conducted on the topic 'Anti-Corruption and Fraud' with a subsequent test.

According to 2021 results, employees of the Fund did not make any corruption offences.



9. ENVIRONMENTAL POLICY

The Fund does its best to improve indicators of impact of ongoing and planned activities on the environment. It takes measures to mitigate environmental impact of its operations, develops green products, raises awareness among entrepreneurs, trains its own specialists in line with the Sustainability Policy of the Fund, and conducts training seminars on topic of environment and effects on it.

In 2021, the Fund continued to work on implementation of a 'green office' concept. It also maintains separate storage and removal of non-hazardous waste and materials to be recycled to raw material processing centers as part of implementation of the 'green office' concept.

In February 2021, Environmental and Social Policy was approved by decision of the Management Board of the Fund. Objectives of the Environmental and Social Policy of the Fund are:

- 1 mitigate potential negative environmental and social impact and increase potential positive environmental and social effects from activities of the Fund;
- 2 encourage direct financing clients to develop and maintain systems of environmental and social risk management at a proper level;
- 3 take into account interests of the general public in the area of project's impact on the environment as well as in the area of social impact, when making decisions on financing projects and their implementation.

As for employment of environmentally friendly, energy and material-saving technologies, guided by principles of responsible consumption, the Fund has set a goal to reduce electricity consumption for internal needs. In connection with replacement of a transformer board and calculation of electricity for installed capacity, electricity consumption went up by 12.5%.

Due to automation of business processes and transition to an electronic form, flow of hard copy documents has significantly decreased.
Removal of non-hazardous waste is carried out at the Fund on the basis of a Service Procurement Agreement, which is annually signed with service providers.

It should be pointed out that in order to increase environmental orientation of partners of the Fund, amendments to a standard agreements with partners of the Fund have been approved, given principles of sustainable development, which were communicated to all partners of the Fund.

2021 ENVIRONMENTAL PERFORMANCE

Parameters	2019	2020	2021
Reduced level of Fund's consumption of energy resources compared to previous years, %	Actual reduction of consumption level of electricity was 27,14% vs. 2018*	Electricity consumption by the Fund in 2020 vs. 2019 fell by 15,4%	Electricity consumption by the Fund in 2021 rose by 12,5% vs. 2020*
Volume of water consumption, cu m	5 181 cu m	4 179 cu m	4 293 cu m

*In 2019, level of consumed electricity drastically contracted which is connected with transfer of the Fund to energy-saving lighting systems.

**Electricity consumption by the Fund rose by 12.5% in 2021 vs. 2020 due to charged electricity based on installed capacity (because the transformer board was unsealed and replaced).

10. CORPORATE GOVERNANCE

The Fund views corporate governance as a tool to improve performance, ensure transparency and accountability, enhance reputation and reduce cost of capital raising. The Fund considers proper corporate governance system as its contribution to ensuring the rule of law in the Republic of Kazakhstan and a factor that determines a place of the Fund in the present-day economy and society as a whole. Corporate governance system provides for a clear delineation of powers and responsibilities between bodies, officials and employees of the Fund.

FUNDAMENTAL PRINCIPLES OF CORPORATE GOVERNANCE ARE:

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

10.1. CORPORATE GOVERNANCE SYSTEM

In compliance with the Charter of the Fund, its governing bodies include:

- 1 Supreme body – the Sole Shareholder;
- 2 Management body – the Board of Directors;
- 3 Executive body – the Board;
- 4 Body exercising control over financial and economic activities of the Fund –Internal Audit Service;

- 5 Body implementing the internal credit policy – Credit Committee;
- 6 Body for improving efficiency of managing assets and liabilities of the Fund in order to achieve principles of diversifying assets and liabilities, optimizing financial risks and ensuring financial stability – Asset & Liability Management Committee;
- 7 Body that carries out work on return of toxic receivables that arose as a result of implementation of credit, leasing, investment, documentary, economic activities of the Fund –Toxic Asset Committee for;
- 8 Other bodies established subject to the laws of the Republic of Kazakhstan.

In 2021, the Fund complied with principles and provisions of the Corporate Governance Code that meet requirements of the laws of the Republic of Kazakhstan and relevant international standards. 2021 Report on compliance/non-compliance with principles and provisions of the Corporate Governance Code of the Fund was reviewed by the Board of Directors and approved by a decision of the Board of Directors on May 4, 2022 (Minutes No. 05/2022).

Summary 2021 Report on compliance/non-compliance with principles and provisions of the Corporate Governance Code of the Fund is set out in Appendix No. 3 to the annual report (full version of the Report is posted on corporate website of the Fund).

Based on results of December 2021 independent diagnostics of corporate governance, compliance of the level of corporate governance with best practice requirements is

90.8%

10.2. INSTITUTIONAL STRUCTURE

Institutional structure of the Fund allows to effectively solve strategic goals and objectives. The Fund has 21 departments, 2 services, 17 regional branches, 1 regional center, 9 independent structural units (Managing Directors, Chief of Staff, Corporate Secretary, Compliance Controller, Assistant Chairman of Management Board, Secretariat of Management Board).

Board of Directors				
Compliance Controller		Internal Audit Service		Corporate Secretary
Chairman of Management Board				
Deputy Chairman of Management Board	Deputy Chairman of Management Board	Deputy Chairman of Management Board	Deputy Chairman of Management Board	Deputy Chairman of Management Board
Managing Director	Managing Director	Managing Director	Managing Director	Chief of Staff
Business Technologies Department	Apex Department	Monitoring Department	Management Board Secretariat	Regional Branch (17 Branches)
IT Department	Program Tool Department	Financial Support Tool Administration Department	Loan & International Relations Department	Treasury Department
Marketing & PR Department	Subsidy Department	Legal Department	Budget Planning Department	Administration Department
Client Service & Regional Development Department	Guarantee Department	Toxic Asset Department	Accounting & Reporting Department	Public Authority Department
Risk Management Department	Strategic Analysis & Corporate Governance Department	Security Service	Personnel Development Department	

10.3. SOLE SHAREHOLDER

Sole shareholder of the Fund is Baiterek NMH JSC (hereinafter – the 'Holding').

Mission of the Holding is to support sustainable economic development of the Republic of Kazakhstan in order to achieve goals set out in 2050 Strategy. The Holding is a key operator in implementation of state and government programs.

One of key objectives of the Holding is to ensure effective and complementary operation of companies within group of the Holding.

Security type	Ordinary shares
NIN	KZ1C49420017
Issue registration date	09.04.2012
Nominal holding*	100 000 KZT
Number of declared shares	27 962 244
Number of placed shares	27 762 244
Number of shares held by the shareholder	27 762 244
Information about shareholder	Baiterek NMH JSC
Shareholder's share of placed shares	100%
Shareholder's share of voting shares	100%
* Cost of recent share placement	

The Fund issues only ordinary shares. Ordinary share enables the Sole Shareholder to make decisions on all issues submitted for its study. Ordinary share also gives the Sole Shareholder a right to receive dividends if the Fund has a net income and to receive a part of Fund's property in case its liquidation in manner prescribed by the laws of the Republic of Kazakhstan.



10.4. BOARD OF DIRECTORS

Board of Directors of the Fund is a management body that provides strategic management of the Fund and control over activities of the Management Board of the Fund.

Board of Directors of the Fund ensures full transparency of its activities to the Sole Shareholder.

Board of Directors of the Fund performs its functions in compliance with the laws of the Republic of Kazakhstan, Charter of the Fund, Corporate Governance Code of the Fund and other documents of the Fund.

Composition of the Board of Directors of the Fund includes persons offered (recommended) for election to the Board of Directors as representatives of the Sole Shareholder, individuals not offered (not recommended) for election to the Board of Directors as a representative of the Sole Shareholder.

Composition of the Board of Directors and its committees must provide for a balance of skills, experience and knowledge of their members, depending on industry specifics of Fund's activities, scale of Fund's activities, issues considered by the committees of the Board of Directors, which allows for adoption of independent, objective and effective decisions in interests of the Fund and the Sole Shareholder. Only an individual can be a member of the Board of Directors of the Fund.

The Sole Shareholder elects members of the Board of Directors of the Fund in manner prescribed by the laws of the Republic of Kazakhstan, the Charter and internal documents of the Fund, taking into consideration competencies, skills, achievements, business reputation and professional experience of candidates.

As of January 1, 2022, the Board of Directors of the Fund has 8 members, 4 of which are independent directors, which complies with the best corporate governance practice.

COMPOSITION OF THE BOARD OF DIRECTORS

Chairman of the Board of Directors

SMAILOV
ALIKHAN ASKHANOVICH

Born in 1972, elected as a member of the Board of Directors of the Fund on 13 March 2019, elected as a Chairman of the Board of Directors on 17 April 2019.



- | | |
|-------------------|---|
| 1993-1995 | ·Employee of A-Invest Investment and Privatization Fund |
| 1995-1996 | ·Chief Specialist at the Department of Trade and Industry of Almaty City Administration |
| 1996 | Trainee at the Supreme Economic Council under the President of the RK |
| 1996-1998 | Deputy Head of Department, Head of Department of the National Statistical Agency of the RK |
| 1998-1998 | Deputy Chairman of the Committee of Statistics and Analysis of the Agency for Statistical Planning and Reforms of the RK |
| 1998-1999 | Chief expert, head of sector of a unit, State Inspector of the Organizational and Control Department of the Administration of the President of the RK |
| 1999-2003 | Chairman of the Statistics Agency of the RK |
| 2003-2003 | Vice Minister of Foreign Affairs of the RK |
| 2003-2006 | Chairman of Management Board of State Insurance Company for Insurance of Export Credits and Investments Joint Stock Company |
| 2006-2007 | Vice Minister of Finance of the Republic of Kazakhstan |
| From January 2013 | By the Decree of the President of the RK (No. 468) he was appointed to the position of the Minister of Economy and Budget Planning of the RK |
| 2007-2008 | President of Kazagro National Holding JSC |
| 2008-2009 | Vice Minister of Finance of the RK |
| 2009-2014 | Chairman of the Statistics Agency of the RK |
| 2014-2015 | Chairman of the Statistics Committee of the Ministry of National Economy of the RK |
| 2015-2018 | Assistant to the President of the RK |
| 2018-2019 | Minister of Finance of the RK |
| 2019-2020 | First Deputy Prime Minister of the RK – Minister of Finance of the RK |
| 2021-2022 | First Deputy Prime Minister of the RK |
| 05.01.2022 since | Acting Prime Minister of the RK |
| 11.01.2022 | Prime Minister of the RK |



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Addresses and contacts

Member of the Board of Directors

ZHAKSYLKYKOV TIMUR MEKESHEVICH

Born in 1968, elected as a member of the Board of Directors of the Fund on 28 July 2021 (from 5 April 2022 re-elected for 3-year tenure of the Board of Directors).

- | | |
|------------------|--|
| 1993 – 1997 | Executive Rector of Kazakhstan Agrotechnological University |
| 1997 - 1998 | Chief Specialist, Head of Department of the Agency of the RK for Strategic Planning and Reforms |
| 1998 - 1999 | Head of sector of the Center for Analysis and Strategic Studies of the Administration of the President of the RK |
| 1999 - 2002 | Head of sector of the Analytical Center of the Security Council of the RK |
| 2003 - 2004 | Director of the WTO Accession Department at the Ministry of Industry and Trade of the RK |
| 2004 - 2005 | Head of Group of Representatives for World Trade Organization in Geneva |
| 2005 - 2006 | Managing Director of CMAI JSC |
| 2007 | Director of Center for Sustainable Development of the Capital LLP, Astana |
| 2008 – 2009 | Deputy Akim of Astana |
| 2009 – 2010 | Vice Minister of Industry and Trade of the RK, Chairman of the Investment Committee of the Ministry of Industry and New Technologies |
| 2010 – 2011 | Chairman of the Management Board of Investment Fund of Kazakhstan JSC |
| 2012 – 2017 | Vice Minister of National Economy of the RK |
| 2017 – 2021 | Member of the Board (Minister) of the Eurasian Economic Commission (EEC) for Economics and Financial Policy |
| 2018 | Assistant to the President of the RK |
| 2021 – currently | First Vice Minister of National Economy |



Independent Director

BAKHMUTOVA YELENA LEONIDOVNA

Born in 1962, elected as a member of the Board of Directors of the Fund on 19 September 2018 (from 5 April 2022 re-elected for 3-year tenure of the Board of Directors).

- | | |
|------------------|--|
| 1983-1984 | Senior Engineer at KSMK-1 trust Alma-Ataselstroy No. 7 |
| 1984-1989 | Economist at the Research Economic Institute of Planning and Regulations under the State Planning Committee of the Kazakh SSR |
| 1989-1991 | Senior Economist at the Ministry of Social Security of the Kazakh SSR |
| 1991-1992 | Economist of Elim-Ai film industry association |
| 1992-1998 | Leading, Chief Economist, Head of Department, Deputy Head of the Department for Social Sphere, Deputy Director of the Budget Department at the Ministry of Finance of the RK |
| 1998-2001 | Director of the Budget Department at the Ministry of Finance of the RK |
| 2001-2002 | Vice Minister of Labor and Social Protection of the Population of the RK |
| 2002-2004 | Director of the Financial Supervision Department at the National Bank of the RK |
| 2004-2008 | Deputy Chair of the Agency of the RK for regulation And Supervision of the Financial Market and Financial Organizations |
| 2008-2011 | Chair of the Agency of the RK for Regulation and Supervision of the Financial Market and Financial Organizations |
| 2012-2016 | Deputy Chair of the Board of Samruk-Kazyna JSC |
| 2016-2016 | Managing Director for Finance and Operations at Samruk-Kazyna JSC |
| 2016-2018 | Chair of the Management Board of Social Health Insurance Fund non-profit JSC |
| since 24.08.2018 | Chair of the Council of the Association of Financiers of Kazakhstan |



Member of the Board of Directors

MUKHAMEDJANOV ADIL BEKTASSOVICH

Born in 1981, elected as a member of the Board of Directors of the Fund on 16 June 2021 (from 5 April 2022 re-elected for 3-year tenure of the Board of Directors).

- | | |
|--------------------|--|
| 2003-2004 | Specialist of the Project Management Department at KazTransOil JSC |
| 2004-2016 | Financial Manager, Vice President, Member of the Board of Directors of Caspian Energy Inc, Aral Petroleum Capital CJSC |
| 2010-2011 | Chairman of the Board of Otan Open Accumulative Pension Fund JSC |
| 2008-2016 | Member of the Board of Directors of AsiaCreditBank JSC |
| 2016-2021 | Chairman of the Board of Kazakhstan Housing Company JSC |
| Since May 31, 2021 | Deputy Chairman of Management Board of Baiterek NMH JSC |



Independent Director

ZHURSUNOV RUSTAM MANARBEOVICH

Born in 1976, elected as a member of the Board of Directors of the Fund on 28 July 2021.

- | | |
|------------|---|
| 1997-1999 | Lawyer at GRATA firm |
| 1999-2002 | Deputy Director of the Legal Department at the Ministry of State Revenue of the RK |
| 2002-2003 | Partner at GRATA Law Firm |
| 2003 | Deputy Director for Legal Support of Projects of OOC KazMunayTeniz CJSC |
| 2003-2007 | Executive Director for Legal Consulting, General Director of KMG-Consulting LLP |
| 2007-2009 | Chairman of Management Board (Council of Partners) of Olympex Advisers LLP |
| 2009-2011 | Managing Director for Legal Affairs of Exploration and Production KazMunayGas JSC |
| 2011-2012 | Director of the Legal Department, Managing Director/ Director of the Legal Department (Member of the Management Board) of Samruk-Kazyna National Welfare Fund JSC |
| 2012-2015 | General Director of Petroleum Holding LLP |
| 2012-2015 | Executive Director of the Association of Legal Entities 'Kazakhstan Association of Oil and Gas and Energy Complex Organizations 'KAZENERGY' |
| 2015-2020 | Deputy Chairman of Management Board, member of Management Board of Atameken National Chamber of Entrepreneurs of the RK |
| since 2020 | Commissioner for Protection of Rights of Entrepreneurs of Kazakhstan, Institute of Business Ombudsman of Kazakhstan |

Independent Director

BATALOV RAIMBEK ANVAROVICH

Born in 1970, elected as a member of the Board of Directors of the Fund on 10 June 2020 (from 5 April 2022 re-elected for 3-year tenure of the Board of Directors).

In 1990s	he was one of managing directors of Ridder Invest metallurgical complex, supervised operations of New Dzhambul Phosphorus Plant chemical complex, managed Tobolsk Elevator, sugar refinery in Merke, Shymkent CHPP-3
Since 1992	he has been a founder of Raimbek trading company, Chairman of the Board of Directors of Raimbek Holding
Since 2002	he has been Chairman of Council of Forum of Entrepreneurs of Kazakhstan
Since 2005	he has been heading the Kazakhstan national part of the Business Council of the Shanghai Cooperation Organization (SCO)
Since 2007	Member of the Public Chamber under the Mazhilis of the RK
Since 2009	President of the Federation of Underwater Sports of Kazakhstan
Since 2010	Member of the Unified Coordinating Council chaired by the Prime Minister of the RK. He is also a member of the Council for Entrepreneurship under the President of the RK and Presidium of the National Chamber of Entrepreneurs of Kazakhstan
Since 2012	an independent expert of the Advisory Committee on Entrepreneurship of the Eurasian Economic Commission (Moscow)
Since 2015	a Chairman of the Board of Directors of ENACTUS Kazakhstan, the largest international non-profit organization focused on cooperation between business and universities
In 2015	he was elected as a First Vice-President of Kazakhstan Cycling Federation
In 2017	In March 2017, he was elected as a Vice President of the Asian Cycling Confederation
since 02.2022	Member of the Presidium of the National Chamber of Entrepreneurs of Kazakhstan, Acting Chairman of the Presidium of Atameken NCE of the RK, Chairman of Presidium of Atameken National Chamber of Entrepreneurs
since 03.03.2022	Member of the Supreme Council under the President of the RK for Reforms



Member of the Board of Directors

BURIBAYEVA GAUKHAR ASSYLBEKOVNA

Born in 1983, elected as a member of the Board of Directors of the Fund on 24 April 2019 (from 5 April 2022 re-elected for 3-year tenure of the Board of Directors).

2003-2004	Manager at South Korean transport company Green Integrated Logistics Co.LTD
2005-2006	Chief specialist of the Department for Financial Monitoring of Food Contract Corporation JSC at the Ministry of Agriculture of the RK
2006-2009	Chief manager of the Project Lending Department, Chief Front Manager of the Project Directorate of Development Bank of Kazakhstan JSC
2009-2009	Chief Manager of the Investment Projects 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 National Center for Development of Transport Logistics JSC (currently KTZ Express JSC)
2013-2013	Head of the Department of Strategy and Analytical Research of NC KTZ JSC branch Center for Development of Transport Logistics
2013-2017	Vice President for Financial and Economic Affairs of subordinate organization of the Office of the President of the RK
2017-2017	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 Management Board of Damu Entrepreneurship Development Fund JSC
Since April 2019	Chair of Management Board of Damu Entrepreneurship Development Fund JSC



Independent Director

NURGALIYEVA ASSEM BOLATZHANOVNA

Born in 1983, elected as a member of the Board of Directors of the Fund on 26 May 2021 (from 5 April 2022 re-elected for 3-year tenure of the Board of Directors).

2006-2007	Marketing specialist/ PR-manager of BTA Kazakhstan NPF
2007-2012	Director of the Strategic Marketing Department of REPUBLIC NPF (pension fund, investment)
2012-2014	Managing Director/ Director of Strategic Marketing Department of STANDARD insurance company (general insurance)
2013-2015	Head of the Marketing Analysis and Promotion Department of BANK ASTANA JSC
2019 – currently	Member of the Board of Directors, member of the Internal Control and Audit Committee of MDO HUMO CJSC (Tajikistan)
2018 – currently	Member of the Board of Directors of the Association of Microfinance Organizations of Kazakhstan
2015 – currently	Business Development Director, Executive Director of First Credit Bureau LLP

Members of the Board of Directors of the Fund are citizens of the Republic of Kazakhstan, they do not own shares of the Fund, shares of suppliers and competitors of the Fund.

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

All independent directors who are members of the Board of Directors of the Fund meet the independence criteria.

Procedure to nominate and select candidates for members of the Board of Directors, its committees as well as criteria used when nominating candidates for members of the Board of Directors, its committees, is regulated by the Corporate Governance Code and Regulations on Board of Directors of the Fund.

DURING 2021, THE FOLLOWING CHANGES TOOK PLACE IN THE COMPOSITION OF THE BOARD OF DIRECTORS

- On May 27, 2021, term of office of the independent director A.R. Yelemesov ended;
- By decision of the Management Board of Baiterek National Managing Holding JSC dated May 26, 2021 (Minutes No. 27/21) Nurgaliyeva A.B. was elected as a member of the Board of Directors, independent director;
- By decision of the Management Board of Baiterek National Managing Holding JSC dated June 16, 2021 (Minutes No. 30/21), powers of a member of the Board of Directors Karagoishin R.T. were terminated ahead of schedule, Mukhamedzhanov A.B. was elected as a member of the Board of Directors, a representative of the Sole Shareholder;
- By decision of the Management Board of Baiterek National Managing Holding JSC dated July 28, 2021 (Minutes No. 39/21), the composition of the Board of Directors is determined in the amount of 8 people, Zhaksylykov T.M. elected a member of the Board of Directors, Zhursunov R.M. elected as a member of the Board of Directors, independent director;
- By decision of the Management Board of Baiterek National Managing Holding JSC dated August 20, 2021 (Minutes No. 41/21), term of office of independent director Bakhmutova Ye.L. was extended until expiry of the term of office of the Board of Directors as a whole, that is, until April 04, 2022.
- Newly elected directors were sent information regarding key aspects of activities of the Fund, including the current 2014-2023Development Strategy of the Fund, main internal regulatory documents (Charter, regulations of the Board of Directors, committees, Management Board, etc.), reports of the Internal Audit Service, etc.

REPORT ON ACTIVITIES OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

In 2021, 10 meetings of the Board of Directors were held, including 7 in presentio and 3 meetings in absentia, and more than 100 issues were covered. In the reporting year, more than 25 meetings of committees under the Board of Directors were held, all committee meetings were held offline.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS OF THE FUND

2021	Offline meeting	Meeting in absentia	Total
Quarter 1	1	0	1
Quarter 2	3	1	4
Quarter 3	1	0	1
Quarter 4	2	2	4
Total	7	3	10

NUMBER OF QUESTIONS STUDIED AT MEETINGS OF THE BOARD OF DIRECTORS

2021	Offline meeting	Meeting in absentia	Total
Quarter 1	21	1	22
Quarter 2	26	4	30
Quarter 3	30	2	32
Quarter 4	26	0	26
Total	103	7	110

«BLACK» LLP

Since 1989, the company has focused on production of interior items and traditional Kazakh utensils in the national style. These include Kazakh folding tables, national cabinets and cabinet bases to store dishes and things - asadal, kebezhe, chests of various sizes.

Furniture is mainly intended to furnish and decorate yurts, different rooms in the traditional Kazakh style.

Also, its core activity is production of national dishes - astau - a dish to serve beshbarmak, various bowls and plates, kymyz sets, devices to serve meat, different products and dishes.

Traditional Kazakh cradle, besik, is one of important and unusual household items, which is very popular among young families who purchase it for birth of a child.

Great emphasis is placed on manufacture of souvenir and gift items related to the Kazakh epics – wall panels of various shapes and designs, small and large, wall and table, three-dimensional carving.



KEY ISSUES STUDIED BY THE BOARD OF DIRECTORS IN 2021

In the reporting period, the Board of Directors studied the following issues: conclusion of transactions with second-tier banks, in which there is an interest, study of Report on evaluation of activities of the Board of Directors based on 2020 performance with subsequent submission to the Sole Shareholder for study, approval of regulations and reports in risk management, approval of quarterly risk reports, preliminary approval of annual financial statements, formation of an offer for a procedure for distribution of net income of the Fund, approval of report on the implementation of the Development Strategy, preliminary approval of Annual Report of the Fund, approval of report on performance of key performance indicators of executives, approval of the Map of key performance indicators of executives and their target values, approval of changes (adjustments) to indicators of the Development Plan of the Fund, issues related to activities of the Internal Audit Service, compliance controller, corporate secretary, and so on.

Moreover, on October 14-15, 2021, Turkestan City hosted a meeting of an off-site strategic session with participation of representatives of the Sole Shareholder, members of the Board of Directors and the Management Board of the Fund. The meeting covered a draft of updated 2023 Development Strategy of Damu Entrepreneurship Development Fund JSC with a visit to projects of Turkestan City Regional Branch.

PARTICIPATION IN MEETINGS OF MEMBERS OF THE BOARD OF DIRECTORS OF THE FUND IN 2021:

Members of the Board of Directors	Participation	%
Smailov Alikhan Askhanovich	10/10	100%
Batalov Raimbek Anvarovich	7/10	70%
Bakhmutova Yelena Leonidovna	10/10	100%
Zhaksylykov Timur Mekeshevich (since 28 July 2021)	4/5	80%
Zhursunov Rustam Manarbekovich (since 28 July 2021)	5/5	100%
Mukhamedzhanov Adil Bektassovich (since 16 June 2021)	6/6	100%
Nurgaliyeva Assem Bolatzhanovna (since 26 May 2021)	6/6	100%
Buribayeva Gaukhar Assylbekovna	10/10	100%

WORK OF COMMITTEES AT THE BOARD OF DIRECTORS

The Board of Directors of the Fund has 3 committees: audit and risk management committee, appointment, remuneration and social affairs committee; strategic planning and corporate development committee. In line with the best practice of corporate governance, profile committees at the Board of Directors are headed by independent directors.

COMPOSITION OF THE COMMITTEES IS APPROVED WITH THE FOLLOWING MEMBERS OF THE BOARD OF DIRECTORS :

Audit & Risk Management Committee	
Committee Chair	Bakhmutova Ye.L., independent director
Committee Member	Batalov R.A., independent director
Committee Member	Nurgaliyeva A.B., independent director
Committee Member	Mukhamedjanov A.B., member of the Board of Directors, representative of the Sole Shareholder
Appointment, Remuneration & Social Affairs Committee	
Committee Chairman	Nurgaliyeva A.B., independent director
Committee Member	Batalov R.A., independent director
Committee Member	Bakhmutova Ye.L., independent director
Committee Member	Mukhamedjanov A.B., member of the Board of Directors, representative of the Sole Shareholder
Strategic Planning & Corporate Development Committee	
Committee Chairman	Batalov R.A., independent director
Committee Member	Bakhmutova Ye.L., independent director
Committee Member	Nurgaliyeva A.B., independent director
Committee Member	Zhursunov R.M., independent director
Committee Member	Mukhamedjanov A.B., member of the Board of Directors, representative of the Sole Shareholder

In 2021, the Board of Directors of the Fund approved redrafted regulations on committees of the Board of Directors with invalidation of previous general (unified) regulation on committees.

STRATEGIC PLANNING & CORPORATE DEVELOPMENT COMMITTEE

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

In 2021, 9 offline meetings of the Committee were held that covered 30 issues, including preliminary approval of 2020 Annual Report of the Fund, Reports on implementation of Fund's Strategy, its Development Plans (adjustment) and so on.

AUDIT & RISK MANAGEMENT COMMITTEE

deals with development of recommendations to establish an effective system of control over financial and economic activities (including completeness and reliability of financial statements), to monitor reliability and efficiency of the internal control and risk management system, as well as to execute documents in accordance with areas of corporate governance, to control independence of external and internal audit and compliance controller, to comply with the laws of the Republic of Kazakhstan, internal documents, to prepare recommendations for the Board of Directors on development of priority areas of activities (development), and to operate an adequate risk management system in the Fund, to improve and enhance the risk management system;

In 2021, 9 offline meetings of the Committee were held that covered 62 issues, including preliminary approval of quarterly reports of the Internal Audit Service, quarterly risk reports of the Fund, annual financial statements of the Fund for 2020 and other issues.

APPOINTMENT, REMUNERATION & SOCIAL AFFAIRS COMMITTEE

prepares recommendations to the Board of Directors by means of in-depth study and monitoring of issues related to competence of the Board of Directors in personnel policy, system of appointments and remuneration, as well as assessing activities, in general and individually, of members of the Board of Directors of the Fund, members of the Management Board of the Fund, succession planning for Chairman and members of the Management Board and evaluation of activities of the Corporate Secretary.

In 2021, 8 offline meetings of the Committee were held that covered 19 issues, including 2021 maps of key performance indicators for activities of executives of the Fund (functional KPIs), performance of 2020 functional KPIs, and so on.

Overall, more than 100 issues were covered at the level of three committees of the Board of Directors, with more than half of all issues (55%) studied by the Audit & Risk Management Committee.

Evaluation of activities of the Board of Directors and its committees (hereinafter – the 'Evaluation') is carried out in order to obtain a comprehensive analysis of key areas of activities of the Board of Directors and allows:

- 1 to analyze and determine strengths and weaknesses (advantages and disadvantages) of activities of the Board of Directors of the Fund;
- 2 to make adjustments to work and adjust target areas of activities of the Board of Directors of the Fund;
- 3 to determine how much structure and composition of the Board of Directors of the Fund contribute to solution of strategic tasks of the Fund;
- 4 to determine performance of Chairman of the Board of Directors and each member of the Board of Directors;
- 5 to determine effectiveness of the remuneration system for members of the Board of Directors

The Board of Directors can carry out Evaluation:

- 1 on its own subject to requirements of the laws of the Republic of Kazakhstan or internal documents of the Fund;
- 2 with involvement of independent consultants, professional associations and organizations that assign corporate ratings;
- 3 in other ways.

The Fund, in compliance with the Board of Directors Regulations, annually conducts a comprehensive evaluation of effectiveness of activities of the Board of Directors and committees, an individual evaluation of activities of directors in compliance with the best international practice.

In line with recommendations of the best international corporate governance practices, the Board of Directors decided to evaluate 2021 performance of the Board of Directors, members of the Board of Directors and Committees of the Board of Directors of the Fund on its own and provide information on results of the 2021 evaluation to the Sole Shareholder of the Fund.

In March 2022, a comprehensive survey was conducted with participants of the evaluation, subject to annexes approved in the Regulation on the Board of Directors of the Fund.

According to results of self-evaluation approved by decision of the Board of Directors dated May 4, 2022, minutes No. 05/2022, 2021 activities of the Board of Directors, members of the Board of Directors and Committees of the Board of Directors of the Fund were recognized as effective.

Results of the self-evaluation demonstrated that the Board of Directors regularly monitors implementation of strategic tasks, budget execution and effectiveness of activities of the Fund, effectively interacts with the Sole Shareholder and the Management Board of the Fund. Current composition of the Board of Directors, given experience, diversity of composition, independence, etc. is optimal in the context of tasks faced by the Fund, activities of members of the Board of Directors, committees of the Board of Directors are effective; effective interaction with the Board of Directors, members of the Management Board, etc. is ensured.

Average result of self-evaluation of the Board of Directors was 3.7 points out of 4 maximum points. Results of the self-evaluation of relevant committees of the Board of Directors on the average was 3.90 points, which is comparable to similar evaluations for 2020.

Also, results of the self-evaluation emphasized such strengths as a clear definition of powers of the Board of Directors and Committees, activities of the Chairman of the Board of Directors, organization and active participation of members of the Board of Directors at meetings of the Board of Directors and Committees, effective operation and active position of Independent Directors, including initiatives of Independent Directors with respect to holding regular strategic sessions with participation of representatives of the Sole Shareholder, the executive body of the Fund and other stakeholders.

Evaluation results revealed that members of the Board of Directors responsibly perform tasks assigned to them, carefully study current activities of the Fund and are interested in long-term and sustainable growth of the Fund.

In general, work of members of the Board of Directors of the Fund is assessed positively and is recognized as effective.



Chair of Management Board

BURIBAYEVA GAUKHAR ASSYLBEKOVNA

Born in 1983, elected to the position of the Chair of Management Board on 29 April 2019

Chair of Management Board of the Fund. Carries out general control, coordination and management of activities of all business subdivisions and employees of the Fund, directly controls, coordinates and manages activities of members of the management Board, Assistant to Chairman of Management Board, Head of Staff, Internal Audit Service, Compliance Controller, Corporate Secretary.

2003-2004

Manager at South Korean transport company Green Integrated Logistics Co.LTD

2005-2006

Chief specialist of the Department for Financial Monitoring of Food Contract Corporation JSC at the Ministry of Agriculture of the RK

2006-2009

Chief manager of the Project Lending Department, Chief Front Manager of the Project Directorate of Development Bank of Kazakhstan JSC

2009-2009

Chief Manager of the Investment Projects 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 National Center for Development of Transport Logistics JSC (currently KTZ Express JSC)

2013-2013

Head of the Department of Strategy and Analytical Research of NC KTZ JSC branch Center for Development of Transport Logistics

2013-2017

Vice President for Financial and Economic Affairs of subordinate organization of the Office of the President of the RK

2017-2017

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 Management Board of Damu Entrepreneurship Development Fund JSC

Since April 2019

Chair of Management Board of Damu Entrepreneurship Development Fund JSC

Deputy Chairman of Management Board

NURGAZIYEV GALYM NURGAZIYEVICH

Born in 1972, elected to the position of the Deputy Chair of Management Board on 15 December 2017

Supervises and coordinates work of the Managing Direct, Risk Management Department, Business Technology Department, Information Technology Department, Marketing & Public Relations Department, Customer Service and Regional Development Department and Regional Branches.

1997-1997

Executive Director of Asia Business LLP

1997-2000

Deputy Director, General Director of OPC Zhetysu

2000-2001

President of Daur Limited LLP

c 2001 года

In the gas industry since 2001: Chief Manager, Commercial Director of KazTransGas CJSC, Deputy General Director, Managing Director, Department Director of KazTransGas JSC

2014-2014

Deputy Director of the Oil Industry Development Department at the Ministry of Oil and Gas of the RK

2014-2016

Director of the Gas Industry Development Department at the Ministry of Energy of the RK

2016-2017

Deputy Chairman of management Board of State Corporation 'Government for Citizens' NJSC

2017-2017

Chairman of Supervisory Board of Asia Logistic LLP

Since December 2017

Deputy Chairman of Management Board of Damu Entrepreneurship Development Fund JSC



Deputy Chairman of Management Board

SARSEKEYEV FARKHAT KAYNAROVICH

Born in 1984, elected to the position of the Deputy Chair of Management Board on 04 May 2019

Supervises and coordinates work of the Managing Director, Subsidizing Department, Guarantee Department, Software Tools Department and Apex Department, Strategic Analysis and Corporate Governance Department



2005-2006

Credit manager of the SME Lending Department of Kazkommertsbank JSC

2008-2009

Credit manager, Corporate Business Department, Demir Bank Kazakhstan JSC

2009-2010

Chief specialist of Restructuring and workout, ATF Bank JSC (UniCredit Group)

2010-2012

Chief front manager of the Asset Restructuring Department of Development Bank of Kazakhstan JSC

2012-2015

Deputy Director of the Department for Work with National Companies and Development Institutions of SB Sberbank JSC

2015-2018

Deputy Director of the corporate business branch in Karaganda, SB Sberbank JSC

2018-05.2019

Managing Director of Damu Entrepreneurship Development Fund JSC

Since May 2019

Deputy Chairman of Management Board of Damu Entrepreneurship Development Fund JSC.

10.5. MANAGEMENT BOARD

Management Board is a collective 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 activities of the Fund that are not referred by the legislative acts of the Republic of Kazakhstan and the Charter of the Fund to competence of other bodies and officials of the Fund, including on issues referred by the laws and the Charter of the Fund to its competence.

WORK OF COMMITTEES AT THE MANAGEMENT BOARD

Credit Committee, Asset & Liability Management Committee and Toxic Assets Committee are bodies of the Fund that carry out their activities within powers granted to them by the Management Board subject to the Charter and the laws of the Republic of Kazakhstan.

1) CREDIT COMMITTEE

a collegial body that implements internal credit policy of the Fund and makes decisions on issues of guaranteeing and subsidizing. In 2021, 29 meetings were held on guarantee issues that covered 61 issues and studied 3,438 requests in bpm`online sales, 59 meetings on subsidizing that covered 820 issues and studied 8,868 requests in bpm`online sales.

2) ASSET & LIABILITY MANAGEMENT COMMITTEE

of the Fund is a collegial body designed to improve efficiency of management of assets and liabilities of the Fund in order to achieve principles of diversifying assets and liabilities, optimizing financial risks and ensuring financial stability. In 2021, 25 meetings were held that covered 46 issues.

3) TOXIC ASSETS COMMITTEE

a collegial body designed to carry out work on return of toxic receivables arising from implementation of credit, leasing, documentary (issue of guarantees), investment, economic activities of the Fund. In 2021, 32 meetings were held that covered 121 issues.

Personnel Policy Committee, Change Management Committee and Budget Committee are permanent collegial and advisory bodies at the Management Board of the Fund that carry out their activities within powers granted to them by the Management Board of the Fund.

1) PERSONNEL POLICY COMMITTEE

a body that ensures implementation of personnel policy, development and implementation of professional standards that establish requirements for content and working conditions, qualifications and competencies of employees, development of an integrated system of human resource planning. In 2021, 74 meetings were held that covered 688 issues.

2) CHANGE MANAGEMENT COMMITTEE

a body that works to improve, automate and optimize the existing / new business processes of the Fund, as well as review, preliminary approval of new products. In 2021, 42 meetings were held that covered 92 issues.

3) BUDGET COMMITTEE

a body that ensures and develops offers how to determine indicators of a draft budget of the Fund for a relevant financial year, develops offers how to make adjustments to a current budget of the Fund, studies results of evaluation of implementation of Fund's budget. In 2021, 58 meetings were held that covered 210 issues.

Personal composition and number of members of the Committees are determined by decision of the Board of the Fund. Activities of the Committees are managed by Chairmen of Committees. Compositions of the Committees are formed from among members of the Management Board (no more than 2 (two)), including other employees of the Fund. Committees consist of the Chairman of Committee, who is a member of the Management Board of the Fund, Deputy Chairman of Committee and other members of the Committee with a right to vote, including an advisory right.

Activities of the Committees at the Management Board of the Fund are regulated by the Committee Regulations of the Fund.

10.6. REMUNERATION POLICY

In manner prescribed by the laws of the Republic of Kazakhstan, the Charter, internal documents of the Fund, members of the Management Board of Directors of the Fund during their tenure can be paid remuneration and/or reimbursed for expenses related to performance of their functions as members of the Management Board of Directors of the Fund.

Members of the Board of Directors who are representatives of the Sole Shareholder, Chairman of the Management Board (in case of his membership in the Board of Directors of the Fund) do not receive remuneration for participation in work of the Board of Directors of the Fund.

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

- 1 fixed annual remuneration for membership in the Board of Directors;
- 2 fixed annual remuneration for participation in a committee of the Board of Directors as a Chairman of a committee of the Board of Directors;
- 3 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 fixing an amount of remuneration for a member of the Board of Directors of the Fund, duties of members of the Board of Directors of the Fund, scope of activities of the Fund, long-term goals and objectives determined by the development strategy, complexity of issues covered by the Board of Directors of the Fund, level of remuneration in similar private sector companies (benchmarking, review of remuneration).

For 2021, amount of remuneration paid to members of the Board of Directors of the Fund (including independent directors) totaled 16,940,522 KZT.



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

In compliance with the Program to ensure and improve quality of internal audit approved by the decision of the Board of Directors dated October 3, 2019, Minutes No. 09/2019, an internal evaluation of quality of internal audit activities for 2021 was carried out.

Based on results of the evaluation, compliance of internal audit activities of the Fund with the International Professional Standards for Internal Audit, Regulations on Internal Audit Service of the Fund approved by decision of the Board of Directors dated October 3, 2019, minutes No. 09/2019, Rules for arrangement of internal audit in the Fund dated October 3, 2019, Minutes No. 09/2019, compliance with the Business Ethics Code approved by decision of the Board of Directors dated July 25, 2011, Minutes No. 28.

10.10. EXTERNAL AUDIT

In order to verify and confirm reliability of 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 competitive selection. Determination in the prescribed manner of an audit organization that audits financial statements is within exclusive competence of the Sole Shareholder of the Fund.

Audit of 2021 financial statements was carried out by PricewaterhouseCoopers LLP. Amount of remuneration paid to PricewaterhouseCoopers LLP for services to audit 2021 financial statements totaled 24,771 thousand KZT, including VAT.

PricewaterhouseCoopers LLP did not provide separate services in 2021.

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

10.11. INTERACTION WITH STAKEHOLDERS

In order to conduct a successful and effective policy in sustainable development, the Fund pays due attention to interaction with stakeholders.

In order to determine a list of stakeholders, extent of their influence and spheres of influence on interests of the Fund, the Map of Stakeholders of the Fund was developed.

Main forms of interaction with stakeholders are joint programs and projects, memorandums of cooperation, joint working groups, reporting on activities, meetings, consultations, publications, interviews, etc.

Main areas of interaction with stakeholders include strategic planning, financial activities, project management, supply of goods, works and services, lawmaking, operational activities, interaction with the media.

Extent of importance of influence is assessed on two x/y scales, where:

x = -5 : +5, with a step of 1 (or smaller) features an extent of support/opposition by a stakeholder of the Fund (-5 is the extreme degree of opposition, +5 is the highest degree of support),

y = 0 : 5 with a step of 1 (or smaller) features an extent of influence of a stakeholder on the Fund (Stakeholder Map is an open document of the Fund and is freely distributed by the Fund among any interested parties).

MAP OF STAKEHOLDERS AND EXTENT OF INFLUENCE ON INTERESTS OF THE FUND



EXTENT OF INFLUENCE ON INTERESTS OF THE FUND

Stakeholders	Extent of influence on interests of the Fund					
	Strategic development	Operating activities	Legal regulation	Quality of management of projects and/or business processes	Operating results	Reputation
Scope of powers/ responsibility						
Sole shareholder	high		high			high
Management body	high		high		high	
Management	high	high	high	high	high	high
Personnel		high				
Scope of direct influence						
Public agencies	high		high		high	high
Clients, consumers		high			high	
Suppliers		high			high	
Investors	high			high	high	high
Partners				high	high	
Auditors	high			high		high
Consulting organizations	high			high		
Financial institutes		high			high	
Scope of indirect influence						
Mass media						high
Competitors	high	high	high	high	high	high
Population					high	high
Public organizations						

high extent of influence

low extent of influence

* high degree of interest

Strategic development	determination of long-term priorities, strategic directions of development of the Fund through adoption of state and branch development programs, development and approval of strategic documents of the Fund
Operating activities	regular daily activities to manage regular, standard processes in the Fund
Statutory regulation	adoption of regulatory acts which directly or indirectly regulate these or those sides of activities of the Fund
Quality of management of projects and/or business processes	extent of competence and efficiency of personnel and management of the Fund in providing services for management of projects and/or business processes
Operating results	quantitative parameters of efficiency of operating activities of the Fund
Image	formed public opinion about qualities, advantages and disadvantages

ELZA&ART

Elza Kaliyeva has a university degree in finance. She has been employed for several years with NSC as a chief corporate sales manager. However, her love for creativity has entailed a launch of her own business.

In 2016, after she successfully completed courses for fashion designers in the cities of Almaty and Nur-Sultan, she decided to make up her team and open a design studio. In the same year, her first fashion show took place at Miss Atyrau contest. This event gave a powerful impetus to successful development of the business. For a period of its activities, IE Kaliyeva has gained its own clients, begun to receive individual orders from leading companies of Atyrau.

Today, Elza Kaliyeva is a recognized designer releasing her own clothing line under patented brand ELZA & ART. In 2019, within Business Lady Kazakhstan project, she participated in Kazakhstan Autumn show in France, where she surprised representatives of VOGUE magazine and world fashion houses DIOR and PRADA with her ethnic style in apparel.



11. EXTRACTS FROM ANNUAL FINANCIAL STATEMENTS

These financial statements have been prepared in compliance with the International Financial Reporting Standards ('IFRS') based on historical cost accounting rules, 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.

Principles of accounting policy used in preparation of the financial statements are presented in the Audited Financial Statements for 2021, posted on the Internet resource of the Fund

(k KZT)

CAPITAL

Equity capital	102,920,273	102,920,273
Additional paid-in capital	10,735,627	10,735,627
Fund for revaluation of investment securities measured at fair value through other comprehensive income	26,956	47,581
Other provisions	316,430	316,430
Retained income	27,349,498	5,652,551

TOTAL CAPITAL

TOTAL LIABILITIES AND CAPITAL

31 December 2021

31 December 2020

STATEMENT OF FINANCIAL POSITION

(k KZT)	31 December 2021	31 December 2020
ASSETS		
Cash and cash equivalents	76,882,383	87,151,266
Funds with financial establishments	239,303,960	229,441,142
Receivables under subsidy programs	77,899	162,139
Loans and advances to clients	252,248	556,967
Investments into debt securities	47,001,624	21,829,298
Fixed assets	2,121,829	2,361,265
Intangible assets	267,623	234,391
Down payment of current liabilities under income tax	3,357,383	7,430,331
Deferred tax asset	3,132,896	2,978,187
Long-term assets for sale	153,173	250,217
Other assets	4,975,966	5,700,313
TOTAL ASSETS	377,526,984	358,095,516
LIABILITIES		
Borrowed funds	169,302,529	175,824,905
Issued debt securities	1,244,178	209,139
Liabilities under subsidy programs	7,792,965	24,201,336
Deferred income and provisions for credit related liabilities	56,861,826	37,209,704
Other liabilities	976,702	977,970
TOTAL LIABILITIES	236,178,200	238,423,054

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(k KZT)	2021	2020
Interest income calculated by effective interest method	25,416,244	25,811,844
Other similar income	119,025	171,625
Interest expenses	(7,286,057)	(10,814,186)
NET INTEREST INCOME	18,249,212	15,169,283
Restoration/ (creation) of valuation provision for credit losses under credits and advances to clients and funds with financial establishments	1,418,073	(1,190,264)
NET INTEREST INCOME AFTER CREATION OF LOAN LOSS PROVISION	19,667,285	13,979,019
Net commission income	17,479,186	5,704,966
Income less expenses from derecognition of fixed assets measured at amortized cost	6,544,684	2,955,450
Income less expenses from debt securities measured at fair value via profit or loss	75,345	149,723
Income less expenses under operations with foreign currency	(167)	1,822
Income less expenses from revaluation of foreign currency	80,492	325,787
Net income arising upon original recognition of financial instruments at rates below market rates	(10,856,707)	(82,300)
Impairment of debt securities	(12,412)	(10,544)
Deductions to other asset impairment provision	(86,753)	(39,975)

(k KZT)	2021	2020
Restoration of provision / (deductions to provision) for credit related liabilities	3,377,843	(11,344,898)
Other net operating income/ (expenses)	128,790	(150,210)
Costs of implementation of Fund's program	(862,405)	(714,960)
General and administrative expenses	(4,955,574)	(4,585,800)
INCOME BEFORE TAX	30,579,607	6,188,080
Income tax expenses	(5,548,645)	(1,425,201)
INCOME FOR YEAR	25,030,962	4,762,879

OTHER COMPREHENSIVE INCOME:

Items which subsequently can be reclassified to composition of profit or losses:	(20,625)	(85,142)
Investments into debt securities measured at fair value via other comprehensive income:		
OTHER COMPREHENSIVE INCOME FOR YEAR	(20,625)	(85,142)
TOTAL COMPREHENSIVE INCOME FOR YEAR	25,010,337	4,677,737

CAPITAL STATEMENT

(k KZT)	Equity capital	Additional paid-in capital	Fund of revaluation of securities measured at other comprehensive income	Other provisions	Retained (loss)/ income	Total
Balance as of 1 January 2020	72,920,273	10,735,627	132,723	316,430	2,030,915	86,135,968
Income for year	-	-	-	-	4,762,879	4,762,879
Other comprehensive loss	-	-	(85,142)	-	-	(85,142)
Total comprehensive income for year	-	-	(85,142)	-	4,762,879	4,677,737
Contributions to capital	30,000,000	-	-	-	-	30,000,000
Declared dividends	-	-	-	-	(1,141,243)	(1,141,243)
Balance as of 31 December 2020	102,920,273	10,735,627	47,581	316,430	5,652,551	119,672,462
Income for year	-	-	-	-	25,030,962	25,030,962
Other comprehensive loss	-	-	(20,625)	-	-	(20,625)
Other comprehensive income for year	-	-	(20,625)	-	25,030,962	25,010,337
Declared dividends	-	-	-	-	(3,334,015)	(3,334,015)
Balance as of 31 December 2021	102,920,273	10,735,627	26,956	316,430	27,349,498	141,348,784

CASH FLOW STATEMENT

(k KZT)	2021	2020
Operating cash:		
Received interests	16,888,252	18,861,348
Paid interests	(1,410,972)	(5,617,241)
Received fees	40,834,291	22,053,571
Paid fees	(90,516)	(77,731)
Other operating receipts	126,269	53,910
Costs of remuneration of labor, paid	(2,433,556)	(2,470,280)
General and administrative expenses, paid	(2,812,941)	(2,586,275)
Operating cash before changes in operating assets and liabilities	51,100,827	30,217,302
<i>Net (increase)/ decrease under:</i>		
- funds with financial establishments	(8,393,327)	44,654,286
- loans and advances to clients	32,148	(36,015)
- other financial assets	(2,268,440)	(837,982)
- other assets	41,753	-
<i>Net increase/ (decrease) under:</i>		
- other financial liabilities under subsidy programs)	(14,062,078)	19,190,310
- other liabilities	13,605	(4,232)
Net operating cash	26,464,488	93,183,669

INVESTMENT CASH

Acquisition of investment securities	(94,711,385)	(24,281,738)
Receipts from sale and cancellation of investment securities	72,589,544	11,626,909
Acquisition of fixed assets	(71,365)	(202,596)
Acquisition of intangible assets	(96,438)	(95,910)
Receipts from sale of assets for sale	489,672	509,744
Net cash used in investment activities	(21,799,972)	(12,443,591)

CASH FROM FINANCIAL ACTIVITIES

Borrowing	1,130,000	4,825,113
Repayment of borrowed funds	(13,491,612)	(68,501,059)
Receipts from issued debt securities	1,000,000	200,131
Repayment of long-term lease	(166,052)	(171,448)
Contributions to capital from shareholders	-	30,000,000
Dividends paid	(3,334,015)	(1,141,243)
Net cash used in financial activities	(14,861,679)	(34,788,506)
Influence of changes in exchange rate on cash and cash equivalents	(449)	427,904
Influence of changes in provision for impairment of cash and cash equivalents	(71,271)	-
(Net decrease)/ net increase in cash and cash equivalents	(10,268,883)	46,379,476
Cash and cash equivalents at the beginning of period	87,151,266	40,771,790
Cash and cash equivalents at the end of period	76,882,383	87,151,266



OPERATIONS WITH RELATED PARTIES

Parties are considered to be related if they are under common control or one of them has an ability to control another or can exercise significant influence over another party in making financial and operating decisions. When considering interrelations with all related parties, economic substance of such interrelations is taken into account, and not just their legal form.

Balances as at 31 December 2021 with related parties are as follows:

(k KZT)	Sole shareholder	Companies under common control	Other related parties
Cash and cash equivalents (contractual interest rate: 0%)	-	301,281	2,361,621
Investment debt securities measured at fair value through profit or loss (contractual interest rate: (4.93%-7.68%))	-	-	934,811
Investment debt securities measured at fair value through other comprehensive income (contractual interest rate: 0%)	-	-	37,050,145
Accounts receivable under subsidy programs	-	10,414	-
Down payment of current income tax liabilities (Interest rate: 15%)	-	-	3,357,383
Deferred income tax (interest rate: 20%)	-	-	3,132,896
Other financial assets (interest rate: 0%)	-	-	212
			297,771
Other assets	-	661	
Raised funds (contractual interest rate: 0.1% – 5.5%)	96,380,615	-	72,921,914
Liabilities under subsidy programs (contractual interest rate: 0%)	-	-	2,235,059
Other financial liabilities	-	1,427	-
Other liabilities	-	-	98,873

OPERATIONS WITH RELATED PARTIES

Following are income and expense items under operations with related parties in 2021:

(k KZT)	Sole shareholder	Companies under common control	Other related parties
Interest income	-	-	2,730,337
Interest expenses	(6,147,221)	(2,803)	(1,070,385)
Expenses less income from revaluation of securities measured at fair value through profit or loss	-	-	36,705
Net commission income	-	-	625,600
Income less expenses/ (expenses less income) under operations with foreign currency	-	-	45,766
Administrative and other operating expenses	(69)	(58,175)	(145,148)
Other operating income	-	10,257	-
Income tax expenses	-	-	(5,548,645)
Other income/ expenses	-	-	2,126

Annex No. 1

ABOUT THE REPORT

Damu Entrepreneurship Development Fund Joint Stock Company (hereinafter – the 'Fund') has prepared its 2021 Annual Report (hereinafter – the 'Report').

In this Report, the Fund provides all stakeholders with a complete review of performance and achievements from January 1 to December 31, 2021.

2021 financial statements of the Fund as of December 31, 2021, as specified in this Report, were confirmed by an independent auditor PricewaterhouseCoopers LLP.

The report was prepared in the state, Russian and English languages with placement of an electronic version on the Fund's corporate website (damu.kz).

This Report has not been externally verified.

The reporting cycle is annual.

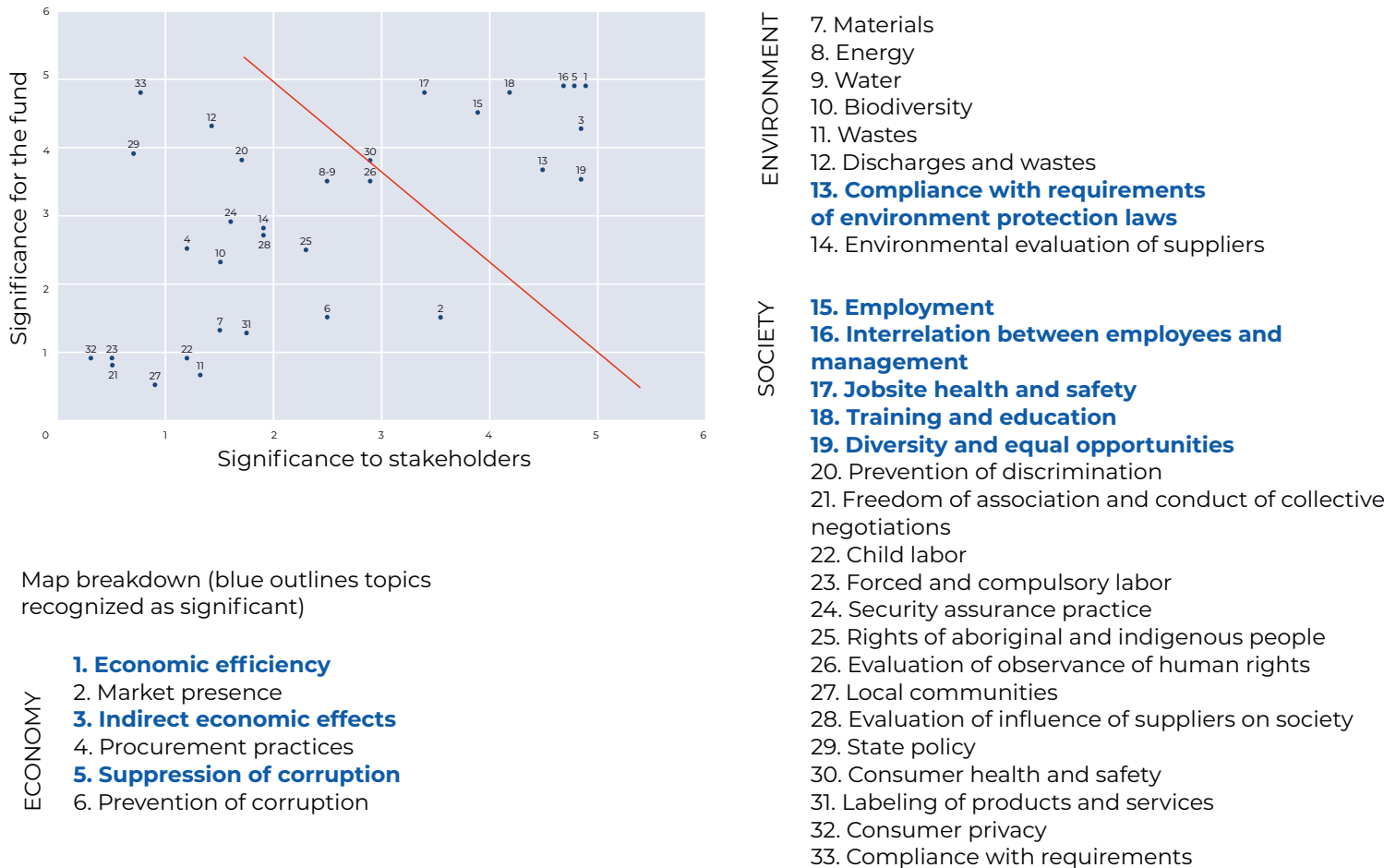
DETERMINING THE CONTENT OF THE REPORT

Structure of the Report includes description of activities of the Fund in the following areas: information about the Fund, core activities and financial results, prospects for the development of SMEs in Kazakhstan, corporate governance, risk management, sustainable development management.

In order to determine significance, a questionnaire was sent to stakeholders, including about 30 material topics. All topics presented in the questionnaire are divided into three groups - economic, environmental and social. Survey of internal and external parties was conducted in order to select the most significant, in their opinion, topics.

Summary estimates based on results of the survey were entered into the Significance Matrix. Topics included in the upper right corner of the matrix are recognized as the most significant and are reflected in this Report.

SIGNIFICANCE MATRIX



Annex No. 2

TABLE OF GRI STANDARDS

GRI standard	Parameter	Report section	Exceptions/Comments
GRI 101: Background GRI 102: General information Profile of the organization			
102-1	Name of the organization	About the Fund, page 8	
102-2	Directions of activities	Core activities, page 16-25	
102-3	Location of the head office	Addresses and contacts, page 161	
102-4	Geography of activities	Geography of activities, page 10	
102-5	Form of ownership	History of the Fund, page 9	
102-6	Sales markets	Development Strategy of the Fund, page 11	Full text of the Development Strategy of the Fund is available at: https://damu.kz/o-fonde/o-nas/strategicheskie-napravleniya/
102-7	Scale of the organization	About the Fund, page 8-11 Corporate and social responsibility policy, page 34-39	
102-8	Information about personnel	Corporate and social responsibility policy, page 34-39	
102-9	Supply chain	Core activities, page 16-25	
102-10	Significant changes in operation of the organization	Key events, page 6-7	There were no significant changes in operation of the organization during the reporting year
102-11	Prudence principles	Risk management and internal control, page 30-33 Corporate and social responsibility policy, page 34-39 Environmental policy, 40-41	

GRI standard	Parameter	Report section	Exceptions/Comments
GRI 101: Background GRI 102: General information Profile of the organization			
102-12	Support of external initiatives	Corporate and social responsibility policy, page 34-39	
102-13	Membership in associations	-	The Fund is a member of the following associations: 1)Association of Financiers of Kazakhstan LEA; 2)Association of Mircrofinance Organizations of Kazakhstan LEA; 3)Association of Taxpayers of Kazakhstan LEA; 4)Atameken National Chamber of Entrepreneurs of the Republic of Kazakhstan
STRATEGY			
102-14	Statement of management	Message of Chairman of Board of Directors, page 3 Message of Chairman of Management Board, page 4-5	
ETHICS AND GOOD FAITH			
102-16	Values, principles, standards and norms of conduct	Title page Corporate governance, page 42-63 Corporate and social responsibility policy, page 34-39	
CORPORATE GOVERNANCE			
102-18	Governance structure	Corporate governance, page 42-63	
INTERACTION WITH STAKEHOLDERS			
102-40	Stakeholder list	Interaction with stakeholders, page 62-66	
102-41	Collective agreements	-	

102-42	Detection and selection of stakeholders	Interaction with stakeholders, page 63-67	
102-44	Key raised topics and concerns	Interaction with stakeholders, page 63-67	
INFORMATION ABOUT REPORT			
102-45	Basis of consolidation	Extracts from annual financial statements, page 68-72	
102-46	Determination of content of report and borders	Annex No. 1, page 73-75	
102-47	List of significant topics	Annex No. 1, page 73-75	
102-48	Recalculation of data of previous periods	Extracts from annual financial statements, page 68-72	
102-49	Changes in content of the Report	-	
102-50	Reporting period	Annex No. 1, page 73-75	
102-51	Date of recent publication	-	July 2021
102-52	Reporting cycle	Annex No. 1, page 73-75	
102-53	Contact information for questions concerning content of the Report	Addresses and contacts, page 93-94	Marzhan Khalmurzayeva, chief manager of the strategic analysis & corporate governance department e-mail: M.Khalmurzayeva@fund.kz Aigul Nurseitova , director of the strategic analysis & corporate governance department e-mail: Aigul.Nurseitova@fund.kz
102-54	Level of compliance with GRI standards		This report is prepared subject to GRI standards: disclosure level – main
102-55	Index of GRI content	Annex No. 1, page 73-75	
102-56	External certification	Annex No. 1, page 73-75	



GRI 103: GOVERNANCE APPROACHES

GRI standard	Parameter	Report section	Exceptions/Comments
103-1	Significance and borders	Annex No. 1, page 73-75 Interaction with stakeholders, page 63-67	
103-2	Governance approaches	About the Fund, page 8 Message of Chairman of Board of Directors, page 3 Message of Chairman of Management Board, page 4-5 performance, 26-28 Business model, page 8	
103-3	Management evaluation	Corporate governance, page 42-63	

ESSENTIAL TOPICS

GRI 200: Economic topics GRI 201: Economic efficiency			
103-2	Governance approaches	About the Fund, page 8 Message of Chairman of Board of Directors, page 3 Message of Chairman of Management Board, page 4-5 Performance, 26-28 Core activities, page 16-25	
201-1	Generation of economic value and allocation	About the Fund, page 8 Core activities, page 16-25 Extracts from financial statements, page 68-72	

GRI 203: INDIRECT ECONOMIC EFFECTS

103-2	Governance approaches	About the Fund, page 8 Message of Chairman of Board of Directors, page 3 Message of Chairman of Management Board, page 4-5 Business model, page 8	
203-1	Investments in infrastructure and gratuitous services	IT development, page 23 International cooperation, page 23-24	
203-2	Significant indirect economic effects	-	

GRI 205: PREVENTION OF CORRUPTION

103-2	Governance approaches	About the Fund, page 8 Corporate and social responsibility policy, page 34-39	
205-2	Creation of awareness about policies and methods of suppression of corruption and training into them	Corporate and social responsibility policy, page 34-39	
205-3	Confirmed cases of corruption and taken measures	Corporate and social responsibility policy, page 34-39	Based on 2021 results, employees of the Fund made no corruption offences

GRI 300: Environmental topics
GRI 307: Compliance with environmental requirements

307-1	Cash value of significant fines and total number of non-financial sanctions applied for failure to comply with environmental laws and regulatory requirements	Environmental policy, page 40-41	There were no fines for failure to comply with environmental laws and regulatory requirements in the reporting year
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GRI 400: Social topics
GRI 401: Employment

GRI standard	Parameter	Report section	Exceptions/Comments
103-2	Governance approaches	Corporate and social responsibility policy, page 34-39	
401-1	Total number and percentage of newly employed employees and also turnover of employees in breakdown of age group, gender and region	Corporate and social responsibility policy, page 34-39	

GRI 402: INTERRELATION BETWEEN EMPLOYEES AND MANAGEMENT

103-2	Governance approaches	Corporate and social responsibility policy, page 34-39	
402-1	Minimum notice period with respect to significant changes in activities of the organization and also whether it is determined in a collective agreement	-	

GRI 403: HEALTH AND SECURITY

103-2	Governance approaches	Corporate and social responsibility policy, page 34-39	
403-2	Types and level of occupational traumatism, level of occupational diseases, coefficient of lost days and coefficient of absenteeism and also total number of fatal cases connected with work in breakdown of regions and gender	-	

GRI 404: TRAINING AND EDUCATION

103-2	Governance approaches	Corporate and social responsibility policy, page 34-39	
404-1	Average annual number of training hours per employee with breakdown into sex and categories of employees	Corporate and social responsibility policy, page 34-39	
404-3	Share of employees for which periodic evaluations of efficiency and career development made in breakdown by sex and categories of employees	Corporate and social responsibility policy, page 34-39	

GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES

103-2	Governance approaches	Corporate and social responsibility policy, page 34-39	
405-1	Composition of governing bodies and main categories of personnel in breakdown by sex, age groups, affiliation to minority groups and other signs of diversity	Corporate and social responsibility policy, page 34-39	



Annex No. 3

2021 REPORT ON COMPLIANCE/ NON-COMPLIANCE WITH PRINCIPLES/ PROVISIONS OF CORPORATE GOVERNANCE CODE OF DAMU ENTREPRENEURSHIP DEVELOPMENT FUND

Principles and provisions of the Corporate Governance Code	Complied/ partially complied/ not complied	Measures conducted to implement principles and provisions of the Corporate Governance Code	Principles and provisions of the Corporate Governance Code	Complied/ partially complied/ not complied	Measures conducted to implement principles and provisions of the Corporate Governance Code
Power delineation principle	Complied	<p>Corporate governance system provides for clear delineation of powers and responsibilities between relevant corporate bodies of the Fund, ensuring systematicity and consistency of corporate governance processes.</p> <p>Activities of the Sole Shareholder, Board of Directors, Management Board as well as distribution of powers between the Sole Shareholder, Board of Directors and Management Board are effectively and to the full extent set out in and regulated by:</p> <ol style="list-style-type: none">Law of the Republic of Kazakhstan 'Joint Stock Companies';Charter of the Fund as approved by decision of the Sole Shareholder of the Fund (minutes of an offline meeting of the Management Board of Baiterek National Management Holding JSC dated October 13, 2016 No. 41/16);Regulations on Board of Directors of the Fund as approved by decision of the Sole Shareholder (minutes of an offline meeting of the Management Board of Baiterek National Management Holding JSC dated November 28, 2018, No. 53/18);Regulations on Board of Directors of the Fund as approved by decision of the Board of Directors dated 03/05/2014, No. 49, with amendments dated 07/09/2020, No. 07/2020. <p>In 2021, the Sole Shareholder, Board of Directors, Management Board studied and made decisions on issues referred by the Charter of the Fund to their exclusive competence.</p>	Principle of efficient management of Fund by the Board of Directors and Management Board	Complied	<ol style="list-style-type: none">apply to the Company with written inquiries about its activities and receive reasonable answers within 30 (thirty) calendar days from a date the request was received by the Company;for a part of property upon liquidation of the Company;preferential purchase of shares or other securities of the Company convertible into its shares subject to a established procedure;demand convocation of a meeting of the Board of Directors of the Company;require an audit organization to conduct an audit of the Company at its own expense. <p>Rights of the Sole Shareholder fixed in the Charter are observed by the Fund and authorized bodies of the Fund.</p> <p>The most significant decisions of the Sole Shareholder in 2021 include:</p> <ol style="list-style-type: none">early termination of powers and election of members of the Board of Directors;approval of annual financial statements, procedure for distribution of net income for the past 2020 financial year;approval of 2020 Annual Report on activities of the Fund. <p>Since June 2021, member of the Board of Directors of the Fund, representative of the Sole Shareholder is Mukhamedzhanov A.B., Deputy Chairman of the Management Board of Baiterek NMH JSC.</p> <p>Activities of the Board of Directors of the Fund are regulated by the laws of the Republic of Kazakhstan, the Charter, Regulations on Board of Directors and other internal regulatory documents of the Fund.</p> <p>In 2021, the Board of Directors studied and made decisions on issues referred by the Charter to the exclusive competence of the Board of Directors of the Fund.</p> <p>In 2021, the following changes took place in the composition of the Board of Directors (update by 50%):</p> <ol style="list-style-type: none">11.05.2021, powers of R.T.Karagoishin, a member of the Board of Directors, were terminated ahead of schedule. on their own initiative;27.05.2021, a three-year tenure of independent director A.R. Yelemesov ended;26.05.2021 Nurgaliyeva A.B. was elected as a member of the Board of Directors, independent director;16.06.2021 Mukhamedzhanov A.B. was elected as a member of the Board of Directors, representative of the Sole Shareholder;28.07.2021, composition of the Board of Directors is determined as 8 persons;28.07.2021 Zhaksylykov T.M. was elected as a member of the Board of Directors;28.07.2021 Zhursunov R.M. was elected as a member of the Board of Directors, independent director;20.08.2021, tenure of independent director Bakhmutova Ye.L. was extended until expiry of tenure of the Board of Directors as a whole, that is, 04.04.2022. <p>Newly elected directors were sent information regarding key aspects of activities of the Fund, including current 2014-2023 Development Strategy of the Fund, main internal regulatory documents (Charter, Regulations of Board of Directors, committees, Management Board, etc.), reports of the Internal Audit Service, etc.</p>
Principle of protection of rights and interests of the Sole Shareholder	Complied	<p>Corporate governance in the Fund is based on ensuring protection, respect for rights and legitimate interests of the sole shareholder and it focuses on contributing to effective operation of the Fund and making its activities break-even.</p> <p>In compliance with paragraph 34 of the Charter of the Fund as approved by decision of the Sole Shareholder (minutes of an offline meeting of the Management Board of Baiterek National Management Holding JSC dated October 13, 2016 No. 41/16), the Sole Shareholder has the right to:</p> <ol style="list-style-type: none">participate in management of the Company in manner prescribed by the laws of the Republic of Kazakhstan and the Charter of the Company;receive dividends;receive information about activities of the Company, including getting acquainted with financial statements of the Company, in manner prescribed by the Charter of the Company;receive extracts from the central depository or a nominal holder which confirm its ownership of the securities;challenge in a court decisions made by bodies of the Company;apply to judicial authorities on its own behalf in cases provided for by the Law of the Republic of Kazakhstan 'Joint Stock Companies' seeking compensation to the Company by officials of the Company for losses caused to the Company and return to the Company by officials of the Company and/or their affiliates of profits (income) received by them as a result of making decisions to make (offer to make) major transactions and/or transactions in which there is an interest;			



Principles and provisions of the Corporate Governance Code	Complied/ partially complied/ not complied	Measures conducted to implement principles and provisions of the Corporate Governance Code	Principles and provisions of the Corporate Governance Code	Complied/ partially complied/ not complied	Measures conducted to implement principles and provisions of the Corporate Governance Code
		<p>Thus, as of January 1, 2022, the Board of Directors of the Fund had 8 directors, including 4 independent directors:</p> <ol style="list-style-type: none">1. Smailov Alikhan Askhanovich, Chairman of the Board of Directors;2. Zhaksylykov Timur Mekeshevich, member of the Board of Directors;3. Mukhamedzhanov Adil Bektassovich, member of the Board of Directors, representative of the Sole Shareholder;4. Batalov Raimbek Anvarovich, independent director;5. Bakhmutova Yelena Leonidovna, independent director;6. Zhursunov Rustam Manarbekovich, independent director;7. Nurgaliyeva Asem Bolatzhanovna, independent director;8. Buribayeva Gaukhar Asylbekovna, Member of the Board of Directors, Chair of the Management Board <p>Share of independent directors is 50% of the total composition, which is in line with the best principles of corporate governance.</p> <p>By decision of Baiterek National Management Holding JSC dated April 5, 2017, minutes No. 15/17, tenure of the Board of Directors of the Fund is 5 (five) years. Accordingly, tenure of the current composition of the Board of Directors of the Fund ends on 04.04.2022.</p> <p>Activities of the Board of Directors are regulated by Regulations on Board of Directors of the Fund, which determine a procedure how to form the Board of Directors, status, composition, rights, duties and responsibilities of members of the Board of Directors, establish a procedure for activities of the Board of Directors, convening and holding meetings, making and executing its decisions.</p> <p>In compliance with the prescribed procedure, Action Plan of the Board of Directors is approved on an annual basis.</p> <p>During 2021, 10 meetings of the Board of Directors were held, including 7 offline and 3 in absentia meetings which covered 92 issues.</p> <p>The Board of Directors regularly holds strategic sessions initiated by independent directors and with participation of stakeholders in order to discuss updates to the Development Strategy.</p> <p>On October 14-15, 2021, Turkestan City hosted a meeting of an off-site strategic session with participation of representatives of the Sole Shareholder, members of the Board of Directors and the Management Board of the Fund. The meeting covered a draft of updated 2023 Development Strategy of Damu Entrepreneurship Development Fund JSC with a visit to projects of Turkestan City Regional Branch.</p> <p>Thus, the Board of Directors regularly holds strategic sessions together with the Sole Shareholder to discuss updates to the Development Strategy.</p> <p>In September 2021, independent director Nurgaliyeva A.B. and Deputy Chairman of the Management Board Makazhanov B.N. participated in a Strategic Session of Baiterek National Management Holding JSC as speakers on cybersecurity issues and impact of the pandemic on activities of Damu Fund.</p>			<p>Thus, a constant dialogue is maintained between the Sole Shareholder and the Fund through regular meetings of strategic sessions.</p> <p>In 2021, 3 committees worked at the Board of Directors:</p> <ol style="list-style-type: none">1. Audit and Risk Management Committee.2. Strategic Planning & Corporate Development Committee.3. Appointment, Remuneration & Social Affairs Committee. <p>Activities of committees are regulated by relevant Committee Regulations as approved by the Board of Directors on August 26, 2021. In line with best corporate governance practice, Committees are chaired by independent directors.</p> <p>Secretary of committees of the Board of Directors is a corporate secretary. Secretary of the committee ensures preparation of committee meetings, collection and systematization of materials for meetings, timely sending to members of the committee and invited persons of notices of committee meetings, agenda of meetings, materials on the agenda, minutes of meetings, preparation of draft decisions of the committee, as well as subsequent storage of all relevant materials.</p> <p>During 2021, the following events were held:</p> <ol style="list-style-type: none">1. 9 offline meetings of the Strategic Planning & Corporate Development Committee which covered 30 issues.2. 9 offline meetings of the Audit and Risk Management Committee which covered 62 issues.3. 8 offline meetings of the Appointment, Remuneration and Social Affairs Committee which covered 19 issues. <p>In 2021, amid COVID-19 pandemic, committee meetings were held mainly as online meetings.</p> <p>Members of the Board of Directors, with the exception of independent directors, carry out their activities on a gratuitous basis. Procedure how to pay remuneration to independent directors is determined in line with the Rules for selection, payment of remuneration and reimbursement of expenses of independent directors. Information on payment of remuneration to independent directors is disclosed in an annual report of the Fund.</p> <p>However, at the same time, there is 'partial compliance' with provision No. 50 of the Corporate Governance Code (Paragraph No. 2 'Remuneration of members of the Board of Directors') in terms of establishing the amount of remuneration sufficient to attract and motivate each member of the Board of Directors of a level required for successful management of the Fund.</p> <p>Management Board of the Fund, being a collegial executive body of the Fund, manages current activities of the Fund, on a compulsory basis implements decisions of the Sole Shareholder and the Board of Directors of the Fund.</p> <p>Management Board is accountable to the Board of Directors and responsible to it for discharge of the assigned duties.</p>



Principles and provisions of the Corporate Governance Code	Complied/ partially complied/ not complied	Measures conducted to implement principles and provisions of the Corporate Governance Code	Principles and provisions of the Corporate Governance Code	Complied/ partially complied/ not complied	Measures conducted to implement principles and provisions of the Corporate Governance Code
		<p>Rights and obligations of members of the Management Board are determined by the Charter, Management Board Regulations and other internal regulatory documents of the Fund.</p> <p>Management Board Regulations determine a procedure for formation and operation of the Management Board of the Fund, rights and obligations of members of the Board, adoption and execution of its decisions, as well as monitoring their implementation.</p> <p>As of December 31, 2021, the Management Board of the Fund was approved in the following quantitative composition:</p> <ol style="list-style-type: none">Buribayeva G.A. – Chair of the Management Board;Yeskakov Ye.A. – Deputy Chairman of the Management Board;Makazhanov B.M. – Deputy Chairman of the Management Board;Nurgaziyev G.N. – Deputy Chairman of the Management Board;Sarsekeyev F.K. – Deputy Chairman of the Management Board. <p>Chair and members of the Management Board have high professional and personal characteristics, have an impeccable business reputation and follow high ethical standards.</p> <p>By decision of the Board of Directors of the Fund dated December 27, 2021 No. 10/2021, the following decisions were made with respect to activities of the executive body of the Fund:</p> <ol style="list-style-type: none">Tenure of the Management Board is 3 (three) years from February 24, 2022.Quantitative composition of the Management Board is determined as 5 (five) members.Issue of electing Buribayeva G.A. to the position of the Chair of Management Board was preliminarily approved from February 24, 2022, with a tenure until expiry of tenure of the Management Board as a whole, and this issue was submitted to the Sole Shareholder for an appropriate decision.Makazhanov B.N., Sarsekeyev F.K., Nurgaziyev G.N. and Yeskakov E.A. were elected as Deputy Chairmen of the Management Board of Damu Entrepreneurship Development Fund JSC, members of the Management Board of Damu Entrepreneurship Development Fund JSC from February 24, 2022, with a tenure until expiry of tenure of the Management Board of Damu Entrepreneurship Development Fund JSC as a whole. <p>By decision of the Management Board of Baiterek National Management Holding JSC (Sole Shareholder) dated January 19, 2022, minutes No. 02/22, Buribayva G.A. was elected as a Chair of Management Board of the Fund with a tenure until expiry of tenure of the Board of the Fund as a whole from February 24, 2022.</p> <p>In 2021, the Management Board held meetings on a regular basis in an automated business process mode. During 2021, 106 meetings of the Board of the Fund were held, which took decisions on operational management of the Fund. They covered 884 issues.</p> <p>During the reporting period, the Management Board of the Fund covered issues on various aspects of operating activities, issues of guaranteeing and subsidizing, financing partners, as well as approval of internal documents, issues on financial programs, issues in sustainable development and corporate governance.</p> <p>Without exception, all the issues submitted on the initiative of the Management Board to the Board of Directors and the Sole Shareholder and strategic sessions are preliminary considered and as approved by the Management Board only in offline meetings.</p>	<p>Sustainable development principle</p> <p>Principle of risk management, internal control and internal audit</p>	<p>Complied</p> <p>Complied</p>	<p>The Board of Directors has approved Sustainable Development Policy of the Fund (Minutes No. 03/2019 dated April 17, 2019). Purpose of the Policy is to determine underlying norms, principles, rules and approaches which the Fund must observe in building a management system in sustainable development. In line with requirements of the Policy:</p> <ol style="list-style-type: none">The Management Board approves an Action Plan in sustainable development and a Report on implementation of actions under the plan is formed on an annual basis;Business subdivisions of the Fund implement activities in sustainable development. <p>Sustainable development activities are included into 2019-2021 Action Plan for implementation of 2014-2023 Development Strategy of the Fund.</p> <p>Moreover, within strategic integration, it is planned to update the Development Strategy of the Fund, given goals and objectives of the Fund in sustainable development.</p> <p>At the same time, according to results of an external evaluation of the corporate governance system carried out in 2021, percentage of compliance with 'Sustainable Development Management System' was 66.7%, 'Partial Compliance' is noted for 'Sustainable Development Management System' respectively. Along with that, the Board of Directors of the Fund by its decision dated February 4, 2022 (Minutes No. 01/2022) approved 2022-2024 Action Plan to Improve Corporate Governance of Damu Entrepreneurship Development Fund JSC.</p> <p>The Fund has risk management and internal control systems which are a set of interrelated components (organizational policies, procedures, methods, mechanisms, norms of behavior and actions, etc.) intended to provide reasonable confidence in achievement of strategic and operational goals.</p> <p>Legal regulation of risk management and internal control systems is ensured by availability of a set of internal acts that regulate construction and operation of the risk management process.</p> <p>Register and map of risks that have a crucial impact on ability of the Fund to achieve strategic and operational goals and objectives are updated annually.</p> <p>The Internal Audit Service evaluates effectiveness of risk management and internal control systems at regular intervals.</p> <p>The Fund constantly improves its corporate risk management system. In 2021, reports were submitted to the Sole Shareholder, Board of Directors and Management Board of the Fund:</p> <ol style="list-style-type: none">report on compliance with limits for second-tier banks and microfinance organizations;monthly report on disbursement structure, balance sheet, gap analysis, currency position of the Fund;quarterly risk report consisting of 16 annexes, including credit, financial, operational and strategic risks (submitted to the Sole Shareholder and the Board of Directors on a quarterly basis);Risk Map, Risk Register and Panel of Key Indicators were as approved by the Board of Directors for 2021 and 2022, including the entire list of operational risks and an action plan to manage crucial risks;semi-annual monitoring of financial condition of counterparty banks of the Fund.



Principles and provisions of the Corporate Governance Code	Complied/ partially complied/ not complied	Measures conducted to implement principles and provisions of the Corporate Governance Code	Principles and provisions of the Corporate Governance Code	Complied/ partially complied/ not complied	Measures conducted to implement principles and provisions of the Corporate Governance Code
		<p>Within the above-mentioned reports, risk portfolio was analyzed and offers were developed for a response strategy and resource allocation, operational control over risk management process by business subdivisions, monitoring of the management and internal control system in compliance with IRR requirements.</p> <p>The Board of Directors approved the following internal documents:</p> <ol style="list-style-type: none">Risk management policy of Damu Entrepreneurship Development Fund JSC as approved by decision of the Board of Directors dated 04.09.2015. (Minutes No. 64);Policy on internal control system of Damu Entrepreneurship Development Fund JSC;Financial risk management rules, etc. <p>Primary objectives of the Risk Management Policy are to build an effective integrated risk management system and to continuously improve activities based on a single standardized approach to risk management methods and procedures.</p> <p>Risk management policy focuses on implementation of the following tasks:</p> <ol style="list-style-type: none">ensure a common understanding of risks by participants of the corporate risk management system;ensure strategic planning given a level of accepted risk;ensure a continuous agreed risk management process based on timely identification, assessment, control and monitoring to ensure achievement of set goals;ensure efficiency of business processes, reliability of internal and external reporting, and promote compliance with legal requirements;create a full-fledged base for decision-making and planning process;improve efficiency of asset management;minimize financial losses due to realization of financial, operational and other risks to ensure principle of business continuity, including safety of equity capital. <p>Risk management is a permanent, continuous process and it is carried out at all levels with involvement of collegiate bodies, authorized bodies, business subdivisions and employees.</p> <p>Primary objectives of the internal control system are:</p> <ol style="list-style-type: none">within operational activities: ensure efficiency of activities, including efficiency of asset and liability management, ensure safety of assets;within preparation of financial statements: ensure completeness, reliability and timeliness of financial, regulatory and other reporting;within compliance with regulatory and legislative requirements: ensure compliance with the laws of the Republic of Kazakhstan as well as internal regulations. <p>The Fund uses a model of three lines of defense, the primary purpose of which is effective operation of risk management and internal control systems through a clear division of roles and functions.</p> <p>Responsibilities of each line are as follows: operational risk management is carried out on the first line; monitoring of aggregated risk and control of the first line of defense for implementation of risk management on the second line and provision of an independent guarantee of operation of the risk management system on the third line of defense. If each line of defense effectively fulfills its role, the likelihood that it will successfully achieve its strategic goals increases.</p>			<p>Operational structure of the risk management and internal control system provides, within the second line of defense, for presence of business subdivisions responsible for coordination risk management and provision of a methodological support as part of operation of the internal control system.</p> <p>In order to achieve the set goals and objectives, employees of the second line of defense need to effectively interact with other departments, including representatives of internal and external audit.</p> <p>Employees of business subdivisions of the second line of defense are provided with an access to information and documentation to the extent that it is necessary to properly perform their functional duties.</p> <p>Business divisions of the second line of defense consist of professional employees who meet prescribed qualification requirements. Procedure of work, functional duties and other requirements are set out in regulations on business subdivisions, job descriptions for managers and employees of business subdivisions of the second line of defense.</p> <p>Regulations on business subdivisions, as well as job descriptions for executives, exclude a possibility of combining risk management and internal control functions with other functions.</p> <p>The Fund has the Internal Audit Service. Quantitative composition and tenure of the IAS have been determined, chief executive and employees of the IAS have been appointed. At the end of 2021, composition of the Internal Audit Service is determined as 4 (four) units.</p> <p>The Internal Audit Service is an internal audit body (as defined by the international professional practices framework of internal audit) – an activity to provide independent and objective guarantees and consultations aimed at improving the organization's activities.</p> <p>The Internal Audit Service is directly subordinate to the Audit and Risk Management Committee, the Board of Directors and reports to them on its work. Tasks, functions, rights and responsibilities of the IAS, as well as a procedure for its activities, are determined by the Internal Audit Service Regulations as approved by the Board of Directors.</p> <p>Internal audit helps the organization achieve its goals by using a systematic and consistent approach to evaluate and improve effectiveness of risk management, control and corporate governance processes.</p> <p>When conducting an audit and compiling an audit report, internal auditors apply rules and regulations of the International Professional Standards for Internal Audit, Code of Business Ethics as approved by decision of the Board of Directors on July 25, 2011 (with amendments and supplements as of February 23, 2021), IAS Regulations, Rules for arrangement of internal audit as approved by decision of the Board of Directors dated 03.10.2019 No. 09/2019 (with amendments as of 06.12.2021), internal regulatory documents of the Fund.</p> <p>External auditor is selected according to approved regulations on the basis of competitive procedures.</p>



Principles and provisions of the Corporate Governance Code	Complied/ partially complied/ not complied	Measures conducted to implement principles and provisions of the Corporate Governance Code	Principles and provisions of the Corporate Governance Code	Complied/ partially complied/ not complied	Measures conducted to implement principles and provisions of the Corporate Governance Code
Principle of regulation of corporate conflicts and conflict of interests	Complied	<p>2021 annual financial statements of the Fund have been prepared in line with the International Financial Reporting Standards and audited by PricewaterhouseCoopers LLP based on decision of the Board of Baiterek NMH JSC (Sole Shareholder) dated 21.05.2019 (Minutes No. 26/19).</p> <p>According to a decision of the Board of Directors of the Fund dated 06.12.2021 No. 09/2021, the issue of determining PricewaterhouseCoopers LLP as an audit organization to audit 2022-2023 financial statements of the Fund was submitted to the Sole Shareholder of the Fund.</p> <p>By decision of the Management Board of Baiterek National Management Holding JSC (Sole Shareholder) dated 15.12.2021 (Minutes No. 67/21), PricewaterhouseCoopers LLP was determined as an audit organization to audit the Fund in 2022-2023.</p> <p>The Fund and the Board of Directors are guided by the Policy for settlement of corporate conflicts and conflicts of interests of Damu Entrepreneurship Development Fund JSC as approved by decision of the Board of Directors dated 17.04.2019 No. 03/2019. Compliance with norms and provisions of this Policy makes it possible to avoid/ prevent corporate conflicts and conflicts of interests.</p> <p>The policy regulates a manner and procedures for pre-trial settlement of conflicts as well as actions of bodies, officials and employees of the Fund within these processes.</p> <p>In 2019, a number of changes and additions were made to the Policy on the initiative of the Compliance Controller in connection with:</p> <ol style="list-style-type: none">expansion of a range of persons to whom requirements of the Policy apply;redistribution of functional responsibilities between the Legal Department and the Compliance Controller;application of new measures to minimize a risk of a conflict of interests. <p>During 2021, the Compliance Controller conducted consultations for employees of the Fund on settlement of conflicts of interests. At the same time, the Fund did not record any cases of corporate conflicts and conflicts of interests.</p> <p>By decision of the Board of Directors dated 17.06.2019 No. 06/2019, an independent Ombudsman of the Fund was appointed – the head of the Compliance Service of the Holding, whose role is to advise employees of the Fund who approached him, and assist in settlement of labor disputes, conflicts, problematic issues of a social and labor nature, as well as in compliance with principles of business ethics by employees of the Fund.</p> <p>By decision of the Board of Directors of the Fund dated 26.08.2021 (minutes No. 06/2021), powers of Ombudsman of Damu Entrepreneurship Development Fund JSC Arystanbekov Ravil Ilzatovich were terminated ahead of schedule from 01.06.2021, and Turganova Mayra Dyusenbaevna, Deputy Corporate Secretary - Head of the Corporate Secretary Service of Baiterek National Management Holding JSC, was appointed as an Ombudsman with a tenure of 2 (two) years.</p> <p>The Fund has a Policy for settlement of corporate conflicts and conflicts of interests of officials and employees, which regulates a manner and procedures for pre-trial settlement of conflicts, as well as actions of bodies, officials and employees within these processes.</p>	Principle of transparency and objectivity of disclosure of information about activities of the Fund	Complied	<p>In order to detect a conflict of interest of officials and employees, a list of affiliated persons is maintained on a monthly basis and a register of persons associated with the Fund by special relations is maintained on a quarterly basis.</p> <p>The Fund discloses information on corporate events, financial statements and audit reports, lists of affiliates as well as other information to be disclosed on Internet resources of the Financial Statements Depository (FSC) in line with requirements as approved by Resolution of the Board of the National Bank of the Republic of Kazakhstan No. 189 dated 27 August 2018 and listing rules of Kazakhstan Stock Exchange JSC.</p> <p>Timely disclosure to the range of stakeholders of information about activities of the Fund, including its financial position, economic indicators, its performance and management structure is ensured. In compliance with the best practice of information disclosure, the Fund annually prepares an Annual Activity Report. In 2021, 2020 Annual Report of the Fund was released.</p> <p>In order to ensure systematic disclosure of information, the Fund has the following internal documents:</p> <ol style="list-style-type: none">Regulations for posting information on the Internet resource of the financial statements depository as approved by decision of the Management Board of the Fund dated 31.05.2019. (minutes No. 77/2019).Regulations for interaction of business subdivisions within preparation and disclosure of information in an annual report of the Fund as approved by decision of the Board of the Fund dated 06.04.2018 (minutes No. 35/2018)Rules to make major transactions and transactions in which the Fund has an interest as approved by decision of Management Board of the Fund dated 15.12.2017 (minutes No. 099/2017).Regulations of Kazakhstan Stock Exchange JSC and Astana International Exchange (AIX). <p>The Fund complies with and is guided by the Information Security Policy. The policy defines basic principles, directions and requirements for information protection. It is a basis to ensure information security regime, it serves as a guide in development of relevant provisions, rules, instructions.</p> <p>In addition, issues of information disclosure are regulated by the Regulations on Information Disclosure as approved by decision of the Management Board dated 17.03.2011. The Regulations define rules and approaches to information disclosure; a list of publicly available documents, information (materials) subject to disclosure; a list of documents, information (materials) to be disclosed to the Sole Shareholder; methods and terms of disclosure of information (materials), etc.</p> <p>The Fund has a corporate website, which discloses information on all important aspects of activities, including financial condition, performance results. Content of the site contains all the necessary information in compliance with the new Corporate Governance Code of the Fund.</p>



Principles and provisions of the Corporate Governance Code	Complied/ partially complied/ not complied	Measures conducted to implement principles and provisions of the Corporate Governance Code
		<p>In order to comply with the principle of transparency and objectivity in disclosing information about activities of the Fund, extended analytical and review reports- presentations and lists of participants as financial programs and instruments (subsidizing, guaranteeing, financing through second-tier banks as part of the development of funds from the National Fund and other programs of the Damu Fund) as well as non-financial measures to support entrepreneurship implemented by Damu Fund. In addition to reports and presentations, documents, materials and information subject to disclosure (placement) in public sources are published on the corporate website of the Fund.</p> <p>Along with that, based on results of an external evaluation of the corporate governance system of Fund, Dostyk Advisory LLP and approval of a relevant action plan to improve corporate governance in the Fund, extra measures will be taken to disclose necessary information on website of the Fund.</p>

Annex No. 4

INFORMATION ABOUT TRANSACTIONS WITH INTEREST

Counterparty under contract	Subject of contract	Date and number of decision of an authorized body of the Fund which took decision to make transaction	Summary information, substantiation and purpose of making the transaction
ForteBank JSC (2 transactions)	conditional placement of funds	Extracts from minutes of an offline meeting of the Board of Directors of Damu Entrepreneurship Development Fund JSC dated 10.12.2019 and 09.03.2021	Financing of small and medium-sized enterprises in Almaty City on conditions of Passport of product 'Regional financing of small and medium-sized private enterprises'
ForteLeasing JSC	financing of leasing transactions	Extracts from minutes of an offline meeting of the Board of Directors of Damu Entrepreneurship Development Fund JSC dated 30.07.2020 No. 08/2020.	Consummation of a transaction with ForteLeasing JSC subject to the terms and conditions of Product 'Financing of Leasing transactions of micro, small and medium-sized private enterprises'
Development Bank of Kazakhstan JSC	Lease of office premises in DVGO (Nur-Sultan)	Extract from minutes of an offline meeting of the Board of Directors of Damu Entrepreneurship Development Fund JSC No. 01/2021 dated 09.03.2021.	Contract for purchase of services for lease of office/ production premises to host Nur-Sultan City Regional Branch for a premise of 48.7 sq.m.
Kazakhstan Housing Company JSC	Services for lease of office premises in Nur-Sultan	Extract from minutes of an offline meeting of the Board of Directors of Damu Entrepreneurship Development Fund JSC No. 01/2021 dated 09.03.2021.	Contract for purchase of services for lease of office/ production premises to host Nur-Sultan City Regional Branch for a premise of 49.5 sq.m.
ForteBank JSC (351 transactions)	Guarantee agreement	Subject to decision of the BD dated 22.01.2020 (minutes No.01/2020), with amendments dated 26.05.2020 (minutes No. 06/2020), approved standard terms and conditions under programs of 2020 Business Roadmap, 2025 Business Roadmap (mechanism of lending to priority projects), Yenbek, Damu, Damu-Optima.	Entry into a guarantee contract



Counterparty under contract	Subject of contract	Date and number of decision of an authorized body of the Fund which took decision to make transaction	Summary information, substantiation and purpose of making the transaction
Eurasian Bank JSC (245 transactions)	Guarantee agreement	Subject to decision of the BD dated 22.01.2020 (minutes No.01/2020), with amendments dated 26.05.2020 (minutes No. 06/2020), approved standard terms and conditions under programs of 2020 Business Roadmap, 2025 Business Roadmap (mechanism of lending to priority projects), Yenbek, Damu, Damu-Optima.	Entry into a guarantee contract
ForteBank JSC (698 transactions)	Subsidy agreement	Subject to decision of the BD dated 22.01.2020 (minutes No. 01/2020), with amendments dated 26.05.2020 (minutes No. 06/2020) and dated 30.07.2020 (minutes No. 08/2020) approved standard terms and conditions under programs of 2020 Business Roadmap, 2025 Business Roadmap (Mechanism of lending to priority projects), UNDP, UNDP-GEF	Entry into a subsidy agreement
ForteLeasing (24 transactions)	Subsidy agreement	Subject to decision of the BD dated 22.01.2020 (minutes No.01/2020), with amendments dated 26.05.2020 (minutes No. 06/2020) and dated 30.07.2020 (minutes No. 08/2020) approved standard terms and conditions under programs of 2020 Business Roadmap, 2025 Business Roadmap (Mechanism of lending to priority projects), UNDP, UNDP-GEF	Entry into a subsidy agreement
Eurasian Bank JSC (243 transactions)	Subsidy agreement	Subject to decision of the BD dated 22.01.2020 (minutes No.01/2020), with amendments dated 26.05.2020 (minutes No. 06/2020) and dated 30.07.2020 (minutes No. 08/2020) approved standard terms and conditions under programs of 2020 Business Roadmap, 2025 Business Roadmap (Mechanism of lending to priority projects), UNDP, UNDP-GEF	Entry into a subsidy agreement
Development Bank of Kazakhstan JSC (9 transactions)	Subsidy agreement	Subject to decision of the BD dated 22.01.2020 (minutes No.01/2020), with amendments dated 26.05.2020 (minutes No. 06/2020) and dated 30.07.2020 (minutes No. 08/2020) approved standard terms and conditions under programs of 2020 Business Roadmap, 2025 Business Roadmap (Mechanism of lending to priority projects), UNDP, UNDP-GEF	Entry into a subsidy agreement

Annex No. 5

GLOSSARY:

Acronyms, abbreviations	Definition	Acronyms, abbreviations	Definition
AFM	Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market	MSME	Micro, small and medium-sized entrepreneurship
STBs	Second-tier banks	SME	Small and medium-sized entrepreneurship
GDP	Gross Domestic Product	MNA RK	Ministry of National Economy of the Republic of Kazakhstan
2025 Business Roadmap	2025 Business Roadmap state program of business support and development	AIFC	Astana International Financial Center
Sole shareholder, Baiterek NMH JSC	Baiterek National Management Holding JSC	Yenbek Program	2017-2021 Yenbek state program for development of productive employment and mass entrepreneurship
KASE	Kazakhstan Stock Exchange JSC	UNDP	United Nations Development Programme
Lcs	Leasing companies	IAS	Internal Audit Service
Mechanism	Mechanism of lending and financial leasing of priority projects	MSMEs	Micro, small and medium-sized enterprises
LEA	Local executive authorities	SMEs	Small and medium-sized enterprises
MFO	Microfinance organizations	PE	Private enterprises
		Fund, Damu Fund	Damu Entrepreneurship Development Fund



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