

**«APPROVED»
by decision of the Management Board
of Joint Stock Company
«NMH» Baiterek»**

**Appendix 12
to the Minutes of the Meeting
of the Management Board of
Joint Stock Company
«NMH» Baiterek»
dated July 24, 2024 No. 38/24**

**ANNUAL REPORT OF
JOINT STOCK COMPANY
«DAMU» ENTREPRENEURSHIP DEVELOPMENT FUND»
FOR 2023**

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

Ladies and gentlemen!

The Damu Fund is a national financial institution that implements government support tools to promote the development of private entrepreneurship in the Republic of Kazakhstan through the provision of financial support. For 26 years, the Fund has been helping Kazakhstani entrepreneurs to fulfill their dream - to open and develop their own business.

Over the entire period of implementation of state support through the Damu Fund, the number of supported projects of entrepreneurs exceeded 202 thousand projects in the amount of loans over 12 trillion tenge.

The annual report of Damu Entrepreneurship Development Fund JSC for 2023 reveals the main results of economic activity, as well as operational and social aspects of the Fund's work.

The main priority of the Fund's work is to create conditions that contribute to the prosperity of small and medium-sized enterprises, since it is this class of entrepreneurs that drives the economy and plays an important role in ensuring sustainable growth and self-employment. Through innovative programs and mechanisms of state support, the Damu Fund seeks to promote the development of competitive entrepreneurs and ensure their successful functioning in the market.

The importance of supporting the Damu Fund cannot be underestimated. Together we are achieving significant results. For example, during 2023, 23.9 thousand projects of various sizes and areas of activity successfully implemented their projects through the financial support of the Fund. These projects no doubt had a significant impact on different areas of society. Among them are projects in the field of manufacturing, education, health care, culture, ecology and much more. The Fund's support allows entrepreneurs to bring their ideas to life, create new jobs, develop innovations, and change their community and country for the better.

The development of an effective business environment has become one of the key aspects of our work, and we are proud that in the person of the Damu Fund, entrepreneurs have found a reliable partner who is ready to support the business path at every step.

The presented annual report is evidence of our joint efforts in building an effective platform for interaction between representatives of business and government.

We are confident that the results achieved will provide inspiration and motivation to follow this path with even greater enthusiasm and efficiency.

**Deputy Prime Minister-
Minister of National Economy
of the Republic of Kazakhstan
Baybazarov N.S.**

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

Damu Entrepreneurship Development Fund JSC has been making a significant contribution to the development of the domestic business environment for more than 25 years. At the end of 2023, with the participation of the Fund, the 23,852 of the project of Kazakhstani entrepreneurs were supported by the state and received loan funds in the amount of 1,566,4 billion tenge, which are aimed at developing or expanding their own business.

As the operator of state support programs, the Fund allocated 290 billion tenge for the development of MSMEs within the framework of the National Project for the Development of Entrepreneurship for 2021-2025 and the Economy of Simple Things.

In terms of subsidizing the interest rate, the Fund supported 12.3 thousand projects in the amount of loans 1 005.2 billion tenge, in terms of the guarantee instrument - 8.2 thousand projects in the amount of loans 363.2 billion tenge, on the instrument of concessional financing - 3.3 thousand borrowers in the amount of loans 197.9 billion tenge.

At the end of 2023, enterprises that received state support achieved a significant socio-economic effect in the form of manufactured products totaling 21'500,5 billion tenge, taxes paid to the budget in the amount of 1'566,2 billion tenge. In 2024, we expect an increase in the above indicators by more than 10%.

The main tool for achieving set goals is the company's development strategy. Thus, in 2023, the Fund approved a new ten-year strategy, which is based on key areas of activity for realizing its role as an institution for the development of entrepreneurship in Kazakhstan.

At the same time, maintaining a high credit rating is an important aspect of the successful implementation of the strategy. In 2023, the international rating agencies Moody's and S&P confirmed the Fund's credit ratings and also improved their forecasts. Moody's affirmed the Baa3/Prime-3 rating and improved its outlook to Positive, while S&P affirmed the BBB-/A-3 rating with a Stable outlook. Positive ratings from rating agencies confirm the reliability and financial stability of the Damu Fund.

For the Fund, the past year turned out to be a breakthrough in launching alternative sources of financing. The fund worked out the direction of supporting entities by providing the opportunity for MSMEs to attract alternative sources, as well as to involve the private market in investing in business projects. So, in the fourth quarter of 2023, the first opening of trading in subsidized bonds in Kazakhstan took place at the Kazakhstan Stock Exchange KASE as part of the implementation of the National Project for the Development of Entrepreneurship for 2021-2025. In 2023, the Fund supported three projects totaling 5.5 billion tenge of bonds.

In order to implement paragraph 58 of the National Action Plan for the implementation of the Address of the Head of State to the people of Kazakhstan dated September 1, 2023 «Economic Course of Fair Kazakhstan», combining the «Business Roadmap» and the «Economy of Simple Things» programs into a comprehensive program to support small and medium-sized enterprises, in 2023, the Fund, together with the Government of the Republic of Kazakhstan, took part in the development of a Unified Comprehensive Program, which was approved in January 2024. The program includes six areas with the main emphasis on supporting projects in the manufacturing industry, on the development of small and medium-sized enterprises in mono-, small towns and rural settlements, and separately allocated areas to support social entrepreneurship and the development of the stock market.

The Fund continues to pay attention to the development of factoring financing of transactions of small and medium-sized enterprises. In 2023, 28 entrepreneurs were supported by the factoring funds placed by the Fund for a loan of 4,011 million tenge, and funds were additionally placed in Bank CenterCredit JSC in the amount of 1 billion tenge.

Would like to note that along with financial indicators, great attention is paid to the social and environmental responsibility of business today. A high level of ESG valuation contributes to the company's reputation and enhances its image. In 2023, the International Rating Agency S&P Global Corporate Sustainability Assessment assigned the Fund a sustainable development rating of "22."

Also, given the annual increase in the number of entrepreneurs applying for state support, the Fund continues to work on automating processes and transferring them to an online format. In 2023, for the convenience of entrepreneurs, all business processes of the Fund were transferred to digital format. Now entrepreneurs receive state support through the portal online.damu.kz and bgov.kz. Thanks to the innovations introduced, the deadline for consideration of applications has decreased from 21 to 5 working days, and within the framework of the program to support micro and small enterprises – up to 1 day.

The measures taken have significantly simplified interaction with entrepreneurs and ensured maximum transparency of processes. At the same time, the load on offline interaction channels has decreased.

Every year, to promote and popularize products produced by enterprises that have received state support, the Fund holds an exhibition of Kazakhstani manufacturers "ULTTYQ ONIM". About 320 representatives of micro, small and medium-sized enterprises from all over the country took part in the 7th exhibition of 2023, and the number of visitors amounted to more than 22 thousand people. The exhibition featured building materials, machinery equipment, chemical products, furniture, food, clothing, footwear and more.

The Damu Fund strives to improve the service provided to entrepreneurs. One of the main tasks for the current year is active interaction with the business community and other organizations to improve the business environment and find new opportunities for growth and development of Kazakhstani business.

Damu Fund will also continue to focus on improving its efficiency, transparency and accountability. It is planned to optimize internal processes, introduce advanced technologies and management methodologies, as well as strengthen the system for monitoring and evaluating results.

The implementation of these plans will strengthen the financial stability of the Fund and increase confidence in its activities. In addition, the Fund's service will become even simpler and more accessible for entrepreneurs.

Buribayeva G.A.
Chairman of the Management Board
of "Damu "Entrepreneurship Development Fund" JSC

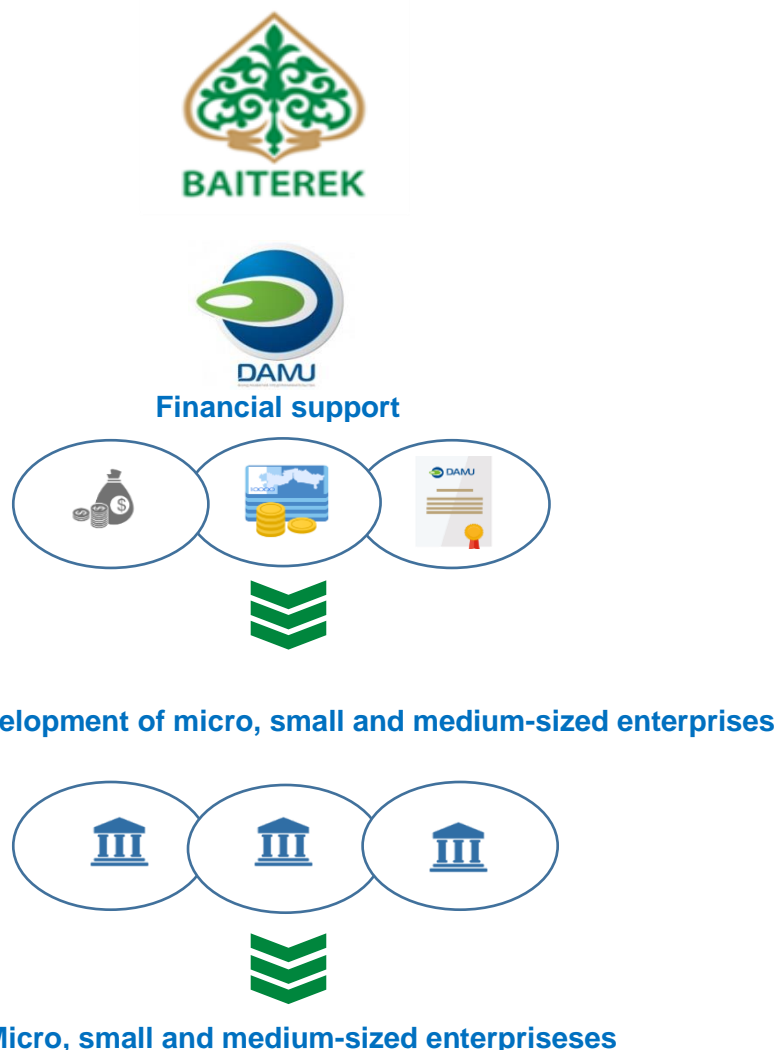
ABOUT THE FUND

Damu Entrepreneurship Development Fund JSC is a financial agency implementing state support tools, the purpose of which is to promote the qualitative development of private entrepreneurship in the Republic of Kazakhstan through the provision of financial support. The fund offers a wide range of products and services for entrepreneurs:

- concessional lending under lending programs through second-tier banks, microfinance organizations, leasing companies and other legal entities of the Fund's partners;
- subsidizing interest rates on loans/microloans/leasing transactions;
- loan guarantee;
- consulting support;
- distribution of information and analytical materials;
- monitoring compliance, intended use and implementation of the entrepreneur's project with the terms of the programs.

As part of the implementation of its activities, the Fund attracts funds from additional sources of financing, digitalization of business processes, work to support projects of entrepreneurs, issues of international cooperation, development of information activity and more are also being worked out.

BUSINESS MODEL OF THE FUND



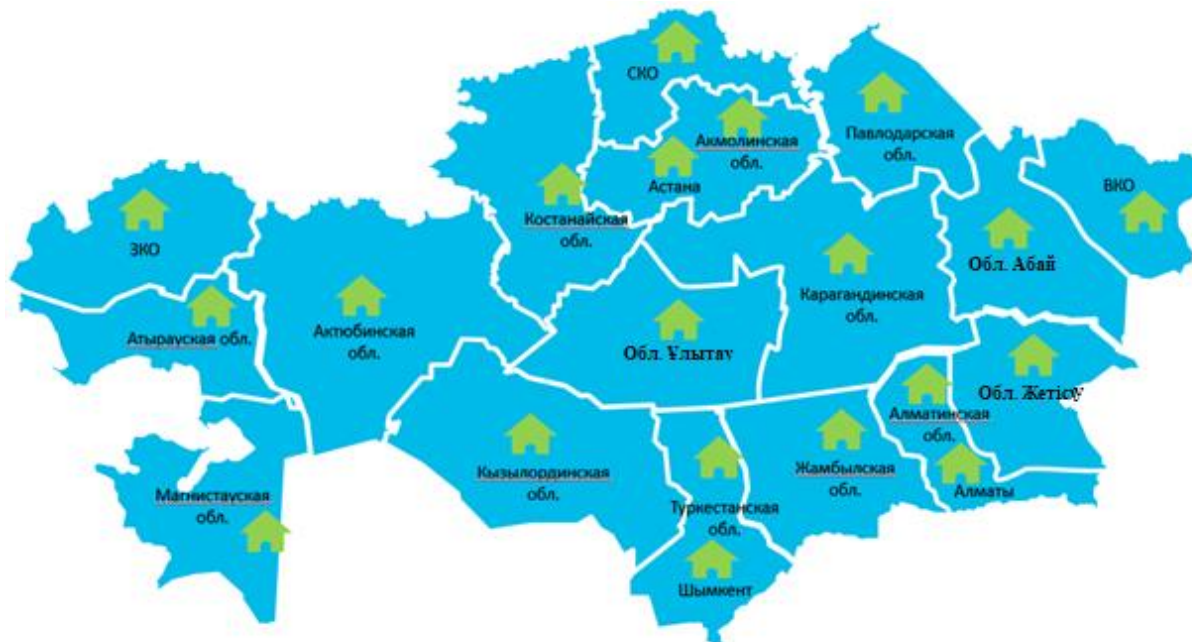
HISTORY OF THE FUND

1997	Establishment of the Fund (Government Decision No. 665 of 26 April 1997 on the establishment of a small business development fund)
1997-2007	<p>Since 2002, direct lending to small enterprises from own funds: the “Program for lending to small enterprises from the republican budget” and the “Program for the development of small towns for 2004–2006” were implemented.</p> <p>Since 2005, supporting small enterprises through the implementation of project financing and leasing programs, a program for the development of a microcredit system in Kazakhstan, a program for guaranteeing loans to small enterprises received from second-tier banks</p> <p>Since 2007, acting as an agent for accounting and control of the use of state budget funds under the Program of Measures to Support Domestic Producers, as well as under credit lines of the Asian Development Bank and the European Bank for Reconstruction and Development</p>
2007 – present	<p>Since 2007, performing the functions of an operator for the conditional placement of funds at the expense of attracted and own funds</p> <p>Since 2010, the Fund has been a financial agency for subsidizing interest rates on loans/leasing transactions of entrepreneurs and guaranteeing loans of entrepreneurs to banks/leasing companies</p> <p>In 2013, the change of the Sole Shareholder – “National Management Holding “Baiterek” JSC</p> <p>In 2016, the Fund was selected as the Financial Agent for the Program for the Development of Productive Employment and Mass Entrepreneurship for 2017–2021</p> <p>In 2017, the Fund’s Development Strategy for 2014–2023 was updated</p> <p>In 2018, the Fund carried out the first issue of bonds on the platform of “Kazakhstan Stock Exchange” JSC</p> <p>In 2020, the Fund made a successful debut placement of "green" bonds on the stock exchange of the “Astana” International Financial Center</p> <p>In 2021, the Fund carried out a successful debut placement of “social” bonds on the Kazakhstan Stock Exchange</p> <p>In 2023, the Fund’s Development Strategy for 2024–2033 was approved</p>

GEOGRAPHY OF THE FUND'S ACTIVITIES

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

1. Regional branch in Abay region;
2. Regional branch in Akmola region;
3. Regional branch in Aktobe region;
4. Regional branch in Almaty region;
5. Regional branch in Atyrau region;
6. Regional branch in East Kazakhstan region;
7. Regional branch in Zhambyl region;
8. Regional branch in Zhetisu region;
9. Regional branch in West Kazakhstan region;
10. Regional branch in Karaganda region;
11. Regional branch in Kostanay region;
12. Regional branch in Kyzylorda region;
13. Regional branch in Mangistau region;
14. Regional branch in Pavlodar region;
15. Regional branch in North Kazakhstan region;
16. Regional branch in Turkistan region;
17. Regional branch in Ulytau region;
18. Regional branch in Astana;
19. Regional branch in Almaty;
20. Regional branch in Shymkent.



In 2023: 4'533 clients applied to the regional networks of the Fund, who were provided with 5'844 services.

FUNDAMENTAL CORPORATE VALUES OF THE FUND

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

The Fund values in its employees and their work:

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

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

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

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

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

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

Team - cooperation to achieve better results from joint activities.

KEY EVENTS OF 2023

1. Confirmation of ratings

On October 31, 2023, the international rating agency Moody's Investors Service confirmed the Fund's long-term and short-term credit ratings for foreign and national currency liabilities at Baa3/Prime, respectively. Following the increase in the forecast, Moody's Investors Service also raised the Fund's forecast from Stable to Positive. The change in the forecast to "Positive" is a signal of a possible increase in the rating in the future while maintaining the current dynamics in the future. The rating on the National Scale is confirmed at "Aa2.kz".

On November 01, 2023, the international rating agency S&P Global Ratings affirmed the Fund's long-term and short-term ratings on foreign and national currency liabilities at BBB-/A-3 respectively, the outlook is "Stable." The rating on the National Scale is confirmed at "kzAAA".

2. ULTTYQ ONIM

On May 5-7, the VII exhibition of Kazakhstani manufacturers "ULTTYQ ÓNIM" who received state support was held. The exhibition of domestic producers "ULTTYQ ÓNIM" has been held by the Damu Fund since 2015 and serves as an effective platform for uniting Kazakhstani producers. In 2023, the number of participants was 320 enterprises from various sectors of the economy and regions of the country, supported by government programs. The number of visitors for 3 days exceeded 22 000 people, the number of sales amounted to 74,1 million tenge.

3. Approval of the Development Strategy for 2024-2033

In November 2023, a new Development Strategy of the Damu Fund was approved for a ten-year period for 2024-2033. The strategy was developed taking into account the Holding Development Plan, higher-level documents of the state planning system and defines the mission and vision of the Fund until 2033.

4. Sustainable development

- The international rating agency S&P Global Corporate Sustainability Assessment assigned the Fund a rating of "**22**". The assessment was based on an analysis of the Damu Fund's activities in the field of sustainable development. The Damu Fund was among the first to receive an ESG rating among the financial institutions of the Republic of Kazakhstan.

- The fund has become one of the signatories of the **Green Investment Principles for Belt and Road** in Central Asia.

- In order to introduce ESG initiatives into the activities of the Fund, in 2023 the **Roadmap of ESG initiatives** of the Fund was approved.

- State support for **social entrepreneurship** has been introduced for subsidizing and guaranteeing instruments within the framework of the National Project for the Development of Entrepreneurship for 2021-2025 (Decree of the Government of the Republic of Kazakhstan No. 64).

5. Development of a Unified Comprehensive Program

As part of the implementation of paragraph 58 of the National Action Plan for the implementation of the Address of the Head of State to the people of Kazakhstan dated September 1, 2023 "The Economic Course of Fair Kazakhstan," in 2023, the Fund, together with the Government of the Republic of Kazakhstan, took part in the development of a Unified Comprehensive Program, which includes six areas with the main emphasis on supporting projects in the manufacturing industry, for the development of small and medium-sized enterprises in mono-, small towns and rural settlements, as well as separately highlighted areas to support social entrepreneurship and the development of the stock market.

6. Preferential financing (raising and placing funds)

- Within the framework of the program "Regional financing of small private and medium-sized private enterprises," funds from local executive bodies in the amount of 3 850 billion tenge were raised on co-financing terms. From extrabudgetary sources of financing, funds were raised from JSC "Transnational Company" Kazchrome" in the amount of 500 million tenge, in particular for the implementation of the regional program for the city of Khromtau, Aktobe region. Taking into account the funds allocated by the Fund in the amount of 5 900 million tenge, the total amount of funds allocated for regional financing amounted to 9 850 million tenge.

- The return funds of the National Fund of the Republic of Kazakhstan in the amount of 34,4 billion tenge were redistributed and placed in Halyk Bank of Kazakhstan JSC, Bank CenterCredit JSC, Bereke Bank JSC, ForteBank JSC and Eurasian Bank JSC.

7. Subsidizing the coupon rate

Under the instrument of subsidizing part of the coupon rate for 2023, 3 projects were signed, the amount of issued bonds amounted to 5,5 billion tenge.

8. EBRD bonds

In 2023, the Fund, together with the European Bank for Reconstruction and Development, allocated 23 billion tenge to support and finance Kazakhstani business. The Fund acted as an investor by purchasing bonds of the European Bank for Reconstruction and Development on the organized securities market. The funds received through second-tier banks were used to support small and medium-sized enterprises in Kazakhstan.

9. Joining the AESM

The Damu Fund has joined the Association of European Guarantee Organizations of the European Union. According to official data, the total portfolio of guarantees of AESM member organizations is more than 312 billion euros, covering about 6 million small and medium-sized enterprises. The accession gave access to the materials and research of the ASME, to the best practices of European guarantee and the possibility of exchanging experience with EU guarantee organizations, as well as the potential for expanding the Fund's international partner network.

10. Project monitoring

- A software package has been introduced for visual inspection of assets, property, facts of operating activities through a mobile application without additional travel to the location of the asset. The software package made it possible to reduce the time for inspection/monitoring of collateral items from **3 hours to 30 minutes**.

- A system has been introduced to identify monitoring managers using badges with QR codes. The QR code indicated on the badge will allow entrepreneurs to go to the Fund's website, which displays current information about employees authorized to conduct monitoring, broken down by regions of the Republic of Kazakhstan.

1. FUND'S DEVELOPMENT STRATEGY

Mission of the Fund

The mission of the Fund is an active role in the sustainable development of micro, small and medium-sized enterprises in Kazakhstan through the implementation of integrated and effective support tools.

Vision of the Fund

The vision of the Fund is a national development institute - the initiator and implementer of programs to support and develop micro, small and medium-sized enterprises.

The development strategy of the Damu Fund for 2014-2023 was approved on July 3, 2017 by the decision of the Board of Directors of the Fund and is aimed at developing the micro, small and medium-sized business sector of Kazakhstan, taking into account the experience of successful and effective implementation of both state and own programs for the development of MSMEs. The Fund has more than 25 years of experience in supporting entrepreneurship, as well as a number of other strengths that are used to improve the effective implementation of the Development Strategy and achieve the set goals and objectives.

STRATEGIC DIRECTIONS OF DAMU FUND DEVELOPMENT

Strategic directions	Strategic objectives
Support and development of new and existing entrepreneurs	<ul style="list-style-type: none">Expanding lending to microbusinesses, developing and implementing tools to support microfinance organizations and credit partnershipsIncreasing the share of coverage of existing MSMEs by the Fund's financial programsImproving the economic efficiency of supported MSMEs
Sustainable institutional development of the Fund	<ul style="list-style-type: none">Attracting funds from additional sources of financingAchieving the planned level of financial performance resultsDigitalization of business processesIncreasing the level of corporate governance

Approval of the Fund's Development Strategy for 2024-2033

In November 2023, a new Development Strategy for the coming ten-year period 2024-2033 was approved. The strategy was developed taking into account the Development Plan of the Sole Shareholder of the Fund, and also takes into account the Messages of the President of the Republic of Kazakhstan on the situation in the country and the main directions of state economic policy. The Development Strategy is based on the key strategic directions of the Fund's activities to realize its role as an institution for the development of entrepreneurship in the state policy of industrial-innovative and socio-economic development. The strategy defines the mission, vision, strategic directions, as well as goals, objectives and projected values of the strategic key performance indicators of the Fund for the period 2024-2033.

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

KEY PERFORMANCE INDICATORS

To fulfill the task of building an effective development institution integrated into Baiterek NMH JSC and implementing strategic directions, the Fund's Strategy defines key performance indicators (KPIs), which are a set of indicators that determine the level of achievement of the Fund's strategic goals

and objectives, as well as efficiency his activities. When creating KPI maps, the Fund is guided by, but is not limited to, the following internal documents and (or) legal acts:

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

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

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

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

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

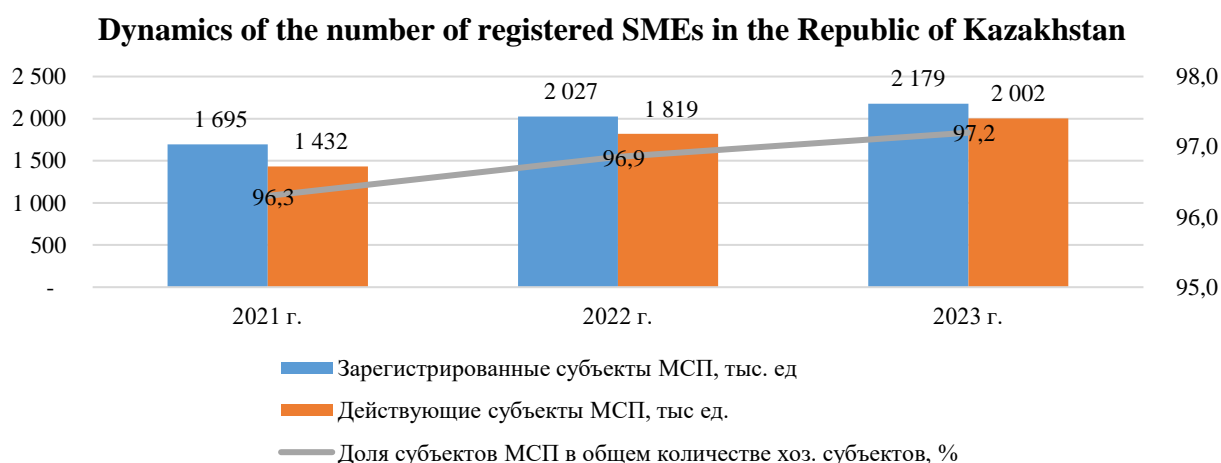
Fulfillment of key performance indicators in accordance with the Development Strategy of the Fund for 2014-2023

No.	Name of efficiency	2022	2023		
		Fact	Plan	Fact	% execution of plan
STRATEGIC DIRECTION 1. Support and development of new and existing entrepreneurs					
Expanding lending to micro-businesses, developing and implementing tools to support MFOs and credit partnerships					
1	Share of MFO portfolio in the Fund's loan portfolio, %	57%	-	-	-
	Share of conditional placement of funds to Microfinance organizations and Leasing companies, %	-	14%	23.36%	167%
2	Share of micro and small entrepreneurs from the total number of supported entrepreneurs, %	98,61%	87,5%	96,1%	110%
Increasing the share of coverage of existing MSMEs by the Fund's financial programs					
3	Share of MSMEs that received financial support to the total number of existing MSMEs on the market, %	9,51%	8,17%	9,39%	115%
4	Number of new projects and projects to modernize and expand existing production facilities, taking into account increased labor productivity and expansion of sales markets (at the end of the year), units.	172,997	190,695	187,939	98,5%
5	Share of the private sector in the Fund's loan portfolio, %	99%	95%	100%	105%

6	Revenue volume of enterprises that received support from the Fund (per year), billion tenge	23 013	6,500	21,500.5 <i>(according to preliminary data received from the SRC of the MFRK)</i>	331%
Ensuring increased economic efficiency of supported MSMEs					
7	Increase in taxes paid by business entities that received support from the Fund, billion tenge	254,7	60	277.7 <i>(according to preliminary data received from the SRC of the MFRK)</i>	463%
STRATEGIC DIRECTION 2. Sustainable institutional development of the fund					
Attracting additional sources of financing					
8	Share of non-state sources of borrowing in the total structure of borrowing for the reporting year, %	0%	10%	11.5%	115%
9	Debt/Equity (not more than)	1,44	1,56	1,10	71%
Achieving the planned level of financial performance results					
10	ROA (not lower than the minimum positive value)	12,91%	1,36%	9,08%	667%
11	Share of loan portfolio from total assets, % (at least plan)	40,33%	30,76%	53,38%	174%
Automation of business processes					
12	Digitalization of the Fund's main business processes, %	100%	100%	100%	100%
Increasing the level of corporate governance					
13	Assessment of trust and satisfaction of MSMEs with the activities of Damu Entrepreneurship Development Fund JSC, %	91,4%	at least 80%	87,2%	109%

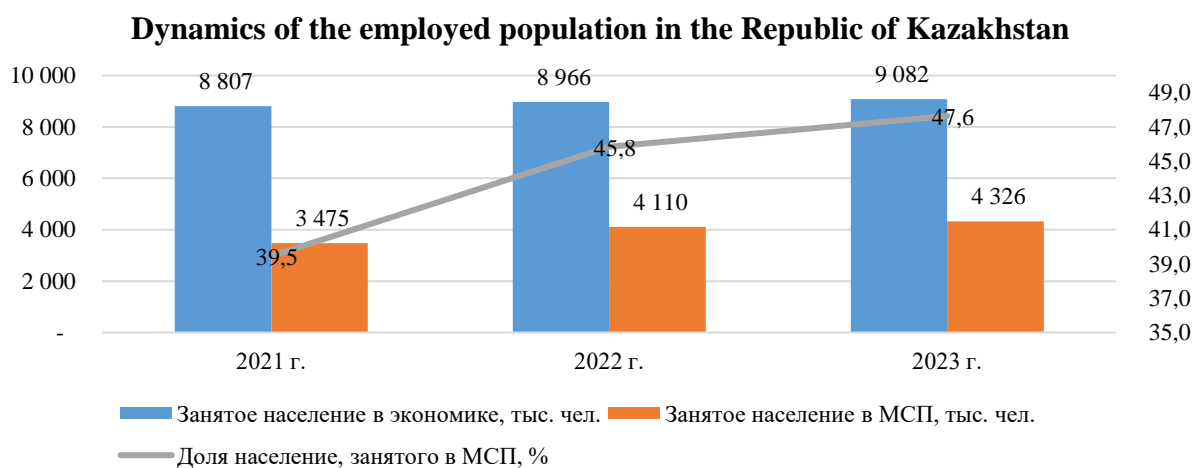
2. ANALYSIS OF SMES IN KAZAKHSTAN. DEVELOPMENT PROSPECTS

In 2023, Kazakhstan saw an increase in the number of registered SMEs by 8%, to 2,179 thousand units. The share of SMEs in the total number of business entities in the country increased to 97.2%. The number of existing entrepreneurs increased by 10%, this increase is due to an increase in the number of IE and AE, by 11% and 12%, respectively. It should be noted that for 2018-2023, the average annual growth rate of the number of registered SMEs was estimated at 6.9%, while the growth rate of existing entrepreneurs for the same period was 10.4%. The growth in the number of existing entrepreneurs, outstripping the growth rate in the number of registered entrepreneurs, indicates an increase in the active business of previously registered entrepreneurs.



Source: Bureau of national statistics of the Agency for strategic planning and reforms of the Republic of Kazakhstan (www.stat.gov.kz).

According to the Bureau of Statistics of the ASPR of the Republic of Kazakhstan, at the end of 2023, the employed population is 9,082 thousand people. At the same time, the number of people employed in SMEs is 4,326 thousand people (47,6% of all employed) as of January 1, 2024. Compared to last year, the number of people employed in SMEs increased by 5,3%. At the same time, there is a general increase in the number of employed people in the Republic of Kazakhstan by 1,3%.



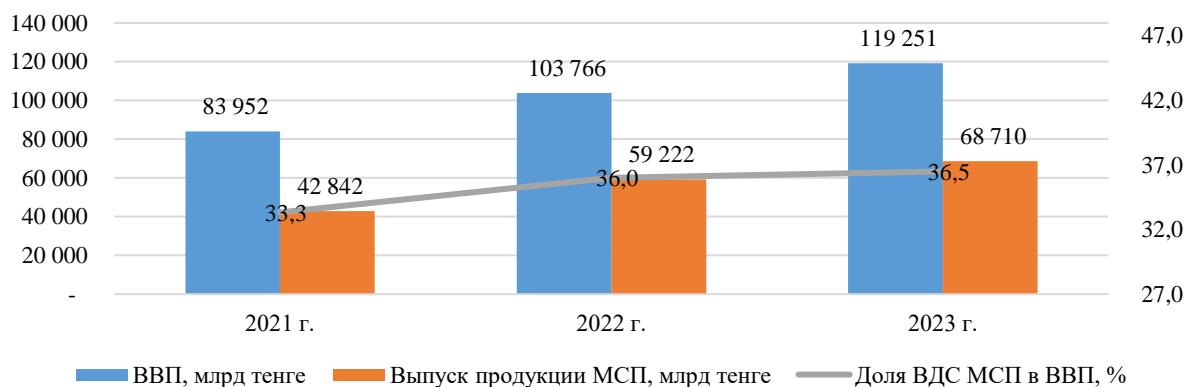
Source: Bureau of National Statistics Agency for Strategic Planning and Reforms of the Republic of Kazakhstan (www.stat.gov.kz).

Over the past 10 years, Kazakhstan's GDP has shown growth in real terms (except for 2020, due to a number of restrictions imposed due to the COVID-19 pandemic). So, by the end of 2023, there is an increase in the GDP of the Republic of Kazakhstan, in real terms it showed an increase of 5,1% and

amounted to 119,3 trillion tenge. The production of goods forms 36,3% of GDP (including 26,4% due to industrial production), the production of services - 56%, taxes on products – 7,7%.

According to the Statistics Bureau of ASPR of the Republic of Kazakhstan, the output of SMEs in 2023 amounted to 68,710 billion tenge. In 2023, 68,6% of SME output was produced by small enterprises, 17,6% by medium-sized enterprises, and another 13,8% by individual entrepreneurs and peasant farms. According to preliminary data for 2023, the share of gross value added by SMEs in GDP is estimated at 36,5%.

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

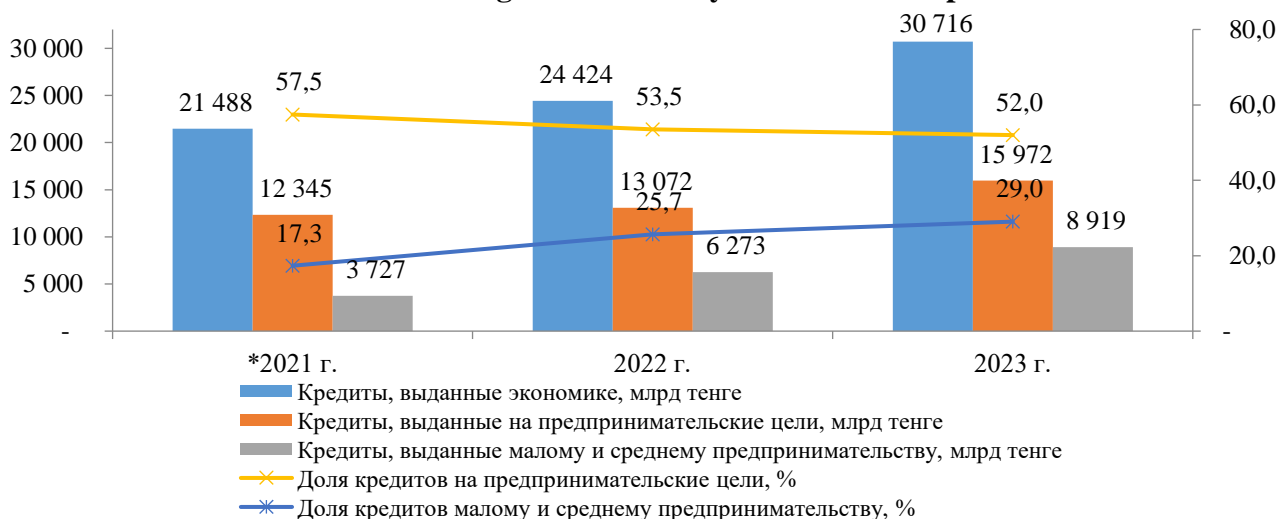


Source: Bureau of National Statistics Agency for Strategic Planning and Reforms of the Republic of Kazakhstan (www.stat.gov.kz).

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

In general, the volume of bank lending in 2023 showed an increase of 25,8% to 30,8 trillion tenge. Growth is observed in most sectors of the economy and across all lending objects. Including loans for entrepreneurial purposes, the growth of which in 2023 amounted to 22,2% and reached a value of 16,0 trillion tenge. In lending to small and medium-sized enterprises, growth in overall bank lending is outstripping (an increase of 42,3%).

Annual volumes of lending to the economy and small enterprises



*-2021 3,727 billion tenge – loans issued to small enterprises

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

PROSPECTS FOR SME DEVELOPMENT IN KAZAKHSTAN

At the end of 2023, despite the unfavorable factors prevailing in the world market, the growth of the national economy amounted to 5,1%. The work carried out by the state to support small and medium-sized enterprises made it possible not only to preserve existing entrepreneurs, but also to increase the number of new ones. At the end of 2023, there are more than 2 million active small and medium-sized enterprises in Kazakhstan, in which about half of the country's economically active population works. According to this indicator, we are close to the level of OECD countries. The share of entrepreneurship in GDP has increased, which is one of the results of the joint work of business - the Damu Fund - the state.

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

Statistical indicators of SMEs over the past 10 years indicate that government support measures are fulfilling their objectives: the number of small and medium-sized enterprises and new manufacturing enterprises has increased, the increase in registered small and medium-sized enterprises from 2013 to 2023 was 42%, for existing ones – 125%.

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

In 2023, the number of active SMEs in the country increased by 10% - to 2,0 million entities, and the number of people employed in SMEs - by 5% (to 4,3 million people). The share of SMEs in GDP by the end of 2023 amounted to 36.5%, and reached 44.0 billion tenge. Positive dynamics are observed in all sectors of the economy.

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

3. FINANCIAL RESULTS OF ACTIVITIES

Effective asset management

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

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

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

The main tasks of the Fund in managing assets and liabilities are to maintain liquidity at a level sufficient to cover all cash flow needs, if possible, to profitably place an excess of liquidity, maintain a sufficient amount of capital to repay any business risks, ensure the safety of temporarily available funds, solvency under current obligations, and the ability to finance emerging investment opportunities.

As of January 1, 2024, the Fund's assets amounted to 422 billion tenge, capital 200 billion tenge and increased by 25,5 billion tenge or 13% compared to the beginning of 2023. At the same time, the Fund's obligations as of January 1, 2024 amounted to 222 billion tenge, which is 30 billion tenge less compared to the beginning of the reporting period.

The Fund's loan portfolio as of the reporting date is 225 billion tenge, which is 53% of assets. Cash and cash equivalents amount to 125 billion tenge or 30% of assets. Deposits in STBs amount to 60 billion tenge or 14% of assets.

Financial results

The Fund's total income for 2023 amounted to 83,1 billion tenge, of which income from core activities – 54,3 billion tenge, income from non-core activities – 28,8 billion tenge.

The Fund's total expenses for 2023 amounted to 44,5 billion tenge. The main share of the Fund's expenses is occupied by expenses incurred during the initial recognition of financial instruments at rates below market rates - 44%, corporate income tax expenses amount to 20%, interest expenses amount to 18%, administrative expenses amount to 14%.

At the end of 2023, the financial result of the Fund amounted to 38,6 billion tenge, which is 6 times more than the planned figure.

Profitability indicators

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

For 2023, the actual value of the Fund's profitability indicators significantly exceeds the planned value, due to the receipt of net income exceeding the planned level:

- ROA (return on assets) was 9,08%, against the plan of 1.36%;
- ROE (return on equity) amounted to 20,55%, against the plan of 3,41%;

- Profitability of activities amounted to 107,79% against the plan of 9,37%;
- NI margin (net income margin) amounted to 71,05%, against the plan of 11,85%;
- The share of the loan portfolio in assets as of the reporting date is 53,38%, with a plan of 30,76%.

Fund Development Plan

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

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

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

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

As a result of its activities in 2024, the Fund plans to receive gross income no less than the results obtained for 2023, including from the implementation of programs for conditional placement of funds using borrowed and own funds, subsidizing interest rates on loans/leasing transactions of entrepreneurs and guarantees loans from entrepreneurs to banks/leasing companies. Damu Fund also plans to receive income from non-core activities, which includes income from the treasury portfolio.

The indicators of the Development Plan, in terms of the upcoming expenses for 2024 of the Damu Fund, will not exceed the results for 2023. In the coming period, the Fund will incur expenses for the payment of interest on loans received, administrative expenses and expenses for the formation of reserves, corporate income tax expenses, expenses from the initial recognition of financial assets.

As a result, when the above indicators of the Development Plan are achieved, the Damu Fund plans to receive a positive financial result in 2024.

4. MAIN RESULTS OF THE DAMU FUND ACTIVITIES

In 2023, the Fund continued the implementation of programs for the conditional placement of funds in STBs, LCs, MFIs, subsidizing interest rates on loans from entrepreneurs and guaranteeing loans, including through the implementation of the National Project for the Development of Entrepreneurship for 2021-2025 within the framework of subsidizing and guaranteeing instruments.

In 2023, the Fund provided support to 23.9 thousand projects of entrepreneurs using financial instruments in the amount of loans of 1,57 trillion tenge.

Over the entire period of program implementation, the Damu Fund has supported over 202.8 thousand projects of entrepreneurs totaling 12,1 trillion tenge. The socio-economic effect of participants in the Damu Fund programs is increasing annually. During the period from 2010-2023, supported small and medium-sized businesses produced products in the amount of 104.5 trillion tenge, the amount of tax revenues from enterprises from 2010-2023 amounted to 7.1 trillion tenge, and jobs created amounted to 208.8 thousand units (2010-2023).

RESULTS OF IMPLEMENTATION OF FINANCIAL PROGRAMS

	2018	2019	2020	2021	2022	2023
Financing of entrepreneurs through conditional placement of funds in STB/MFO/LC						
Number of participants, units	18 656	18 933	11 136	7 783	5 278	3 330
Amount of financing, million tenge	272 912	239 508	207 588	213 304	183 917	197 924
Subsidizing remuneration rates						
Number of participants, units	1470	2 647	14 679	32 351	24 485	12 339
Amount of loans, million tenge	198 380	269 786	1 197 058	1 588 280	992 562	1 005 243
Loan guarantee						
Number of participants, units	1950	2 674	7 346	17 219	20 781	8 183
Amount of loans, million tenge	65 455	102 740	275 546	365 286	377 576	363 249

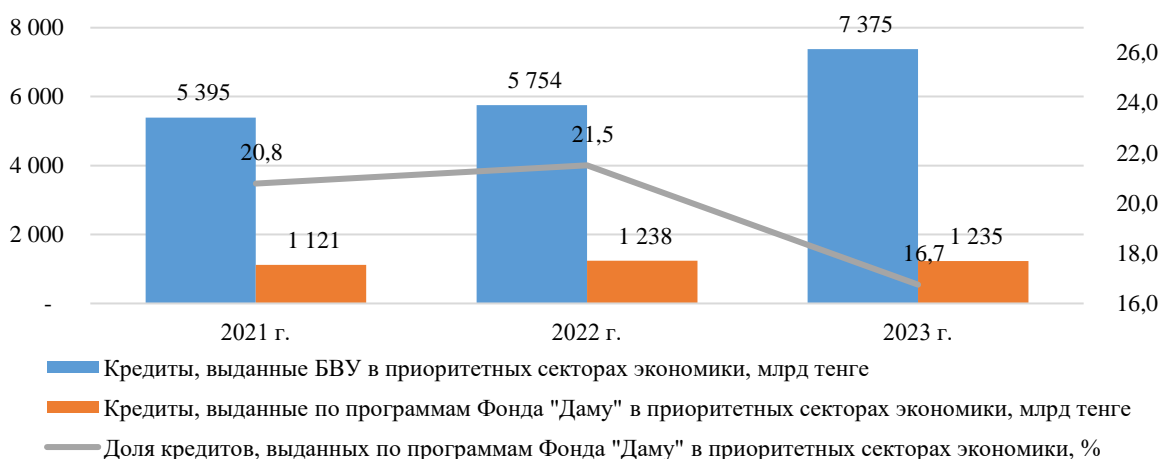
Share of coverage by state support measures in the SME lending market

In 2023, the Fund's instruments supported entrepreneurs through second-tier banks, microfinance organizations and leasing companies in the amount of loans of 1 566 billion tenge, of which 1 478 billion tenge - through second-tier banks. Participants of the Fund's programs make up 9,3% of the total amount of bank lending for entrepreneurial purposes according to the National Bank of the Republic of Kazakhstan (the total issuance of loans by second-level banks is 15 951 billion tenge).

In general, the loan portfolio of second-tier banks for SME loans amounts to 7 651 billion tenge, of which 2 288 billion tenge are covered by government support measures for the Damu Fund. The share of government support coverage in the SME lending market by second-tier banks is 30%.

Dynamics of loans for projects in priority sectors of the economy

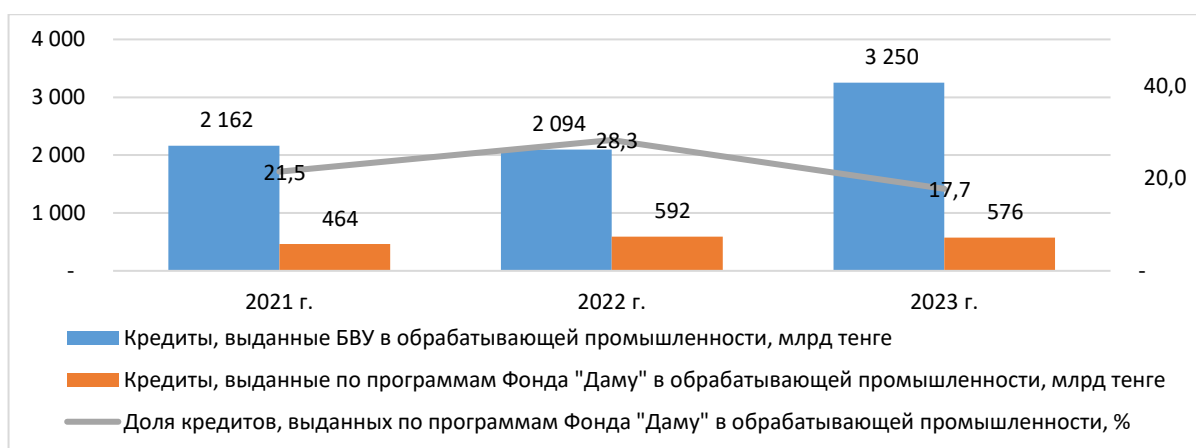
When considering the Fund's contribution to financing priority sectors of the economy, there is a decrease in the share to 16,7%, which is 4,8 percentage points lower than last year. However, in physical terms, the volume of loans issued remains within 1,2 trillion tenge. In general, the focus on supporting priority sectors of the economy is now a country strategy. Accordingly, we see that the volume of loans issued by second-tier banks in priority sectors is growing, which indicates the qualitative direction of development of these sectors.



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

Dynamics of loans for projects in the manufacturing industry

The share of Fund loans in the manufacturing industry also decreased and amounted to 17,7%. The decrease in the share is due to an increase in lending in priority sectors of the economy by 28%, including an increase in the manufacturing sector by 55% in 2023, while the support of the Damu Fund in these areas remained at the 2022 level. In physical terms, support for the manufacturing industry remained within 500-600 billion tenge. In general, the development of the manufacturing industry as a priority sector has influenced lending to this sector, which also indicates economic growth in these sectors.



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

ATTRACTION OF BUDGETARY AND EXTRA-BUDGETARY FUNDS IN FINANCIAL MARKETS

The Fund, as part of the development of the MSME sector in Kazakhstan and ensuring access of MSMEs to financial resources, in 2023 continued to actively implement current and new financial programs, both at the expense of budgetary funds and through attracted non-state sources of borrowing.

To implement the product “Regional financing of small and medium-sized private businesses”, the Fund attracts funds from local executive bodies (LEB/Akimats) and, through co-financing with the Fund’s own funds, distributes to Partners for further financing of entrepreneurs implementing their projects in priority areas for a specific region's economic sectors. LEBs independently determine priority sectors/their absence for their region. Thus, money from two sources is directed through second-tier banks and microfinance organizations to lend to small and medium-sized enterprises on preferential terms, taking into account the priorities of the socio-economic development of each region.

In 2023, on co-financing terms, funds were raised from local executive bodies of Almaty, Astana, Shymkent, Abay region, Aktobe, East Kazakhstan, Karaganda, Kostanay regions in the amount of 3 850

billion tenge. At the same time, funds in the amount of 400 million tenge raised from local executive bodies of Shymkent were returned.

One of the Fund's strategic goals is to increase the share of non-state sources of borrowing in the overall borrowing structure, in order to replace part of non-state funds. In this regard, the Fund is working to attract non-state sources of borrowing, establishing cooperation with new potential investors represented by international financial institutions, investment funds, including through the issuance of bonds on the domestic and foreign capital markets. For this purpose, in 2023, the Fund raised extra-budgetary funds in the amount of 500 million tenge from "Transnational Company "Kazchrome" JSC to participate on co-financing terms in the regional program for the city of Khromtau, Aktobe region. At the same time, no funds were attracted from international financial organizations in 2023. This is due to the fact that market conditions for raising funds were not attractive both for the Fund and for STBs/MFOs/LCs, due to the high cost of liquidity.

In 2023, the Fund attracted 4 350 billion tenge, of which 88,5% are government loans. The share of non-state sources of borrowing amounted to 11,5%. The Fund's development plan provides for the indicator "The share of non-state sources of borrowing in the overall structure of borrowing for the reporting year" at a level of at least 10%.

FINANCIAL SUPPORT OF ENTREPRENEURS

Conditional placement of funds

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

In order to increase the coverage of existing MSMEs with financial programs, in 2023 the Fund continued to work in this area, as a result of second-tier banks/LCs/MFIs, 3 330 projects worth 198 billion tenge were financed.

Within the framework of the product "Regional financing of small private and medium-sized private enterprises," on the terms of co-financing with the funds of regional budgets, taking into account the funds allocated by the Fund in the amount of 5 900 million tenge, the total amount of funds in the amount of 9 850 million tenge was allocated for regional financing (of which 400 million tenge are at the placement stage). The funds were placed in Halyk Bank of Kazakhstan JSC, Bank RBK JSC, Bank CenterCredit JSC and ForteBank JSC for subsequent lending to small and medium-sized enterprises in these regions in priority sectors of the economy. The maximum loan amount per small and medium-sized enterprise varies from 20 million tenge to 150 million tenge, depending on the region. In 2023, 485 small and medium-sized enterprises were financed in the amount of 37,2 billion tenge, taking into account revolving issues for funds previously allocated under this program.

As part of the Program to support small and medium-sized enterprises engaged in the manufacturing industry (funds from the National Fund of the Republic of Kazakhstan (1,2,3 tranches)), by decision of the State Commission for the Modernization of the Economy of the Republic of Kazakhstan, in 2023 the Fund redistributed repayable funds among second-tier banks in the amount of 34.4 billion tenge. The funds were placed in Halyk Bank Kazakhstan JSC, Bank CenterCredit JSC, Bereke Bank JSC, ForteBank JSC and Eurasian Bank JSC. The nominal remuneration rate for small and medium-sized enterprises engaged in the manufacturing industry was no more than 6% per annum. In 2023, 277 small and medium-sized enterprises were financed in the amount of 115.8 billion tenge, taking into account revolving funds previously allocated under these programs.

Using the released funds within the framework of the Enbek Program, re-lending was carried out to MSMEs, aimed at involving the population in entrepreneurial activities. In 2023, 209 MSMEs were

financed for a total amount of 3,4 billion tenge, taking into account revolving funds previously allocated under this program.

During 2023, the Fund reoriented the following conditional placement programs:

- Under the Damu-Leasing Program, a condition is provided under which the lessee pays the principal amount of lease payments after receiving the leased item. Also, in order to reduce the risks of accepting low-liquid and accelerated amortization collateral, minimum requirements have been developed for leasing items provided by Leasing Companies as collateral to the Fund;
- according to the Targeted Regional Program, taking into account the preferential interest rate for the borrower of up to 7% per annum, counter obligations are provided for all regions.

Subsidizing the remuneration rate

Subsidizing the interest rate is a financial support instrument used by the state to partially reimburse an entrepreneur's expenses for paying interest on a loan/microcredit/leasing transactions on a free and irrevocable basis. This tool is being implemented within the framework of the Economy of Simple Things program, as well as from 2022 within the framework of the National Entrepreneurship Development Project for 2021-2025.

In order to encourage small and medium-sized enterprises (issuers) to enter the stock market today, within the framework of the National Project, in addition to the instrument of subsidizing the interest rate on the loan, a support measure is provided for the instrument of subsidizing part of the coupon rate on bonds or Islamic securities of issuers, included in the official list of securities of Kazakhstan Stock Exchange JSC, as well as in the list of the exchange of the Astana International Financial Center. Part of the coupon rate is subsidized on bonds or Islamic securities issued to finance new investment projects, as well as those aimed at modernizing and expanding production and to refinance current project obligations.

In the 4th quarter of 2023, 3 projects were supported under the instrument of subsidizing part of the coupon rate; the amount of bonds issued amounted to 5,5 billion tenge.

In accordance with the Decree of the Government of the Republic of Kazakhstan No. 795 dated October 7, 2022, the Damu Fund is determined to be a financial agent within the framework of the Rules for subsidizing interest rates on loans issued and leasing transactions, second-tier banks, the Development Bank of Kazakhstan, and other legal entities engaged in leasing activities, foreign buyers of domestic high-tech goods and services of the manufacturing industry, which are subject to insurance by a single operator for the promotion of non-resource exports, taking into account accepted international obligations developed and approved by the Ministry of Trade and Integration of the Republic of Kazakhstan (MIT Rules).

In 2023, at the initiative of the Fund, changes and additions were approved (Order of the Acting Minister of Trade and Integration of the Republic of Kazakhstan No. 186-RD dated May 25, 2023), improving the procedure for implementing the MIT Rules for all participants.

Support provided to Damu Fund JSC for a subsidy instrument in 2023

Program	Number of projects	Loan portfolio, billion tenge	Subsidies paid billion tenge
National project for entrepreneurship development for 2021-2025	7 841	761,5	170,9
Economics of simple things	151	202,5	73,7
Portfolio subsidizing - support for micro and small enterprises	4 325	39,5	21,2
UNDP	22	1,7	0,6
Overall total value	12 339	1005,2	266,4

Guarantee

Guarantee is a financial support tool used by the state to ensure that entrepreneurs fulfill their obligations under bank lending/financial leasing agreements in conditions of insufficient collateral. The guarantee tool is one of the demanded and effective products to ensure and simplify the access of business entities to credit resources. Thus, the mechanism of credit guarantees, on the one hand, makes it possible for MSMEs to attract financing that is several times higher than their collateral, on the other hand, it allows banks to share the risks associated with financing MSMEs with the state, and thereby stimulates banks to finance risky startup projects and MSME projects.

The guarantee instrument is implemented by the Fund both within the framework of state support programs National Project for Entrepreneurship Development for 2021-2025 and “Economy of Simple Things”, and within the framework of the Fund’s own programs within the framework of the “Damu Optima” program, which was developed to provide access to bank financing small and medium-sized enterprises that do not have sufficient collateral and do not meet the conditions of government programs.

Over the years of implementation of this instrument, taking into account the work carried out on the digitalization of business processes, the Fund was able to speed up the process of reviewing applications for guarantees, reducing the review period from 10 to 5 working days, and for portfolio guarantees to 1 working day, which made it possible to significantly increase the growth of concluded contracts.

Support provided to Damu Fund JSC for the guarantee instrument in 2023

Program	Number of projects	Loan portfolio, billion tenge	Guarantee amount, billion tenge
National project for entrepreneurship development for 2021-2025	4 052	298,6	132,6
Economics of simple things	14	5,8	2,6
Portfolio guarantee - support for micro and small enterprises	3 891	33,8	28,7
Guaranteeing the agro-industrial complex	4	0,4	0,1
Damu-Optima	222	24,6	10,4
Overall total value	8 183	363,2	174,4

Changes in subsidy and guarantee programs

In 2023, Damu continued to act as a financial agent within the framework of the National Entrepreneurship Development Project for 2021-2025, as well as the implementation of subsidizing and guaranteeing tools as part of supporting micro and small enterprises with a portfolio method.

During 2023, the Fund carried out the following work to amend the National Entrepreneurship Development Project for 2021-2025:

- a measure of support for social entrepreneurship entities is provided through subsidizing and guarantee instruments;
- an accession agreement is provided, along with the signing of a tripartite subsidization agreement for each tranche (subsidies will be carried out on the basis of a payment schedule signed between the STB and the borrowers, and agreed upon by the Fund);
- remuneration rates for the subsidizing instrument have been revised (transition to a fixed amount of subsidized remuneration rates);
- for the instrument of subsidizing the coupon rate on bonds, Islamic securities with a subsidized coupon rate are provided;
- the list of priority sectors of the economy for subsidizing and guarantee instruments has been supplemented with missing types of manufacturing activities (116 GCEA) with the exception of output goods;

- the terms of counter-obligations of entrepreneurs for subsidizing and guarantee instruments have been revised;
- entrepreneurs in the cities of Zhezkazgan and Konaev have been given the opportunity to receive state support in the form of subsidies and loan guarantees on the terms provided for mono- and small towns and rural settlements until December 31, 2023.

Also, regarding subsidizing and guarantee instruments, the Fund in 2023 continued to implement the “Economy of Simple Things” program to support private businesses operating in the manufacturing and agro-industrial sectors. During 2023, the following work was also carried out to make changes to the Economy of Simple Things program:

- a differentiated remuneration rate has been established for the subsidizing instrument depending on the priority of economic sectors;
- for the subsidy instrument, the maximum loan/leasing amount for replenishing working capital is set at no more than 5 billion tenge and the subsidy period for the most key (priority) sectors of the economy (20 GCEA) has been increased to 7 years;
- selection criteria have been determined for the subsidy instrument (payback period, net profit, internal rate of return, cash flows) with a loan amount for investment purposes exceeding 10 billion tenge.

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

MONITORING OF FINANCIAL PROGRAMS

The Fund, being the main operator of state and own MSME support programs, in order to effectively use budget funds, also carries out:

- monitoring the targeted use of a loan by an entrepreneur within the framework of government programs;
- monitoring the payment discipline of the entrepreneur;
- monitoring the implementation of the entrepreneur’s project;
- monitoring the compliance of the entrepreneur’s project with the conditions of the programs within which support was provided.

In 2023, in order to optimize monitoring of the use of budget funds, the Fund carried out the following work:

- a software package has been introduced for visual inspection of assets, property, and operating facts using a mobile application without an additional trip to the location of the asset. The software package made it possible to reduce the time for inspection/monitoring of collateral from 3 hours to 30 minutes.

- in order to reduce reputational and corruption risks for the Fund, as well as to combat fraud by third parties in the project monitoring process, a system for identifying monitoring managers using badges with QR codes has been introduced. The QR code indicated on the badge will allow entrepreneurs to go to the Fund’s website, which displays current information about employees authorized to conduct monitoring, broken down by regions of the Republic of Kazakhstan.

- as part of the monitoring, the Subsidy Rules have been supplemented with a provision for limiting the time frame for the implementation of investment projects (24 months from the date of the decision of the financial agency) and a measure for failure to comply with this provision (termination and return of subsidies). This restriction will allow entrepreneurs to take a more responsible approach to the implementation of their business projects.

- a mechanism has been developed for monitoring projects for suspended/discontinued activities of PBEs and preliminary monitoring of PBEs’ achievement of performance criteria based on data provided by the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan.

- amendments were made to the Rules for the provision of portfolio subsidies and partial guarantees (PS&G), where the intended use of the loan is confirmed by the payment and supply of the acquired asset/works/services by the final borrowers. This rule will strengthen monitoring of portfolio subsidy/guarantee projects and will allow timely cancellation of guarantees for projects with misuse of funds, including projects aimed at replenishing working capital, for which the Fund currently pays about 80% of guarantees from the total volume of claims. Also, in general, it is expected to improve the quality of the projects under consideration within the framework of PS&G.

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

Name of monitoring	Actually verified (number of projects)						
	2017	2018	2019	2020	2021	2022	2023
Monitoring of projects within the framework of the Conditional Investment Programs of the Fund	2 334	1 238	1548	1712	954	1 350	695
Monitoring of projects within the framework of programs to support small and medium-sized enterprises engaged in the manufacturing industry (funds from the NF of the RK)	576	896	1610	1029	836	903	684
Agency agreements for monitoring UAPF projects (NB, DBK)	777	737	321	5	0	0	0
Monitoring of subsidized projects	2 595	2 339	2793	2912	5 583	6 727	8 250
Monitoring of guaranteed projects	989	1 131	2 257	1 919	2 269	1 265	2 298
Grant monitoring	183	522	523	834	1 007	1 059	107
Monitoring of projects transferred to the Fund's balance sheet	0	0	0	0	0	201	0
TOTAL	7 454	6 863	9 052	8 411	10 649	11 505	12 034

Actions taken regarding comments/violations

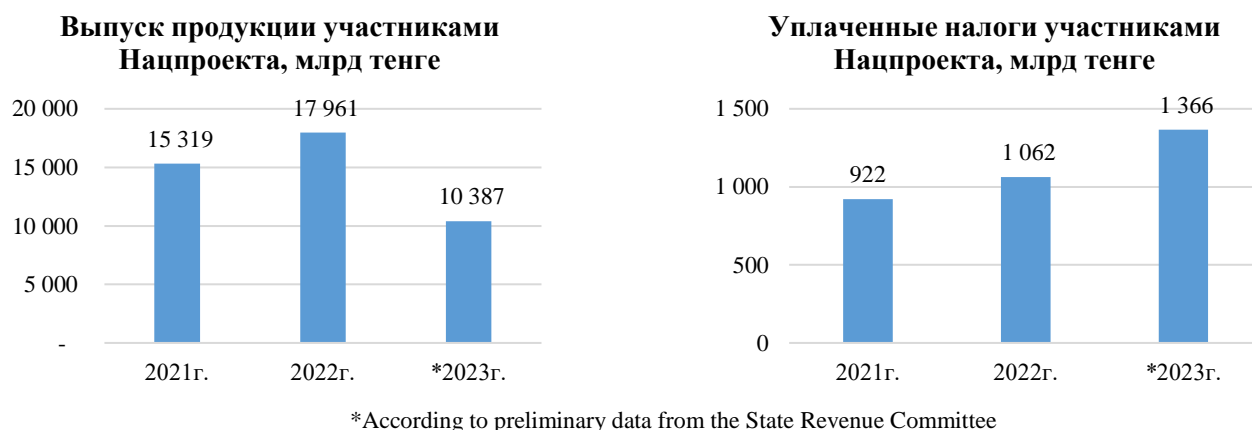
Name of monitoring	Number of comments/violations	incl. comments on the intended use of funds, million tenge		Fines accrued, million tenge		Fines collected, million tenge		Substitution made, million tenge	
		Qty	Sum	Qty	Sum	Qty	Sum	Qty	Sum
Monitoring of projects within the framework of the Conditional Investment Programs of the Fund	35	22	333,3	28	30,0	28	30,0	21	261,6
Monitoring of projects within the framework of the Programs to support small and medium-sized enterprises engaged in the manufacturing industry (NF RK)	5	4	430,9	3	40,6	2	38,9	4	241,4
Monitoring of subsidized projects	1 116	the total amount to be returned is 1 095,2 million tenge for 851 projects, of which subsidies in the amount of 256,1 million tenge were returned for 247 projects							
Monitoring of guaranteed projects	374	including 297 guarantees in the amount of 5 506,8 million tenge were cancelled, a reduction in the amount of guarantees was carried out for 77 projects in the amount of 325,8 million tenge							
Grant monitoring	29	notifications of identified violations sent to the regional coordinator of the Program and the competition commission.							
TOTAL:	1 559	26	764,2	31	70,6	30	68,9	25	503,0

MONITORING OF PROGRAM EFFECTIVENESS

Subsidizing interest rates and guaranteeing loans within the framework of the National Project for the Development of Entrepreneurship for 2021-2025 contributes to improving the financial performance of enterprises, which is especially important in the current economic situation. In turn, due to improvements in the activities of enterprises, an increase in budget revenues is ensured, the budgetary effect of the program and its economic feasibility are improved.

According to estimates as of January 1, 2024, the total amount of taxes paid by the project participants amounted to 5,6 trillion tenge, including according to preliminary data from the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan (hereinafter - SRC) – 1 401 billion tenge for 2023.

According to preliminary data, enterprises participating in the National Project for the Development of Entrepreneurship for 2021-2025, the volume of production as of January 1, 2024 amounted to 86,4 trillion tenge, including 19,1 trillion tenge in 2023.



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

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

The volume of output from enterprises participating in the SME Support Program in the manufacturing industry at the expense of the National Fund of the Republic of Kazakhstan for 2014-2023 amounted to about 15.9 trillion tenge, including, according to preliminary data for 2023, 3,045 billion tenge.

Entrepreneurs who received financing under this program paid taxes in the amount of 1,048 billion tenge in 2014-2023. Including for 2023 – 232.6 billion tenge.

Dealing with distressed assets

In order to return problem assets, the Fund is working on forced debt collection in court and out of court within the framework of the legislation of the Republic of Kazakhstan.

Key indicators for 2023:

- The return of problem debt under executed guarantees in the amount of 778 million tenge was ensured.
- Repayment of loan portfolio accepted from SB of Sberbank JSC and Subsidiary of VTB Bank JSC (Kazakhstan) by additional 2 bn tenge (balance 2 bn). Total repayment – 10,2 billion (87,5%).
- All 7 objects of Nurly Tau were implemented for a total cost of 5,23 billion tenge (+ 830 million).

NON-FINANCIAL SUPPORT OF ENTREPRENEURS

In order to raise awareness of entrepreneurs about support programs, the Fund actively carried out work on social networks and on the corporate website. Thus, in 2023, more than 700,000 unique users were interested in the Fund's support programs on the corporate website. More than 8,000 applications were received from entrepreneurs through advertising posts on social networks for further consultation.

Over the course of 2023, the social networks Facebook and Instagram each posted 520 posts/publications, photographic materials, awareness-raising, advertising and image videos, infographics, coverage of important events/events, as well as successful stories of PBPs that received support. The Telegram channel contains 635 publications.

In 2023, the Fund continued to monitor the component "Providing service support for running existing business activities" within the framework of the "National Project for Entrepreneurship Development for 2021-2025" program. In 2023, 22,093 small and medium-sized enterprises applied for service support services.

The branches of the Fund's regional network were contacted by 4,532 clients, who were provided with 5 831 services.

Call center

During the reporting year, employees of the Fund's Call Center consulted 43,302 clients. For the purpose of providing consultations, 3 414 outgoing calls were made. The pop-up window on the Fund's corporate website received 11 786 requests.

To improve the work of the Call Center, a new IVR voice menu has been introduced - an interactive voice menu - a system of pre-recorded voice messages that performs the function of routing calls within the Call Center. After its introduction, the number of non-core calls decreased by 40%, thereby unloading the Fund's line 1408. In addition, to improve the skills of Call Center operators, the Fund conducts training events on an ongoing basis, as well as updates customer service scripts.

Forums and exhibitions for small and medium-sized enterprises

In 2023, small and medium-sized enterprises were given the opportunity to take part in international exhibitions and forums organized by the Fund and international organizations:

- On September 26, 2023, the Fund provided assistance in organizing the Finnish-Kazakh business forum held as part of the Team Finland visit to Almaty, organizing the participation of more than 33 small and medium-sized enterprises that had previously received state support within the framework of the tools implemented by the Fund. During the Forum, a number of B2B meetings were held, within the framework of which Kazakhstani entrepreneurs were able to get acquainted with the latest Finnish innovations and technologies, establish new contacts and negotiations with potential partners in the field of mining, mechanical engineering, agribusiness, water supply, waste processing, etc.
- In the period of November 22-25, 2023, the Fund, together with the Ministry of National Economy of the Republic of Kazakhstan, organized the participation of Kazakhstani small and medium-sized enterprises in the UN Special Program for the Economies of Central Asia (SPECA) in Baku (Azerbaijan). The purpose of the event was to demonstrate the economic potential of the participating countries, discuss the possibilities of mutually beneficial cooperation and strengthen regional economic ties between the states. The Fund ensured the participation of 44 small and medium-sized enterprises that had previously received state support within the framework of the tools implemented by the Fund.

Education

In 2023, distance learning for small and medium-sized enterprises continued in the format of a video platform containing training courses for existing and aspiring entrepreneurs with many different presentations by successful Kazakh and international entrepreneurs, divided into blocks on certain topics. During the reporting year, 8,761 people were registered on the Fund's distance learning platform.

The web platform content contains 4 blocks:

- Business model
- Operational management
- Marketing
- Sales

The structure of each block contains 2 video lessons from niche and top speakers.

In each issue, Kazakhstani and international speakers - current businessmen tell how they decided to open their own business, what difficulties they face daily and how they are overcome. Business leaders share their experience and recommendations for those who are thinking about starting or developing their business, what pitfalls need to be taken into account in order to take their place in the market.

Information on distance learning is published on the corporate website of the Damu Fund www.damu.kz in the section "Want to learn," and articles are periodically published on the Fund's social networks inviting entrepreneurs to take part in free training.

INTERNATIONAL COOPERATION

Nowadays, the development of international cooperation in the organization's activities is of great importance. In the era of making global decisions and joint actions to achieve the goals of global well-being and economic development, it is impossible to stay away from global trends. It is required to keep abreast of significant events, study best practices, exchange opinions and points of view on current issues, make efforts to jointly resolve pressing issues and challenges, which become more and more numerous every year.

Taking into account that the development of MSMEs has a great impact on the country's economy, the Fund strives to effectively and efficiently interact with MSMEs by providing financial and non-financial support. The Fund develops and expands its partner network, communicates closely with international financial institutions, development institutions, associations and international organizations in order to attract additional financial resources, assist entrepreneurs in building relationships with counter-partners, provide technical assistance and provide relevant information that is useful for development business.

As part of cooperation with the European Bank for Reconstruction and Development (EBRD) in 2023, 23 billion tenge was allocated to support and finance Kazakh businesses. The fund acted as an investor, purchasing EBRD bonds on the organized securities market. The funds received were directed through second-tier banks to provide support to small and medium-sized enterprises in Kazakhstan.

The Fund also actively interacted with the World Bank, the UN Development Program Kazakhstan, the European Investment Bank, the French Development Agency and other organizations to discuss issues of attracting funds and implementing MSME support programs.

In April 2023, the Fund joined the Association of European Guarantee Organizations of the European Union, which is an international non-profit organization founded in 1992. This platform provides an opportunity to exchange best practices, participate in significant events and improve their support mechanisms.

At the same time, work with leading international rating agencies such as Moody's Investors Service and S&P Global continued. Based on the results of the work carried out, long-term and short-term credit ratings for obligations in foreign and national currencies were confirmed. The main significant event was the assignment of an official ESG rating from S&P Global at 22. The assessment was based on an analysis of the Fund's activities in the field of sustainable development.

Much attention is paid to issues of sustainable development and implementation of ESG principles. World experience in achieving goals and improving procedures and rules is studied. So in December 2023, the Fund became a participant in the Green Investment Principles for Belt and Road. The activities of this organization are aimed at promoting sustainable development goals and green economy issues.

As part of cooperation with international partners, the Fund organized webinars, seminars and various training events on the development of women's entrepreneurship, promotion of sustainable development issues, promotion of goods and services, as well as events to build cooperation with foreign entrepreneurs.

Among the international events in which the Fund took part in 2023, the following can be highlighted:

- Annual meeting of members of the Association of European Guarantee Organizations (Athens, Greece);
- Program for the exchange of information and experience within the framework of the Organization of Turkic States (Istanbul, Turkey);
- Study of the SME cooperation network among member countries of the Organization of Islamic States (Istanbul, Turkey);
- Annual meeting of the World Bank Group and the International Monetary Fund (Marrakesh, Morocco);
- World Forum of Small and Medium Business (Baku, Azerbaijan);
- Exhibition dedicated to the 25th anniversary of the UN Special Program for the Economies of Central Asia (Baku, Azerbaijan);
- 28th session of the Conference of the Parties to the UN Framework Convention on Climate Change (Dubai, UAE).

Membership in associations

Damu Fund is a member of the following associations:

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

		street, 165 b, BC "MTS Company", office 503	<p>increasing their level of knowledge in order to ensure voluntary and timely payment of taxes.</p> <p>KTA systematizes and analyzes problematic issues, proposals and comments in the field of taxation. The results of systematic work are dialogues between government bodies and taxpayers within the framework of round tables, conferences, forums and working groups, as well as a set of proposals for introducing changes and additions to the legislation of the Republic of Kazakhstan on tax issues.</p>
6.	ESG Club	Kazakhstan	<p>ESG Club was created as part of Astana Finance Days on July 28, 2022 and brought together 19 companies that are leaders in ESG transformation in their industries. The Fund is one of the co-founders. This is a dialogue platform for business, experts of ESG professionals, as well as employees of the Kazakhstani corporate sector. ESG club promotes the achievement of sustainable development goals, energy efficiency, human rights, and the introduction of appropriate incentives for responsible companies. The club brings together the most responsible and progressive companies, ready to exchange best practices to disseminate the best practices in the field of ESG.</p>
7.	Council for Sustainable Development and ESG at NCE "Atameken"	Kazakhstan	<p>The Council for Sustainable Development and ESG is a permanent consultative and advisory body under the NCE of the RK "Atameken" to coordinate and ensure effective relations between business entities and government agencies to implement the principles of sustainable development and ESG in the sectors of the economy and at the regional level.</p> <p>The advisory body was established on October 24, 2023.</p>

DEVELOPMENT OF INFORMATION TECHNOLOGY

The development of information technologies for the digitalization of business processes of MSMEs is also one of the priority tasks of state policy. One of the strategic goals of the Fund is the digitalization of the main business processes. In this regard, in order to improve the efficiency of the use of available information resources, the following tasks were successfully implemented in 2023:

Mobile application "OnlineDamu"

In 2023, the OnlineDamu mobile application was introduced, designed to provide small and medium-sized enterprises with complete and up-to-date information on the measures of state support (MSS) provided. Also, through a mobile application, an entrepreneur can apply for MSS by signing all the necessary documents with an electronic digital signature. Considering that most of the Internet access is carried out through mobile devices, the mobile application increases the availability of MSS for entrepreneurs, as well as increases their coverage.

The OnlineDamu mobile application greatly simplifies the process of applying for public services. Application is made directly, which significantly speeds up the process of receiving a response. The functionality used to sign documents through a cloud EDS significantly reduces the time for processing all the necessary documents.

Integration with government databases

In 2023, the integration of the Fund's information systems with government databases (GDB) through Smart Data Ukimet was carried out. Obtaining up-to-date data from the State Database makes it possible to reduce the list of documents requested from entrepreneurs to obtain MSS; consideration of applications is carried out much faster, and decisions on them are made on the basis of the most current and complete data. Timely updating of information in the Fund's systems increases the accuracy and relevance of data that is used when making decisions on the allocation of resources and providing support to entrepreneurs.

Also, connecting data from the State Database simplifies and speeds up the process of monitoring projects participating in government support programs. This allows the Fund to timely monitor and evaluate their progress, and to respond promptly to any problems or changes that arise.

Showcases and dashboards on the management reporting portal

In 2023, showcases and dashboards were created for the Fund's structural divisions on the Power BI management reporting portal in the following areas:

- guarantee;
- subsidies;
- program loans;
- portrait of the borrower;
- socio-economic effect;
- fulfillment of counter obligations.

The implemented showcases and dashboards provide an analytical platform for making effective management decisions based on analytical data, provide high transparency and comprehensive management of the Fund's data.

PLANS OF THE DAMU FUND FOR 2024

In 2024, the Fund plans to implement a number of activities and projects:

1. Continue measures for integration with government databases, including the integration of the working systems of the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan and the Fund;
2. Approve the program for women entrepreneurs "Umit";
3. Approve the Unified Comprehensive Program, as part of support for subsidizing and guarantee instruments;
4. Increase the ESG rating from an international rating agency;
5. Develop and approve the Fund's PR strategy for 2024-2028;
6. As part of the new Development Strategy of the Fund for the coming ten-year period from 2024-2033, focusing on the best global practices, the Fund aims to integrate the principles of sustainable development into all areas of the Fund's activities, their consistent implementation in all products and support programs of the Fund and strategic documents. In this regard, the Fund will continue to work on the implementation of activities reflected in the approved Roadmap of the Fund's ESG initiatives.

5. CORPORATE GOVERNANCE

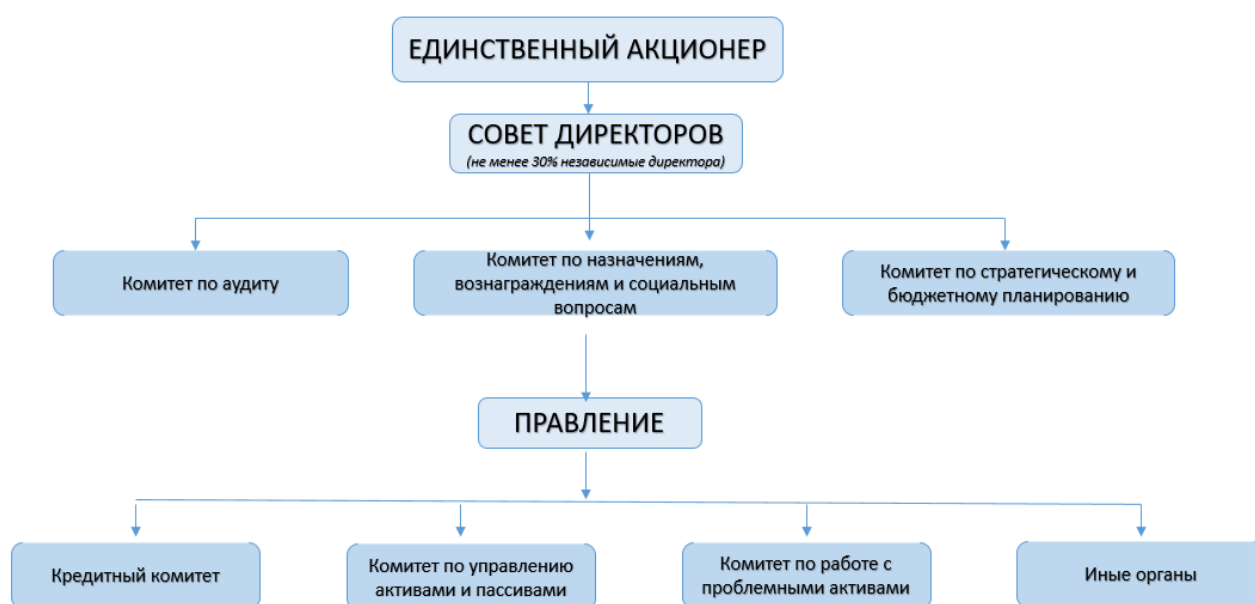
The Fund views corporate governance as a means to improve operational efficiency, ensure transparency and accountability, strengthen reputation and reduce the cost of raising capital. The Fund considers an appropriate corporate governance system as its contribution to ensuring the supremacy of legislation in the Republic of Kazakhstan and a factor determining the Fund's place in the modern economy and society as a whole. The corporate governance system provides for a clear division of powers and responsibilities between the bodies, officials and employees of the Fund.

The fundamental principles of corporate governance are:

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

CORPORATE GOVERNANCE SYSTEM

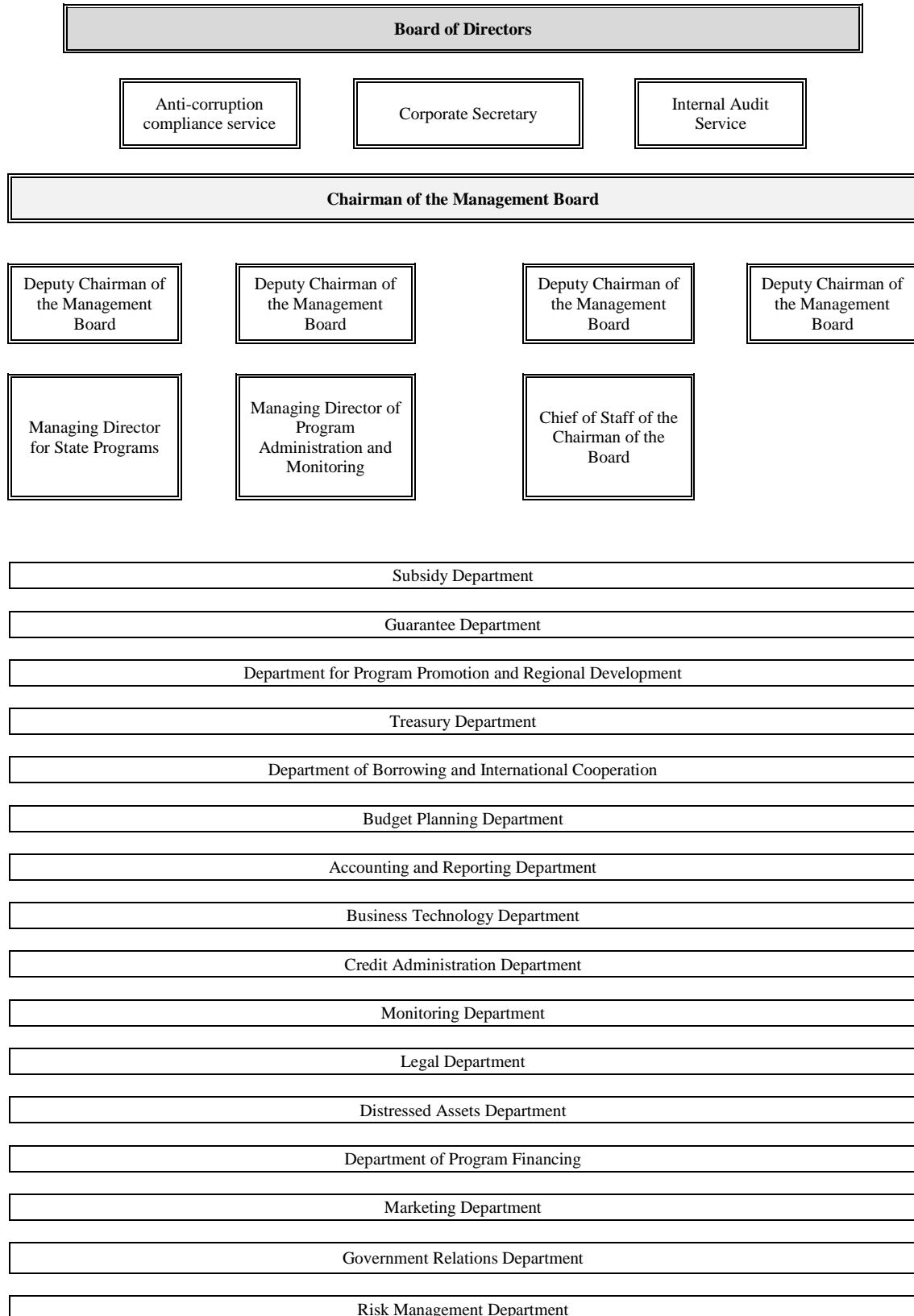
Structure of the Fund's corporate governance system



- Supreme body – Sole shareholder;
- Governing body – Board of Directors;
- Executive body – Management Board;
- The body exercising control over the financial and economic activities of the Fund is the Internal Audit Service;
- The body implementing internal credit policy is the Credit Committee;
- The body for improving the efficiency of managing assets and liabilities of the Fund in order to achieve the principles of diversification of assets and liabilities, optimizing financial risks and ensuring financial stability - the Assets and Liabilities Management Committee;
- The body that carries out work on the return of problem receivables arising as a result of the credit, leasing, investment, documentary, and economic activities of the Fund is the Committee for Work with Problem Assets;
- Other bodies created in accordance with the legislation of the Republic of Kazakhstan.

Organizational structure of the Fund

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



Department of Strategic Analysis and Corporate Development
Information Technology Department
Service of the Chairman of the Board
HR Development Department
Administrative department
Purchasing Department
Security Department
Regional branch in Almaty
Regional branch in Astana
Regional branch in Shymkent
Regional branch for Akmola region
Regional branch for Aktobe region
Regional branch for Almaty region
Regional branch for Atyrau region
Regional branch for the East Kazakhstan region
Regional branch for Zhambyl region
Regional branch for the West Kazakhstan region
Regional branch for Karaganda region
Regional branch for Kostanay region
Regional branch for Kyzylorda region
Regional branch for Mangistau region
Regional branch for Pavlodar region
Regional branch for the North Kazakhstan region
Regional branch for the Turkistan region
Regional branch for Abay region
Regional branch for the Zhetisu region
Regional branch for the Ulytau region

Corporate Governance Code

In 2023, the Fund complied with the principles and provisions of the Corporate Governance Code that meet the requirements of the legislation of the Republic of Kazakhstan and relevant international standards. The report on compliance/non-compliance with the principles and provisions of the Fund's Corporate Governance Code for 2023 was reviewed by the Board of Directors and approved by the decision of the Board of Directors on May 31, 2024 (Minutes No. 03/2024).

A brief Report on compliance/non-compliance with the principles and provisions of the Fund's Corporate Governance Code for 2023 is displayed in Annex No. 2 to the Annual Report (the full version of the Report is posted on the Fund's corporate website).

In accordance with the requirements of the Corporate Governance Code, the Fund is required to conduct an independent assessment of corporate governance at least once every three years. Based on the results of the study carried out in December 2021 independent diagnostics of corporate governance, compliance of the level of corporate governance with the requirements of best practice is 90,8%.

At the same time, on December 28, 2023, the Fund's internal audit service completed an audit of the assessment of the effectiveness of corporate governance. The final score based on the results of the corporate governance diagnostic was 96,2%, which is 5,4% more than in 2021, conducted by the independent assessment company Dostyk Advisory LLP. The growth is driven by changes in the following components: processes and transparency. Based on the results of the previous audit, the responsible structural divisions of the Fund implemented the recommendations of the Fund's internal audit service.

SOLE SHAREHOLDER

The sole shareholder of the Fund is NMH Baiterek JSC (hereinafter - Holding).

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

One of the key tasks of the Holding is to ensure the effective and complementary functioning of the group of companies of the Holding.

Type of security	Common shares
ISIN	KZ1C00002286
Issue registration date	13.05.2020
Nominal cost*	100,000 tenge
Number of authorized shares	27 962 244
Number of shares placed	27 762 244
Number of shares owned by a shareholder	27 762 244
Shareholder information	"NMH "Baiterek" JSC
Shareholder's share of outstanding shares	100%
Shareholder's share of voting shares	100%

* Cost of the last placement of shares

The Fund issues only common shares. A simple share gives the Sole Shareholder the right to make decisions on all issues submitted for consideration. A simple share also provides the Sole Shareholder with the right to receive dividends if the Fund has net income and to receive part of the Fund's property upon its liquidation in the manner established by the legislation of the Republic of Kazakhstan.

BOARD OF DIRECTORS

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

The Board of Directors of the Fund ensures full transparency of its activities before the Sole Shareholder and carries out its functions in accordance with the legislation of the Republic of Kazakhstan, the Charter of the Fund, the Corporate Governance Code and other documents of the Fund.

Responsibility of the board of directors

Members of the board of directors bear personal responsibility for the performance of the duties of a member of the board of directors, including fiduciary duties and decisions made, the effectiveness of their activities, actions and/or inactions.

Composition of the Board of Directors

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

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

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

The Sole Shareholder elect members of the Board of Directors of the Fund in the manner determined by the legislation of the Republic of Kazakhstan, the Charter and internal documents of the Fund, taking into account the competencies, skills, achievements, business reputation and professional experience of the candidates.

As of December 31, 2023, the Fund's Board of Directors consists of 7 members, of which 3 are independent directors, which corresponds to the best corporate governance practices.

Composition of the Board of Directors

Chairman of the Board of Directors– Zhamaubayev Yerulan Kenzhebekovich	
<p>Born in 1974, date of election as a member of the Board of Directors of the Fund April 26, 2022, date of election as Chairman of the Board of Directors May 3, 2022.</p>	<ul style="list-style-type: none"> • Intern teacher, teacher of the Kazakh State Academy of Management (1996-1998); • Leading Analyst, Chief Analyst, Chief Specialist Analyst, Head of Department, Deputy Director of the Research and Statistics Department of the National Bank of the Republic of Kazakhstan (1998-2006); • Director of the Coordination Department of the National Bank of the Republic of Kazakhstan (2006-2014); • Managing Director of Housing Construction Savings Bank of Kazakhstan JSC (2014-2015); • Deputy Head of the Department of Socio-Economic Monitoring of the Presidential Administration of the Republic of Kazakhstan (07.2015-11.2015); • Head of the Department of Socio-Economic Monitoring of the Presidential Administration of the Republic of Kazakhstan (11.2015-11.2018); • Assistant to the President of the Republic of Kazakhstan (29.11.2018-22.03.2019); • Executive Secretary of the Ministry of Finance of the Republic of Kazakhstan (22.03.2019-05.2020); • Minister of Finance of the Republic of Kazakhstan (18.05.2020, 18.01.2021, reassigned from 11.01.2022-29.03.2022); • Deputy Prime Minister - Minister of Finance of the Republic of Kazakhstan (since 29.03.2022).
Member of the Board of Directors – Zhaksylykov Timur Mekeshevich	

<p>Born in 1968, date of election as a member of the Board of Directors of the Fund on July 28, 2021 (from April 5, 2022, re-elected for a 3-year term of office of the Board of Directors).</p>	<ul style="list-style-type: none"> • Executive Rector of the Semipalatinsk Institute of Business and Entrepreneurship (1993-1996); • Chief Specialist, Head of the Department of the Agency of the Republic of Kazakhstan for Strategic Planning and Reforms (1997-1998); • Head of the sector of the Center for Analysis and Strategic Studies of the Presidential Administration of the Republic of Kazakhstan (1998-1999); • Head of the sector of the Analytical Center of the Security Council of the Republic of Kazakhstan (1999-2002); • Director of the WTO Accession Department of the Ministry of Industry and Trade of the Republic of Kazakhstan (2003-2004); • Representative of the Ministry of Industry and Trade of the Republic of Kazakhstan on the World Trade Organization in Geneva (2004-2005); • First Secretary of the Permanent Mission of the Republic of Kazakhstan to the Swiss Confederation of the Ministry of Foreign Affairs of the Republic of Kazakhstan (2005); • General Director of the RSE "Institute of Economic Research" of the Ministry of Economy and Budget Planning of the Republic of Kazakhstan (2006); • Director of the SE "Center for Sustainable Development of the Capital" of the Akim's office in Astana (2006-2007); • Director of the Department of Economy and Budget Planning of Astana (2007-2008); • Deputy Akim of Astana (2008-2009); • Vice Minister of Industry and Trade of the Republic of Kazakhstan, Chairman of the Investment Committee of the Ministry of Industry and New Technologies (2009 - 2010); • Chairman of the Board of Investment Fund of Kazakhstan JSC (2010 - 2011); • Vice Minister of National Economy of the Republic of Kazakhstan (2012-2017); • Member of the Board (Minister) of the Eurasian Economic Commission (EEC) for Economics and Financial Policy (2017-2021); • Assistant to the President of the Republic of Kazakhstan (2018); • First Vice Minister of National Economy (2021 - to date).
<p>Member of the Board of Directors – Mukhamedzhanov Adil Bektasovich¹</p>	
<p>Born in 1981, date of election as a member of the Board of Directors of the Fund on June 16, 2021 (from April 5, 2022, re-elected for a 3-year term of office of the Board of Directors).</p>	<ul style="list-style-type: none"> • Specialist of the Project Management Department at KazTransOil JSC (2003-2004); • Financial manager, vice president, member of the board of directors of Caspian Energy Inc, Aral Petroleum Capital CJSC (2004-2016); • Chairman of the Board of JSC Open Accumulative Pension Fund Otan (2010-2011); • Member of the Board of Directors of AsiaCreditBank JSC (2008-2016);

¹By the decision of the Sole Shareholder dated December 25, 2023, Minutes No. 52/23, the powers of A.B. Mukhamedzhanov were terminated early on his own initiative

	<ul style="list-style-type: none"> Chairman of the Board of Kazakhstan Housing Company JSC. (2016-2021); <p>Since May 31, 2021, has been Deputy Chairman of the Board of Baiterek NMH JSC.</p>
Member of the Board of Directors, representative of the Sole Shareholder – Erlan Serikovich Ausharipov	
<p>Born in 1991, date of election as a member of the Board of Directors of the Fund, representative of the Sole Shareholder, December 25, 2023.</p>	<ul style="list-style-type: none"> Expert of the Department for Development of Economic Sectors of the Ministry of National Economy of the Republic of Kazakhstan (2013-2014); Chief Expert of the Department for Development of Economic Sectors of the Ministry of National Economy of the Republic of Kazakhstan (2014-2016); Chief Manager of Project Directorate No. 1 of DBK-Leasing JSC, a subsidiary of Development Bank of Kazakhstan JSC (2016-2017); Director of the Strategy and Planning Department, Industrial Development Fund JSC (formerly DBK-Leasing JSC), a subsidiary of Development Bank of Kazakhstan JSC (2017-2021); Deputy Chairman of the Board, Kazakhstan Center for Public-Private Partnership JSC (2021-2023); Managing Director for Corporate Finance, Development Bank of Kazakhstan JSC (2023); Managing Director of Baiterek National Holding Holding JSC (from 11.2023 to present).
Independent Director – Batalov Raimbek Anvarovich	
<p>Born in 1970, date of election as a member of the Board of Directors of the Fund on June 10, 2020 (from April 5, 2022, he was re-elected for a 3-year term of office of the Board of Directors).</p>	<ul style="list-style-type: none"> In the 90s, he was among the managing directors of the Ridder Invest metallurgical complex, supervised the work of the Novodzhambul Phosphorus Plant chemical complex, managed the Tobolsk elevator, the sugar plant in Merka, and the Shymkent TPP-3. Since 1992 he is the founder of the Raimbek trading company, Chairman of the Board of Directors of the Raimbek holding. Since 2002, he has been Chairman of the Board of the Forum of Entrepreneurs of Kazakhstan. Since 2005, he has headed the Kazakhstani national part of the Business Council of the Shanghai Cooperation Organization (SCO). Since 2007 - member of the public chamber under the Majilis of the Republic of Kazakhstan. Since 2009 – President of the Underwater Sports Federation of Kazakhstan. Since 2010 - member of the unified coordination council chaired by the Prime Minister of the Republic of Kazakhstan. He is also a member of the Entrepreneurship Council under the President of the Republic of Kazakhstan and the Presidium of the National Chamber of Entrepreneurs of Kazakhstan. Since 2012, he has been an independent expert of the Advisory Committee on Entrepreneurship of the Eurasian Economic Commission (Moscow).

	<ul style="list-style-type: none"> • Since September 2015, he has been the 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 first vice-president of the Kazakhstan Cycling Federation. • In March 2017, he was elected vice-president of the Asian Cycling Confederation. • Member of the Presidium of the National Chamber of Entrepreneurs of Kazakhstan, Acting Chairman of the Presidium of the NCE RK “Atameken”, Chairman of the Presidium of the National Chamber of Entrepreneurs “Atameken” (since 2022). • Member of the Supreme Council under the President of the Republic of Kazakhstan for Reforms (since 2022).
Independent Director – Bakhmutova Elena Leonidovna	
<p>Born in 1962, date of election as an independent director, member of the Board of Directors of the Fund on September 19, 2018 (from April 5, 2022, re-elected for a 3-year term of office of the Board of Directors).</p>	<ul style="list-style-type: none"> • Senior engineer KSMK-1 of Alma-Ataselstroy trust No. 7 (1983-1984); • Economist at the Research Economic Institute of Planning and Standards under the State Planning Committee of the Kazakh SSR (1984-1989); • Senior economist of the Ministry of Social Security of the Kazakh SSR (1989-1991); • Economist at the Elim-Ai film business association (1991-1992); • Presenter, chief economist, head of department, deputy head of the department for the social sphere, deputy director of the Budget Department of the Ministry of Finance of the Republic of Kazakhstan (1992-1998); • Director of the Budget Department of the Ministry of Finance of the Republic of Kazakhstan (1998-2001); • Vice Minister of Labor and Social Protection of the Population of the Republic of Kazakhstan (2001-2002); • Director of the Financial Supervision Department of the National Bank of the Republic of Kazakhstan (2002-2004); • Deputy Chairman of the Agency of the Republic of Kazakhstan for Regulation and Supervision of the Financial Market and Financial Organizations (2004-2008); • Chairman of the Agency of the Republic of Kazakhstan for Regulation and Supervision of the Financial Market and Financial Organizations (2008-2011, due to the abolition of the agency); • Deputy Chairman of the Board of Samruk-Kazyna JSC (2012-2016) • Managing Director for Finance and Operations of Samruk-Kazyna JSC (2016); • Chairman of the Board of the non-profit JSC Social Health Insurance Fund (2016-2018); • Chairman of the Council of the Association of Financiers of Kazakhstan (from 2018 to the present).

Independent Director – Nurgalieva Asem Bolatzhanovna²	
<p>Born in 1983, date of election as an independent director, member of the Board of Directors of the Fund on May 26, 2021 (from April 5, 2022, re-elected for a 3-year term of office of the Board of Directors).</p>	<ul style="list-style-type: none"> • Marketer/PR manager of NPF “BTA Kazakhstan” (2006-2007); • Director of the Strategic Marketing Department of NPF "RESPUBLIKA" (pension fund, investment) (2007-2012) • Managing Director/Director of the Strategic Marketing Department of the STANDARD insurance company (general insurance) (2012-2014); • Head of the Marketing Analysis and Promotion Department of “BANK ASTANA” JSC (2013-2015); • Business Development Director, Executive Director of First Credit Bureau LLP (2015-2023); • Managing Director of Kazpost JSC (from 2023 to the present).
Independent Director – Khusainov Galim Abilzhanovich	
<p>Born in 1982, date of election as an independent director, member of the Board of Directors of the Fund on February 22, 2023.</p>	<ul style="list-style-type: none"> • Management positions in IPK Energofinance LLC, Omsk-Polymer LLC, PROFIT Company LLP, Zarechnoye JV JSC, BRB INVEST LLP, BCC INVEST JSC (2004-2017); • Advisor to the Chairman of the Board of Directors of Bank CenterCredit JSC, Managing Director, Member of the Management Board of Bank CenterCredit JSC (2017); • Chairman of the Board of JSC Bank CenterCredit (2017-2022); • Chairman of the Board of Directors of Teniz Capital Investment Banking JSC (from 2023 to the present)
Member of the Board of Directors– Buribayeva Gaukhar Asylbekovna	
<p>Born in 1983, date of election as an independent director, member of the Board of Directors of the Fund April 24 2019 (from April 5, 2022, re-elected for a 3-year term of office of the Board of Directors).</p>	<ul style="list-style-type: none"> • Manager at the South Korean transport company GreenIntegratedLogisticsCo.LTD (12.2003-12.2004); • Chief specialist of the financial monitoring department of Food Contract Corporation JSC of the Ministry of Agriculture of the Republic of Kazakhstan (01.2005-09.2006); • Chief Manager of the Project Lending Department, Chief Front Manager of the Project Directorate of Development Bank of Kazakhstan JSC (09.2006-05.2009); • Chief Manager of the Investment Project Administration Department of Samruk-Kazyna Invest LLP (05.2009-10.2009); • Chief Manager of the Corporate Business Department of Alliance Bank JSC (12.2009-03.2010); • Deputy Head of the Project Directorate of Development Bank of Kazakhstan JSC (03.2010-08.2011); • Executive Director for Development of JSC National Center for the Development of Transport Logistics (now JSC KTZ Express) (08.2011-02.2013); • Head of the Strategy and Analytical Research Department of NC KTZ JSC, branch “Center for the Development of Transport Logistics” (02.2013-08.2013);

²By the decision of the Sole Shareholder dated February 22, 2023, Minutes No. 07/23, the powers of A.B. Nurgalieva were terminated early. on her own initiative.

	<ul style="list-style-type: none"> • Vice - President for Financial and Economic Issues of the subordinate organization of the Administration of the President of the Republic of Kazakhstan (08.2013-03.2017); • Director of the Administrative Department of Damu Entrepreneurship Development Fund JSC (03.2017-07.2017); • Managing Director of Damu Entrepreneurship Development Fund JSC (07.2017-06.2018); • Deputy Chairman of the Board of Entrepreneurship Development Fund “Damu” JSC (06.2018-04.2019); • Since April 2019 - Chairman of the Board of JSC Damu Entrepreneurship Development Fund.
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Members of the Fund's Board of Directors are citizens of the Republic of Kazakhstan and do not own shares of the Fund, shares of suppliers or competitors of the Fund.

Changes in the composition of the Board of Directors in 2023

1. By the decision of February 22, 2023 (Minutes No. 07/23), the powers of the independent director Nurgalieva A.B. were terminated ahead of schedule on their own initiative, and Khusainov G.A. was also elected an independent director with a term of office until the expiration of the term of office of the Board of Directors as a whole. By the decision of the Board of Directors dated 01.03.2023 (Minutes No. 01/2023), Khusainov G.A. was elected Chairman of the Nomination, Remuneration and Social Affairs Committee and a member of the Audit and Risk Management Committee and the Strategic Planning and Corporate Development Committee.

2. By the decision of the Management Board of National Management Holding Baiterek JSC (Sole Shareholder) dated December 25, 2023 (protocol No. 52/23), the powers of a member of the Board of Directors, representative of the Sole Shareholder Mukhamedzhanov A.B. were terminated ahead of schedule from December 4, 2023. Also, Ausharipov E.S. was elected as a member of the Board of Directors, a representative of the Sole Shareholder with a term of office until the expiration of the term of office of the Board of Directors as a whole.

The newly elected directors were sent information regarding key aspects of the Fund’s activities, including the current Development 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.

Attracting independent directors

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

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

At the end of 2023, all independent directors who are members of the Fund’s Board of Directors meet the independence criteria.

Key issues considered by the Board of Directors in 2023.

During the reporting period, the Board of Directors considered the approval of the matrix of business processes, risks and controls, the Anti-Corruption Compliance Program and the map of key performance indicators of employees of the Anti-Corruption Compliance Service, a report on the

assessment of the internal control system and an action plan for further improvement of the internal control system, making changes to the composition committees of the Board of Directors, approval of changes and additions to the Charter, preliminary approval of audited annual financial statements, approval of proposals for the distribution of net income and the amount of dividend for the year, approval of a report on compliance/non-compliance with the principles and provisions of the Corporate Governance Code, quarterly risk reports, review of results assessing the activities of the Board of Directors, approving a report on the work of the Ombudsman, approving the Annual Report, approving reports on the implementation of the Action Plan to improve corporate governance, providing consent to a member of the Board of Directors regarding the opportunity to work and/or hold position(s) in other organizations that arose after election to Board of Directors, changes in the composition of the Management Board, appointment of a compliance controller of the Anti-Corruption Compliance Service, approval of the regulations on the Anti-Corruption Compliance Service, approval of reports on the implementation of the Development Plan, approval of the Development Strategy for 2024-2033, development plan for 2024-2028, approval risk register, action plan for critical risk management, risk map, key risk indicators, risk appetite for 2024, approval of the audit area map and annual audit plan of the Internal Audit Service, budget of the Internal Audit Service, professional training plan for employees of the Internal Audit Service, issues related to the activities of the Internal Audit Service, compliance controller, corporate secretary, etc.

Report on the activities of the Board of Directors

In 2023, 11 meetings of the Board of Directors were held, including 7 in-person and 4 meetings in absentia of the Board of Directors, and more than 70 issues were considered.

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

2023	In-person meeting	Absentee meeting	Total
Q1	1	-	1
Q2	2	1	3
Q3	2	1	3
Q4	2	2	4
TOTAL:	7	4	11

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

2023	In-person meeting	Absentee meeting	Total
Q1	16	-	16
Q2	14	1	15
Q3	18	1	19
Q4	15	10	25
TOTAL:	63	12	75

Participation in meetings of members of the Fund's Board of Directors in 2023:

No.	<i>Members of the Board of Directors</i>	<i>Participation</i>	<i>%</i>
1.	Zhamaubayev Yerulan Kenzhebekovich	11/11	100%
2.	Batalov Raimbek Anvarovich	10/11	91%
3.	Bakhmutova Elena Leonidovna	11/11	100%
4.	Zhaksylykov Timur Mekeshevich	11/11	100%
5.	Mukhamedzhanov Adil Bektasovich	7/11	64%
6.	Khusainov Galim Abilzhanovich	11/11	100%
7.	Buribayeva Gaukhar Asylbekovna	11/11	100%

Committees of the Board of Directors

There are 3 committees under the Board of Directors of the Fund: audit and risk management, appointments, remuneration and social issues, strategic planning and corporate development.

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

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

<i>Audit and Risk Management Committee</i>	
Chairman of the Committee	Bakhmutova E.L., Independent director
Member of the Committee	Batalov R.A., Independent director
Member of the Committee	Khusainov G.A., Independent director
Member of the Committee	Mukhamedzhanov A.B., member of the Board of Directors, representative of the Sole Shareholder
<i>Nomination, Remuneration and Social Affairs Committee</i>	
Chairman of the Committee	Khusainov G.A., Independent director
Member of the Committee	Batalov R.A., Independent director
Member of the Committee	Bakhmutova E.L., Independent director
Member of the Committee	Mukhamedzhanov A.B., member of the Board of Directors, representative of the Sole Shareholder
<i>Strategic Planning and Corporate Development Committee</i>	
Chairman of the Committee	Batalov R.A., Independent director
Member of the Committee	Bakhmutova E.L., Independent director
Member of the Committee	Khusainov G.A., Independent director
Member of the Committee	Mukhamedzhanov A.B., member of the Board of Directors, representative of the Sole Shareholder

Strategic Planning and Corporate Development Committee

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

In the reporting year, 7 meetings of the Committee were held, 25 issues were considered, including the preliminary approval of the Fund's Annual Report, reports on the implementation of the Fund's Strategy, plans for the development of the Fund (adjustment), and so on.

Audit and Risk Management Committee

Engaged in developing recommendations for establishing an effective system of control over financial and economic activities (including the completeness and reliability of financial statements), monitoring the reliability and effectiveness of the internal control and risk management system, as well as the execution of documents in the field of corporate governance, control for the independence of external and internal audit and compliance controller, compliance with the legislation of the Republic of Kazakhstan, internal documents, for preparing recommendations to the Board of Directors on the development of priority areas of activity (development), and the functioning of an adequate risk management system in the Fund, improving and strengthening the risk management system;

In 2023, 9 meetings of the Committee were held, where 55 issues were considered, including the preliminary approval of quarterly reports of the Internal Audit Service, quarterly reports on the Fund's risks, the Fund's annual financial statements and other issues.

Nomination, Remuneration and Social Affairs Committee

Prepares recommendations to the Board of Directors through in-depth study and monitoring of issues within the competence of the Board of Directors in the field of personnel policy, the system of appointments and remuneration, as well as assessing the 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 the Chairman and members of the Management Board and evaluation of the activities of the Corporate Secretary.

In 2023, 11 meetings of the Committee were held, at which 15 issues were considered, including maps of key performance indicators of the Fund's management (functional KPIs), execution of functional KPIs, and so on.

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

In 2023, 11 meetings of the Board of Directors were held, including 7 in-person and 4 meetings in absentia of the Board of Directors, and more than 70 issues were considered. In the reporting year, more than 27 meetings of committees under the Board of Directors were held, all committee meetings were held exclusively in person.

In total, 95 issues were considered at the level of three committees of the Board of Directors, with more than half of all issues considered by the Audit and Risk Management Committee (55 issues), the Strategic Planning and Corporate Development Committee (25 issues) and the Nomination, Remuneration and social issues (15).

Assessing the effectiveness of the Board of Directors

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

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

- analyze and determine the strengths and weaknesses (advantages and disadvantages) of the activities of the Fund's Board of Directors;
- make adjustments to the work and adjust the target areas of activity of the Fund's Board of Directors;
- determine to what extent the structure and composition of the Fund's Board of Directors contribute to solving the strategic objectives of the Fund;
- determine the effectiveness of the work of the Chairman of the Board of Directors and each member of the Board of Directors;
- determine the effectiveness of the remuneration system for members of the Board of Directors

The Board of Directors may conduct an Assessment:

- on its own in accordance with the requirements of the legislation of the Republic of Kazakhstan or internal documents of the Fund;
- with the involvement of independent consultants, professional associations and organizations that assign corporate ratings;
- in other ways.

Results of assessing the performance of the Board of Directors

In accordance with the recommendations of the best international practices of corporate governance, the Board of Directors decided to conduct an assessment of the effectiveness of the activities of the Board of Directors, members of the Board of Directors and Committees of the Board of Directors

of the Fund for 2023 on its own and provide information on the results of the assessment to the Sole Shareholder of the Fund.

In March 2024, a comprehensive survey was conducted with the assessment participants, in accordance with the appendices approved in the Regulations on the Board of Directors of the Fund.

According to the results of the self-assessment approved by the decision of the Board of Directors dated May 31, 2024, Minutes No. 03/2024, the activities of the Board of Directors, members of the Board of Directors and Committees of the Board of Directors of the Fund for 2023 were recognized as effective.

The results of the self-assessment showed that the Board of Directors regularly monitors the implementation of strategic objectives, budget execution and the effectiveness of the Fund's activities, and effectively interacts with the Sole Shareholder and the Fund's Management Board. Current composition of the Board of Directors, taking into account experience, diversity, independence, etc. is optimal in the context of the tasks facing the Fund, the activities of the 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.

The average self-assessment result of the Board of Directors was 3,9 points out of 4 maximum points. The results of the self-assessment of the relevant committees of the Board of Directors amounted to an average of 3,9 points, which is comparable to similar assessments for 2022.

Also, the results of the self-assessment highlighted strengths such as a clear definition of the powers of the Board of Directors and Committees, the activities of the Chairman of the Board of Directors, the organization and active participation of members of the Board of Directors at meetings of the Board of Directors and Committees, the effective activities and active position of independent directors.

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

In general, the work of the members of the Fund's Board of Directors is assessed positively and found to be effective.

At the same time, in accordance with the recommendations of the Internal Audit Service based on the results of a corporate governance diagnostic carried out in 2023, work is underway to conduct an independent assessment of the activities of the Board of Directors, committees and the corporate secretary based on the results of 2024 (budgeting and so on).

BOARD

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

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

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

The Chairman of the Board is appointed by the decision of the Sole Shareholder. Members of the Board are elected by the Board of Directors of the Fund.

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

Composition of the Board

As of December 31, 2023, the Fund's Management Board included 5 people.

Chairman of the Board – Buribayeva Gaukhar Asylbekovna Born in 1983, date of election as Chairman of the Management Board April 29, 2019	
<p>Heads the Board of the Fund. Carries out general control, coordination and management of the activities of all structural divisions and employees of the Fund, directly controls, coordinates and manages the activities of members of the Board, Assistant to the Chairman of the Board, Chief of Staff, Internal Audit Service, Compliance Controller, Corporate Secretary.</p>	<ul style="list-style-type: none"> • Manager at the South Korean transport company GreenIntegratedLogisticsCo.LTD (12.2003-12.2004); • Chief specialist of the financial monitoring department of Food Contract Corporation JSC of the Ministry of Agriculture of the Republic of Kazakhstan (01.2005-09.2006); • Chief Manager of the Project Lending Department, Chief Front Manager of the Project Directorate of Development Bank of Kazakhstan JSC (09.2006-05.2009); • Chief Manager of the Investment Project Administration Department of Samruk-Kazyna Invest LLP (05.2009-10.2009); • Chief Manager of the Corporate Business Department of Alliance Bank JSC (12.2009-03.2010); • Deputy Head of the Project Directorate of Development Bank of Kazakhstan JSC (03.2010-08.2011); • Executive Director for Development of JSC National Center for the Development of Transport Logistics (now JSC KTZ Express) (08.2011-02.2013); • Head of the Strategy and Analytical Research Department of NC KTZ JSC, branch “Center for the Development of Transport Logistics” (02.2013-08.2013); • Vice President for Financial and Economic Issues of the subordinate organization of the Administration of the President of the Republic of Kazakhstan (08.2013-03.2017); • Director of the Administrative Department of Damu Entrepreneurship Development Fund JSC (03.2017-07.2017); • Managing Director of Damu Entrepreneurship Development Fund JSC (07.2017-06.2018); • Deputy Chairman of the Board of Entrepreneurship Development Fund “Damu” JSC (06.2018-04.2019); • Since April 2019 - Chairman of the Board of JSC Damu Entrepreneurship Development Fund.
Deputy Chairman of the Board – Abdolla Nursultan Aristatluly Born in 1989, date of election as Deputy Chairman of the Board of the Fund on August 10, 2023	
<p>Supervises and coordinates the work of the Managing Director for State Programs, the Subsidy Department, the Guarantee Department, the Program Finance Department and the Strategic Analysis and Corporate Development Department.</p>	<ul style="list-style-type: none"> • Assistant of the Department for Problem Loans of KazInvestBank JSC(08.2010-03.2013); • Manager for work with problem loans of KazInvestBank JSC (04.2013-03.2015); • Deputy Director of the Department for Problem Loans of KazInvestBank JSC (04.2015-05.2016); • Director of the Corporate Client Lending Department of KazInvestBank JSC (06.2016-02.2017); • Deputy Director of the Regional Branch of JSC EDF “Damu” in Astana (08.2017-08.2018); • Director of the Regional Branch of JSC EDF "Damu" in Astana (08.2018-07.2021); • Managing Director - Director of the Regional Branch of JSC EDF "Damu" in Astana (07.2021-08.2023); • Since August 2023, he has held the position of Deputy Chairman of the Board of Damu Entrepreneurship Development Fund JSC.
Deputy Chairman of the Board – Sarsekeev Farkhat Kaynarovich	

Born in 1984, the date of election as Deputy Chairman of the Board of the Fund was May 4, 2019, the employment contract was terminated on August 9, 2023.	
Supervises and coordinates the work of the Managing Director for State Programs, the Subsidy Department, the Guarantee Department, the Program Finance Department and the Department of Strategic Analysis and Corporate Development.	<ul style="list-style-type: none"> • Credit manager of the Small and Medium Business Lending Department of Kazkommertsbank JSC (2005-2006); • Credit manager of the Corporate Business Department of Demir Bank Kazakhstan JSC (2008-2009); • Chief specialist of Restructuring and workout of ATF Bank JSC (UniCredit Group) (2009-2010); • Chief front manager of the Asset Restructuring Department of Development Bank of Kazakhstan JSC (2010-2012); • Deputy Director of the Department for Work with National Companies and Development Institutions of SB Sberbank JSC (2012-2015); • Deputy Director of the Branch for Corporate Business in Karaganda, SB Sberbank JSC (2015-2018); • Managing Director of Damu Entrepreneurship Development Fund JSC (2018-05.2019); • Since May 2019, he has held the position of Deputy Chairman of the Board of Damu Entrepreneurship Development Fund JSC.
Deputy Chairman of the Board – Makazhanov Bakhytzhan Nigmedzhanovich Born in 1990, date of election as Deputy Chairman of the Board of the Fund October 7, 2019	
Supervises and coordinates the work of the Treasury Department, the Borrowing and International Cooperation Department, the Accounting and Reporting Department, the Budget Planning Department and the Business Technologies Department.	<ul style="list-style-type: none"> • Manager of the Strategy and Corporate Development Department of Kazgeology JSC(2012-2013); • Deputy Chairman of the Board - member of the Board of JSC Rehabilitation and Asset Management Company (2014-2015); • Director of the Department of Forecasting, Public Procurement, Accounting and Reporting of JSC “Company for Rehabilitation and Asset Management” (2015-2016); • Deputy Chairman of the Board - member of the Board of Investment Fund of Kazakhstan JSC (2016-2019); • Since October 2019, he has held the position of Deputy Chairman of the Board of Damu Entrepreneurship Development Fund JSC.
Deputy Chairman of the Board – Yeskakov Yerbol Amangeldinovich Born in 1982, date of election as Deputy Chairman of the Board of the Fund March 6, 2020	
Supervises and coordinates the work of the Managing Director for Program Administration and Monitoring, the Monitoring Department, the Credit Administration Department, the Troubled Assets Department and the Legal Department.	<ul style="list-style-type: none"> • Investigator at the Department of Internal Affairs of the Akmola region (2003-2006); • Chief Specialist of the Legal Department of ATF Bank JSC, Almaty (2006-2011); • Head of the Legal Expertise Department of Development Bank of Kazakhstan JSC, Astana (2011-2014); • Head of the Department of Legal Support, National Bank of the Republic of Kazakhstan, Almaty (2014-2016); • Deputy General Director-Director of the Legal Department of AF Ipoteka JSC - mortgage organization, Almaty (2016-2017); • Director of the Department for Work with Problem Assets of Damu Entrepreneurship Development Fund JSC (2017-2020); • Since March 2020, he has been appointed Deputy Chairman of the Board of Damu Entrepreneurship Development Fund JSC.
Deputy Chairman of the Board – Bapayev Murat Mirkurbanovich Born in 1981, date of election as Deputy Chairman of the Board of the Fund July 15, 2022	
Supervises and coordinates the work of the Managing	<ul style="list-style-type: none"> • Representative of the sales department of Gallagher Kazakhstan LLP (2002-2003);

<p>Director for Interaction with Government Authorities, Department for Interaction with Government Authorities, Risk Management Department, Information Technology Department, Marketing Department, Department of Methodology and New Products, Regional Branches.</p>	<ul style="list-style-type: none"> • Wholesale sales manager of Gallagher Kazakhstan LLP (2003-2004); • Regional supervisor of LG Electronics Almaty Kazakhstan JSC (2004-2005); • regional manager of Milagro Foods LLP (2005-2008); • Sales and Marketing Manager, Insurance Company Generali Life JSC (2007-2011); • Chairman of the Board of JSC OFPF Otan (2012-2014); • Director of Kuzey LLC (2014-2017); • Director of Fintex LLP (2018-2019); • Director of the Department of International Cooperation of Damu Entrepreneurship Development Fund JSC (2019-2020); • Director of the Department of Marketing and International Cooperation of Damu Entrepreneurship Development Fund JSC (2020); • Managing Director-Director of the Department of Client Service and Regional Development of Damu Entrepreneurship Development Fund JSC (2020-2021); • Managing Director-Director of the Department of Borrowing and International Relations (2021-2022); • Since July 2022, he has been appointed Deputy Chairman of the Board of Damu Entrepreneurship Development Fund JSC.
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Members of the Fund's Board are citizens of the Republic of Kazakhstan and do not own shares of the Fund, shares of suppliers or competitors of the Fund.

Changes in the composition of the Management Board in 2023:

- On August 9, 2023, Deputy Chairman of the Management Board Sarsekeev F.K. resigned from the Management Board;
- On August 10, 2023, Abdolla N.A. was appointed Deputy Chairman of the Board;
- On September 29, 2022, the quantitative composition of the Management Board was approved from 5 (five) members of the Management Board.

Report on the activities of the Management Board

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

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

From January 1 to August 11, 2023, the composition of the Fund's Board included 5 Board members:

1. Chairman of the Board – Buribayeva Gaukhar Asylbekovna;
2. Deputy Chairman of the Board – Yeskakov Yerbol Amangeldinovich;
3. Deputy Chairman of the Board – Sarsekeev Farkhat Kaynarovich;
4. Deputy Chairman of the Board – Makazhanov Bakhytzhan Nigmedzhanovich;
5. Deputy Chairman of the Board – Bapayev Murat Mirkurbanovich.

From August 15, 2023, the composition of the Fund's Board included 5 Board members:

1. Chairman of the Board – Buribayeva Gaukhar Asylbekovna;
2. Deputy Chairman of the Board – Yeskakov Yerbol Amangeldinovich;
3. Deputy Chairman of the Board – Abdolla Nursultan Aristatluly

4. Deputy Chairman of the Board – Makazhanov Bakhytzhan Nigmedzhanovich;
5. Deputy Chairman of the Board – Bapayev Murat Mirkurbanovich.

During 2023, 99 meetings of the Fund's Board were held, at which decisions were made on the operational management of the Fund. The number of issues considered was 539.

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

Committees under the Board of the Fund

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

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

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

Credit Committee

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

In 2023, 41 meetings were held on guarantee issues, at which 176 issues were considered, and 3794 applications to bpm` online sales were considered. There were 52 meetings on subsidizing issues, at which 1071 issues were considered, and 12,575 applications were considered in bpm` online sales.

Committee for Asset and Liability Management of the Fund

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

In 2023, 18 meetings were held and 859 issues were considered.

Troubled Assets Committee

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

In 2023, 49 meetings were held, 261 issues were considered

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

In 2023, 59 meetings were held and 859 issues were considered.

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

In 2023, 32 meetings were held and 79 issues were considered.

Budget Committee– a body for providing and developing proposals for determining the indicators of the Fund’s draft budget for the corresponding financial year, developing proposals for making adjustments to the current Fund budget, and reviewing the results of assessing the implementation of the Fund’s budget.

In 2023, 53 meetings were held and 229 issues were considered.

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

Remuneration for members of the Board of Directors of the Fund

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

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

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

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

For 2023, the amount of remuneration paid to members of the Fund’s Board of Directors - independent directors - amounted to 18 555 577 tenge.

Fund management remuneration

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

The rules for remuneration, performance assessment and remuneration of the Fund’s executive employees provide for the following principles of the remuneration system:

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

To evaluate the performance of management employees, a system of key performance indicators is used, which maximally ensures the application of the above principles in work and helps to increase

the efficiency of the Fund's financial and production activities through an effective planning and goal-setting process, a reliable and fair assessment of the performance of each member of the Fund's Management Board personally. These factors significantly increase the degree to which management employees achieve corporate and individual KPIs.

For 2022, the amount of annual remuneration paid to members of the Fund's Management Board amounted to 54 679 341 tenge. For 2023, no remuneration was paid to members of the Fund's Management Board at the time of preparation of this Annual Report.

Affiliated companies

As of January 1, 2024, there are no companies in which the Fund has a stake in the authorized capital.

Information on major transactions and related party transactions

In 2023, the Fund did not enter into any major transactions.

Information on transactions in which the Fund has an interest concluded in 2023 is reflected in Appendix No. 3.

INTERNAL AUDIT

The Fund's Internal Audit Service (IAS) ensures the organization and implementation of internal audit and control over the activities of the Fund. The IAS is accountable to the Board of Directors of the Fund, its mission is to provide the necessary assistance to the Board of Directors and the Management Board of the Fund in fulfilling their responsibilities to achieve the strategic goals of the Fund.

The activities of the IAS are supervised by the Audit and Risk Management Committee under the Board of Directors of the Fund.

Performance results in 2023

In accordance with the Annual Audit Plan for 2023 (AAP), approved by the decision of the Board of Directors of the Fund dated December 13, 2022, Protocol No. 11/2022, 13 audit assignments and consultations were planned, which were completed by the IAS in a timely manner, in full and within the established AAP terms, including monitoring the limits of certain types of administrative expenses, checking the process of control and monitoring of the implementation of the Fund's Development Strategy, including an audit of the reliability of the actual values of key performance indicators of members of the Fund's Management Board; on behalf of the Audit and Risk Management Committee under the Board of Directors, an analysis of the Fund's internal regulatory documents was carried out on risk assessment during the examination of projects for the provision of guarantees, audit of the activities of Regional branches in the Zhetisu region, in the West Kazakhstan region, Mangistau region, in the city of Shymkent, Akmola region, as well as an audit of the monitoring process of financial programs and ensuring monitoring of the intended use of funds, an audit of the return process and reducing the Fund's problem loan portfolio and problem receivables portfolio.

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

IAS conducted an assessment of the effectiveness of risk management systems, according to the results of the audit, the final score for assessing the effectiveness of the risk management system was 96.3%, compared to the previous audit conducted in 2020, the increase was 4.8%, the increase was caused by changes in the components: risk identification, risk management and monitoring, IAS recommendations were implemented.

Also, in 2023, IAS conducted a corporate governance diagnostic. According to the results of the audit, the final corporate governance diagnostic score was 96.2%, compared to the previous audit conducted in 2021, the increase was 5.4%, the increase was caused by changes in the components: processes and transparency, the recommendations of the IAS were implemented.

In 2023, a business process was reviewed to further improve IT controls with the involvement of an external supplier based on a tender. Based on the audit results, the rating of the internal control and risk management system is adequate. The level of automation/digitization of business processes is 100%,

meets unified requirements - 79%, the effectiveness of control procedures in IT processes is 84% (according to the updated methodology).

Based on the results of audits of the Fund's activities for 2023, IAS were given recommendations aimed at improving the Fund's systems/processes/procedures, such as regulating procedures/procedures/conditions/parameters, introducing changes and additions to the Fund's internal documents relating to assessment and management processes risks, guarantees, subsidies, project monitoring, work with distressed assets, corporate governance and IT activities.

Based on the results of the IAS activities for 2023, 57 recommendations were issued aimed at reducing risks, further improving the internal control system and the corporate risk management system. As of January 1, 2024, there are 21 internal audit recommendations and 10 external audit recommendations pending implementation. For all recommendations issued, the audited entities developed plans for corrective and/or preventive actions, which were approved by the Board of the Fund and the Board of Directors of the Fund.

On a quarterly basis, the IAS monitors the implementation of the recommendations of the IAS and external auditors. Information on the results of monitoring is provided to the Audit and Risk Management Committee under the Board of Directors of the Fund and the Board of Directors of the Fund.

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

In accordance with the Action Plan for the development and improvement of IAS activities for the period from January 1, 2023 to December 31, 2023, approved by the decision of the Board of Directors dated December 13, 2022, Protocol No. 11/2022, trainings and seminars were completed to improve qualifications and the results of each audit, and action plans were submitted for consideration to the Board, the Audit and Risk Management Committee under the Board of Directors of the Fund and the Board of Directors of the Fund as part of quarterly reports.

In the direction of "Improving the regulatory support for the activities of IAS" - as part of the implementation of the Action Plan for improving the activities of the internal audit services of Baiterek NMH JSC, aimed at implementing the recommendations of KPMG Tax and Advisory LLP based on the results of an external assessment of the activities of the internal audit services of the group of JSC "NMH "Baiterek", approved by the Board of the joint stock company "National Managing Holding "Baiterek" dated November 23, 2022 No. 52/22, SVA, changes were made to a number of internal regulatory documents of the Damu Fund.

CORPORATE ETHICS AND CONFLICTS OF INTEREST RESOLUTION

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

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

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

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

Code of Conduct

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

The Fund's Code of Business Ethics establishes corporate values and standards for each employee.

The Fund's employees adhere to such values as honesty, reliability, professionalism and strive to contribute to the sustainable development of the economy of Kazakhstan.

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

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

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

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

ANTI-CORRUPTION

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

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

The Anti-Corruption Compliance Service is directly subordinate to the Board of Directors of the Fund and reports to it on its work.

In 2023, the Anti-Corruption Compliance Service completed the activities stipulated by the Anti-Corruption Compliance Program for 2023, approved by the Board of Directors of the Fund in 01.03.2023 (Minutes No. 01/2023) in a timely manner, in full and on time.

In order to prevent, prevent or identify facts of fraud and corruption, inappropriate behavior of the Fund's employees, which may harm the interests or damage the reputation of the Fund, there is a special section "Combating Fraud and Corruption" on the corporate website of the Fund, and a "Hotline" has been established in 2023, in which each message is checked and reviewed, taking into account anonymity. Employees and contractors of the Fund, third parties can inform the Anti-Corruption Compliance Service via any Hotline channel, which ensures confidentiality and anonymity of messages. In 2023 no calls were received through the Hotline channels.

Also, in 2023, thematic anti-corruption monitoring was carried out, based on the results of which recommendations were made to the structural divisions of the Fund.

The Anti-Corruption Compliance Service carried out an inspection of the regional branch in Almaty, as well as joint inspection with IAS of regional branches in the Zhetisu region, the city of Shymkent, and joint inspection with the Security Department of the regional branch of the West Kazakhstan region. Based on the results of the inspections, appropriate recommendations were given.

The Anti-Corruption Compliance Service conducted an internal analysis of corruption and compliance risks for the following business processes of the Fund:

- Implementation of conditional allocation programs
- Monitoring projects financed under entrepreneurship support programs
- State support measure for the guarantee instrument
- State support measure for subsidizing instrument,

based on the results of what recommendations were given to the structural divisions of the Fund.

As part of the execution of the instructions of the Board of Directors of the Fund dated 24.04.2023, the Anti-Corruption Compliance Service, together with the Security Department, developed and approved by the decision of the Fund's Management Board the Fund's Corporate Information Policy

aimed at creating the basis for increasing transparency in the Fund's activities by enabling Fund employees and/or officials to responsibly declare their concerns related to practices that violate the laws or internal documents of the Fund.

In order to improve the anti-corruption culture of the Fund's employees, in 2023 the Anti-Corruption Compliance Service conducted training events on the following topics:

- 1) Law of the Republic of Kazakhstan "On Combating Corruption";
- 2) Submission of a declaration of income and property to the tax authorities for employees of quasi-public sector entities";
- 3) Accounting for affiliates and concluding transactions in which there is an interest;
- 4) Policy on combating corporate fraud and corruption of Damu Entrepreneurship Development Fund JSC.

Based on the results of 2023, there are no facts of corruption on the part of the Fund's employees.

EXTERNAL AUDIT

To check and confirm the reliability of the annual financial statements and evaluate the risk management and internal control system, the Fund engages a professional audit organization (external auditor) on the basis of a competitive selection. Determining, in accordance with the established procedure, the audit organization performing the audit of financial statements falls within the exclusive competence of the Sole Shareholder of the Fund.

The audit of financial statements for 2023 was carried out by PricewaterhouseCoopers LLP. The amount of remuneration paid to PricewaterhouseCoopers LLP for services in the audit of financial statements for 2023 amounted to 61 600 thousand tenge, including VAT.

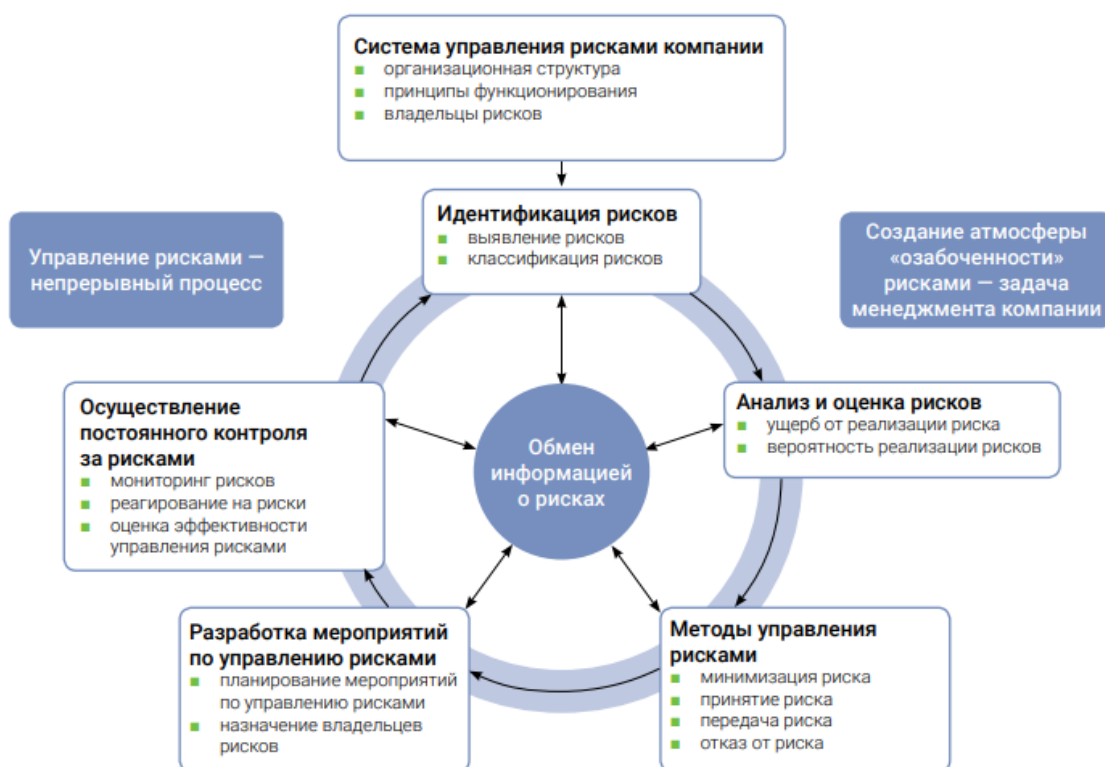
Pricewaterhouse Coopers LLP did not provide separate services in 2023. Former employees of audit organizations that audited financial statements were not hired by the Fund.

6. RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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



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

- Board of Directors
- Board
- Risk Management Department
- Structural divisions (risk owners).

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

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

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

When making decisions on providing guarantees or refusing to provide them, the Fund uses the results of its own comprehensive methodology for assessing credit risks. This methodology is based on

a comprehensive analysis of interrelated risk factors that may negatively affect the financial performance of the project and, accordingly, increase the level of the Fund's credit risk for the portfolio of issued guarantees.

When managing financial risks in 2023, three risk zones have traditionally been identified:

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

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

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

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

In 2023, work continued on operational risk management. Measures were taken to digitalize the risk database and risk register. All structural divisions of the Fund are involved in work in this direction, a comprehensive package of documents has been approved, including: the register and risk map, risk management action plans have been updated.

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

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

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

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

Key risks

The Fund divides key risks into the following categories.

- a. The credit risk of the Fund's counterparties is the risk of loss of funds placed in STBs, MFOs and LKs due to their failure to fulfill their obligations to the Fund.
- b. Financial risk is the likelihood of losses due to fluctuations in exchange rates and an unbalanced structure of interest rates.

c. Operational risk is a risk that leads to losses as a result of inadequate or erroneous internal processes, personnel actions, system functioning, as well as losses arising from external events, including legal risk (excluding strategic and reputational risk).

d. Legal risk is a potential risk that arises from violation or non-compliance with laws, regulations, agreements, accepted practices or ethical standards.

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

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

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

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

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

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

1) monitoring the implementation of recommendations of the Internal Audit Service regarding the activities of all structural divisions of the Fund;

2) monitoring the implementation of recommendations provided based on the results of the external audit;

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

According to the assessment of the Fund's corporate risk management system, the Internal Audit Service assigned a final score of 96%.

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

In his message to the people dated September 01, 2023, "The Economic Course of Fair Kazakhstan," President Tokayev K.K. said: "Attracting green finance is becoming more and more relevant for leading economies. Over the past seven years, over two and a half trillion dollars in the world have been directed to green bonds. ESG principles in a short period have become the standard practice of financial institutions. "

The Damu Fund, as a socially responsible organization that implements government comprehensive measures of financial support for entrepreneurship in Kazakhstan and its regions, as part of its activities is involved in solving environmental, social and corporate issues (Environmental, Social and Corporate Governance, ESG). The Fund strives to actively support sustainable development initiatives by introducing best practices and improving its internal regulations in the field of corporate social responsibility, sustainable development, environmental, social and gender policies.

In accordance with the Corporate Governance Code, the Fund in its activities is guided by the following principles of sustainable development: openness, accountability, transparency, ethical behavior, respect for the interests of stakeholders, legality, respect for human rights, intolerance to corruption, inadmissibility of conflicts of interest.

The Fund recognizes the importance of its influence on the economy, environment and society to ensure sustainable development in the long term, while maintaining a balance of interests of stakeholders. In achieving its goal of cost-effective and sustainable operations, the Fund follows international best practices in environmental, social and corporate governance issues for projects receiving financial support from the Fund.

STRATEGIC KPIS WITHIN SUSTAINABLE DEVELOPMENT

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

The result of the implementation of the strategic goal to increase the level of sustainable development should be an increase in the rating of sustainable development. A key tool for assessing the effectiveness of implementing ESG issues in a company's activities is the sustainability rating. Moreover, such a rating is aimed at identifying the risks and opportunities of a company to determine its sustainability in the long term.

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

IMPORTANT EVENTS OF THE DAMU FUND IN 2023 WITHIN THE ESG AGENDA

Assessment of the Fund in the field of sustainable development	- In August 2023, the international rating agency S&P Global Corporate Sustainability Assessment assigned the Fund a rating of "22." The assessment was based on an analysis of the Damu Fund's activities in the field of sustainable development. The Damu Fund was among the first to receive an ESG rating among the financial institutions of the Republic of Kazakhstan. According to S&P Global, the Fund ranks 66th percentile in the global financial industry. The fund received 26 points for the management and
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economic dimension (Governance & Economic Dimension), 5 points for the environmental dimension (Environment Dimension), 27 points for the social dimension (Social Dimension). Business ethics - 55 points (Business ethics) and customer relationship management - 100 points (Customer relationship management) are highly appreciated.

GIP (Green Investment Principles for Belt and Road) - The Fund became one of the signatories of the **Green Investment Principles for Belt and Road** in Central Asia. The activities of this organization are aimed at promoting sustainable development goals and green economy issues.

Elaboration of the issue with the international partner of the Fund on the allocation of a grant to promote a training program on sustainable development issues - on 20.06.2023 an **agreement was concluded with UNDP** in the amount of \$ 1 871 639 66 under the UNDP-GEF project in order to implement a support mechanism for an investment premium in terms of principal in the amount of 35% for small and medium-sized enterprises implementing **RE** projects. The main purpose of this Agreement is to provide financial support for the implementation of a mechanism to stimulate investments in renewable energy sources, as well as to increase the interest of entrepreneurs in using technologies in their business (activities) aimed at increasing the efficiency of using existing natural resources, reducing the level of negative impact on the environment, improving energy efficiency, energy saving. "Green projects" must comply with paragraph 2 of Art. 130 of the Environmental Code of the Republic of Kazakhstan dated January 2, 2021 (No. 400-VI LRK).

Roadmap for ESG Initiatives - In order to introduce ESG initiatives into the activities of the Fund, involve employees of each structural unit and the entire branch network in solving environmental, social and corporate ESG problems, as well as to include information in the regulatory documents of the Fund in the field of corporate social responsibility, sustainable development, environmental and gender commitment, the Roadmap of the Fund's ESG initiatives was approved in 2023.

Support for social projects - State support for social entrepreneurship entities has been introduced through subsidizing and guarantee instruments within the framework of the National Project for Entrepreneurship Development for 2021-2025 (Resolution of the Government of the Republic of Kazakhstan No. 64).

IMPLEMENTATION OF THE ACTION PLAN FOR SUSTAINABLE DEVELOPMENT OF THE FUND FOR 2022-2023

In accordance with the Policy of the Damu Fund in the field of sustainable development, the Fund is developing a corresponding Action Plan in the field of sustainable development, consisting of 3 sections (economic, environmental, social), each of which includes a number of activities. The action plan for sustainable development involves ensuring labor safety and preserving the health of workers, fair remuneration and respect for the rights of workers, individual development of personnel,

implementation of social programs for personnel, increasing the efficiency of processes, etc. Based on the results of 2023, out of 41 activities with a deadline of 2023, all activities were completed.




Also, the Policy of the Damu Fund in the field of sustainable development provides for the need to determine target indicators (KPIs) in the field of sustainable development in three components: economic, social and environmental.






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





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

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

The **Damu Fund** supports the 17 Sustainable Development Goals (SDGs) developed in 2015 by the UN General Assembly, "A Plan to Achieve a Better and More Sustainable Future for All." As part of the internal assessment, the Damu Fund today takes into account **15 of the 17 UN Sustainable Development Goals** in its activities:

UN Sustainable Development Goals	Activities of the Damu Fund	Damu Fund's contribution to achieving the UN SDGs
 	<ul style="list-style-type: none"> Charity 	<ul style="list-style-type: none"> The Foundation on an ongoing basis provides charitable and sponsorship assistance to WWII veterans, labor veterans and children of war in the form of food baskets. The fund provides assistance to charitable private foundations, annual charity fairs are organized annually. The Foundation holds charity events on an annual basis, including the provision of material assistance to schoolchildren, war veterans, homeless animals.
	<ul style="list-style-type: none"> creating safe working conditions for workers Assistance donor day 	<ul style="list-style-type: none"> The organization of the work process in the Fund in terms of labor protection is aimed at increasing the level of protection of workers, creating safe working conditions and preserving the health of workers, systematically introducing a safety culture and preventing accidents. According to the requirements of the Order of the Minister of Health and Social Development of the Republic of Kazakhstan dated December 25, 2015 No. 1019 "On approval of the Rules and deadlines for training, instructing and testing knowledge on safety and labor protection of workers" training events are held on an annual basis. In order to reduce the threat to the life and health of the Fund's employees, free health insurance is provided and annual on-the-job medical examinations are carried out. At the same time, seasonal vaccination is being organized for the prevention of SARS and influenza. Foundation employees take part in the Donor Day event on an annual basis, thereby making their unique contribution to the health and life expectancy of others. As part of measures to support sectors of the economy affected by COVID-19, in September 2021, the Damu Fund carried out its debut issue of social bonds on the KASE platform in the amount of 1 billion tenge.
	<ul style="list-style-type: none"> non-financial support for entrepreneurs, including the 	<ul style="list-style-type: none"> In parallel with financial support programs, the Damu Fund works to implement training programs and provide consulting support to entrepreneurs. Various training events are organized together with local

 <p>4 КАЧЕСТВЕННОЕ ОБРАЗОВАНИЕ</p>	<p>organization of training programs</p> <ul style="list-style-type: none"> • implementation of internal training programs 	<p>and foreign partners.</p> <ul style="list-style-type: none"> - Work is carried out on an ongoing basis to train and professionally develop employees in accordance with the Fund’s employee training plan. The fund has a personnel reserve, providing decent motivation and remuneration. - In 2023, 674 employees of the Fund were trained at 19 training events.
 <p>5 ГЕНДЕРНОЕ РАВЕНСТВО</p>	<ul style="list-style-type: none"> • creating equal working conditions and career opportunities • ensuring an equal system of performance assessment and remuneration 	<ul style="list-style-type: none"> - Stimulating the development of women's entrepreneurship is one of the main directions of state policy determined by the Head of State. As the Head of State Kassym-Jomart Tokayev noted, supporting women's entrepreneurship along with the institution of the family, mothers with many children, ensuring gender balance are the most important priorities of state policy. - The Fund is committed to creating equal working conditions and career opportunities and does not tolerate gender, ethnic or other discrimination. The gender policy of the Damu Fund has been introduced. - According to 2023 data, the share of men in the total number of employees of the Damu Fund is 44.3%, women - 55.7%, women in middle management - 41.5%.
 <p>6 ЧИСТАЯ ВОДА И САНИТАРИЯ</p>	<ul style="list-style-type: none"> • green office 	<ul style="list-style-type: none"> - Within the framework of the "green office" concept, the Fund is working to improve the culture of rational use of water resources and sanitation for all, including the Fund provides workers with clean drinking water, as well as sanitation items (sanitizers, soap, wipes, etc.). - For the period 2022-2023 waste sorting urns (plastic, glass, paper, non-sorted waste) are installed in the Fund on each floor. Work on separate waste disposal is carried out and worked out with the supplier. - The Fund regularly conducts “green office” training; in April 2023, 89 employees were trained.
 <p>7 НЕДОРОГОСТОЯЩАЯ И ЧИСТАЯ ЭНЕРГИЯ</p>	<ul style="list-style-type: none"> • green bonds • green office 	<ul style="list-style-type: none"> - In 2020, the Fund carried out the debut placement of "green" bonds on the AIFC stock exchange, with the support of UNDP within the framework of the project "Reducing the risks of investing in renewable energy sources" by 200 million tenge. For which, in April 2021, the Fund was awarded the prestigious prize of the international organization Climate Bonds Initiative in the nomination "Pioneer of the Green Market". - In 20.06.2023, an agreement was concluded with UNDP in the amount of \$ 1 871 639 66 under the UNDP-GEF project in order to implement a support mechanism for an investment premium in terms of principal in the amount of 35% for small and medium-sized businesses implementing renewable energy project.
 <p>8 ДОСТОЙНАЯ РАБОТА И ЭКОНОМИЧЕСКИЙ РОСТ</p>	<ul style="list-style-type: none"> • support and development of MSMEs by providing financial instruments to the Fund • implementation of initiatives aimed at increasing customer focus of services 	<ul style="list-style-type: none"> - The Fund approves the Personnel Reserve on an annual basis. It also actively works to develop the professional and personal competencies of employees. - The state support measures implemented by the Fund (subsidizing the remuneration rate, guaranteeing loans and concessional lending) are aimed at stimulating micro, small and medium-sized businesses to maintain existing and create new permanent jobs, increase the level of production of domestic enterprises and ensure greater availability of financing. - The Damu Foundation strives to make business processes as accessible, convenient and transparent as possible for entrepreneurs. To achieve this goal, digital technologies have been systematically introduced since 2016. Due to this, the level of digitalization of the Fund is 100%, which allows entrepreneurs to submit online applications and receive support from the Fund remotely, which helps to increase the customer focus of services. Applications for state support measures are submitted through the online.damu.kz Internet portal, the egov.kz e-

		<p>government website, as well as through the web service for receiving and transmitting data from the STB.</p> <ul style="list-style-type: none"> - Integration has been made with the Smart Data Ukimet database (which has a connection to 57 databases of information systems of government agencies) and an SFTP connection with the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan.
 <p>9 ИНДУСТРИАЛИЗАЦИЯ, ИННОВАЦИИ И ИНФРАСТРУКТУРА</p>	<ul style="list-style-type: none"> • support for projects aimed at increasing labor productivity in the manufacturing industry • promoting Kazakh producers of non-commodity goods and service providers in foreign markets and strengthening their competitiveness 	<ul style="list-style-type: none"> - The Fund provides support to priority sectors of the economy, including in the field of processing, manufacturing, medicine, education, tourism, etc. - The Fund annually holds an exhibition of Kazakhstani manufacturers “ULTTYQ ÓNIM”, which have received government support. The exhibition has been held by the Damu Fund since 2015 and serves as an effective platform for uniting Kazakhstani commodity producers, providing participants with a unique opportunity to exchange experience in the production, processing and promotion of domestic products to achieve high results in improving the quality of products and services. In 2023, the number of participants reached 320 enterprises from various sectors of the economy and regions of the country, supported by government programs, and the number of visitors exceeded 22 000 people, sales amounted to 74,1 million tenge.
 <p>10 УМЕНЬШЕНИЕ НЕРАВЕНСТВА</p>	<ul style="list-style-type: none"> • development of products for youth, aspiring entrepreneurs • development of products for socially vulnerable segments of the population • supporting people with disabilities in the regions of presence through the implementation of charity projects 	<ul style="list-style-type: none"> - As part of the programs implemented by the Fund, tools are being developed to support social and youth entrepreneurship. In order to provide support and inclusion in the active life of the Fund of people with difficulties in physical development, including those with disabilities or mental characteristics, the total staff of the Fund's employees includes employees with disabilities. - The Fund also implements programs to support women's entrepreneurship. Thanks to government support measures provided by the Fund, the share of women entrepreneurs is more than 47% of the total number of entrepreneurs who received financial support under all the Fund's programs. Thus, as of January 1, 2024, the Fund supported 96,0 thousand women's entrepreneurship projects for a total loan amount of 2 893 billion tenge (24% of the total amount).
 <p>11 УСТОЙЧИВЫЕ ГОРОДА И НАСЛЕДНЫЕ ПУНКТЫ</p>	<ul style="list-style-type: none"> • comprehensive support for MSMEs 	<ul style="list-style-type: none"> - The Fund provides support to priority sectors of the economy, including in the field of processing, manufacturing, medicine, education, tourism, etc. - The Fund on an annual basis through an independent company to conduct a survey of the Fund's clients to identify an index of confidence in the Fund's activities. In 2023, the study was conducted by an independent company Alpha Group Media LLP, according to the results of which the Integral Index of trust and satisfaction of MSME subjects with the Fund's activities in 2023 amounted to 87.2%.
 <p>12 ОТВЕТСТВЕННОЕ ПОТРЕБЛЕНИЕ И ПРОИЗВОДСТВО</p>	<ul style="list-style-type: none"> • application of resource-saving technologies in the Damu office • responsible consumption of resources 	<ul style="list-style-type: none"> - Within the framework of the "green office" concept, work is being carried out to improve the culture of energy saving, to reduce resource consumption (energy consumption, water consumption). Paper free optimization. - The work is carried out on an ongoing basis, for the period 2022-2023. The Fund has waste sorting bins on each floor (plastic, glass, paper, unsorted waste). Work on the removal and separate disposal of waste is carried out (worked out) with the supplier. - In 2023, 85 kg of recycled materials were delivered. - The Fund sorts/stores computer equipment and cartridges. Used cartridges are disposed of as part of a recycling agreement in accordance with established procedures.

	<ul style="list-style-type: none"> • support for green projects 	<ul style="list-style-type: none"> - The Fund, together with UNDP, is implementing 3 important mechanisms/directions on renewable energy sources and energy efficiency (RES and EE): <ol style="list-style-type: none"> 1) investment premium in terms of the principal debt in the amount of 35% for MSMEs implementing renewable energy projects. 2) investment premium for a portion of the principal debt in the amount of 40% for MSMEs implementing energy efficiency projects. 3) issuance of financial guarantees in the amount of up to 85% of the loan amount for MSMEs implementing projects in the field of RES and EE. - From 2018 to 2023, the UNDP-GEF supported 55 projects with a loan portfolio of 4,3 billion tenge, subsidies paid amounted to 0,9 billion tenge. - From 2020 to 2023, UNDP-RES supported 6 projects worth a loan portfolio of 0,4 billion tenge, subsidies paid amounted to 0,04 billion tenge. - Within the framework of the guarantee instrument, 7 projects were supported in the amount of 179,1 million tenge, the guarantee amount was 72,1 million tenge. - As part of the instruments being implemented, the Fund supported 147 green projects for a total loan amount of 150,9 billion tenge.
	<ul style="list-style-type: none"> • implementation of government programs aimed at the socio-economic development of the country • participation in the development/updating of regulations affecting the interests of the Fund 	<ul style="list-style-type: none"> - In November 2023, a new Development Strategy of the Fund for 2024-2033 was approved. One of the strategic goals within the Development Strategy is to increase the level of sustainable development, and is aimed at integrating the principles of sustainable development in the long term. The Fund follows international best practices in environmental, social and corporate governance issues in projects receiving government financial support from the Fund. Particular attention is paid to responsible financing. The fund follows ESG principles and actively implements them in its activities; the development of support tools for “green” projects is also expected.
	<ul style="list-style-type: none"> • cooperation with international institutions and financial organizations on sustainable development issues • participation in conferences, forums, round tables on promoting SDGs in Kazakhstan 	<ul style="list-style-type: none"> - The Fund actively participates in national and international sustainable development initiatives aimed at helping to accelerate the country's transition to a green economy. So, in 2022, the Damu Foundation became one of the founders of the National ESG Club of Kazakhstan. The Fund is actively working with international institutions and financial institutions to raise funds to provide financial support for green and sustainable projects. - On an ongoing basis, the Holding takes part in round tables and seminars on issues of sustainable development. - 04.12.2023 year, the Damu Entrepreneurship Development Fund became one of the signatories of the Green Investment Principles for Belt and Road in Central Asia.

STAKEHOLDER ENGAGEMENT

In the course of carrying out its activities, the Fund influences or is influenced by interested parties. To implement a successful and effective policy in the field of sustainable development, the Fund pays due attention to interaction with stakeholders. Stakeholders can have both positive and negative impacts on the Fund's activities, namely on achieving profitability, sustainable development, reputation and image, and create or reduce risks. The Fund places great importance on proper stakeholder engagement.

In order to establish dialogue and long-term cooperation, manage relationships with stakeholders, the Fund draws up a map of stakeholders, taking into account risks and ranking them based on dependency (direct or indirect), obligations, situation (with special attention to high-risk areas), influence and different perspectives

In order to determine the list of stakeholders, the degree of their influence and spheres of influence on the interests of the Fund, a Map of the Fund's Stakeholders has been developed.

The main forms of interaction with stakeholders are: joint programs and projects, memorandums of cooperation, joint working groups, reporting on activities, meetings, conferences, publications, interviews and more.

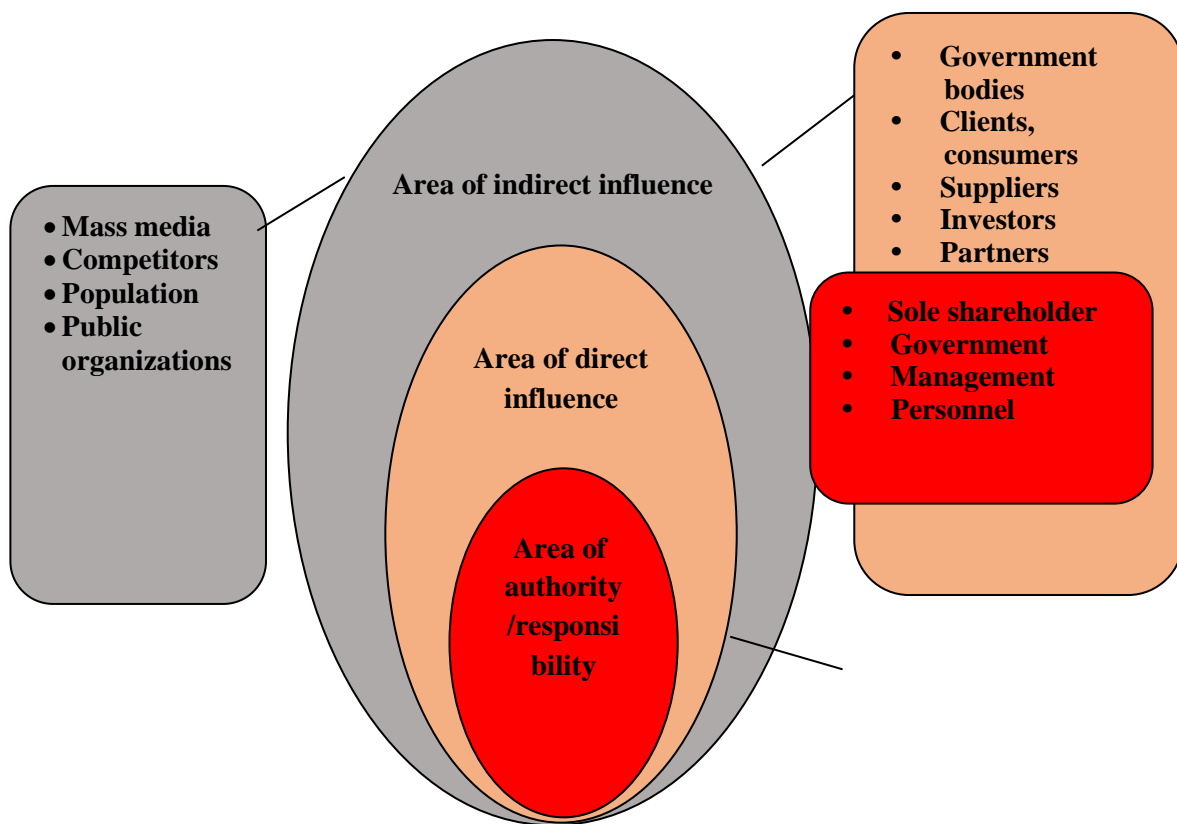
The main areas of interaction with stakeholders: strategic planning, financial activities, project management, supply of goods, works and services, lawmaking, operational activities, interaction with the media.

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

x = -5: +5, in increments of 1 (or smaller) characterizes the degree of support/opposition by the Fund's stakeholders (-5 is the extreme degree of opposition, +5 is the highest degree of support),

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

Map of stakeholders and degree of influence on the interests of the Fund



Sphere of influence on the interests of the Fund

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

	high degree of influence
	low degree of influence
*	high degree of interest

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

INFORMATION DISCLOSURE

Considering the high economic and social significance of the activities of the Damu Fund, the Fund strives to actively inform the target audience about its activities. This makes it possible to achieve the involvement of citizens and the business community in the programs implemented by the Fund, as well as to purposefully strengthen its business reputation.

Since the Fund has an extensive network of regional branches, communications are built taking into account the interests and needs of the audience in the regions. Information is disseminated through television, radio, print and electronic media.

As a result, in 2023, 1 065 materials on the Fund's programs were published in the media in regional media and Internet resources. 18 press tours were held in all regions.

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

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

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 the Fund's products and programs, and communication with entrepreneurs, and conducting advertising campaigns, promotions, competitions, identifying audience sentiment, increasing loyalty. Thanks to the development of this area of digital marketing, 1 675 publications were posted on Instagram, Facebook and Telegram in 2023. The total audience of the Fund's subscribers on social networks exceeds 132 thousand.

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

Considering the high level of attention to the activities of the Damu Fund, as a subject of the quasi-public sector, the Fund ensures a high level of transparency of decisions made regarding the implementation of programs, as well as certain internal procedures that attract the greatest attention of external audiences (procurement, hiring, provision of financial and non-financial support instruments). To accomplish this task, it is planned to use the capabilities of modern information technologies and traditional means of communication.

In order to timely identify possible miscommunications, potential points of pain or misunderstanding in working with clients, the Fund annually conducts a study to assess the level of trust and satisfaction of MSMEs with the activities of the Damu Foundation, the main purpose of which is to determine the level of satisfaction with the services provided, as well as the level of trust among entrepreneurs who received support through the Damu Foundation. In 2023, the study was conducted by an independent company Alpha Group Media LLP, following which:

The integral index of trust and satisfaction of MSME subjects with the Fund's activities in 2023 amounted to 87,2%.

In order to increase the level of trust and satisfaction of MSME entities, information work is carried out annually with the activities of the Damu Fund to promote the activities of the Fund and ongoing government programs, information and other publications in the media and social networks, as well as the creation of video and audio clips, the main task of these activities is aimed at increasing awareness, trust and satisfaction among current, former and potential clients.

The mechanism of public feedback on the site in the section "Feedback" (https://damu.kz/ru/obratnaya-svyaz/?sphrase_id=12900208) was provided, which in 2023 received

4995 requests from citizens, the answers to which were promptly worked out with the specialized structural divisions of the Fund within the established deadlines.

8. SOCIAL RESPONSIBILITY

PERSONNEL MANAGEMENT

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

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

To provide the Fund with the necessary human resources with the necessary qualifications and the required motivation, the Fund, within the framework of the Strategy, is actively working on the development and cultivation of personnel by creating an effective system of training and education for employees. The Fund's HR objectives are to attract and retain professionals who can contribute to the development and growth of the Fund's effectiveness. As part of the personnel policy, taking into account a unified approach to all subsidiaries of Baiterek NMH JSC, the Fund is developing in the following areas:

- 1) workforce planning will be carried out through the use of open competitive selection, ensuring transparency, as well as through the creation of a personnel reserve from the best employees of the Fund;
- 2) increasing the level of labor productivity of employees will be carried out through performance assessment, the use of key performance indicators, personnel certification and motivational programs;
- 3) productive management of human capital will be ensured by a system of continuous training and development of personnel, the introduction and use of modern technologies and information management systems in work processes, including the digitalization of knowledge management processes;
- 4) ensuring fair and competitive remuneration for work based on the implemented grade system and taking into account a review of wages on the market.

ENSURING EQUAL CAREER OPPORTUNITIES AND PROTECTING HUMAN RIGHTS

In order to create and ensure equality of opportunity, the Fund develops tools to support social and youth entrepreneurship, and also strives to create equal working conditions and career opportunities and does not allow gender, ethnic or other discrimination.

In order to support people who have difficulties in physical development, including those with disabilities or mental disabilities, the Fund's total staff includes employees with disabilities.

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

PERSONNEL STRUCTURE

The staff number of the Fund at the end of 2023 is 454 units. The share of men is 48%, women – 52% of the average number of personnel.

Structure of the Fund's personnel at the end of 2023, by gender and age

Index	Total (pers.)	structure by gender groups, %		structure by age groups, %		
		Men	women	up to 30 years	30-50 years	over 50 years old
Average headcount total	422	44,3%	55,7%	8%	86,6 %	5,4%
Top management	5	80%	20%	0%	100%	0%

Middle managers	48	58,5%	41,5%	0%	93,75%	6,25%
Workers	369	46,4%	53,6%	9,2%	85,4%	5,4%

According to 2023 data, the average age of the Fund's employees is 37 years.

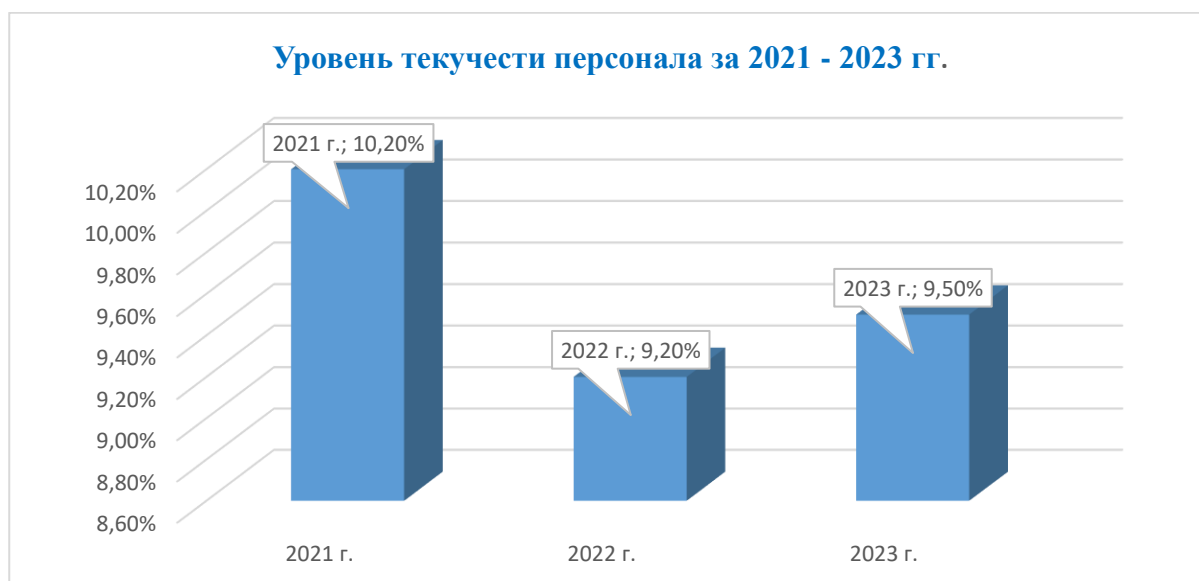
STAFF TURNOVER

In 2023, voluntary staff turnover was 9,5%, while the planned turnover was no more than 13%. The total number of open vacancies in 2023 was 190 units. During the entire year, 80 vacancies were filled by external candidates, which amounted to 52% of the total number of closed vacancies. 74 vacancies or 48% of the total number of closed vacancies were filled through internal transfers. Thus, at the end of 2023, the Fund had 154 vacancies filled (internal and external candidates), which amounted to 81% of the total number of open vacancies in 2023.

Staff turnover and number of employees hired in 2023

Index	Total	including by gender groups		including by age groups		
		men	Women	up to 30 years	30-50 years	over 50 years old
Staff turnover, %	9,5%	40%	60%	5%	90%	5%
Number of hired employees in 2023, peop.	125	52	73	15,2%	84%	0,8%

Уровень текучести персонала за 2021 - 2023 гг.



DEVELOPMENT OF CORPORATE CULTURE

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

During the year, the Fund actively held congratulatory meetings dedicated to state and professional holidays, with the participation of employees of the Fund, including regional branches, in order to strengthen the corporate culture and maintain corporate spirit. At these events, the best employees of the Fund were awarded with certificates of gratitude and awards.

MOTIVATION AND REWARD

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

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

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

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

Information on maternity leave as well as parental leave

Index	Value (persons)	including	
		Men	women
Number of people taking maternity leave and parental leave in 2023	19	0	19
Number of employees returning from maternity leave and parental leave in 2023	11	0	11

FORMATION OF A SYSTEM OF TRAINING AND PERSONNEL DEVELOPMENT

Training and professional development of employees is carried out with the aim of updating and additionally acquiring theoretical and practical knowledge, skills, competencies and skills in the field of professional and managerial activities of employees in order for them to effectively perform their job responsibilities and solve problems determined in accordance with the Development Strategy of the Fund.

In order to implement this task, the Fund's HR Policy Committee approved the Fund's Employee Training Plan (Protocol No. KKP 56-2022 of 02.12.2022).

During the reporting year, 674 employees of the Fund were trained at 19 training events, of which some employees were trained several times during the year, including in a corporate format. Training within the framework of the annual Plan was aimed at developing the business, personal and professional competencies of employees. Training was provided on IFRS and changes to the Tax Code, as well as on financial analysis, Kazakh language courses, a number of training events were conducted for employees of the regional network, in the field of risk management, etc.

Indicators for employee training in 2023

Index	For all employees	By gender groups		By employee category		
		Women	Men	Top management	Middle managers	Workers
Average number of hours of training that employees of the organization completed during the reporting period	12	13	11	11	11	13

Number of employees trained	674	400	274	20	115	539
Number of training hours	8 303	5 164	3 139	216	1 316	6 771

Results achieved in 2023 in the field of social responsibility

CSR areas	Indicators	Target values for 2023	Execution
HR indicators	Degree of staff involvement	Above average	The aggregated level of employee engagement and satisfaction for 2023 was 74,2%
	Number of young specialists who completed internships or internships within the Fund	15 people	In 2023, the number of young specialists who completed internships/internships at the Fund amounted to 15 people.
	Number of Fund employees who completed training	185 people	The number of trained employees in 2023 was 674 people.
	Number of employee appeals to the Fund's Ombudsman regarding issues of non-compliance with the Code of Business Ethics	no more than 7	In 2023, there were no appeals from employees to the Ombudsman

PERSONNEL RESERVE

Work is underway to form and develop the human resources of the Fund. In 2023, the Fund's Personnel Reserve was approved in the amount of 28 full-time administrative employees, of which 3 employees were transferred to higher positions.

The Fund is actively working towards the development of professional and personal competencies through training and self-education of reservists. In particular, individual development plans have been formed for them and appropriate training courses are organized.

During his time as a member of the Personnel Reserve, each reservist prepares a report on his implementation of an individual development plan.

OCCUPATIONAL SAFETY AND HEALTH

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

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

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

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

SUSTAINABLE FINANCE

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

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

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

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

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

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

As part of the instruments being implemented, the Fund supported **147 green projects** for a total loan amount of **150,9 billion tenge**.

Women's empowerment

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

Over the past decade, the Fund has implemented a number of programs to support women entrepreneurs, including: the "Women in Business" program in cooperation with the European Bank for Reconstruction and Development (implementation period 2015 – 2021), the Program for financing MSMEs, including women entrepreneurs within the framework of the agreement between the Government of the Republic of Kazakhstan, the Asian Development Bank and the Damu Fund (implementation period 2011–2020), as well as within the framework of the Fund's own program "Program of conditional placement of funds in second-tier banks for subsequent microcredit to women's entrepreneurship" (implementation period 2009– 2018). As of December 31, 2023 the Fund supported 96,0 thousand women's entrepreneurship projects (47% of the total) for a total loan amount of 2 893 billion tenge (24% of the total).

SPONSORSHIP AND CHARITY ASSISTANCE

Fund employees organized fundraising and provided targeted assistance to 10 veterans of the Great Patriotic War, labor veterans and children of war in the form of food baskets. In 3 RF of the Fund (EKR, WKR, Kyzylorda), fundraising was also organized and assistance was provided to 4 home front workers.

An organization was organized among the Fund's employees to participate in the annual Charity Fair "Baiterek – Open Hearts", organized by JSC National Management Holding "Baiterek" with the participation of subsidiaries. The proceeds from the Fund's corner amounted to 308 500 tenge; through the joint efforts of the Holding's employees and subsidiaries, funds were collected in the amount of 2 192 542 tenge, which were used to organize a New Year's tree and purchase gifts for children with complex diseases undergoing long-term treatment.

The Fund organized a charity event "The Road to School", during which employees raised funds to purchase school supplies for 5 first-graders from large families.

PROCUREMENT ACTIVITIES

Procurement in the Fund is based on the principles of optimal and efficient spending of money, increasing efficiency, transparency and minimizing corruption risks, providing potential suppliers with equal opportunities to participate in the procurement process.

In its activities, the Fund is guided by the Rules for procurement by individual entities of the quasi-public sector, with the exception of the National Welfare Fund and organizations of the National Welfare Fund approved by Order of the Minister of Finance of the Republic of Kazakhstan No. 1253 dated November 30, 2021.

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

Procurement volume in 2023 and share of local content

The total volume of purchases of goods, works and services of the Fund for 2023 amounted to 2 341 million tenge, of which from domestic suppliers – 2 020 million tenge, with a total share of in-country value (local content) of 86%.

Plans for 2024

The Fund will continue to work on procurement activities in accordance with corporate values and regulations. As part of the total volume of purchases of goods, works and services, the Fund plans to purchase 3 419 million tenge for 2024.

SECURITY OF CLIENT DATA

Data security and reliability of online systems play a decisive role in assessing the effectiveness of this project. In this regard, the Fund strives to ensure a high level of information protection and availability of online services for partners. The Fund complies with and is guided by the Information Security Policy. The policy defines the basic principles, directions and requirements for the protection of information, is the basis for ensuring the information security regime, and serves as a guide in the development of relevant provisions, rules and instructions.

The Fund considers information as one of the most important assets, which is the protection of personal data. Information security is an element of the Fund's general policy in the field of business security. Violations in this area can lead to serious consequences, including loss of customer confidence and reduced competitiveness. In addition, information disclosure issues are regulated by the Information Disclosure Regulation, which defines the rules and approaches to information disclosure; list of publicly available documents, information (materials) subject to disclosure; list of documents, information (materials) subject to disclosure to the Sole Shareholder; methods and timing of disclosure of information (materials), etc.

At the same time, in order to comply with the principle of transparency and objectivity in disclosing information about the activities of the Fund, extended analytical and review reports, presentations and lists of participants as financial programs and instruments (subsidies, guarantees, financing through second-tier banks as part of the development of government funds and other programs of the Damu Fund), as well as non-financial measures to support entrepreneurship implemented by the Damu Fund. In addition to reports and presentations, the Fund's corporate website publishes documents,

materials and information that are subject to disclosure (posting) in public sources.

Information security includes any activity aimed at protecting information and/or supporting infrastructure.

The current state of affairs in the field of information security at the Fund reflects the systematic increase in the level of security and adherence to the information security policy. The information security policy was approved in January 2018 and covers all automated and telecommunication systems owned and user by the Fund.

9. CARE FOR THE ENVIRONMENT

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

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

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

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

GREEN OFFICE

As part of supporting the Green Bridge Partnership Program, implemented on the initiative of the First President, the Fund is actively implementing the Green Office Concept. The Fund regularly conducts “green office” training; in April 2023, 89 employees were trained.

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

The Fund is guided by the principles of responsible consumption and has set a goal to reduce electricity consumption for domestic needs. In this regard, since 2021, the Fund has been applying energy-saving technologies; motion sensors have been installed in common areas to control lighting devices, which can significantly reduce energy consumption for lighting. At the same time, due to the abnormal heat in the summer of 2023, electricity consumption increased by 30% compared to 2022, since all air conditioners worked 100%, including 9 wall-mounted and 3 floor-mounted air conditioners.

Also, due to the digitalization of business processes and the transition to electronic document management, paper consumption has significantly decreased.

In 2023, for the head office and regional branches of the Fund, signs were purchased and installed: “Save water” - A4 format, quantity - 50 pcs., “Save energy” - A4 format, quantity - 50 pcs., “Waste sorting” - format A3, quantity – 20 pcs.

Waste related issues

As part of the implementation of the “green office” concept, the Fund continued to carry out separate storage and removal of non-hazardous waste and materials subject to recycling to raw material processing centers, as part of the implementation of the “green office” concept.

Removal of non-hazardous waste is carried out in the Fund on the basis of a Service Procurement Agreement, which is concluded with suppliers on an annual basis.

Volume of resource consumption

Indicators	Unit of measure	2021	2022	2023
Thermal energy	g/cal	706284	537578	591808
Water consumption	m3	4293	3392	3504

Electricity	kW/h	348 314	306 516	403 321
MSW	m3	480	480	1080

*The Fund's electricity consumption in 2023 compared to 2022 increased by 30%, due to the abnormal heat in the summer, all air conditioners worked 100%, including 9 wall-mounted and 3 floor-mounted air conditioners.

Indicators	Unit of measure	2021	2022	2023
A4 paper	pack	5000	1960	2500
A3 paper	pack	50	0	0

CLEAN CITY

The Fund takes an active part in the life of the city; in 2023, Fund employees took part in cleanup days, which they organized independently, as well as as part of ongoing citywide events.

In June 2023, the Fund initiated and held an eco-cleanup day in the Almarasan gorge.

At the beginning of October 2023, the Fund initiated a cleanup day in the Butakovsky Gorge, in which employees of the Head Office, regional branches in Almaty and the Almaty region took part. About 80 bags of garbage were collected and handed over to employees of the Ile-Alatau National Park for disposal.

At the end of October 2023, the Fund's employees took part in a large-scale citywide cleanup event "Zhana Kazakhstan. Taza tabigat" on the initiative of the environmental community of Almaty and deputies of the city Maslikhat. As part of the cleanup, the city was cleaned, recreational areas, parks, squares, courtyards were cleaned, and trees were planted on a massive scale (about 10 thousand seedlings). Employees of the Head Office and the regional branch in Almaty cleaned the territory of Dostyk Park (Timiryazev St., corner of Shashkin St.) and planted about 80 seedlings there.

As part of environmental protection on the territory, in April 2024, the Fund plans to plant flowers and lawns, in this regard, the purchase of services "Landscaping and related works (demolition and preparation for planting green spaces, planting, transplanting green spaces) will be initiated."

ABOUT THE REPORT

The Fund annually discloses the results of its activities in annual reports in the state, Russian and English languages with an electronic version posted on the Fund's corporate website (damu.kz).

This Annual Report for 2023 (hereinafter referred to as the Report) has been prepared based on international GRI Standards, the provisions of the Corporate Governance Code and other internal documents of the Fund and discloses information about the Fund's activities in the field of sustainable development, including corporate social responsibility, environmental issues and corporate governance.

In this Report, the Fund provides all stakeholders with a comprehensive overview of performance and achievements from January 1 to December 31, 2023.

The financial statements of the Fund for 2023 as of December 31, 2023 indicated in this Report have been confirmed by the independent auditor of PricewaterhouseCoopers LLP.

The current Report has not been externally certified.

The reporting cycle is annual.

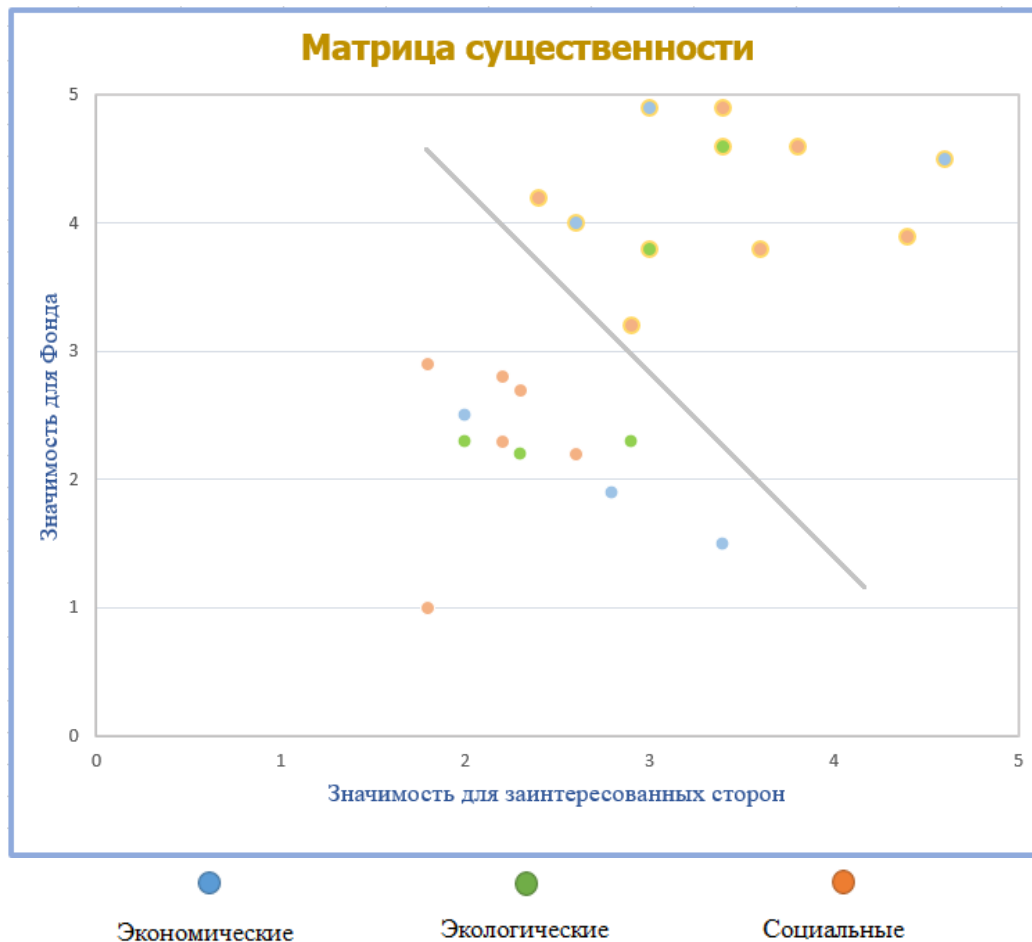
Definition of the content of the Report

As part of the preparation of this Report, the Fund carried out work to identify the most significant topics for disclosure. In this regard, a questionnaire was sent to interested parties, including more than 20 significant topics. All topics presented in the questionnaire are divided into three groups - economic, environmental and social. A survey of internal and external parties was conducted in order to select the most significant topics, in their opinion.

Summary assessments based on the survey results were entered into the Materiality Matrix. The topics included in the upper right corner of the matrix are considered the most significant and are reflected in this Report.

The structure of the Report includes a description of the Fund's activities in the following areas: information about the Fund, main activities and financial results, prospects for the development of SMEs in Kazakhstan, corporate governance, risk management, management in the field of sustainable development.

Information on the disclosed indicators is available in the section "GRI Indicators Table" of the Report on Sustainable Development of Damu Entrepreneurship Development Fund JSC for 2023.



Decoding the card (topics recognized as the most significant are highlighted in gold color)

ECONOMY

Procurement practice	1
Indirect Economic Impacts	2
Market presence	3
Anti-corruption	4
Obstacle to competition	5
Economic performance	6

ECOLOGY

Environmental assessment of suppliers	7
Compliance with environmental legislation requirements	8
Waste (volume of paper, office equipment, etc. sent for recycling)	9
Water	10
Energy	11

SOCIETY

Local communities	12
Assessing the impact of suppliers on society	13
Relations between employees and management	14
Health and safety at work	15
Freedom of association and collective bargaining	16
Training and education	17
Diversity and equal opportunity	18
Employment	19

Legal Compliance	20
Non-discrimination	21
Public policy	22
Human rights assessment	23

**Compliance/non-compliance report with principles and provisions
Corporate Governance Code of Damu Entrepreneurship Development Fund JSC for 2023**

No.	Principles and provisions of the Corporate Governance Code	Complied with/partially complied with/not observed	Measures taken to implement the principles and provisions of the Corporate Governance Code
1.	Principle of delimitation of powers	Observed	<p>The corporate governance system provides for a clear delineation of powers and responsibilities between the relevant bodies of the Fund, ensuring the systemacity and consistency of corporate governance processes.</p> <p>The activities of the Sole Shareholder, the Board of Directors, the Management Board, as well as the distribution of powers between the Sole Shareholder, the Board of Directors and the Management Board are optimally and fully reflected and regulated:</p> <ol style="list-style-type: none"> 1) Law of the Republic of Kazakhstan “On Joint Stock Companies”; 2) The Charter of the Fund, approved by the decision of the Sole Shareholder of the Fund (minutes of the present meeting of the Management Board of JSC National Management Holding Baiterek dated 13.10.2016 No. 41/16); 3) Regulations on the Board of Directors of the Fund, approved by the decision of the Sole Shareholder (minutes of the present meeting of the Management Board of JSC National Management Holding Baiterek dated 28.11.2018, No. 53/18); 4) Regulations on the Management Board of the Fund, approved by the decision of the Board of Directors dated 05.03.2014, No. 49, with amendments and additions dated 09.07.2020, No. 07/2020. <p>In 2023, the Sole Shareholder, the Board of Directors, and the Management Board considered and made decisions on issues within their exclusive competence by the Fund’s Charter.</p>
2.	Principle of protection of rights and interests of the Sole Shareholder	Observed	<p>Corporate governance in the Fund is based on ensuring protection, respect for the rights and legitimate interests of the sole shareholder and is aimed at promoting the effective operation of the Fund and achieving break-even in its activities.</p>

In accordance with clause 34 of the Charter of the Fund, approved by the decision of the Sole Shareholder (minutes of the in-person meeting of the Management Board of Baiterek National Managing Holding JSC dated 13.10.2016 No. 41/16), the **Sole Shareholder** has the right:

1) participate in the management of the Company in the manner prescribed by the legislation of the Republic of Kazakhstan and the Charter of the Company;

2) receive dividends;

3) receive information about the activities of the Company, including getting acquainted with the financial statements of the Company, in the manner prescribed by the Charter of the Company;

4) receive statements from the central depository or nominee holder confirming its ownership of securities;

5) challenge decisions made by the Company's bodies in court;

6) apply to the judicial authorities on its own behalf in cases provided for by the Law of the Republic of Kazakhstan "On Joint-Stock Companies" with a demand for compensation to the Company by the Company's officials for losses caused to the Company, and return to the Company by the Company's officials and (or) their affiliates of profits (income) received by them as a result of making decisions on concluding (proposals for concluding) major transactions and (or) transactions in which there is an interest;

7) contact the Company with written requests about its activities and receive motivated responses within 30 (thirty) calendar days from the date the request was received by the Company;

8) for part of the property upon liquidation of the Company;

9) pre-emptive purchase of shares or other securities of the Company convertible into its shares in the prescribed manner;

10) demand the convening of a meeting of the Board of Directors of the Company;

11) demand that an audit organization conduct an audit of the Company at its own expense.

The rights of the Sole Shareholder enshrined in the Charter are respected by the Fund and the authorized bodies of the Fund.

The most significant decisions of the Sole Shareholder in 2023 include the following issues:

1) on approval of annual financial statements, the procedure for distributing net income for the past fiscal year 2022;

			<p>2) on approval of the Annual Report on the Fund's activities for 2022.</p> <p>Since December 2023, a member of the Board of Directors of the Fund, a representative of the Sole Shareholder has been E.S. Ausharipov Managing Director of NUH Baiterek JSC.</p>
3.	Principle of effective management of the Fund by the Board of Directors and the Management Board	Observed	<p>The development strategy is approved by the Sole Shareholder and disclosed to all interested parties; the Board of Directors analyzes the current situation and makes timely decisions on the need to change the work model.</p> <p>The Fund's strategy is interconnected with the strategy of the Sole Shareholder.</p> <p>The activities of the Board of Directors of the Fund are regulated by the legislation of the Republic of Kazakhstan, the Charter, the Regulations on the Board of Directors and other internal regulatory documents of the Fund.</p> <p>In the reporting year, the Board of Directors considered and made decisions on issues referred by the Charter to the exclusive competence of the Board of Directors of the Fund.</p> <p>In 2023, the following changes took place in the composition of the Board of Directors. By the decision of the Sole Shareholder dated February 22, 2023, Minutes No. 07/23, the powers of the independent director A. Nurgalieva were terminated ahead of schedule on own initiative, and G. Khusainov was also elected an independent director with a term of office until the expiration of the term of office of the Board of Directors as a whole. By the decision of the Board of Directors dated 01.03.2023, Minutes No. 01/2023, G. Khusainov was elected Chairman of the Nomination, Remuneration and Social Affairs Committee and a member of the Audit and Risk Management Committee and the Strategic Planning and Corporate Development Committee.</p> <p>By the decision of the Sole Shareholder dated December 25, 2023, Minutes No. 52/23, the powers of a member of the Board of Directors, representative of the Sole Shareholder A.B. Mukhamedzhanov were terminated ahead of schedule from December 4, 2023. Also, E.S. Ausharipov was elected a member of the Board of Directors, a representative of the Sole Shareholder with a term of office until the expiration of the term of office of the Board of Directors as a whole. Newly elected directors are provided with information related to key aspects of the Fund's activities, including the current Development Strategy and key internal regulations.</p> <p>Thus, as of January 1, 2024, the Board of Directors of the Fund included 7 directors, including 3 independent directors:</p>

		<ol style="list-style-type: none"> 1. Zhamaubayev Yerulan Kenzhebekovich, Chairman of the Board of Directors; 2. Zhaksylykov Timur Mekeshevich, member of the Board of Directors; 3. Ausharipov Eran Serikovich, member of the Board of Directors, representative of the Sole Shareholder; 4. Batalov Raimbek Anvarovich, independent director; 5. Bakhmutova Elena Leonidovna, independent director; 6. Khusainov Galim Abilzhanovich, independent director; 7. Buribayeva Gaukhar Asylbekovna, member of the Board of Directors, Chairman of the Board <p>The share of independent directors is 30% of the entire composition, which corresponds to the best principles of corporate governance.</p> <p>The activities of the Board of Directors are regulated by the Regulations on the Board of Directors of the Fund, which determines the procedure for forming the Board of Directors, the status, composition, rights, duties and responsibilities of members of the Board of Directors, establishing the procedure for the activities of the Board of Directors, convening and holding meetings, making and formalizing its decisions.</p> <p>In accordance with the established procedure, the Work Plan of the Board of Directors is approved annually.</p> <p>During 2023, 11 meetings of the Board of Directors were held, including 7 in person and 4 in absentia, at which 75 issues were considered.</p> <p>A constant dialogue between the Sole Shareholder and the Fund is maintained through holding meetings of specialized committees with the participation of independent directors.</p> <p>In 2023, there were 3 committees functioning under the Board of Directors:</p> <ol style="list-style-type: none"> 1) Audit and Risk Management Committee. 2) Committee for Strategic Planning and Corporate Development. 3) Committee on appointments, remuneration and social issues. <p>The activities of the committees are regulated by the relevant Regulations on Committees, approved by the Board of Directors on August 26, 2021. In accordance with best corporate governance practices, the Committees are headed by independent directors.</p> <p>The secretary of the committees of the Board of Directors is the corporate secretary. The committee secretary ensures the preparation of committee meetings, the collection and systematization of materials for meetings, the</p>
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timely sending of notifications about committee meetings to committee members and invited persons, the agenda of meetings, materials on agenda items, recording of meetings, preparation of draft committee decisions, as well as the subsequent storage of all relevant materials.

During 2023 the following was carried out:

a) 7 in-person meetings of the Strategic Planning and Corporate Development Committee, at which 25 issues were considered.

b) 9 in-person meetings of the Audit and Risk Management Committee, at which 55 issues were considered.

c) 11 meetings of the Nomination, Remuneration and Social Affairs Committee, at which 15 issues were considered.

In 2023, committee meetings were held **primarily in the format of online meetings.**

Members of the Board of Directors, with the exception of independent directors, carry out their activities free of charge. The procedure for paying remuneration to independent directors is determined in accordance with the Rules for the selection, payment of remuneration and compensation of expenses of independent directors. Information on the payment of remuneration to independent directors is disclosed in the Fund's annual report.

In accordance with the decisions of the Board of Directors of the Fund, a **collegial executive body** was created and operates - the Board of the Fund, which was approved in the following quantitative composition (as of 31.12.2023):

1. Buribayeva G.A. - Chairman of the Board;
2. Yeskakov E.A. – Deputy Chairman of the Board;
3. Makazhanov B.M. – Deputy Chairman of the Board;
4. Bapayev M.M. – Deputy Chairman of the Board;
5. Abdolla N.A. – Deputy Chairman of the Board.

The Chairman and members of the Board have high professional and personal characteristics, have an impeccable business reputation and adhere to high ethical standards.

By the decision of the Board of Directors of the Fund dated 04.08.2023, protocol No. 06/2023, changes were made to the composition of the Board of the Fund:

1. The powers of F.K. Sarsekeev, Deputy Chairman of the Management Board - Member of the Management Board, were terminated early.

			<p>2. Abdolla N.A. elected to the position of Deputy Chairman of the Board - a member of the Board of the Fund with a term of office until the expiration of the term of office of the Board of the Fund.</p> <p>By the decision of the Board of Directors of the Fund dated 27.12.2021 No. 10/2021, the term of office of the Management Board was determined for 3 (three) years from February 24, 2022 and the quantitative composition of the Management Board was determined - 5 (five) members.</p> <p>In 2023, the Management Board held meetings on a regular basis in an automated business process mode. During 2023, 99 meetings of the Fund's Board were held, at which decisions were made on the operational management of the Fund. The number of issues considered was 539.</p> <p>During the reporting period, the Fund's Board considered issues on various aspects of operating activities, issues of guarantees and subsidies, financing of partners, as well as approval of internal documents, issues on financial programs, issues in the field of sustainable development and corporate governance.</p> <p>Without exception, all issues submitted at the initiative of the Management Board for consideration by the Board of Directors and the Sole Shareholder and strategic sessions are preliminarily considered and approved by the Management Board exclusively in the format of in-person meetings.</p>
4.	Principle of sustainable development	Observed	<p>The Board of Directors approved the Fund's Sustainable Development Policy (Minutes No. 03/2019 of 17.04.2019). The purpose of the Policy is to determine the fundamental norms, principles, rules and approaches that the Fund should adhere to in building a management system in the field of sustainable development. In accordance with the requirements of the Policy:</p> <p>1) The Board approves the Action Plan in the field of sustainable development and a Report on the implementation of the plan's activities is generated on an annual basis;</p> <p>2) The structural divisions of the Fund implement activities in the field of sustainable development.</p> <p>Sustainability Action Plan 2022-2023 approved by the decision of the Board of the Fund No. 100/2021 of 14.12.2021.</p> <p>Sustainability Performance Targets for 2023 approved by Resolution of the Management Board No. 110/2022 of 23.12.2022.</p> <p>Reports on the implementation of the Sustainable Development Action Plan and Targets for Sustainability Performance Indicators for 2023 were</p>

reviewed by the Fund's Management Board in 30.01.2024 (Minutes No. 08/2024).

The plan of measures in the field of sustainable development for 2024-2025 and the target values of indicators for assessing the effectiveness of activities in the field of sustainable development for 2024 were approved by the decision of the Board of the Fund No. 91-2023 of 30.11.2023.

By the decision of the Board of Directors of 29.11.2023 (Minutes No. 10/2023), the Fund's Development Strategy for 2024-2033 was approved, which contains a section on sustainable development.

Pursuant to the Sustainable Development Policy of Damu Entrepreneurship Development Fund JSC, approved by the Board of Directors Decision No. 03/2019 dated 17.04.2019, in order to determine the list of stakeholders, their influence and areas of influence on the interests of the Fund, the Fund's Stakeholder Map was developed (Decision No. 96/2019 dated 05.07.2019).

In April 2019, the Board of Directors approved the Sustainable Development Policy.

The policy is developed taking into account the requirements of a number of international standards in the field of sustainable development, including taking into account the UN Global Compact. The main provisions of the Fund's Sustainable Development Policy include economic, environmental and social components.

In order to implement the principles of sustainable development in the activities of the Fund, by the decision of the Board of the Fund No. 100/2021 of 14.12.2021, the Plan of Measures in the Field of Sustainable Development for 2022-2023 was approved.

In addition, in order to monitor the effectiveness of the implementation of the principles of the sustainable development policy, since 2019, the Fund's Board annually approves KPIs in the field of sustainable development.

Sustainability Performance Targets for 2023 approved by Resolution of the Management Board No. 110/2022 of 23.12.2022.

Also, by the decision of the Board of the Fund No. 91/2023 of 30.11.2023, the Action Plan for the Sustainable Development of the Fund for 2024-2025 was approved.

The same decision of the Fund's Board approved the target values of indicators for assessing the effectiveness of activities in the field of sustainable development for 2024.

		<p>The Report on the Implementation of the Fund's Action Plan for Sustainable Development for 2022-2023 for 2023 and the Report on the Implementation of Target Values for Assessing the Effectiveness of Activities in the Field of Sustainable Development for 2023 were considered by the Board of the Fund in 30.01.2024 (protocol No. 08/2024).</p> <p>At the same time, it should be noted that in order to introduce and integrate ESG factors into the Fund's activities, the Fund developed and approved the ESG Roadmap of the Fund's initiatives by decision of the Board No. 91-2023 of 30.11.2023.</p> <p>In the field of sustainable development, in April 2019, the Policy was approved by the decision of the Board of Directors.</p> <p>The policy was developed taking into account the requirements of a number of international standards in the field of sustainable development, including the UN Global Compact. The main provisions of the Fund's Sustainable Development Policy include economic, environmental and social components.</p> <p>In order to introduce the principles of sustainable development into the Fund's activities, by the decision of the Fund's Management Board dated 14.12.2021 (Minutes No. 100/2021), the Fund's Action Plan for Sustainable Development for 2022-2023 was approved in connection with the approval of the Holding's Action Plan for Sustainable Development for 2022-2023. in a new version (decision of the Management Board of Baiterek National Managing Holding JSC No. 37/22 of 07.09.2022), by decision of the Management Board of the Fund No. 110/2022 of 23.12.2022, amendments and additions were made to the Fund's Action Plan for Sustainable Development. The action plan with changes and additions consists of 44 events. Of these, with a deadline in 2023 - 41 events, including 34 on an annual/permanent basis. All activities due in 2023 are completed.</p> <p>The plan reflects such activities as:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Elaboration of the issue with UNDP on the possibility of implementing a financing scheme in which UNDP subsidizes the Fund's expenses for organizing funding from its own funds in order to reduce the rate of placement of the Fund's own funds; <input type="checkbox"/> Elaboration of the issue with the international partner of the Fund on the allocation of a grant to facilitate a training program on sustainable development issues; <input type="checkbox"/> Receiving an ESG rating
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		<ul style="list-style-type: none"> <input type="checkbox"/> Formation of a base of “green” projects of the Fund (including social ones) in accordance with the main directions of implementation of “green” projects defined in the Environmental and Social Policy of the Holding and the taxonomy of social projects, broken down by sector, amount of funding, environmental and social effects <input type="checkbox"/> Application of energy-saving technologies and reduction of electricity consumption; <input type="checkbox"/> Selection of employees based on transparent competitive procedures; <input type="checkbox"/> Improving material and technical working conditions for the Fund’s employees, etc. <p>Target values of indicators for assessing the effectiveness of activities in the field of sustainable development (KPI)</p> <p>In addition, in order to monitor the effectiveness of the implementation of the principles of the sustainable development policy, since 2019, the Fund’s Board annually approves KPIs in the field of sustainable development. By the decision of the Board of the Fund dated 23.12.2022 (protocol No. 110/2022), the target values of indicators for assessing the effectiveness of activities in the field of sustainable development for 2023 were approved.</p> <p>Reports on the implementation of the Action Plan for Sustainable Development for 2022-2023 for 2023 and on the implementation of target values of indicators for assessing the effectiveness of activities in the field of sustainable development for 2023 were considered by the Board of the Fund in 30.01.2024 (protocol No. 08/2024).</p> <p>Despite the fact that the Sustainable Development Policy was approved by the Fund in 2019, based on the results of 2023, a number of positive changes were noted in the activities of the Fund. Eg:</p> <ul style="list-style-type: none"> - The level of electricity consumption by the Fund has been maintained at the level of 2021-2022; in order to reduce the level of electricity consumption, the Fund is actively using energy-saving technologies. - In 2023, 85 kg of recycled materials were delivered. Saved 85.0 W of electricity, 1650 liters of water. - Integration has been made with the Smart Data Ukimet database (which has a connection to 57 databases of information systems of government agencies) and an SFTP connection with the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan. <p>At the same time, according to the results of an external assessment of the corporate governance system conducted in 2021, the percentage of compliance</p>
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			with the “Sustainable Development Management System” was 66.7%, accordingly, “Partial compliance” was noted for this item. At the same time, by the decision of the Board of Directors of the Fund dated February 4, 2022 (Minutes No. 01/2022), the Action Plan for improving the corporate governance of Damu Entrepreneurship Development Fund JSC for 2022-2024 was approved. The report on the implementation of the Action Plan to improve corporate governance for 2022-2024 for the first half of 2023 was approved by the decision of the Board of Directors of the Fund on 07.09.2023 (Minutes No. 07/2023), for the second half of 2023 was approved by the decision of the Board of Directors of the Fund on __.04.2024 (protocol No. 01/2024).
5.	Principle of risk management, internal control and internal audit	Observed	<p>The Fund has risk management and internal control systems in place, which are a set of interrelated components (organizational policies, procedures, methods, mechanisms, standards of conduct and actions, etc.) aimed at providing reasonable confidence in the achievement of strategic and operational goals.</p> <p>Regulatory regulation of risk management and internal control systems is ensured by the presence of a set of internal acts regulating the construction and functioning of the risk management process.</p> <p>The register and map of risks that have a critical impact on the Fund’s ability to achieve strategic and operational goals and objectives are updated on an annual basis.</p> <p>The Internal Audit Service evaluates the effectiveness of risk management and internal control systems at established intervals.</p> <p>The Fund is constantly improving its corporate risk management system.</p> <p>In 2023, reports were provided to the Sole Shareholder, the Board of Directors and the Management Board of the Fund:</p> <ol style="list-style-type: none"> 1) report on compliance with limits on second-tier banks and microfinance organizations; 2) monthly report on the structure of funds disbursement, balance sheet, gap analysis, currency position of the Fund; 3) a quarterly risk report, consisting of 16 appendices, including credit, financial, operational and strategic risks (provided to the sole shareholder and the Board of Directors on a quarterly basis). 4) The risk map, risk register and key indicator panel were approved by the Board of Directors for 2023, including the entire list of operational risks and an action plan for managing critical risks.

			<p>5) semi-annual monitoring of the financial condition of the Fund's counterparty banks.</p> <p>As part of the above reports, an analysis of the risk portfolio and the development of proposals for a response strategy and resource allocation, operational control over the risk management process by structural divisions, monitoring of the risk management and internal control system in accordance with the requirements of the IRR were carried out.</p>
6.	The principle of regulating corporate conflicts and conflicts of interest	Observed	<p>The Fund and the Board of Directors are guided by the Policy on the Settlement of Corporate Conflicts and Conflicts of Interest of Damu Entrepreneurship Development Fund Joint-Stock Company approved by Resolution of the Board of Directors No. 03/2019 dated 17.04.2019. Compliance with the rules and provisions of this Policy allows you to avoid/avoid corporate conflicts and conflicts of interest.</p> <p>In 2023, no situations related to corporate conflicts were identified.</p> <p>In the Fund, issues related to corporate conflicts and conflicts of interest are regulated within the framework of the Policy for the Settlement of Corporate Conflicts and Conflicts of Interest (hereinafter referred to as the Policy), approved by the decision of the Board of Directors of the Fund dated 15.04.2015.</p> <p>The policy regulates the procedure and procedures for pre-trial conflict resolution, as well as the actions of bodies, officials and employees of the Fund within the framework of these processes.</p> <p>In 2019, a number of changes and additions were made to the Policy at the initiative of the Compliance Controller in connection with:</p> <ul style="list-style-type: none"> - expanding the circle of persons who are subject to the requirements of the Policy; - redistribution of functional responsibilities between the Legal Department and the Compliance Controller; - application of new measures to minimize the risk of a conflict of interest. <p>During 2023, the Compliance Controller provided consultations to Fund employees on issues of resolving conflicts of interest. At the same time, the Fund has not recorded any cases of corporate conflicts or conflicts of interest.</p> <p>At the same time, in accordance with the requirements of the Law of the Republic of Kazakhstan "On Combating Corruption", as well as amendments made to the Charter of Damu Entrepreneurship Development Fund JSC in 2022, the position of the compliance controller was transformed into an anti-corruption compliance service.</p>

			<p>By the decision of the Board of Directors of the Fund dated 14.07.2022 (protocol No. 07/2022), Dina Viktorovna Akrachkova was appointed Ombudsman. Chief of Staff of the Chairman of the Management Board of Baiterek National Managing Holding JSC, with a term of office of 2 (two) years.</p>
7.	The principle of transparency and objectivity in disclosing information about the activities of the Fund	Observed	<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 the Internet resources of the Depository of Financial Statements (DFO) in accordance with the requirements approved by the Resolution of the Board of the National Bank of the Republic of Kazakhstan No. 189 of August 27, 2018 and the listing rules of Kazakhstan Stock Exchange JSC.</p> <p>Timely disclosure to the circle of interested parties of information about the activities of the Fund, including its financial position, economic indicators, results of its activities and management structure is ensured. In accordance with best disclosure practices, the Fund prepares an Annual Performance Report on an annual basis. In 2023, the Fund's Annual Report for 2022 was released.</p> <p>In order to ensure systematic information disclosure, the Fund has the following internal documents:</p> <ol style="list-style-type: none"> 1. Regulations for posting information on the Internet resource of the financial reporting depository, approved by the decision of the Fund's Board dated 31.05.2019. (protocol No. 77/2019). 2. Regulations for the interaction of structural divisions in the preparation and disclosure of information in the annual report of the Fund, approved by the decision of the Board of the Fund dated 06.04.2018. (protocol No. 35/2018) 3. Rules for concluding major transactions and transactions in which the Fund is interested, approved by the decision of the Fund's Board dated 15.12.2017. (protocol No. 099/2017). 4. 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 the basic principles, directions and requirements for the protection of information, is the basis for ensuring the information security regime, and serves as a guide in the development of relevant provisions, rules and instructions.</p> <p>In addition, information disclosure issues are regulated by the Regulations on Information Disclosure approved by the decision of the Management Board</p>

of 17.03.2011. The Regulation defines the rules and approaches to information disclosure; list of publicly available documents, information (materials) subject to disclosure; list of documents, information (materials) to be disclosed to the Sole Shareholder; methods and terms of disclosure of information (materials), etc.

The Fund has a corporate website, which discloses information about all important aspects of activity, including financial condition and results of operations. The content of the site contains all the necessary information in accordance with the new Corporate Governance Code of the Fund.

In order to comply with the principle of transparency and objectivity in disclosing information about the activities of the Fund, extended analytical and review reports, presentations and lists of participants in both financial programs and instruments (subsidies, guarantees, financing through STBs as part of the disbursement of funds from the National Fund and other programs of the Damu Fund), as well as non-financial measures to support entrepreneurship implemented by the Damu Fund. In addition to reports and presentations, the Fund's corporate website publishes documents, materials and information that are subject to disclosure (posting) in public sources.

The relevant information is available on the Fund's corporate website and is updated on a regular basis. In accordance with the Regulations for the provision and placement of information on the corporate website and official accounts of Damu Entrepreneurship Development Fund JSC, approved by the Management Board of Damu Entrepreneurship Development Fund JSC dated 15.12.2019 No. 23/2019, the responsible structural divisions and regional branches independently as necessary, but at least once a month, monitor the need to update information in the assigned sections of the Fund's Internet resources.

The Fund discloses information on corporate events, financial statements and audit reports, lists of affiliates, as well as other information to be disclosed on the Internet resources of the Depository of Financial Statements (DFO) in accordance with the requirements approved by the Resolution of the Board of the National Bank of the Republic of Kazakhstan No. 189 of August 27, 2018 and the listing rules of Kazakhstan Stock Exchange JSC.

Timely disclosure of information about the Fund's activities, including its financial situation, economic indicators, results of its activities and management structure is ensured. In accordance with best disclosure practices,

		<p>the Fund prepares the Annual Performance Report on an annual basis. In 2023, the Fund's Annual Performance Report for 2022 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"> 1. Regulations on Posting Information on the Internet Resource of the Financial Reporting Depository, approved by the decision of the Fund's Management Board dated 31.05.2019 (Minutes No. 77/2019). 2. Regulations for Interaction of Structural Divisions within the Framework of Preparation and Disclosure of Information in the Fund's Annual Report approved by the Decision of the Fund's Management Board dated 06.04.2018. (Minutes No. 35/2018) 3. Rules for entering into major transactions and transactions in which the Fund has an interest, approved by the decision of the Fund's Management Board dated 15.12.2017. (Protocol No. 099/2017). 4. 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 the basic principles, directions and requirements for information protection, is the basis for ensuring the information security regime, serves as a guide in the development of relevant regulations, rules, instructions.</p> <p>In addition, information disclosure issues are regulated by the Regulations on Information Disclosure approved by the decision of the Management Board of 17.03.2011. The Regulation defines the rules and approaches to information disclosure; list of publicly available documents, information (materials) subject to disclosure; 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 that discloses information about all important aspects of its activities, including its financial condition and results of operations. The content of the site contains all the necessary information, in accordance with the new Corporate Governance Code of the Fund.</p> <p>In order to comply with the principle of transparency and objectivity of disclosure of information about the activities of the Fund, on an ongoing basis, the corporate website contains expanded analytical and review reports-presentations and lists of participants in both financial programs and instruments (subsidiaries, guarantees, financing through OVDs as part of the</p>
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		<p>development of funds from the National Fund and other programs of the Damu Foundation) and non-financial measures to support entrepreneurship implemented by the Damu Foundation. In addition to reports and presentations, the Foundation's corporate website publishes documents, materials and information to be disclosed (posted) in public sources.</p> <p>The relevant information is available on the Fund's corporate website and is updated on a regular basis. In accordance with the Regulations for the provision and placement of information on the corporate website and official accounts of Damu Entrepreneurship Development Fund JSC, approved by the Management Board of Damu Entrepreneurship Development Fund JSC dated 15.12.2019 No. 23/2019, the responsible structural divisions and regional branches independently as necessary, but at least once a month, monitor the need to update information in the assigned sections of the Fund's Internet resources.</p> <p>At the same time, based on the results of an external assessment of the corporate governance system of the Fund of Dostyk Educori LLP and approval of the relevant action plan to improve the corporate governance of the Fund, additional measures were taken to disclose the necessary information on the Fund's website. Namely, by the decision of the Board of June 17, 2022 (protocol No. 53/2022), amendments were made to the Regulations for the provision and placement of information on Internet resources and official accounts of the Fund, within the framework of which the information necessary for disclosure and the frequency of its disclosure were determined. Information is disclosed on the Fund's website as part of the Annual Report. Annual reports are posted on the corporate website at the link: https://damu.kz/o-fonde/otchetnost-fonda/godovye-otchety-fonda/</p>
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Interested party transaction information

№	Contract counterparty name	Subject of the contract	Date and number of the decision of the authorized body of the Fund that made the decision to conclude the transaction	Summary, justification and purpose of the conclusion
1	«Bereke Bank» JSC	Guarantee	According to the decision of the Board of Directors of the Fund dated 04.05.2022 (Minutes No. 05/2022)	In 2023, 202 guarantee agreements were concluded with Bereke Bank JSC within the framework of the decision of the Board of Directors of the Fund "On approval of standard terms of transactions in which Damu Entrepreneurship Development Fund JSC is interested, dated 04.05.2022. (Minutes No. 05/2022).
2	«Bereke Bank» JSC	Subsidization	According to the decision of the Board of Directors of the Fund dated 04.05.2022 (Minutes No. 05/2022)	In 2023, 460 subsidy agreements were concluded within the framework of the decision of the Board of Directors of the Fund "On approval of standard terms of transactions in which Damu Entrepreneurship Development Fund JSC is interested, dated 04.05.2022. (Minutes No. 05/2022).
3	«Bereke Bank» JSC	On the placement of funds within the framework of the ERP (NF RK 3rd tranche)	According to the decision of the Board of Directors of the Fund dated 07.09.2023.	In 2023, a 1 agreement was concluded on the opening of a credit line as part of a decision of the Board of Directors of the Fund dated 07.09.2023. (protocol No. 07/2023) on concluding transactions with Bereke Bank JSC, in which the Fund is interested, within the framework of the Program for Support of Small and Medium-Sized Businesses Engaged in the Manufacturing Industry, Program for Support of Small and Medium-Sized Businesses in the Manufacturing Industry and Services Related to Industrial Services, Program for Support of Small and Medium-Sized Businesses (I, II, III tranche of the National Fund of the Republic of Kazakhstan), approved by the decision of the Board of the Fund 2018. (Minutes No. 08/2018).
4	«Eurasian Bank» JSC	Guarantee	According to the decision of the Board of Directors of the Fund dated 04.05.2022 (Minutes No. 05/2022)	In 2023, 153 guarantee agreements were concluded with Eurasian Bank JSC within the framework of the decision of the Board of Directors of the Fund "On approval of standard terms of transactions in which Damu Entrepreneurship Development Fund JSC is interested, dated 04.05.2022. (Minutes No. 05/2022).
5	«Eurasian Bank» JSC	Subsidization	According to the decision of the Board of Directors of the Fund dated 04.05.2022 (Minutes No. 05/2022)	In 2023, 112 subsidy agreements were concluded within the framework of the decision of the Board of Directors of the Fund "On approval of standard terms of transactions in which Damu Entrepreneurship Development Fund JSC is interested, dated 04.05.2022. (Minutes No. 05/2022).
6	«Eurasian Bank» JSC	Partial early repayment of ML	According to the decisions of the Board of Directors of the Fund dated 03.10.2019 (Minutes No. 09/2019), dated 15.05.2020 №05/2020	In 2023, the Fund signed 3 agreements on the placement of funds within the framework of the ERP (NF RK 1.2.3 tranches) as part of a decision of the Board of Directors of the Fund of 07.09.2023. (Protocol No. 07/2023) on approval of standard conditions within the framework of the ERP (NF RK 1, 2, 3 tranches).
7	«Eurasian Bank» JSC	On the placement of funds within the	According to the decision of the Board of Directors of the Fund dated 07.09.2023. (Protocol No. 07/2023)	In 2023, the Fund concluded 3 agreements on the placement of funds within the framework of the ERP (NF RK 1,2,3 tranches) within the framework of the decision of the Board of Directors of the Fund dated 09/07/2023. (protocol No.

		framework of the ERP (NF RK 1, 2, 3 tranches)	approved standard conditions within the framework of the ERP (NF RK 1, 2, 3 tranches)	07/2023) on approval of standard conditions within the framework of the ERP (NF RK 1, 2, 3 tranches).
8	«TNK Kazchrome» JSC	Raising funds	According to the decision of the Board of Directors of the Fund dated 01.03.2023 (Minutes No. 01/2023)	In 2023, the Fund, within the framework of the decision of the Board of Directors of the Fund dated 01.03.2023 (protocol No. 01/2023), concluded 1 agreement on the placement by the Fund of the Loan in Partners in order to implement the Product "Regional Financing of Small and Medium-Sized Private Businesses" on the terms of the Agreement for further financing by them small and medium-sized businesses.
9	«Batys Transit» JSC	Subsidization	According to the decision of the Board of Directors of the Fund dated 04.05.2022 (Minutes No. 05/2022)	In 2023, the Fund concluded 1 Agreement for subsidizing part of the principal debt/microcredit/financial leasing within the framework of the decision of the Board of Directors of the Fund dated 04.05.2022. (Minutes No. 05/2022) "On approval of standard terms of transactions in which Damu Entrepreneurship Development Fund JSC has an interest."

EXTRACTS FROM ANNUAL FINANCIAL STATEMENTS

The financial statements of Damu Fund have been prepared in accordance with International Financial Reporting Standards («IFRS») based on historical cost accounting principles, adjusted for initial recognition of financial instruments at fair value and revaluation of financial instruments at fair value through profit or loss and at fair value through other comprehensive income.

The accounting principles used in preparing the financial statements are presented in the Audited Financial Statements for 2023 posted on the Fund's website.

FINANCIAL STATUS STATEMENT

<i>(in thousands of Kazakhstani tenge)</i>	December 31, 2023	December 31, 2022 (revised)	January 1, 2022 (revised)
ASSETS			
Cash and cash equivalents	124,974,982	182,037,345	76,882,383
Funds in financial institutions	284,039,085	220,485,551	275,045,786
Receivables from subsidy programmes	136,338	183,681	77,899
Loans and advances to clients	1,214,754	2,600,024	252,248
Investments in debt securities	5,692,121	13,787,556	11,259,798
Prepayment of current tax obligations	2,075,575	633,394	3,357,383
Other assets	1,075,511	5,064,529	4,975,966
Deferred tax asset	582,713	-	3,132,896
Fixed assets	2,051,605	2,324,753	2,121,829
Intangible assets	264,471	324,883	267,623
Non-current assets held for sale	28,347	39,262	153,173
TOTAL ASSETS	422,135,502	427,480,978	377,526,984
LIABILITIES			
Borrowed funds	148,272,206	167,974,375	169,302,529
Debt securities issued	1,035,039	1,244,178	1,244,178
Obligations under subsidy programs	2,972,435	4,913,288	7,792,965
Deferred tax liability	-	1,835,530	-
Deferred income and provisions for credit obligations	68,393,748	75,349,867	56,861,826
Other obligations	889,865	1,174,872	976,702
TOTAL LIABILITIES	221,563,293	252,492,110	236,178,200
CAPITAL			
Share capital	102,920,273	102,920,273	102,920,273
Additional paid-in capital	10,735,627	10,735,627	10,735,627
Revaluation reserve for investment securities measured at fair value through other comprehensive income	(363,647)	(771,353)	26,956
Other reserves	316,430	316,430	316,430
Retained earnings	86,963,526	61,787,891	27,349,498
TOTAL CAPITAL	200,572,209	174,988,868	141,348,784
TOTAL LIABILITIES AND CAPITAL	422,135,502	427,480,978	377,526,984

STATEMENT OF PROFIT OR LOSS IN OTHER COMPREHENSIVE INCOME

<i>(in thousands of Kazakhstani tenge)</i>	2023	2022 (revised)
Interest income, calculated using the effective interest rate method	38,698,263	35,526,551
Other similar income	6,887	25,276
Interest expenses	(8,088,073)	(7,818,871)

Net interest margin and similar income	30,617,077	27,732,956
Allowance for credit losses	5,765,220	(5,127,897)
Net interest margin and similar income after provision for credit losses	36,382,297	22,605,059
Net commission income	29,756,451	24,853,961
Gains less expenses from derecognition of financial assets measured at amortized cost	1,471,514	32,793,975
Net loss arising on initial recognition of financial instruments at rates below market	(19,553,280)	(3,267,258)
Expenses less income from debt securities at fair value through profit or loss	(968)	12,497
Expenses less income on foreign currency transactions	(12,083)	(105)
Expenses minus income from revaluation of foreign currency	(37,301)	384,190
Deductions to the reserve for impairment of other assets	(78,447)	66,660
Restoration of reserves/ (deductions to the reserve) for credit obligations	6,594,464	(6,388,865)
Other operating income	911,690	164,704
Expenses for the implementation of the Fund's programs	(1,778,577)	(1,219,306)
General and administrative expenses	(6,344,313)	(5,563,952)
Profit before tax	47,311,447	64,441,560
Income tax expenses	(8,719,430)	(12,481,494)
PROFIT FOR THE YEAR	38,592,017	51,960,066
Other comprehensive income:		
<i>Items that may subsequently be reclassified to profit or loss:</i>		
Investments in debt securities measured at fair value through other comprehensive income:	407,706	(798,309)
Other comprehensive income/(loss) for the year	407,706	(798,309)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	38,999,723	51,161,757

STATEMENT OF CHANGES IN CAPITAL

<i>(in thousands of Kazakhstani tenge)</i>	Share capital	Additional paid-in capital	Revaluation reserve for securities measured at fair value through other comprehensive income	Other reserves	Retained earnings	Total
Balance as of January 1, 2022	102,920,273	10,735,627	26,956	316,430	27,349,498	141,348,784

Profit for the year	-	-	-	-	51,960,066	51,960,066
Other comprehensive loss	-	-	(798,309)	-	-	(798,309)
<hr/>						
Total total income for the year	-	-	(798,309)	-	51,960,066	51,161,757
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Dividends declared	-	-	-	-	(17,521,673)	(17,521,673)
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Balance as of December 31, 2022	102,920,273	10,735,627	(771,353)	316,430	61,787,891	174,988,868
<hr/>						
Profit for the year	-	-	-	-	38,592,017	38,592,017
Other comprehensive income	-	-	407,706	-	-	407,706
<hr/>						
Total total income for the year	-	-	407,706	-	38,592,017	38,999,723
<hr/>						
Dividends declared	-	-	-	-	(13,416,382)	(13,416,382)
<hr/>						
Balance as of December 31, 2023	102,920,273	10,735,627	(363,647)	316,430	86,963,526	200,572,209

CASH FLOW STATEMENT

(in thousands of Kazakhstani tenge)

	2023	2022
Cash from operating activities:		
Interest received	30,054,995	27,582,539
Interest paid	(1,701,519)	(1,527,789)
Commissions received	29,653,979	36,748,547
Commissions paid	(133,922)	(133,820)
Income from other operating activities	162,428	147,552
Labor costs paid	(3,623,789)	(2,858,295)
General and administrative expenses paid	(3,891,731)	(3,344,077)
Paid income tax	(11,146,497)	(3,003,272)
<hr/>		
Cash provided by operating activities before changes in operating assets and liabilities	39,373,944	53,611,385
<i>Net (increase)/decrease in:</i>		
- funds in financial institutions	(46,196,182)	45,530,608
- loans and advances to clients	192,643	6,096,677
- other financial assets	(9,268,556)	(4,372,601)
- other assets	5,258,473	48,876
<i>Net increase/(decrease) in:</i>		
- other financial obligations (obligations under subsidy programs)	7,339,796	1,308,823
- other obligations	(139,496)	(91,633)
<hr/>		
Net cash (used in) / received from operating activities	(3,439,378)	102,132,135

Cash from investing activities

Purchase of investment securities	(23,323,389)	(18,880,610)
Proceeds from the sale and redemption of investment securities	9,697,517	47,182,629
Acquisition of fixed assets	(53,121)	(146,073)
Acquisition of intangible assets	(31,298)	(123,472)
Proceeds from the sale of assets for sale	19,136	249,585
Net cash received from investing activities	(13,691,155)	28,282,059
Cash from financing activities		
Obtaining borrowed funds	4,350,000	4,366,600
Repayment of borrowed funds	(30,430,863)	(11,987,102)
Redemption of issued debt securities	(200,000)	-
Repayment of long-term lease	(226,352)	(184,340)
Dividends paid	(13,416,382)	(17,521,673)
Net cash used in financing activities	(39,923,597)	(25,326,515)
Impact of exchange rate changes on cash and cash equivalents	(256)	(1,209)
Impact of changes in the allowance for impairment on cash and cash equivalents	(7,977)	68,492
(Net decrease)/net increase in cash and cash equivalents	(57,062,363)	105,154,962
Cash and cash equivalents at the beginning of the period	182,037,345	76,882,383
Cash and cash equivalents at the end of the period	124,974,982	182,037,345

Related party transactions

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

The balances as of December 31, 2023 for transactions with related parties are as follows:

<i>(in thousands of Kazakhstani tenge)</i>	Sole Shareholder	Companies under common control	Other related parties
Cash and cash equivalents (target interest rate: 0%)	-	482,450	79,533,659
Funds from banks (target interest rate: 2-10%)	-	55,967,079	7,035,462
Accounts receivable from subsidy programs (target interest rate: 0%)	-	-	136,338
Investment debt securities measured at fair value through other comprehensive income (target interest rate: 1-9.5%)	-	-	4,795,765
Investment debt securities measured at amortized cost (target interest rate: 9%)	-	-	822,838
Investment debt securities measured at fair value through profit or loss (target interest rate: 5.5%-7.68%)	-	-	73,518
Prepayment of current income tax liabilities (target interest rate: 15%)	-	-	2,075,574
Deferred tax asset (target interest rate: 20%)	-	-	582,713
Other financial assets (target interest rate: 0%)	-	40,449	-
Other assets (target interest rate: 0%)	-	298	171,692
Borrowed funds	109,095,786	-	39,176,420

<i>(in thousands of Kazakhstani tenge)</i>	Sole Shareholder	Companies under common control	Other related parties
(target interest rate: 0.1% – 5.5%)			
Obligations under subsidy programs (target interest rate: 0%)	-	-	249,480
Other financial liabilities (target interest rate: 0%)	-	1,047	-
Other liabilities (target interest rate: 0%)	-	-	170,807

Related party transactions

The following are items of income and expense from transactions with related parties for 2023:

<i>(in thousands of Kazakhstani tenge)</i>	Sole Shareholder	Companies under common control	Other related parties
Interest income		5,159,401	1,342,853
Interest expenses	(6,965,184)	(2,723)	(979,291)
Expenses less gains from revaluation of securities measured at fair value through profit or loss	-	-	(968)
Net commission income	-	-	625,600
Income less expenses/(expenses less income) on foreign currency transactions	-	-	(46,932)
Income less expenses/(expenses less income) arising on initial recognition of financial instruments at below/above market rates:	-	(8,010,597)	(2,893,942)
Net costs from derecognition of financial assets measured at amortized cost	-	-	346,554
Administrative and other operating expenses	-	(55,459)	(111,693)
Other operating income			
Provision for impairment of loan portfolio	-	369	65,543
Provision for impairment of other financial assets and credit related commitments	-	4,802,520	(1)
Income tax expenses	-	-	(8,719,430)
Other income/expenses	-	2,494	4.118

INFORMATION ON FOLLOWING TO THE PRINCIPLES OF THE UN ON EXPANSION OF THE RIGHTS AND OPPORTUNITIES OF WOMEN (WOMEN'S EMPOWERMENT PRINCIPLES)

Principle 1. Form active support for measures to ensure gender equality at the company management level	The Fund adheres to the goals and objectives of the Unified Personnel Policy of Baiterek National Holding JSC (Holding), one of the objectives of which is the development of a corporate culture based on ESG principles in the Holding and its subsidiaries. The share of women on the board of directors at the end of 2023 was 29% , in the executive body - 20%, in middle management - 41.5%.
Principle 2. Equal opportunities, inclusion and non-discrimination	In carrying out its activities, the Fund is guided by the principle of providing equal opportunities and does not discriminate against its employees when hiring, paying, providing access to training, promotion, dismissal on such grounds as gender, race, language, religious, political and other beliefs, citizenship, national or social origin, limited opportunities. This position is enshrined in the Fund's Sustainable Development Policy. Also in 2021, the Damu Foundation approved a gender policy. According to 2023, the proportion of women was 55.7%, women in the middle management - 41.5%
Principle 3. Health, safety and freedom from violence	The Fund's employees are provided with annual medical insurance from funds provided in the Fund's budget. In addition, the Fund's employees are provided with financial assistance in the amount of two official salaries when granted annual leave, financial assistance upon marriage, the birth of a child, and also paid financial assistance in connection with the death of a family member. Maternity leave is also paid with preservation average salary minus the amount of social benefits in case of loss of income due to pregnancy and childbirth. The number of women who took maternity leave and child care leave in 2023 was 19 women.
Principle 4. Education and advanced training	Personnel training and development are also one of the priority areas of the Personnel Policy. In order to implement this task, by decision of the Fund's Personnel Policy Committee, the Fund's employee training plan was approved (Minutes No. KPP 56-2022 dated 02.12.2022). Training within the framework of the annual Plan was aimed at developing the business, personal and professional competencies of employees. During the reporting year, 674 employees of the Fund were trained at 19 training events, of which some employees were trained several times during the year, including in a corporate format.
Principle 5. Enterprise development, sales methods and supply chain	The Fund is actively implementing programs to support women's entrepreneurship, which is one of the main directions of state policy defined by the Head of State. Over the past decade, the Fund has implemented a number of programs to support women entrepreneurs, including: the "Women in Business" program in cooperation with the European Bank for Reconstruction and Development (implementation period 2015 – 2021), the Program for financing MSMEs, including women entrepreneurs within the framework of the agreement between the Government of the Republic of Kazakhstan, the Asian Development Bank and the Damu Fund (implementation period 2011–2020), as well as within the framework of the Fund's own program "Program of conditional placement of funds in second-tier banks for subsequent microcredit to women's entrepreneurship" (implementation period 2009– 2018). As of December 31, 2023 the Fund supported 96.0 thousand women's entrepreneurship projects (47% of the total) for a total loan amount of 2,893 billion tenge (24% of the total).

Principle 6. Public Participation and Community Leadership	The Fund actively participates in the charity fairs “Baiterek – Open Hearts” held by the Holding. Within the framework of which assistance is provided to women who find themselves in difficult life situations. In 15.12.2023 the Fund also took part in the fair; the proceeds were used to organize a New Year tree and purchase gifts for children with disabilities.
Principle 7. Transparency, evaluation and reporting	The Fund periodically discloses information on gender equality in the Annual Report.

Glossary:

№	Abbreviations/abbreviations	Definition
1	AFM	Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market
2	STB	Second-tier banks
3	GDP	Gross domestic product
4	Business roadmap 2025	State Business Support and Development Program Roadmap - 2025
5	Sole shareholder, JSC «Baiterek» NMH»	«Baiterek» National Management Holding JSC
6	KASE	«Kazakhstan Stock Exchange» JSC
7	LC	Leasing companies
8	Simple Things Economics, program “Economics of simple things”	The mechanism of lending and financial leasing of priority projects, approved by Decree of the Government of the Republic of Kazakhstan dated December 11, 2018 No. 820 on some issues of ensuring long-term tenge liquidity to solve the problem of affordable lending
9	LEB	Local executive bodies
10	MFO	Microfinance organizations
11	MSME	Micro, small and medium enterprises
12	SME	Small and medium enterprises
13	MNE RK	Ministry of National Economy of the Republic of Kazakhstan
14	AIFC	«Astana» International Financial Center
15	«Enbek» program	State program for the development of productive employment and mass entrepreneurship for 2017-2021 «Enbek»
16	UNDP	United Nations Development Program
17	NVA	Internal Audit Service
18	SMSME	Subject of micro, small and medium enterprises
19	PBE	Private business entities
20	Fund, «Damu» Fund	«Entrepreneurship Development Fund «Damu» JSC
21	Point regional program	Product/program «Regional financing of small and medium-sized private enterprises»
22	National project	National project for entrepreneurship development for 2021-2025
23	«Damu-Factoring»	Product «Conditional placement of funds in second-tier banks and other organizations for subsequent lending to micro, small and medium-sized private businesses using factoring»

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