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Zhamaubayev E.K.

Deputy Prime Minister-
Minister of Finance of the Republic of Kazakhstan

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

Dear Ladies and Gentlemen!

The development of entrepreneurship is a priority, as well as the most important factor in the sustainability of the development of the national economy.

Since April of last year, the Concept for the Development of Small and Medium-Sized Enterprises in the Republic of Kazakhstan until 2030 has been implemented.

This document is based on the key institutional conditions and prerequisites necessary to intensify the development of small and medium-sized enterprises in the country.

Within the framework of this Concept, it is planned to ensure an increase in employment in this area to **5 million people** by 2030.

The strategic goal is to increase the share of SMEs in GDP to **35%** by 2025 and to **40%** by 2030.

The achievement of the set goals is possible by creating conditions and opportunities for citizens to realize themselves as an entrepreneur.

To this end, comprehensive measures are taken to open and develop a business.

National projects provide interest rate subsidies, loan guarantees, soft loans and other support measures.

The “Damu” Fund” serves as the driver of state policy in this area and acts as reliable partner for businesses.

In general, over the years, the share of entrepreneurship in GDP has increased, which is one of the results of joint work.

In 2022, the number of SMEs in the country increased by **27%** to **1.8 million** entities, and the number of employees in SMEs - by **18.3%** (up to 4.1 million people).

The share of SMEs in GDP in 2022 amounted to **36.5%**.

GDP growth amounted to **3.3%** in real terms and reached **102.9 trillion tenge**.

There is a positive dynamics of growth in all sectors of the economy.

In particular, the level of production in the manufacturing industry increased by **3.4%**, in construction - by **9.4%**, in agriculture - by **9.1%**.

Based on the results of 2022, we can see that the number of microcredit has increased significantly, which means that a wide range of entrepreneurs have gained access to state support measures.

In addition, measures of state support, through the tools of the “Damu” Fund”, supported more than **50.5 thousand projects** of entrepreneurs throughout Kazakhstan, for a total amount of loans of more than **1.5 trillion tenge**.

More than **63%** of issued loans are focused on investments in new projects and modernization of existing business facilities.

This indicator demonstrate the active utilization of support tools provided by the “Damu” Fund”.

The budget allocated to support SMEs is also increasing on an annual basis. In just the past year, the budget has increased by over **30%** compared to 2021.

In general, the “Damu” Fund” provides stable assistance and support to domestic entrepreneurs.

In its activities, the Fund will continue to be guided by the main directions of economic policy in the field of SME development and improving the welfare of the population.

Special emphasis will also be placed on supporting socially vulnerable categories of the population, including citizens with special needs.



Buribayeva G.A.

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

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

Dear Ladies and Gentlemen!

"Damu" Entrepreneurship Development Fund" JSC has been making a significant contribution to the development of the business environment in Kazakhstan for more than 25 years. At the end of 2022, the share of small and medium-sized enterprises in the state's GDP reached **36.5%**. As you know, the driver of the economy of developed countries is SMEs. And our republic sets ambitious plans to increase the role of micro, small and medium-sized enterprises in the economy. State programs are aimed at achieving this goal, most of which are implemented exclusively by the "Damu" Fund".

State support measures and the implementation of the Fund's own programs in 2022 contributed to the development of more than **50.5 thousand projects** in all regions of the Republic of Kazakhstan. Thus, **24.5 thousand projects** were supported by instruments to subsidize the interest rate on loans to entrepreneurs, **20.8 thousand projects** were guaranteed, **5.3 thousand projects** were covered by concessional financing. The total amount of loans amounted to more than **1.5 trillion tenge**.

Of this amount, **63.3%** are investments. That is, more than half of the funds are used to develop new projects and modernize existing production facilities in Kazakhstan.

Due to the establishment of three new regions in Kazakhstan: Abay, Zhetysu and Ulytau, the "Damu" Fund" opened three new branches in regional centers for the convenience of entrepreneurs in these regions. This will increase the coverage of the target audience of the Fund and provide more prompt access to entrepreneurs to participate in state programs and other implemented support measures.

The "Damu" Fund" strives to make business processes as accessible, convenient and transparent as possible for entrepreneurs. To achieve this goal, digital technologies have been systematically implemented since 2016. Thanks to this, in 2022, the level of digitalization of the Fund reached 100%, enabling entrepreneurs to submit online applications and receive remote support from the Fund.

Last year, after a two-year break related to the pandemic, the exhibition of domestic manufacturers "ULTYQ ÓNIM" was resumed. This event has been organized and conducted by the "Damu" Fund" since 2015. During this time, the exhibition gained fame among our compatriots and became a new, large-scale platform where Kazakhstani producers demonstrate their products, adopt experience, share success stories. The exhibition has become a real Fund for the expansion of economic cooperation between domestic companies and the introduction of new production technologies.

Entrepreneurs participating in a major event have the opportunity to increase the recognition of their products, increase sales, find new partners, distribution channels and conclude new contracts. 345 Kazakhstani entrepreneurs took part in the VI exhibition "ULTYQ ÓNIM," **20 thousand** people visited the exhibition. At this event, 120 contracts for the supply of products were concluded.

In 2022, within the framework of the National Entrepreneurship Development Project for 2021-2025, a direction was developed to guarantee bonds as an alternative source for entrepreneurs to raise funds in business.

For the debut placement of social bonds in 2022, the "Damu" Fund" was recognized as the winner in the nomination "Best Primary Placement Transaction (Kazakhstan)" of the annual Cbonds Awards. The issue volume amounted to 1 billion tenge, with a circulation period of 5 years. The purpose of the issue was to send the funds received from the transaction to lend to the MSME through the STB. In view of the social orientation, the placed bonds of the Fund meet the sustainable development goals and ESG criteria.

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

Additional measures for business development

Among other things, in 2022, changes were made to state programs in order to make support measures available.

Thus, in cities of republican significance/regional centers, activities are provided according to the list of priority areas (63 OKED).

Under the guarantee instrument, where leasing companies act as creditors, the amount of the guarantee has been increased and amounts to no more than **70%** of the value of the leased asset. The amount of the leased asset under which the guarantee is carried out cannot exceed **500 million tenge** per borrower.

An alternative channel of financing of medium-sized enterprises is also provided at the expense of private and institutional investors at KASE/AIFC sites within the framework of the guarantee instrument on the following main terms: type of instrument - secured debt bonds (from 50% floating charge + to 50% guarantee of the Fund); the warranty period can reach up to 5 years; guarantee amount - up to **2.5 billion tenge**; the purpose

of the project is to finance fixed assets (investment project); the industry is carried out according to the list of priority areas (63 OKED).

Within the framework of the "Economy of Simple Things" program on guarantee and subsidy instruments, a nominal interest rate is established - the base rate of the NB RK + 4.5% per annum, of which 7% will be paid by the PBE, and the difference will be subsidized by the state.

The maximum amount of credit/leasing for entrepreneurs implementing projects in settlements, including in mono-, small towns and rural settlements within the framework of priority sectors of the economy, according to the subsidy instrument no more than 3 billion tenge, according to the guarantee instrument no more than 1 billion tenge, within the framework of the National project for the development of entrepreneurship for 2021-2025 has been increased.

The conditions for coupon remuneration on bonds have been revised, including a nominal interest rate has been

established for the subsidy instrument - the base rate of the NB RK + 5% per annum, of which 6% will be paid by the entrepreneur, and the difference will be subsidized by the state, under the guarantee instrument, the norms for the mandatory availability of collateral for the issuer's property on bonds and guarantees of third parties have been excluded.

In 2023, "Damu" Fund" will continue to support and develop entrepreneurship in Kazakhstan, as well as

improve its own efficiency and transparency. Also in 2023, it is planned to develop and approve a new Development Strategy for the Fund for the next decade. As part of the preparatory work, it is assumed that the Fund, as before, focuses its activities on supporting micro, small and medium-sized enterprises. The focus will be on the further development of the guarantee instrument.



Key events of 2022

Factoring

In 2022, the Fund resumed financing of factoring transactions of small and medium-sized enterprises through two products "Conditional placement of funds in second-tier banks and other organizations for subsequent lending to micro, small and medium-sized private enterprises using factoring" and "Regional financing of small private and medium-sized private enterprises." This tool helps to solve problems with the lack of collateral for entrepreneurs, covering the financial deficit and cash gaps. Funds were placed in "Bank CenterCredit" JSC in the amount of 1 billion tenge and "KMF" MFI LLP in the amount of 1 billion tenge. The Fund reoriented the factoring program, which provides for the participation of leasing companies represented by Partners, as well as revised the terms of financing for both Partners and end borrowers.

Ratings

Moody's has confirmed the long-term credit ratings for obligations in foreign and local currency at Baa3 (stable) level. In September 2022, the international rating agency S&P Global Ratings revised the outlook for the Fund's rating from 'stable' to 'negative' due to the revision of the outlook for ratings of the Republic of Kazakhstan from 'stable' to 'negative,' while confirming the long-term and short-term credit ratings for the Fund's obligations in foreign and local currency at 'BBB-/A-3' level. The negative outlook for the Fund's ratings reflects a similar outlook for sovereign ratings.

Ultyq Onim

On May 20-22, 2022, the VI exhibition of Kazakhstan manufacturers "ULTYQ ÓNIM," which received state support, took place. The exhibition of domestic manufacturers "ULTYQ ÓNIM" has been held by the "Damu" Fund since 2015 and serves as an effective platform for uniting Kazakhstani producers, providing participants with a unique opportunity to exchange experience in the field of production, processing and promotion of domestic products to achieve high results in improving the quality of products and services. In 2022, the number of participants reached 350 enterprises from various sectors of the economy and regions of the country supported by state programs, and the number of visitors exceeded 20,000 people.

Region

In 2022, within the framework of the program "Regional financing of small private and medium-sized private enterprises," funds from local executive bodies of Almaty, Astana, Shymkent, Aktobe, East Kazakhstan, Karaganda regions in the amount of 4,366 billion tenge were raised on the terms of co-financing. Taking into account the funds allocated by the Fund in the amount of 6,534 million tenge, the total pool of funds allocated for regional financing amounted to 10,900 million tenge. The funds are placed in "Bank RBK" JSC and "Bank CenterCredit" JSC for subsequent lending to MSME of these regions in priority sectors of the economy, while in Aktobe region entrepreneurs of Khromtau will receive financing. The maximum loan amount per MSME varies from 10 million tenge to 100 million tenge, depending on the region.

National project

On February 2, 2022, by the Decree of the Government of the Republic of Kazakhstan, amendments and additions were made to the conditions for subsidies and guarantees within the framework of the National Project for the Development of Entrepreneurship for 2021-2025, which are aimed at stimulating micro, small and medium-sized enterprises to maintain existing and create new permanent jobs, increase the level of production of domestic enterprises and ensure greater availability of financing.

UN

On November 21, 2022, an agreement was concluded with the UN Development Program in Kazakhstan on the project "Nationally Appropriate Mitigation Measures for Low-Carbon Urban Development". The mechanism of the project implementation: subsidizing part of the principal amount on a loan to entrepreneurs. The grant amount was \$1,253,986. Grant funds will be reimbursed on a project-by-project basis.

Monitoring

As part of project monitoring, a software package was introduced for visual inspection of assets, property, facts of operating activities through a mobile application without additional departure to the location of the asset. The software package reduced the time for inspection/monitoring of collateral items from 3 hours to 30 minutes.

Development

To strengthen the monitoring of the use of state support funds by entrepreneurs, a procedure has been developed to obtain periodic information from the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan regarding the deregistered individual entrepreneurs receiving state support through subsidizing the interest rate.



The activities of a Fund in the field of sustainable development (ESG)

“Damu” Fund as a socially responsible organization, implementing comprehensive state measures for financial support of entrepreneurship in Kazakhstan and regions, addressing environmental, social, and corporate governance (ESG) challenges as part Fund activities.

The Fund actively aims to support sustainable development initiatives by implementing best practices and improving its internal regulatory documents in the areas of corporate social responsibility, sustainable development, environmental, social, and gender policies.

Current annual report for 2022 is prepared in accordance with the international GRI standards and reveals the information about performance of the Fund in field of sustainable development, as well as in corporate social responsibility, ecological and corporate governance.



As part of its internal assessment, the Fund currently incorporates **13 out of the 17** United Nations Sustainable Development Goals (SDGs) into its activities.

Goal 1



Goal 2



Goal 3



Social bonds

Goal 4



446 workers

Charity

The Fund provides ongoing charitable and sponsorship assistance to World War II veterans, labor veterans, and war children in the form of food baskets. The Fund also supports private charitable foundations and organizes annual charity fairs. In addition, in 2022, charitable assistance amounting to 5,000,000 tenge was provided to a patient in need of surgical intervention.

The organization of work processes within the Fund, **concerning occupational safety, is aimed at increasing the level of worker protection**, creating safe working conditions, and preserving employee health. The systematic implementation of a safety **culture and prevention of accidents are also priorities**. As part of the initiatives to support sectors affected by COVID-19, in September 2021, the Fund “Damu” successfully launched its debut issuance of social bonds on **the Kazakhstan Stock Exchange (KASE)** for a total amount of **1 billion tenge**.

The Fund consistently focuses on **employee training and professional development** according to its training plan. It maintains a talent pool and provides employees with adequate motivation and rewards. **In 2022, 446 employees were trained.**



Goal 5



Gender policy

The Fund strives to **create equal working conditions and career opportunities**, ensuring there is no gender, ethnic, or other form of discrimination. A gender policy has been implemented within the Fund "Damu".

As of 2022, the proportion of men in the total staff of the Fund is 43%, while women constitute 57%. In middle management positions, women make up 40% of the workforce.

Goal 6



Green office

As part of the **"green office" concept**, the Fund is working to enhance the culture of rational water resource usage and sanitation for everyone. This includes providing employees with clean drinking water and sanitary items such as sanitizers, tissues, and others.

Goal 7

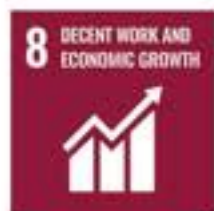


Green bonds

In 2020, the Fund made its debut issuance of **"green" bonds** on the stock exchange platform of the Astana International Financial Centre (AIFC), with the support of the **United Nations Development Programme (UNDP)** under the project "Reducing Investment Risks in Renewable Energy" for **200 million tenge**.

The Foundation received the **"Green Market Pioneer"** award at the Climate Bonds Awards for this achievement.

Goal 8



On an annual basis, the Fund establishes a **Personnel Reserve** and actively works towards developing the **professional and personal competencies** of its employees.

Goal 9



The Fund **supports priority sectors** of the economy, including processing, manufacturing industry, medicine, education, and tourism.

Goal 10



Foundation support

Within the programs implemented by the Fund, tools are developed to support social and youth entrepreneurship.

To provide support and inclusion for individuals facing physical challenges, including disabilities or mental differences, the Fund employs workers with disabilities as part of its regular staff.

Goal 11



585,4 mln tenge

In 2017, the Fund signed an agreement with the UNDP as part of the implementation of the UNDP-GEF project "Sustainable Cities for Low-Carbon Development in Kazakhstan." In 2022, an agreement was signed for project subsidization with a grant allocation of **585.4 million tenge from the UNDP**.

Goal 12



Optimization up to 12%

Under the **"green office" concept**, efforts are made to enhance **energy-saving culture and reduce resource consumption (energy and water)**. **Paperless document workflow optimization is implemented**. In 2022, the level of electricity consumption was reduced by **12%** compared to 2021.

Goal 13



141 green projects

Within the implemented tools, the Fund has supported **141 green projects** with a total loan amount of **150.4 billion tenge**.

Our contribution

36.5%
-share of SMEs in the country's GDP

Damu Entrepreneurship Development Fund JSC for over 25 years makes a significant contribution to the development of the business environment in Kazakhstan.

At the end of 2022, the share of small and medium-sized businesses in GDP the state reached 36.5%. As you know, the driver of the economy of developed countries are SMEs.

1 819 thousand units

Number of active SMEs

Share of operating SMEs in total number of regist. SME-89.7%

4.1 million human

Number of people employed in SMEs

Share of SMEs in total employment-45.8%

59.2 trillion tenge

SME output

Share of GVA SMEs in GDP-36.5%

In 2022 in Kazakhstan there has been a significant increase in number of registered SMEs by **20%**

up to 2,027 thousand



1,8 mln

small and medium enterprises



97%

share of SMEs in total number of SPPs



46%

proportion of the population employed in the SME sector

Ratings

Moody's









Moody's confirmed long-term credit ratings for liabilities in foreign and national currencies at the level of **Baa3 (stable)**.

S&P Global Ratings

S&P Global Ratings confirmed long-term and short-term credit ratings of the Fund for liabilities in foreign and national currency at the level of **"BBB-/A-3"**.



Achievements of the Fund for 2022

Subsidizing	Guarantee	Concessional financing	Total
 24.5 ths. projects	 20.8 ths. projects	 5.3 ths. projects	 50.5 ths. projects
 for the amount 993 billion tg	 for the amount 378 billion tg	 for the amount 184 billion tg	 for the amount 1.55 trill. tg



1. About the Fund

“Damu” Entrepreneurship Development Fund” JSC is a development institute whose goal is to promote the qualitative development of private entrepreneurship in the Republic of Kazakhstan by providing financial support.

The fund offers a wide range of products and services for entrepreneurs: financing within the framework of lending programs through STB, MFIs, LCs and other legal entities, subsidizing interest rates on loans, guaranteeing loans, consulting support, distribution of information and analytical materials.

Business model of the Fund

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



1.1. History of the Fund

*The former name of the Fund: JSC "Small Business Development Fund"



1.2. 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 performs its functions through a developed network of regional branches located in all regions of Kazakhstan, as well as cities of republican significance:

 | **7 297 projects**

of entrepreneurs were supported by project support managers of regional branches as part of the provision of project support services before the approval of the STB/LC/MFI for financial support for the Fund's instruments;

 | **9 868 clients**

applied to the branches of the regional network of the Fund, to whom

 | **12 299 services were provided**



1.3. Fund 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.

The development strategy of the Fund is aimed at the development of the micro, small and medium-sized enterprises sector of Kazakhstan and takes into account the experience of successful and effective implementation of both state and own programs for the development of micro, small and medium-sized enterprises (hereinafter referred to as MSME). The Fund has more than 20 years of experience in supporting micro, small and medium-sized enterprises and a number of other strengths that are used in improving the effective implementation of the Development Strategy and achieving the goals and objectives set.

Vision of the Fund

The vision of the Fund by 2023 is the national development institute - the initiator and implementer of programs to support and develop micro, small and medium-sized enterprises.

Main strategic directions of the Fund's development

Strategic directions	Strategic Objectives
Support and development of start-up and active entrepreneurs	<ul style="list-style-type: none"> Expansion of micro-business lending, development and implementation of support tools for MFIs and credit partnerships Increase in the share of coverage of existing MSMEs by the Fund's financial Programs Improving the economic efficiency of supported MSMEs
Sustainable institutional development of the Fund	<ul style="list-style-type: none"> Raising funds from additional sources of financing Achievement of the planned level of financial performance Digitalization of business processes Improving corporate governance

The development strategy of "Damu" Entrepreneurship Development Fund" JSC (hereinafter referred to as the Fund Development Strategy) was approved by the decision of the Board of Directors of the Fund dated July 3, 2017. In 2022, changes and additions were made to the Fund's Development Strategy. Amendments and additions to the Development Strategy of the Fund are related to the updating of the Development Strategy of the Sole Shareholder of the Fund. The full text of the Fund's Development Strategy is available at: <https://damu.kz/o-fondiro-nas/strategicheskie-napravleniya/>

LLP «QazAlPack»

was founded in 2019 with the aim of organizing the production of aluminum beverage cans in the Ontustik industrial zone in Shymkent, where construction of a production and warehouse complex has been underway since 2020.

The only plant in Central Asia producing sets of aluminum cans and lids for drinks, with a production capacity of up to 750 million sets per year. The project uses the most modern technology from Stolle Machinery (USA), a world leader in the production of such equipment.

This type of beverage product is the most progressive in its consumer properties, as well as the most environmentally friendly compared to packaging made from other raw materials.

The plant, covering an area of 22 thousand m², houses an 800 m long production line, which consists of 13 production operations and a number of quality control systems.





2. Analysis of SMEs in Kazakhstan. Development Prospects

In 2022, Kazakhstan saw a significant increase in the number of registered SMEs

by 20%

to 2,027 thousand units

The share of SMEs in the total number of economic entities in the country increased to

96,9%

The number of existing entrepreneurs increased

by 27%

this increase is due to an increase in the number of individual entrepreneurs from **908 thousand units** in 2021 to **1,234 thousand units** in 2022, or **36%**. It should be noted that for 2017-2022 the average annual growth rate of the number of registered SMEs was estimated at **5.4%**, while the growth value of existing entrepreneurs for the same period was **8.9%**. The increase in the number of existing entrepreneurs, outpacing the growth rate of the number of registered entrepreneurs, indicates an increase in the active conduct of business of previously registered entrepreneurs.



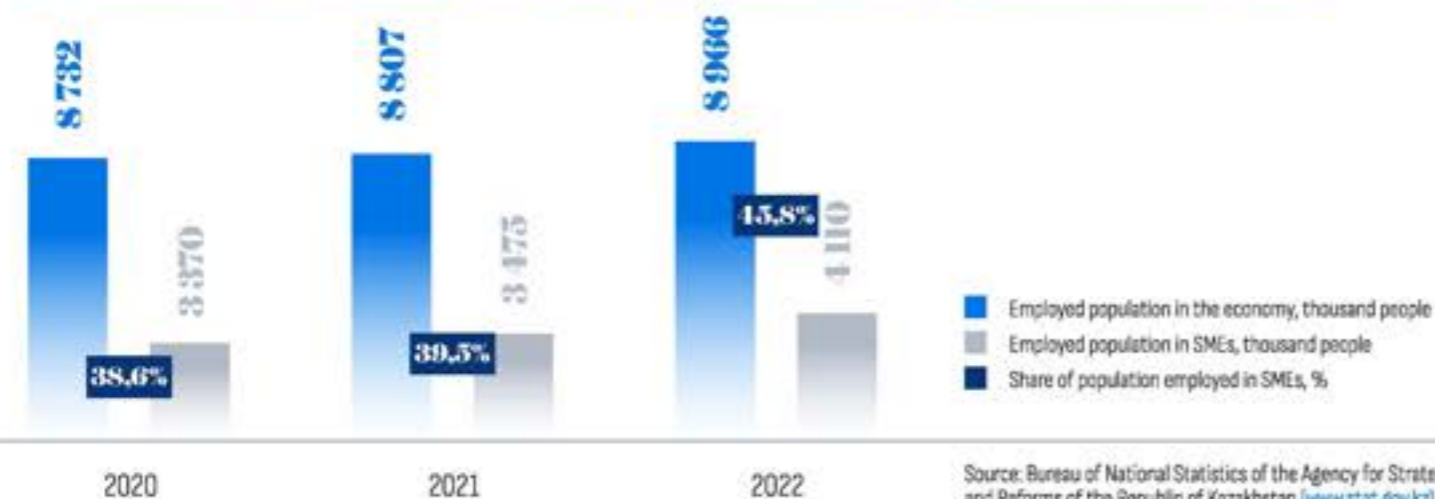
Dynamics of the number of registered SMEs in Kazakhstan



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 Republic of Kazakhstan, at the end of 2022, the employed population is **8,966 thousand people**. At the same time, the number of employees in SMEs is **4,110 thousand people** (45.8% of all employees) as of January 1, 2023. Compared to last year, the number of employees in SMEs increased by 18.3%. At the same time, there is also a general increase in the number of employed population in Kazakhstan by **1.8%**.

Dynamics of employed population in Kazakhstan



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

Over the past 9 years, Kazakhstan's GDP has shown growth in real terms (except for 2020, due to a number of restrictions imposed related to the COVID-19 pandemic). Thus, according to the results of 2022, Kazakhstan's GDP growth is observed, in real terms it showed an increase of **3.3% and amounted to 102.9 trillion tenge**

Production of goods forms

39.8% of GDP

(including 29.3% due to industrial production)

production of services

52.5%

taxes on products

7.7%

According to the Bureau of Statistics of the Republic of Kazakhstan, the output of SMEs in 2022 amounted to **59,222 billion tenge**. In 2022, **71%** of SME products were produced by small enterprises, **16.4%** by medium-sized enterprises and another **12.6%** by individual entrepreneurs and peasant farms. The share of gross added value of SMEs in GDP according to preliminary data for 2022 is estimated at **36%**.



Dynamics of GDP and output of SMEs in Kazakhstan



Annual volumes of lending to the economy and small business



Business lending indicators and the Fund's share in lending

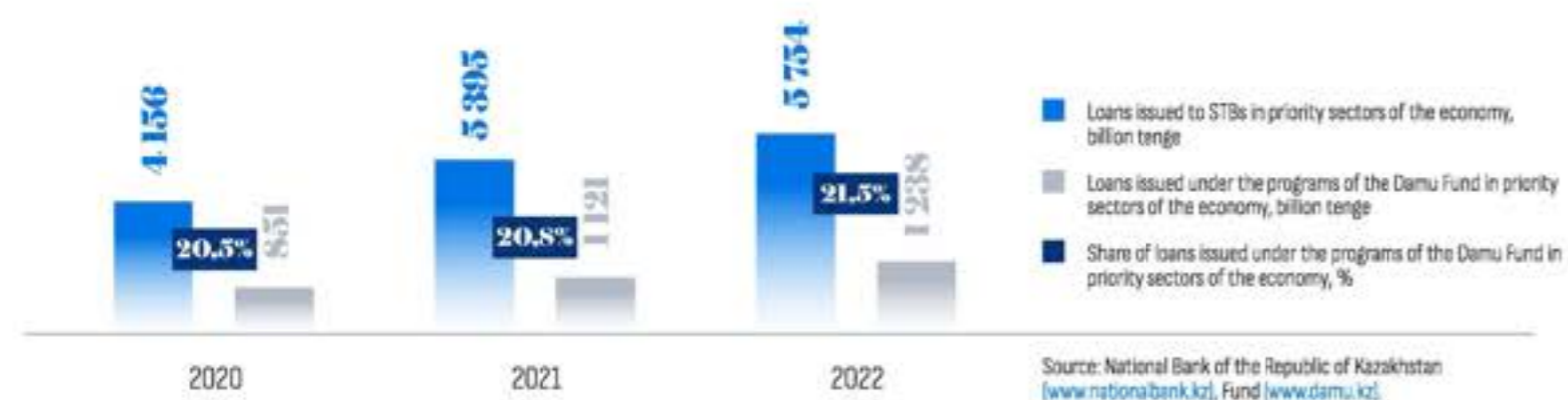
In general, the volume of bank lending in 2022 showed an increase of **12%** to **24.1 trillion tenge**. Growth is observed in most sectors of the economy and in all lending facilities. Including loans for business purposes, the growth of which in 2022 amounted to **9.3%** and reached a value of **13.5 trillion tenge**. Lending to small enterprises is outstripping the growth of all bank lending (an increase of **16.4%**).

In 2022, the Fund continued to implement programs of conditional placement of funds in STB, LC, MFIs, subsidizing interest rates on loans to entrepreneurs and guaranteeing loans. In 2022, the implementation of subsidy and guarantee tools in support of micro and small enterprises by the portfolio method, which was launched at the end of 2020, was also continued.

In general, within the framework of the Fund's support programs, over the past year, support was provided for the amount of loans of **1,554 billion tenge** to private business entities through STBs. In the total amount of bank lending for business purposes, the share of loans issued to participants of the Fund's programs amounted to **11.5%**. This indicator reflects the significant role of the Fund in supporting entrepreneurship in the country.

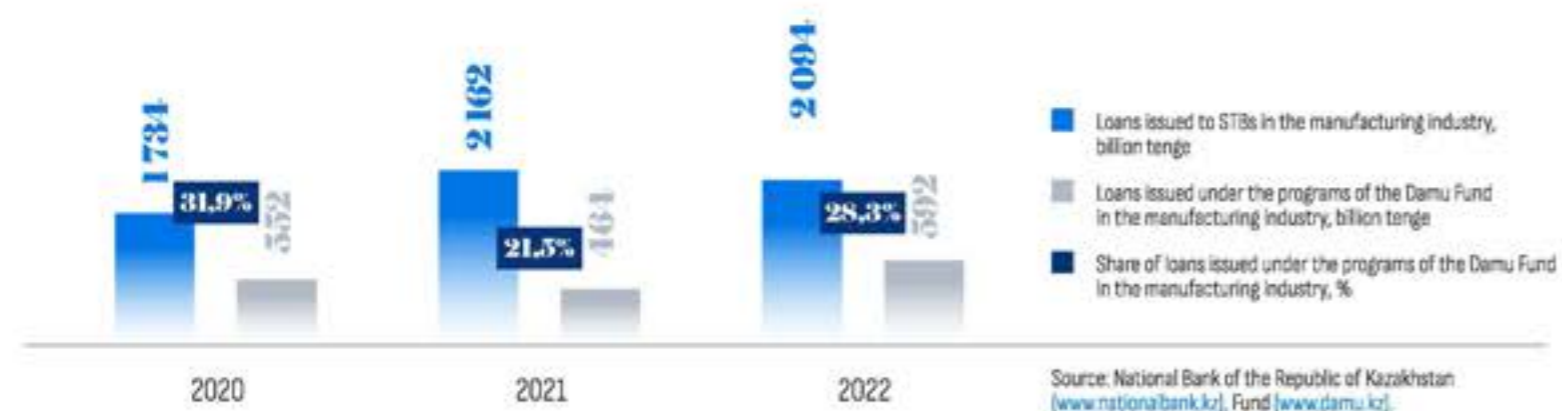
When considering the Fund's contribution with a focus on financing priority sectors of the economy, there is an ongoing growth to **21.5%**, which is **0.7 percentage** points higher than last year.

Dynamics of loans for projects in priority sectors of the economy



The share of loans provided by the Fund in the manufacturing industry has also increased and reached **28.3%**. The increase in the Fund's share is attributed to the greater support for projects in the manufacturing industry and a slight decrease in loans issued by banks in the manufacturing sector.

Dynamics of loans for projects in the manufacturing industry



Prospects for the development of the economy and SMEs in Kazakhstan for 2023

Following the lifting of restrictive measures associated with the COVID-19 pandemic, the economy of Kazakhstan faced the negative consequences of the military conflict in Ukraine in 2022. In connection with the geopolitical situation in the world, under anti-Russian sanctions were SB "Sberbank" JSC, SB "Alfa-Bank" JSC and SB "VTB Bank" (Kazakhstan) JSC, which had a portfolio share of guarantee and subsidy instruments of about 27%. And within the framework of the instrument of conditional placement of funds, the Fund was forced to carry out the procedure for assigning the debt of Russian banks to Kazakhstan banks - partners of the Fund that meet the requirements of state programs.

The suspension of the activities of the above-mentioned banks led to a decrease in guarantee and subsidy projects within the framework of the first direction of the National Project, as well as lending under the programs of conditional placement of funds and, as a result, a decrease in support for micro and small enterprises. In particular, support for projects of start-up entrepreneurs decreased, since the main creditor for this segment of entrepreneurship was the SB of "Sberbank" JSC.

Of course, there is a possibility that geopolitical shocks may be reflected in future prospects for economic development. The unfavorable situation may adversely affect the activities of small and medium-sized enterprises of the country: supply chains of products, raw materials and equipment will be disrupted, as a result inflation will increase. All these factors can lead to underfunding of investment projects, an increase in the timing of project implementation, and an increase in the cost of raw materials and components. In view of this, we can expect a deterioration in the quality of loan portfolios of second-tier banks and, accordingly, an increase in payment requirements for the guarantee portfolio.

At the same time, despite external and internal conditions, the economy of Kazakhstan has successfully adapted to new realities and at the end of 2022 reached GDP growth of 3.3%. In accordance with the report of the Ministry of National Economy of the Republic of Kazakhstan "Forecast of socio-economic development of the Republic of Kazakhstan for 2024-2028," production of goods increased by 3.2%, production of services - 2.9%. The main factor in economic growth was production activity in the basic sectors of the economy. Manufacturing grew 3.4%. In terms of industries, there is an increase in production in mechanical engineering by 9.4%, including in the automotive industry - by 19.1% and the production of electrical equipment - by 22.2%, in food production - by 3.9%, beverages - by 11.2%, oil refining products - by 1.9%, chemical industry - by 10.2%, plastic products - by 2.1%, light industry - by 6%. Gross output of products (services) in agriculture increased by 9.1%. In accordance with the basic scenario described in the report of the Ministry of National Economy of Kazakhstan, the economy of Kazakhstan will develop against the background of stabilization and adaptation to rapid changes and new principles of international trade and logistics, both transport and financial flows.



3. Main areas of activity

The Fund, in pursuit of its mission and vision, works in two key strategic directions, to support and develop aspiring and existing entrepreneurs, as well as ensures the implementation of sustainable institutional development

medium-sized enterprises through STB, MFIs and LCs by providing subsidizing interest rates and guaranteeing loans. Additionally, efforts are made to attract funding from additional sources, digitize business processes, provide project





3.1. Financial support for entrepreneurs

In 2022

the Fund supported



50.5 thousand projects

using financial instruments in the amount of loans of



1.55 trillion tenge

In 2022, support for all instruments decreased by 11.9%, so in 2021 the number of projects amounted to 57.4 thousand projects for a loan of 2.19 trillion tenge. The main factor influencing the rather high rise in state support in 2021 was the packages of anti-crisis measures adopted by the Government of the Republic of Kazakhstan. At the same time, by 2022, the activity of entrepreneurs went down, one of the reasons for which was the introduction of conditions for subsidies and guarantees in cities of republican and regional significance within the framework of the National Project for the Development of Entrepreneurship for 2021–2025 according to the list of priority sectors of the economy, as well as a decrease, within the framework of the subsidy instrument, in the loan amount from 7 billion tenge to 3 billion tenge per entrepreneur.

Over the entire period

Over the entire period of implementation of the programs, the Fund supported over



184.72 thousand projects

of entrepreneurs for a total amount of



10,531 billion tenge

Results of implementation of financial programs

	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Actual 2022
Financing of entrepreneurs through conditional placement of funds in STB/MFI/LC					
Number of participants, units	18 656	18 933	11 136	7 783	5 278
Amount of financing, million tenge	272 912	239 508	207 588	213 304	183 917
Subsidizing interest rates					
Number of participants, units	1 470	2 647	14 679	32 351	24 485
Amount of loans, million tenge	198 380	269 786	1 197 058	1 588 280	992 562
Loan Guarantee					
Number of participants, units	1 950	2 674	7 346	17 219	20 781
Amount of loans, million tenge	65 455	102 740	275 546	365 286	377 576

MSME entities supported by the Fund for 2022

produced products (total annual income) in the amount of

10.8 trillion tenge

paid taxes in the amount of

1,205 billion tenge

At MSME enterprises supported by the Fund, the number of employees is more than

352 thousand people

Attraction and placement of budget funds and funds of international financial organizations.

The Fund, as part of the development of the MSME sector in Kazakhstan and ensuring MSME access to financial resources in 2022, continued to actively implement current and new financial programs implemented both at the expense of budget funds and at the expense of previously attracted non-state sources of borrowing. The main product is "Regional financing of small private and medium-sized private enterprises," under which the MSME, a certain region/city, is financed. The essence of the program is the joint allocation of funds by Akimats (hereinafter - LEB) and the Fund to finance entrepreneurs implementing their projects in priority sectors/without priority sectors for a particular region.

LEB identify priority industries/lack of industries for their region. Thus, money from two sources is sent through second-tier banks and microfinance organizations to lend to the MSME on preferential terms, taking into account the priorities of the socio-economic development of each region.

In 2022, within the framework of the Point Regional Program, funds were raised from local executive bodies of Almaty, Astana, Shymkent, Aktobe, East Kazakhstan, Karaganda regions in the amount of 4.366 billion tenge. Taking into account the funds of the Fund 6.534 billion tenge, the total amount allocated for regional financing amounted to 10.900 billion tenge. The funds are placed in

"Bank RBK" JSC and "Bank CenterCredit" JSC for lending to MSME of these regions in priority sectors of the economy, while in Aktobe region entrepreneurs of Khromtau will receive financing. The maximum loan amount per MSME varies from 10 million tenge to 100 million tenge, depending on the region.

At the same time, funds from international financial organizations were not attracted in 2022. This is due to the fact that the market conditions for raising funds from non-state sources in 2022 were not attractive for both the Fund and STB/MFI/LC, due to the high cost of liquidity against the background of an increase in the base rate of the NB RK.

As part of the programs of conditional placement of funds for 2022, STB/LC/MFIs financed 5,278 projects in the amount of 183.7 billion tenge.

Due to the released funds under the "Yenbek" Program, repeated lending to MSMEs was carried out, aimed at involving the population in entrepreneurial activities. In 2022, 306 MSMEs were financed for a total amount of 4.4 billion tenge, taking into account revolving issues for funds previously allocated under this program.

The implementation of the Regional Financing Program of the MSME on the terms of co-financing with the funds of the regional budgets aimed at the development and expansion of local entrepreneurship was continued - in 2022, 361 MSMEs worth 25.3 billion tenge were financed under the program, taking into account revolving issues for funds previously allocated under this program. At the same time, in 2022, a factoring tool was included in the program, now factoring transactions can be financed on preferential terms.

In order to ensure financing of business entities in the manufacturing industry, the implementation of existing programs funded by the National Fund of the Republic of Kazakhstan was continued - in 2022, 288 MSMEs worth 105.7 billion tenge were financed under the programs, taking into account revolving issues for funds previously allocated under these programs.

As part of the implementation of the Fund's Development Strategy, the following activities were carried out in 2022:



On November 21, 2022, as part of the subsidy tool, an agreement was concluded with the UN Development Program in Kazakhstan on the project "Nationally relevant mitigation measures for low-carbon urban development." The main purpose of this Agreement is to provide financial support for the implementation of the mechanism for stimulating investments in the energy efficiency of the urban infrastructure of the Republic of Kazakhstan. Expanding the interest of entrepreneurs in the use of technologies in their business (activities) aimed at increasing the efficiency of using existing natural resources, reducing the level of negative impact on the environment, increasing energy efficiency, energy saving. "Green projects" must comply with paragraph 2 of Article 130 of the Environmental Code of the Republic of Kazakhstan of January 2, 2021 (No. 400-VI 3PK). The agreement provides for energy saving potential criteria - as a reduction in heat and/or electricity and/or fuel consumption) for projects seeking support under the UNDP program process: at least 45% for lighting projects, at least 15% - for other projects, and without energy saving requirements - for projects related to

Conditional placement of funds

In order to increase the coverage of existing MSMEs with financial programs, the Fund, within the framework of the Development Strategy, continued to direct the conditional placement of credit resources through the network of financial partners - STB/MFI/LC.



the installation of automated heat points in buildings with the functions of accounting for heat consumption and automatic weather-dependent regulation of heat supply to buildings, including balancing heat consumption inside buildings, as well as for the installation of small renewable energy sources. The availability of energy saving potential is assessed once by a technical expert from UNDP, whose actions (in the form of conclusions) are also provided for in the appendices to the Agreement. This event will be an additional step towards the transition of the economy to sustainable development standards in terms of protecting and preserving the environment and resources.



During 2022, the following conditional placement programs were reoriented:

- under the "Damu-Factoring" Program: microfinance organizations can also be partners in the program, the maximum loan amount for MSME has been increased to 500 million tenge through STB/LC to 20,000 MCI through MFI, revised interest rates on MSME loans through MFI/LC with recourse - the placement rate on the Partner, increased not more than 12% per annum, without recourse - the placement rate per Partner, increased not more than 13% per annum;
- under the "Damu-Leasing" Program: the minimum loan amount for the Partner is set;
- under the "Damu-Micro" Program: the minimum loan amount for the Partner has been established, the restriction on the purchase of cars with a market value exceeding 3500 MCI has been extended;
- under the Point Regional Program: financing of factoring transactions with a loan term of not more than 36 months is provided, when lending through MFIs by factoring, the loan amount is increased to 20,000 MCI (in exceptional cases by decision of the authorized body of the "Damu" Fund), factoring partners can also be leasing companies.

National Entrepreneurship Development Project for 2021-2025

On February 2, 2022, the Government of the Republic of Kazakhstan approved the rules for subsidizing interest rates and guaranteeing within the framework of the National Project for the Development of Entrepreneurship for 2021-2025 (RMB-2025 was declared invalid). This Resolution introduced amendments and additions to the conditions of subsidies and guarantees, which are aimed at stimulating MSMEs to maintain existing and create new permanent jobs, increase the level of production of domestic enterprises and ensure greater availability of financing. As part of the adoption of effective and effective measures for the further development of single-industry towns, the Subsidy and Guarantee Rules provide preferential conditions for entrepreneurs implementing projects in mono-, small towns and rural settlements, with the exception of cities of republican significance/regional centers, as well as developed conditions for granting subsidies for loans/microcredit within the framework of regional financing of MSMEs.

Damu is a financial agent of the National Project and supports MSMEs by subsidizing interest rates on loans/microcredit/leasing transactions/subsidizing the coupon rate on bonds and guaranteeing loans/microcredit/leasing transactions/bonds within two tasks:

- increasing the availability of financing for business entities;
- creation of conditions for opening and development of own business.

Also, on the instruments of subsidies and guarantees, the Fund in 2022 continued to implement the program "Economics of Simple Things," to support private entrepreneurs operating in the manufacturing and agro-industrial sectors.

It should be noted that the Fund continued to implement the tools of subsidies and guarantees in the framework of supporting micro and small enterprises by the portfolio method.

The essence of the product is to provide financial partners (STBs, MFIs) with a certain limit for subsidies and guarantees, without the approval of each individual project by the Fund. For portfolio subsidies and guarantees in support of micro and small enterprises, the Fund has developed a methodology that defines clear criteria for financial partners (STBs, MFIs), criteria for MSMEs, under which a loan can be issued using the portfolio subsidy and/or guarantee method. The implementation of this method demonstrates a number of opportunities for both MSMEs and financial partners of the Fund (STBs, MFIs):

- increase the speed of obtaining credit using the Fund's support tools;
- access to credit even in the absence of sufficient collateral;
- reduction of time spent on assessment and registration of collateral;
- competitive advantage over other banks.



Subsidizing

Subsidizing the remuneration rate is implemented within the framework of the Economy of Simple Things, as well as since 2022 within the framework of the National Project for the Development of Entrepreneurship for 2021-2025, during the implementation of which this tool has gained popularity among entrepreneurs and has shown effectiveness in terms of attracting loans to priority sectors of the economy. The national project also includes the conditions for subsidizing the coupon rate on bonds issued by business entities and the conditions for subsidizing part of the mark-up on goods and part of the rental payment constituting the income of Islamic banks, with financing by Islamic banks of business entities.

Guaranteeing

The guarantee tool is implemented by the Fund both within the framework of state support programs the National Project for the Development of Entrepreneurship for 2021-2025 and the Economy of Simple Things, and by the Fund's own resources within the framework of the "Damu Optima" program.

One of the significant events for the guarantee instrument in 2022 was the introduction of a new mechanism - guarantee for bonds issued by business entities. This mechanism was developed jointly with the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market (ARDFM), Kazakhstan Stock Exchange KASE and Astana International Financial Center (AIFC). The main idea of the new product is the development of effective methods of financing private business entities at the expense of private and institutional investors, the development of instruments of the stock market of Kazakhstan through the introduction of a guarantee mechanism as a tool for state support of entrepreneurs on issued corporate bonds at KASE and AIFC sites as an alternative channel for financing the economy.

In 2022, the Fund provided the following support to MSMEs under the subsidy instrument:

National Project	Economy of Simple Things	UNDP GEF	Supporting micro and small enterprises
supported	supported	supported	supported
5 736 projects	177 projects	-	18 552 projects
loan amount portfolio	loan amount portfolio	loan amount portfolio	loan amount portfolio
599,5 billion tenge	260,5 billion tenge	-	132,6 billion tenge
amount paid subsidies	amount paid subsidies	amount paid subsidies	amount paid subsidies
116,4 billion tenge	54,1 billion tenge	61,8 billion tenge	11,1 billion tenge

For 2022, the Fund provided the following support to MSME entities under the guarantee instrument:

National Project	Damu Optima	Economy of Simple Things	Agro-industrial complex	Supporting micro and small enterprises
supported	supported	supported	supported	supported
2 932 projects	129 projects	40 projects	2 projects	17 658 projects
loan amount portfolio	loan amount portfolio	loan amount portfolio	loan amount portfolio	loan amount portfolio
225,1 billion tenge	11,3 billion tenge	11,1 billion tenge	0,46 billion tenge	129,6 billion tenge
sum guarantees	sum guarantees	sum guarantees	sum guarantees	sum guarantees
88,2 billion tenge	4,9 billion tenge	4,9 billion tenge	0,23 billion tenge	108,9 billion tenge



Changes in subsidy and guarantee Programs

In 2022, as part of improving state support measures, the following programs were amended:
National project in the direction of Support of entrepreneurs/subjects of industrial and innovative activity:

01 refinancing of loans/leasing transactions previously issued by banks/leasing companies and credit partnerships, financial organizations within 2 (two) years is provided.

02 under the subsidy instrument, the maximum loan amount for entrepreneurs in mono-, small towns and rural settlements has been increased within the framework of priority sectors of the economy no more than 3 billion tenge.

03 under the guarantee instrument, the maximum loan amount for entrepreneurs in mono-, small towns and rural settlements has been increased within the framework of priority sectors of the economy no more than 1 billion tenge

04 restrictions on the place of sale and registration are provided:

- Projects in priority sectors of the economy are considered without taking into account the place of registration of the entrepreneur;
- Projects implemented in settlements, including mono and small towns, rural settlements are carried out without industry restrictions, taking into account the place of implementation and the place of registration of the entrepreneur.

05 under the subsidy instrument, a nominal interest rate was established for manufacturing projects in the cities of Shymkent, Turkestan, Mangystau, Atyrau, Aktobe, West Kazakhstan, Kyzylorda, Zhambyl regions, including in the centers of regional regions, - the base rate is + 5%, of which 5% is paid by the entrepreneur, and the difference is subsidized by the state.

06 under the guarantee instrument, the loan amount for projects in the cities of Shymkent, Turkestan, Mangystau, Atyrau, Aktobe, West Kazakhstan, Kyzylorda, Zhambyl regions, including in the regional centers of these regions, cannot exceed 360 million tenge, the amount of the guarantee cannot exceed 85% of the loan amount.

Economics of Simple Things program:

01 for subsidy and guarantee instruments, a nominal interest rate is established - the base rate of the NB RK + 4.5% per annum, of which 7% is paid by the PBE, and the difference is subsidized by the state;

02 on subsidy and guarantee instruments, refinancing of loans from second-tier sanctions banks is provided;

03 the term of subsidizing loans aimed at investments has been reduced to 5 years

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.



3.2. Monitoring of financial programs

Information on monitoring projects within the framework of the Fund's financial programs, as well as within the framework of agency agreements and other agreements under which the Fund performs monitoring functions.

Name of monitoring	Actually checked (number of projects)					
	2017	2018	2019	2020	2021	2022
Monitoring of projects under the Conditional Fund Programs (17 Programs)	2 334	1 238	1 548	1 712	954	1 350
Monitoring of projects within the framework of MSME support programs engaged in the manufacturing industry (funds of the NB RK)	576	896	1 610	1 029	836	903
Agency agreements on monitoring of UAPF projects (NB, DBK)	777	737	321	5	0	0
Monitoring of subsidized projects	2 595	2 339	2 793	2 912	5 583	6 535
Monitoring of guaranteed projects	989	1 131	2 257	1 919	2 269	1 265
Grant Monitoring	183	522	523	834	1 007	1 059
Monitoring of projects transferred to the balance of the Fund	0	0	0	0	0	201
TOTAL	7 454	6 863	9 052	8 411	10 649	11 313

Actions taken on comments/violations

Name of monitoring	Number of comments/violations	including comments on the targeted use of funds, million tenge		Fines accrued, million tenge		Fines collected, million tenge		Replaced, million tenge	
		Quantity	Sum	Quantity	Sum	Quantity	Sum	Quantity	Sum
Monitoring of projects under Conditional Fund Placement Programs	29	29	350,9	9	7,5	9	7,5	29	350,9
Monitoring of projects within the framework of MSME support programs engaged in the manufacturing industry (NB RK)	3	3	281,6	3	42,2	0	0	0	0
Monitoring of subsidized projects	251	the total amount of return is 645.5 million tenge, of which 147 projects returned subsidies in the amount of 118 million tenge							
Monitoring of guaranteed projects	109	including the cancellation of 77 guarantees in the amount of 2,840 million tenge, the reduction of the amount of guarantees was carried out on 32 projects in the amount of 61.2 million tenge							
Grant Monitoring	268	notification of identified violations was sent to the regional coordinator of the Program, the competition commission.							
TOTAL:	660	632,5	12	49,8	9	7,5	29	350,9	



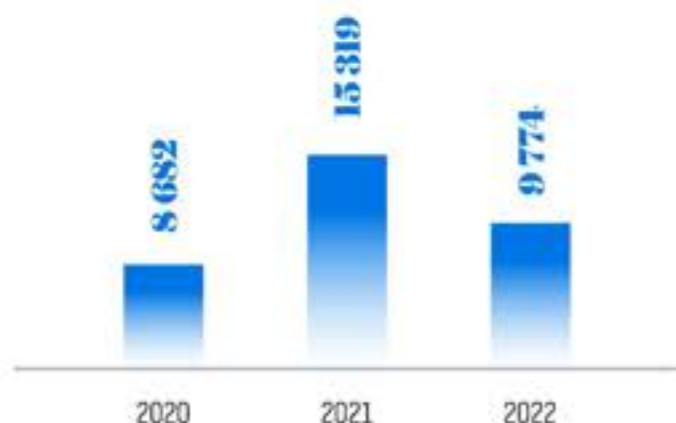
Monitoring the effectiveness of programs

National Entrepreneurship Development Project 2021-2025

According to the forecast data of the Fund for enterprises and entrepreneurs participating in the National Project for the Development of Entrepreneurship for 2021-2025 (hereinafter referred to as the National Project), the volume of production as of January 1, 2023 amounted to 59.1 trillion tenge, including 9.8 trillion tenge for 2022.

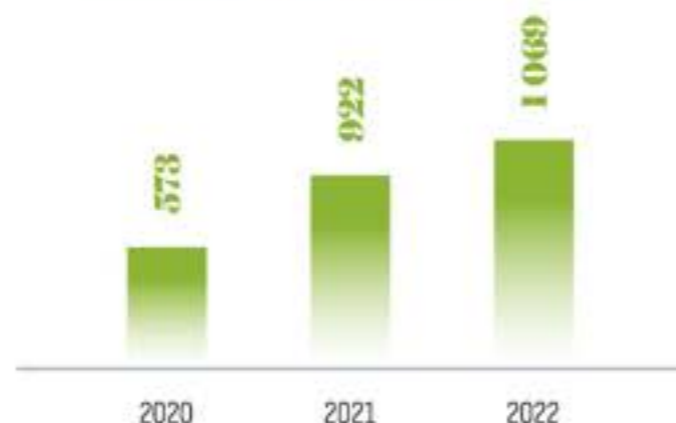
Subsidizing interest rates and guaranteeing loans within the framework of the National Project contribute to improving the financial performance of enterprises, which is especially important in the current economic situation. In turn, due to improvements in the activities of enterprises, an increase in budget revenues is ensured, the budget effect of the program and its economic feasibility are improved. As of January 1, 2023, the total amount of taxes paid by the project participants amounted to 4.2 trillion tenge, including 1,069 billion tenge for 2022 according to preliminary data from the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan (hereinafter - SRC).

Production by participants of the National Project, billion tenge



* According to preliminary data of SRC

Taxes paid by participants of the National Project, billion tenge



The wide coverage of the entrepreneurship sector of the National Project and the growing interest in the program by SMEs allow assessing the social effect of its implementation, which is expressed in providing the population with jobs. Thus, the enterprises supported under the National Project as of January 1, 2023 previously employed more than 324 thousand people.

SME support program 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 2014-2022 amounted to about



11.3 trillion tenge

according to preliminary data for 2022



1,616 billion tenge

Entrepreneurs who received financing under this program paid taxes in the amount of



816 billion tenge

for 2014-2022. Including for 2022



184 billion tenge



3.3. Working with distressed assets

In order to return distressed assets, the Fund carries out work on compulsory collection of debts in judicial and extrajudicial procedure within the framework of the legislation of the Republic of Kazakhstan.

Thus, in 2022, a decrease in the problem portfolio under executed guarantees in the amount of **570 million tenge** was ensured.

In 2022, the total portfolio ["VTB" Bank, SB "Sberbank" JSC] for repayment amounted to 81.08 billion tenge, of which 100% of the portfolio was returned by the Fund:

- in cash - **64.54 billion tenge**;
- transfer of debt to "Halyk Bank of Kazakhstan" JSC - **4.9 billion tenge**;
- the portfolio accepted by the Fund - **11.64 billion tenge**;

As of 01.01.2023, the repayments under the accepted portfolio amounted to



Also, in 2022, the Fund sold 11 objects of balance sheet property in the amount of **218 million tenge** (transferred to the Fund as a result of debt collection).

3.4. Client Service

In parallel with the financial support programs in 2022, the Fund continued to work on the implementation of training programs and information and consulting support for entrepreneurs.

In 2022, the Fund launched distance learning in the form of a video platform containing training courses for existing and start-up entrepreneurs with many different speeches by successful Kazakhstani and international entrepreneurs, divided into blocks on certain topics. During the reporting year, **2,827 people** were registered on the Fund's distance learning platform.

Corporate site

In order to promote programs to support entrepreneurs, work was actively carried out on social networks and on the corporate website of the Fund. So, in 2022, more than 650,000 unique users were interested in the Fund's support programs on the corporate website. More than 2,000 applications were received from entrepreneurs through advertising posts on social networks for further advice.

Social networks

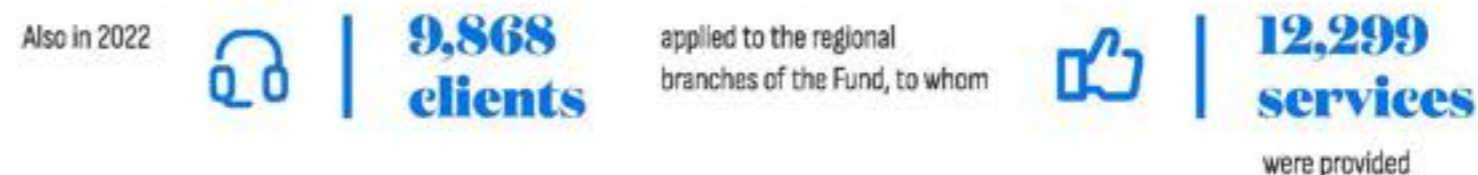
For 2022, the social networks Facebook and Instagram posted, respectively, 525 and 510 posts/publications, photographic materials, information, advertising and image video materials, infographics, coverage of important events/events, as well as successful stories of MSMEs supported. The Telegram channel has 250 publications.

Call center

Also, the Call Center of the Fund continues its work - a center for processing appeals from entrepreneurs and individuals, and informing through various communication channels. In 2022, employees of the Fund's Call Center consulted 38,272 clients. In order to provide consultations, 8,891 outgoing calls were made, 2,368 callbacks were processed. 23,512 appeals were received on the pop-up window on the corporate website of the Fund, as well as 6,844 offline appeals.

The Fund continues to monitor the component "Provision of service support for the conduct of existing business activities" within the framework of the program "National project for the development of entrepreneurship for 2021-2025."

In 2022, **23,044 MSMEs** applied for service support services, which received **27,732 services**.





7,297 projects of entrepreneurs were supported by project support managers of regional branches as part of the provision of project support services before the approval of the STB/LC/MFI for financial support on the Fund's instruments.

The Fund continues to carry out activities to increase awareness among the population and entrepreneurs about the tools and conditions for supporting entrepreneurship carried out by the Fund. At the same time, the Fund adopted experience in carrying out activities to explain the activities of the Fund through online in parallel with the offline presentation methodology being implemented.

3.5. Development of information technologies

In 2022, the Fund's IT division actively worked to digitalize the Fund's main business processes.

As part of the implementation of the Fund's Development Strategy, in order to increase the efficiency of using existing information resources, the Fund used Big Data technology. A corporate data warehouse was introduced with the aim of loading and processing source data from source systems, ensuring the possibility of integrated and effective management of the Fund's data, due to their centralized accumulation and storage, digitalization of the calculation of the Fund's key indicators and the formation of data displays with calculated indicators available for connection from an external source. The application of this solution will provide the Fund with the opportunity to segment

products and potential niches both for the development of new popular products and for the effective promotion of existing programs.

We also completed the implementation of the "DAMU Check-up online" software for photo and video recording, which allows monitoring the targeted use and collateral without going to the place of inspection of the Fund's employees.

A digital service for receiving and transmitting data from STB was launched at the request as part of supporting micro and small enterprises of portfolio subsidies and guarantee tools of the National Project, which made it possible to shorten the period for issuing a warranty obligation. The transfer of the digitized warranty file to the STB is also carried out through a web service.

In addition, in 2022, the Fund's information system was integrated with the "Kompra" service, thanks to which the process of verifying the reliability of counterparties at guarantee requests was digitalized.

A rating model has been introduced into the information system of the Fund, which made it possible to automatically calculate the rating of the entrepreneur according to guarantee requests.

3.6. International cooperation

In 2022, the Fund continued to expand its cooperation with international financial institutions and foreign organizations.

Participation in 7 internal conferences:

- 1 The Second SDG Regional Summit - Beyond COVID - is on track for a just recovery of Central Asia,
- 2 Astana Finance Days 2022 conference with various panel sessions (Opportunities and challenges of Islamic banking for the CIS region,
- 3 National ESG Club as a business transformation platform,
- 4 Strengthening the SME sector in Kazakhstan through the active inclusion of women in the country's economy),
- 5 X Congress of Financiers of Kazakhstan - ESG financing,
- 6 Promotion of green financing of the SME segment,
- 7 A round table organized by UNDP on access to green finance for small and medium-sized enterprises.





Cooperation with international rating agencies Moody's and Standard & Poor's was carried out. Moody's International affirmed its long-term credit ratings for foreign and local currency liabilities at Baa3 (stable). At the same time, in September 2022, the international rating agency S&P Global Ratings revised the forecast for the Fund's rating from "stable" to "negative," in view of the revision of the forecast for the ratings of the Republic of Kazakhstan from "stable" to "negative," confirming the long-term and short-term credit ratings of the Fund for obligations in foreign and national currency at the level of "BBB-/A-3". The negative outlook on the Fund's ratings reflects a similar outlook on sovereign ratings.

The Fund participated in 4 official significant events, such as:

- 1 INNOPROM International Industrial Exhibition in Yekaterinburg;
- 2 Regional Forum "Green Economy - 2022" in Bishkek;
- 3 "Exchange of best practices on SME support and evaluation mechanisms" KOSGEB in Ankara online format;
- 4 Forum of interregional cooperation between the Republic of Kazakhstan and the Russian Federation on the session "Development and support of youth business projects" in the city of Orenburg.

2 online trainings were organized for representatives of women's entrepreneurship of small and medium-sized enterprises of the country as part of the Women in Business Program, implemented with the support of "Bank CenterCredit" JSC, "KMF" MFI, "Anur Credit" MFI and the European Bank for Reconstruction and Development (EBRD), as well as the Frankfurt Business School.



3.7. Advertising and Media Relations

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 was disseminated through television, radio, print media and electronic media.

As a result, in 2022, more than 868 materials on the implementation of state programs and programs of the Fund were published in the media. 1 press conference was held within the framework of the exhibition of domestic manufacturers "ULTYQ ÖNIM," 14 Open Days and 16 press tours.

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

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

Almost all directions and aspects of the PR campaign are implemented through social networks: this is a content strategy that consistently and purposefully informs the audience about the products and programs of the Fund, and communication with entrepreneurs, and conducting advertising campaigns, actions, competitions, identifying audience sentiment, increasing loyalty. Thanks to the development of this direction of Digital marketing, in 2022, more than 1,056 publications were posted on Instagram and Facebook. The total audience of the Fund's subscribers in social networks exceeds 86 thousand people.

Understanding the particular importance of informing micro, small and medium-sized enterprises, the Fund has developed the "Communication Strategy of "Damu" Entrepreneurship Development Fund" JSC for 2021-2023" on the basis of the provisions of the "Development Strategy of "Damu"

Entrepreneurship Development Fund" JSC for 2014-2023" and "PR Strategy of "Baiterek" National Management Holding" JSC for 2019-2023." This document is intended to change the quality of communication between the development institute and the audience: to make it more effective and accessible. The Communication Strategy defines two main objectives for which communication work will be aimed:

- the practical goal is to assist in increasing the number of applications for support of the Fund within the framework of various programs;
- the image goal is to increase the level of awareness of a wide audience about the activities of the Fund and to build the reputation of the Fund as a modern, open and accessible financial institution.

4. Results of operations

4.1. Implementation of strategic indicators of the Development Plan

Name of KPI	2021		2022		Explanation of reasons for non-fulfilment/ over-fulfilment of indicators	Name of KPI	2021		2022		Explanation of reasons for non-fulfilment/ over-fulfilment of indicators
	Fact	Plan	Fact	% used. plan			Fact	Plan	Fact	% used. plan	
Share of MFI portfolio in the loan portfolio of the Fund,%	27,07%	55%	57%	104%	The overfulfilment of the indicator is associated with an increase in the loan portfolio of MFIs	Revenue of enterprises supported by the Fund (for the year), billion tenge	6 015,6	6 000	10 787	180%	Revenue of enterprises, received support. According to preliminary data, the Fund for 2022 amounted to 10,787 billion tenge.
Share of micro and small entrepreneurs in the total number of supported entrepreneurs,%	88,18%	87,8%	98,61%	112%	Overfulfilment on guarantee and subsidy tools due to an increase in the number of supported projects within the 1- direction "Support for micro and small enterprises" of the National Project for the Development of Entrepreneurship for 2021-2025.	Increase in taxes paid by business entities supported by the Fund, billion tenge	145,6	19	28,3	149%	The increase in taxes paid by business entities that received the support of the Fund, according to the results of 2022, according to preliminary data, amounted to 28.3 billion tenge.
Share of MSMEs that received financial support to the total number of MSMEs operating on the market,%	10,1%	11,1%	9,51%	86%	The non-fulfilment of the indicator is associated with a sharp increase in the number of MSMEs in the market to 1,818,764 units as of 31.12.2022, with the planned 1,500,000 units for the whole year. When planning the indicator at the level of 11.1%, the following values were taken: 144,604 (number of new projects for 2014-2021) + 22074 (planned number of supported MSMEs for 2022)/1500000 (planned number of MSMEs on the market for 2022) * 100. The indicator for the planned number of MSMEs in the market for the 2022 year was 1500000 set based on the data of 2021. - 1,431,647 (for 2021) * 1.05 as the coefficient of increase of this indicator of previous years was approximately 1.05. At the same time, the planned number of new MSME projects for 2022 was 128.6% completed [22,074 units were planned, 28,393 units were supported].	Share of non-state sources of borrowing in the total structure of borrowing for the reporting year,%	46,9%	44,4%	0%	0%	The non-fulfilment of the indicator is due to the fact that market conditions for raising funds from non-state sources during the reporting period were not attractive for both the Fund and STB/MFVLC, due to the high cost of liquidity against the background of an increase in the base rate of the NB RK. An additional factor was the decrease/absence of free limits on the Fund's counterparties. Due to the existence of existing obligations, as well as due to the instability of the financial sector, free limits on STB/MFVLC were reduced, which in turn reduced the number of options for placing funds.
Number of new projects and projects for modernization and expansion of existing production facilities, taking into account the increase in labor productivity and expansion of sales markets (at the end of the year), units.	144 604	166 678	172 997	104%	Slight overfulfilment with an increase in the number of supported projects in the 1- direction "Support for micro and small enterprises" of the National Project for the Development of Entrepreneurship for 2021-2025. on guarantee and subsidy instruments	Digitalization of the Fund's main business processes,%	95,2%	100%	100%	100%	The indicator is measured on an annual basis. At the end of 2022, the indicator was fulfilled. 100% = 84/84 * 100, where: 84 business processes out of all 84 implemented
Share of the private sector in the loan portfolio of the Fund,%	100%	95%	99%	104%	Overfulfilment of the indicator is associated with priority consideration of projects with no state participation	Assessment of trust and satisfaction of MSMEs with the activities of "Damu" Entrepreneurship Development Fund" JSC,%	93,9%	Не менее 80%	91,4%	114%	The assessment of trust and satisfaction of micro, small and medium-sized enterprises with the Fund's activities for 2022, conducted by "ARKAR FINANCE" LLP, amounted to 91.4%.

4.2. Effective asset management

Management of assets and liabilities of the Fund is the process of formation and maintenance of such structure of assets and liabilities of the balance sheet, which ensures achievement of strategic indicators, maintenance of profitability, ensuring compliance of amounts and terms of attraction and placement of funds and minimization of 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 assets and liabilities of the Fund in modern conditions is determined by:

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

The main objectives of the Fund in the management of assets and liabilities are to maintain liquidity at a level sufficient to cover all the needs of cash flows, if possible, a profitable placement of excess liquidity, maintaining sufficient capital to meet any business risks, ensuring the safety of temporarily free funds, solvency for current obligations, the ability to finance emerging investment opportunities.

As of January 1, 2023, the Fund's assets amounted to

 | **427.5 billion tenge**

and increased by

 | **50.0 billion tenge**

compared to the beginning of 2022

In the structure of the Fund's assets, the main share (40%) is the loan portfolio. The share of cash is 20% of total assets, reverse repo transactions - 22%. The Fund's securities portfolio accounts for 5% of total assets.

The Fund's liabilities in 2022 amount to

 | **252.5 billion tenge**

which is

 | **16.3 billion tenge**

more than in the previous period

Equity as of January 1, 2023 amounted to

175.0 billion tenge

▲ 19,580

+ 28.7%

- 0.14%

▲ 3,690.47

+ 0.1%

+ 0.01%

▲ 29,140.36

+ 604.2%

+ 2.14%

▲ 124,825

+ 347.7%

+ 0.31%



4.3. Financial results

The total income of the Fund for 2022 amounted to 93.8 billion tenge, of which income from core activities - 73.5 billion tenge, income from non-core activities - 20.3 billion tenge.

The total expenses of the Fund for 2022 amounted to 41.8 billion tenge. The main share in the Fund's expenses is occupied by corporate income tax expenses - 30%, the cost of creating a reserve and writing off bad claims is 28%, financing expenses are 26%, administrative expenses are 13%.

At the end of 2022, the financial result of the Fund amounted to



51.9 billion tenge



which is 11% more than the planned indicator



5. Profitability indicators

Name	2019 (actual)	2020 (actual)	2021 (actual)	2022 (actual)	2023 (plan)
ROA, return on assets	1,10%	1,37%	6,81%	12,91%	7,25%
ROE, return on equity	4,8%	4,63%	19,18%	32,85%	17,76%
Weighted Average VPA Yield	8%	10,15%	8,9%	12,43%	12,5%
Profitability	20,6%	16,51%	104,31%	124,11%	102,6%
NI margin	19,2%	23,08%	55,64%	70,68%	57,45%
Debt/Equity	2,9	1,99	1,67	1,44	1,35
Share of loan portfolio in assets	77,9%	61,27%	62,10%	40,33%	29,84%

For 2022, the actual value of the Fund's profitability indicators significantly exceeds the planned value, due to the receipt of net income more than the planned level:

- ROA (return on assets) was 12.91%, with a plan of 11.54%;
- ROE (return on equity) amounted to 32.85%, with a plan of 30.07%;
- Profitability of activities amounted to 124.11% with a plan of 155.35%;
- NI margin (net income margin) was 70.68%, with a plan of 63.21%.

The share of the loan portfolio in assets at the reporting date is 40.33%. Execution of the plan is 111%.

Rating

In 2022, S&P Global Ratings confirmed the long-term and short-term credit ratings of the "Damu" Fund for obligations in foreign and national currencies at the level of BBB-/A-3. According to the national scale, the rating of the "Damu" Fund is kzAAA.

Moody's Investors Service in 2022 confirmed the long-term rating of the "Damu" Fund in foreign and national currency at the level of Baa3, the short-term rating in foreign and national currency at the level of P-3. According to the national scale, the rating of the "Damu" Fund is Aa2.kz.



Development Plans

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 the strategic directions, goals, objectives and key indicators, the Fund's Development Plan is developed and adjusted annually.

The "Damu" Fund development plan 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 the relevant public authorities;
- 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;
- analysis of the weaknesses and strengths of the "Damu" Fund";
- results of monitoring the implementation of the "Damu" Fund Development Plan for the current year;
- assessing the effectiveness of the "Damu" Fund";
- annual audited financial statements for the year preceding the current year.

The decision of the Board of Directors of the "Damu" Fund on August 23, 2022 approved the Development Plan of the "Damu" Fund for 2019-2023, which provides for financial indicators planned to implement the strategic objectives of the "Damu" Fund".

As a result of its activities in 2023, the Fund plans to receive gross income of at least 69.5 billion tenge, including from the implementation of programs for the conditional placement of funds at the expense of attracted and own funds, subsidizing the interest rate on loans/leasing transactions of entrepreneurs and guaranteeing loans of entrepreneurs to banks/leasing companies. Also, the "Damu" Fund plans to receive income from non-core activities, which includes income from the treasury portfolio.

Indicators of the Development Plan, in terms of upcoming expenses for 2023 of the "Damu" Fund will not exceed 63.7 billion tenge. In the coming period, the Fund will incur expenses for the payment of remuneration on loans received, administrative and provision costs, corporate income tax expenses, expenses from the initial recognition of financial assets.

As a result, upon achievement of the above indicators of the Development Plan, the "Damu" Fund plans to receive a positive financial result in 2023.

6. Plans for 2023

- 1 Develop and approve the Fund's Development Strategy for the upcoming ten-year period 2024-2033;
- 2 Hold the VII exhibition of Kazakhstan SME producers "ULTYQ ÓNIM" on May 5-7, 2023 in Almaty;
- 3 Obtain an ESG rating from an international rating agency;
- 4 Continue preparations for accreditation to the Green Climate Fund;
- 5 Attract funds from non-state sources (including from international organizations) in order to introduce a sustainable guarantee tool;
- 6 Enhance international cooperation by joining the European Association of Guarantee Institutions (AEGO);
- 7 Develop and implement the Online DAMU mobile application;
- 8 Develop the Women in Business program.
- 9 Implement integration with state databases, including the integration of working systems of the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan and the "Damu" Fund";

Within the framework of the Fund's existing programs, work will continue in 2023 on:

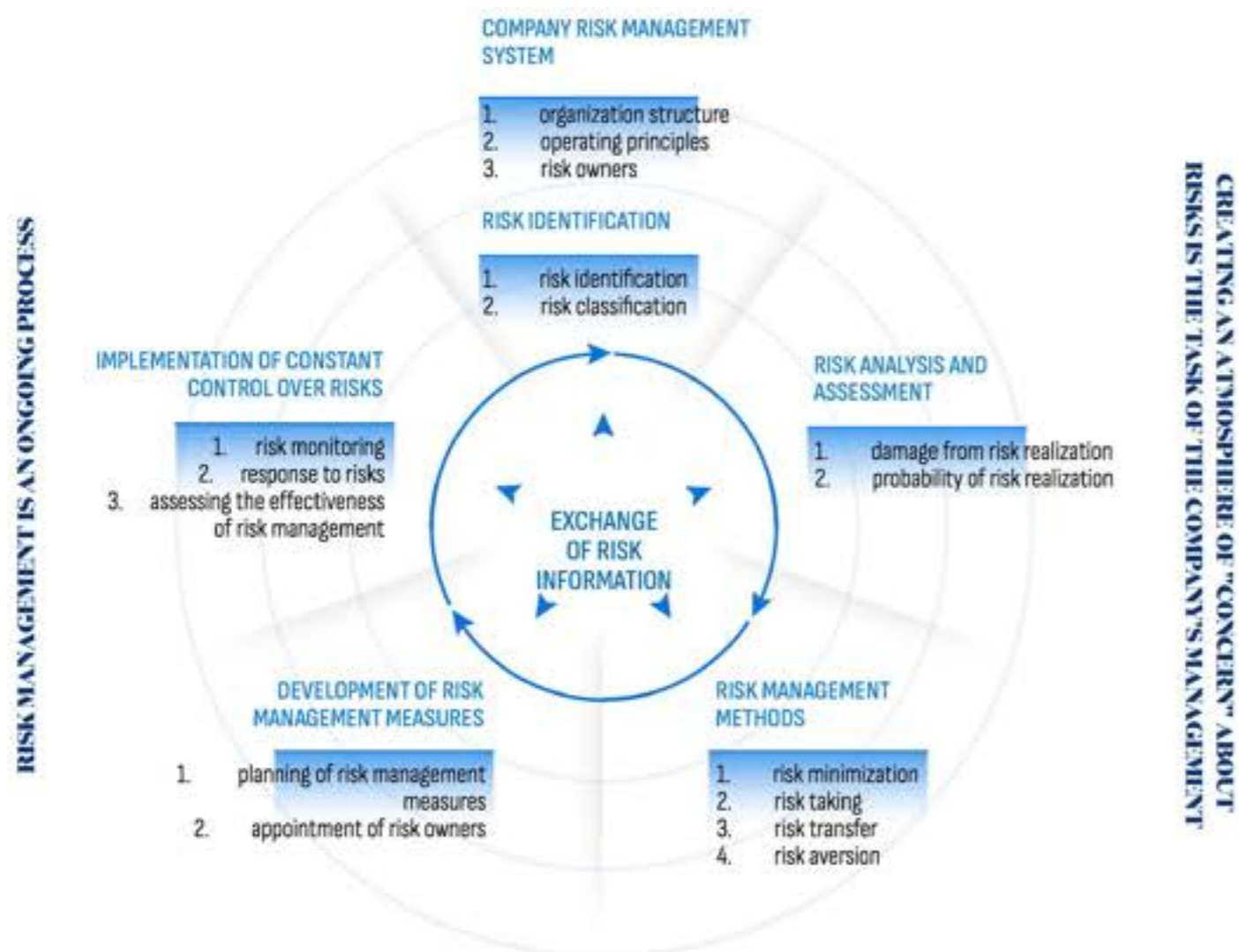
- 1 development of a tool to support social and youth entrepreneurship;
- 2 development of factoring operations tool;
- 3 development of a tool for subsidizing the coupon rate and guaranteeing corporate bonds of MSME.



7. Risk management and Internal control

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

The main element of the Fund's risk management process is its integration with the specifics of the organization, the main principles of activity, business processes and the involvement of each employee in the risk management process. The sequence and continuity of the corporate risk management system of the Fund (hereinafter referred to as the CRMS) is shown in the diagram below.



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

Risk identification and assessment is aimed at providing a common vision of existing risks and their size by carrying out a basic ranking to determine the most "weak" points. This process allows assessing 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 probability of losses or to receive 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 credit risk analysis within the framework of SME project guarantee programs. Taking into account the importance of implementing the program, the Fund annually improves the methodology for assessing project risks, which allows to minimize credit risks at an early stage.

In making decisions on the provision of guarantees or refusal 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 adversely affect the financial performance of the project and, accordingly, increase the level of credit risk of the Fund in the portfolio of issued guarantees.

When managing financial risks in 2022, three risk zones were traditionally allocated: conditional loans to STBs, a portfolio of securities and temporarily free funds to STBs. To minimize them, methods of limiting active operations with counterparty banks, remote analysis of credit risks of STB, LC and corporate issuers were used.

The use of limiting methods became possible as a result of the efforts of the Risk Management Department to improve the methodological and technical framework for financial risk management.

Since the introduction of the risk management system in the Fund, significant work has been done to introduce basic methodological documentation on risk management. In particular, within the framework of centralized measures of JSC "NMH "Baiterek", 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 the adequacy of internal capital and formation of risk appetite (in terms of capital adequacy, profitability and liquidity).

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

In 2022, work continued on operational risk management. Measures were taken to digitalize the risk base and risk register. In this area, all structural divisions of the Fund are involved, a comprehensive package of documents has been approved, including: updated register and risk map, risk management action plans.



All identified and assessed risks are reflected on the risk map. The risk map allows you to assess the relative significance of each risk (compared to other risks), as well as identify 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 related to the following risk groups: strategic, financial (credit, market, liquidity risk), legal and operational. Risks falling into the "red" zone represent the maximum risk exposure of the

Fund's activities. Risks falling into the yellow zone represent an acceptable level of risk exposure. Risks falling into the green zone represent a minimum level of risk exposure.

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

- key risk indicators (KRI) were approved;
- the practice of continuous maintenance of the base of realized and potential risks was introduced;

- plans have been drawn up to restore the Fund's activities, crisis management of the Fund within the framework of the Fund's continuity management system.

According to an independent assessment of the Fund's risk management system by external experts, the final score is 92%.

Key risks

In the Fund, key risks are divided into the following categories.

- a** • The credit risk of the Fund's counterparties is the risk of loss of funds placed in the STB, MFI and LC due to their failure to fulfill their obligations to the Fund.
- b** • Financial risk - the probability of losses due to fluctuations in exchange rates and the unbalanced structure of interest rates.
- c** • Operational risk is a risk that results in losses as a result of inadequate or erroneous internal processes, personnel actions, system operation, as well as losses arising from the occurrence of 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 the requirements of legislation, regulations, agreements, accepted practices or ethical standards.

The internal control system

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

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

- 1** • 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) has been amended/supplemented to include procedures aimed at improving the effectiveness of the internal control system;
- 2** • The concept of "organization of the internal control system" is given in more detail with a detailed description of the three lines of protection of internal control, in which the participants of the internal control system, their competence, as well as powers and duties are established;
- 3** • Five interrelated components of the internal control system (in accordance with the COSO model) are described in detail, including a control environment, risk assessment, control procedures, an 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 conducts:

- 1** • monitoring the implementation of recommendations of the Internal Audit Service in relation to 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 the recommendations of the Sole Shareholder of the Fund - JSC "NMH" Baiterek "and independent directors of the Fund.

According to the results of the assessment of the effectiveness of the internal control system of the IAS Fund, the final score was



92%

8. Corporate and social responsibility policy

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

The staff number of employees of the Fund at the end of 2022 is

454 units



43% | Men

57% | Women

Personnel structure at the end of 2022

Indicator	Total (people)	structure by gender groups, %		structure by age groups, %		
		men	women	up to 30 years	30-50 years old	over 50 years of age
Average headcount of total	380	43%	57%	12%	83,5%	4,5%
Senior Management	5	80%	20%	0%	100%	0%
Middle Managers	47	60%	40%	2%	93,8%	4,2%
Workers	328	40,5%	59,5%	12%	82%	6%

According to 2022 data, the average age of the Fund's employees is **38 years.**

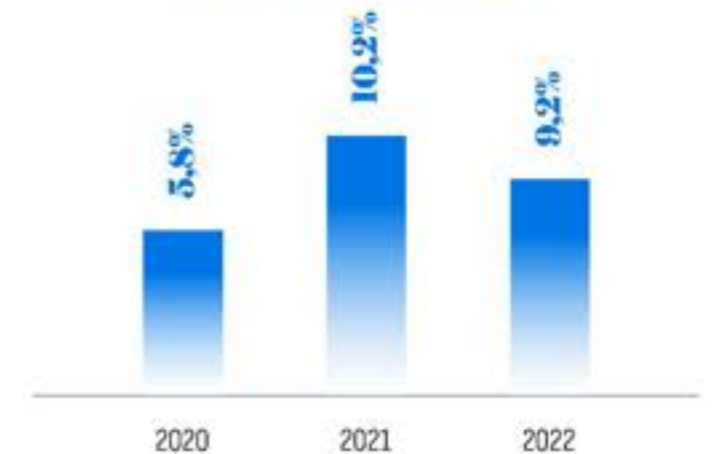
Staff turnover

In 2022, voluntary staff turnover was **9.2%**, while the planned turnover was no more than **13%**.

In the second half of 2022, the Fund's staffing levels were increased by **60 staff** positions and in 2022 the total number of open vacancies was **210**. During the entire year, **127 vacancies** were filled by external candidates, which amounted to 66% of the total number of closed vacancies. **33 vacancies** or **34%** of the total number of closed vacancies were filled through internal transfers.

Thus, at the end of 2022, the Fund had filled **160 vacancies** (internal and external candidates), which amounted to **76.2%** of the total number of open vacancies in 2022.

Staff turnover rate for the period from 2020 to 2022





Staff turnover and number of employees hired in 2022

Indicator	In total	including by gender group		including by age group		
		men	women	up to 30 years	30-50 years old	over 50 years of age
Staff turnover, %	9,2%	51,2%	48,8%	38%	62%	-
Number of employees hired in 2022, people	127	56	71	38	88	1

Personnel reserve

Work is underway to form and develop the human resources potential of the Fund. In 2022, the Personnel Reserve of the Fund was approved in the number of 24 full-time administrative employees, of which 3 employees were transferred to higher positions.

The Fund actively works 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 have been organized.

While in the Personnel Reserve, each reservist prepares a report on his performance of the individual development plan.

Development of corporate culture

The development of corporate culture is the most important element of building a highly efficient organization and a necessary component for achieving the strategic goals of the company, in connection with which a staff survey is conducted annually to analyze the degree of staff involvement, business meetings, meetings of working groups and the HR Policy Committee under the Management Board of the Fund are regularly held.

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

Motivation and remuneration

The Fund's labor efficiency policy is created in order to link the Fund's strategic goals, strategy and business plans with the policy of labor evaluation, motivation and encouragement of employees.

All employees should be aimed at achieving goals and objectives that are based on the strategic objectives of the Fund. The assessment of employee performance depends on the fulfillment of specific tasks, which should be confirmed by key performance indicators of the employee, and therefore, the Fund conducts a quarterly assessment of the activities of administrative employees, on the basis of which the compliance of employees with the positions and the degree of achievement of the set goals are determined.

Employees of the Fund are provided with annual health insurance at the expense of funds provided for in the Fund's budget. In addition, the employees of the Fund are provided with material assistance in the amount of two official salaries in the provision of annual labor leave, material assistance in marriage, birth of a child, as well as material assistance in connection with the death of a family member.

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



Information on maternity leave and parental leave

Indicator	Value (people)	including	
		men	women
Number of maternity leave and parental leave in 2022	23	0	23
Number of employees returning from maternity leave as well as parental leave in 2022	8	0	8

Occupational Health and Safety

The organization of the work process in the Fund in terms of labor protection is aimed at increasing the level of protection of employees, systematic introduction of a safety culture and prevention of accidents. In this area, officials of the Fund are working to improve the regulatory legal acts of the Republic of Kazakhstan in the field of civil protection and the introduction into the daily production cycle.

At the same time, employees, including regional branches, are guided by the Resolutions of the Government of the Republic of Kazakhstan on labor protection of office workers of the Fund. The requirements of regulatory legal acts of the country apply to all labor processes performed by them during work in the offices of the Fund, business trips, as well as during emergency and emergency situations.

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 units and regional branches under the joint Fire Safety Plans for 2022, no violations and penalties were committed by supervisory authorities.

Formation of a system of training and development of personnel

Training and professional development of employees is carried out with the aim of updating and additional acquisition of theoretical and practical knowledge, skills, competencies and skills in the field of professional and managerial activities of employees for the effective performance of their official duties and solving tasks determined in accordance with the Development Strategy of the Fund.

In order to implement this task, the Personnel Policy Committee of the Fund approved the Training Plan for the Fund's employees [Protocol No. KKI 76-2021 of 25.11.2021].

During the reporting year, 446 employees of the Fund were trained at 29 training events, of which some employees trained several times during the year, including in the corporate format. Training within the framework of the annual Plan was aimed at developing the business, personal and professional competencies of employees. Training on IFRS and amendments to the Tax Code, as well as on financial analysis, Kazakh language courses, a number of training events were held for employees of the regional network, in the field of risk management, etc.

Indicators for employee training in 2022

Indicator	For all employees	By Gender Group		By employee category		
		Women	Men	Senior Management	Middle Managers	Workers
Average number of hours of training that employees of the organization completed during the reporting period	63	58	43	21	29	43
Number of employees trained	446	253	193	4	29	416
Number of hours of training	1 849	1 032	817	21	637	1 191

Sponsorship and Charity

Employees of the Fund organized a collection of funds and provided targeted assistance to veterans of the Great Patriotic War, labor veterans and children of war in the form of food baskets.

Charitable assistance in the amount of 5,000,000 tenge was provided to the private charity Fund "Visus4life", the Fund organized an operation for a patient in need of surgery in Moscow.

An organization was organized among the Fund's employees to participate in the annual "Baiterek - Open Hearts" Charity Fair, organized by "Baiterek" National Management Holding" JSC with the participation of subsidiaries. The proceeds from the Fund's corner amounted to 180,400 tenge, the joint efforts of the employees of the Holding and subsidiaries raised funds in the amount of 2,219,710 tenge, which are aimed at organizing a New Year tree and buying gifts for children with complex diseases undergoing long-term treatment.

Results achieved in 2022 in the field of social responsibility

CSR Areas	Indicators	Target values for 2022	Execution
Economic indicators	Amount of funds in the Fund's budget for sponsorship/charitable assistance	Within the framework of the Budget for 2022, under the article "Sponsorship" pledged 5 million tenge	Charitable assistance in the amount of 5,000,000 tenge was provided to the private charity Fund "Visus4life," the Fund organized an operation for a patient in need of surgery in Moscow.
	Gross amount spent by the Fund on sponsorship and charitable assistance to external stakeholders	The target amount planned for 2022 for the provision of sponsorship and charitable assistance to external stakeholders is 5 million tenge	
Human Resources Indicators	Degree of personnel involvement	Above average	In the current year, the assessment of the degree of employee engagement and satisfaction, organized by the Sole Shareholder, was not carried out.
	Number of young professionals who have completed internship or internship within the Fund	15 people	In 2022, the number of young professionals who completed internships/internships at the Fund was 15.
	Number of employees of the Fund trained	185 people	The number of employees trained in 2022 was 446.
	Number of employee appeals to the Ombudsman of the Fund regarding non-compliance with the Code of Business Ethics	not more than 7	In 2022, there were no appeals from employees to the Ombudsman



The annual report on the charitable assistance of the Fund for 2022 was approved by the Board of the Fund of 22.02.2023 (Protocol No. 14/2023) and is reflected in Appendix No. 5 to the annual report.

Code of Business Conduct

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

The Fund's Code of Business Ethics sets corporate values and standards for each employee. Employees of the Fund 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, employees of the Fund are trained and tested for knowledge and understanding of the basic principles of the Fund's Code of Business Ethics.

Corporate Conflict and Conflict of Interest Management Policy

In order to determine the procedures for preventing and managing corporate conflicts, timely identifying and preventing conflicts of interest (hereinafter referred to as "Conflicts"), as well as coordinating the actions of all bodies in the event of a corporate conflict or conflict of interest, the Fund approved the Policy for the Settlement of Corporate Conflicts and Conflicts of Interest (Resolution of the Board of Directors dated April 15, 2015, Protocol No. 60, hereinafter referred to as the Policy).

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.

In the reporting period, the Anti-Corruption Compliance Service of the Fund did not receive requests/appeals from structural divisions of JSC "EDF" Damu "for conflicts of interest.

The Fund also takes measures to form an anti-corruption culture with methods of introducing the principles of integrity, honesty and zero tolerance for corruption manifestations.

Anti-corruption

The Fund highly appreciates its reputation and understands that clients expect honest, fair and impartial performance of the Fund's tasks and implementation of state 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, which is the responsible structural unit for the organization and functioning of the anti-corruption system in the Fund and ensures control over compliance by the Fund with the legislation of the Republic of Kazakhstan, internal and external rules, procedures established in the Fund and the corporate governance system.

The main functions of the Anti-Corruption Compliance Service are to identify and prevent fraud and corruption, effectively resolve conflicts of interest, monitor compliance by the Fund's employees with the requirements of professional ethics and inform the management of known facts of improper behavior of the Fund's employees, which may damage the interests or damage the reputation of the Fund.

The Fund regularly trains employees of the Fund on combating corruption. At the same time, constant work is carried out with newly hired employees of the Fund, who, first of all, are familiarized with the Anti-Corruption Policy.

The purpose of the Policy is to strengthen control over the prevention and detection of corruption, as well as the formation of an atmosphere of their strict non-acceptance in the Fund. Educates the legal culture of the Fund's employees, ensuring compliance with the principles of honesty and transparency in fulfilling labor obligations. To achieve an atmosphere of intolerance to any manifestations of corruption in the Fund, this document includes anti-corruption standards aimed at the formation of value and moral anti-corruption guidelines for the behavior of employees in the exercise of official powers.

Following the results of 2022, the following measures were implemented.

- All employees of the Fund are familiar with the Policy of combating corporate fraud and corruption of the Fund.

In order to prevent, prevent or detect facts of fraud and corruption, improper behavior of employees of the Fund, which may damage the interests or damage the reputation of the Fund, a special section "Combating fraud and corruption" operates on the corporate website of the Fund, where the Hotline is established and each message is necessarily checked, and the anonymity of the message is also provided. Employees and contractors of the Fund, third parties, may inform the Anti-Corruption Compliance Service through any Hotline channel, ensuring the confidentiality and anonymity of the message.

- The Compliance Controller periodically carried out measures aimed at improving the anti-corruption culture of the Fund's employees.

To improve the anti-corruption culture of the Fund's employees, as well as to minimize possible corruption and reputational risks, training was organized and conducted for the Fund's employees in the form of an online game on the topic "Countering Corruption and Fraud."

At the end of 2022, no facts of corruption were allowed by the Fund's employees.

9. Environmental policy

The Fund strives to improve the environmental impact of its ongoing and planned activities. It takes measures to reduce the environmental impact of operating activities, develops "green" products, increases the awareness of entrepreneurs, trains its own specialists in accordance with the Fund's Sustainable Development Policy, and also conducts training seminars on the topic of ecology and its impact.

In 2022, the Fund, as part of the implementation of the green office concept, continued to carry out separate storage and removal of non-hazardous waste and materials to be processed at raw material processing centers as part of the implementation of the green office concept.





In February 2021, the Fund has an Environmental and Social Policy in place. The objectives of the Fund's Environmental and Social Policy are:

- 1** reducing the potential negative environmental and social impact and increasing the potential positive environmental and social effects of the Fund's activities;
- 2** encouraging direct financing clients to develop and maintain appropriate 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 the financing of projects and their implementation.

With regard to the use of environmentally friendly, energy and material-saving technologies, guided by the principles of responsible consumption, the Fund set a goal to reduce electricity consumption for domestic needs. In this regard, the actual decrease in electricity consumption in 2022 was 12% compared to 2021.

Due to the digitalization of business processes and the transition to an electronic form, document circulation on paper has significantly decreased. Removal of non-hazardous waste is carried out in the Fund on the basis of the Service Procurement Contract, which is concluded on an annual basis with service providers.

I would also like to note that in order to increase the environmental orientation of the Fund's partners, amendments to model agreements with the Fund's partners have been approved, taking into account the principles of sustainable development, which have been communicated to all the Fund's partners.

Results achieved in 2022 in the field of ecology

Indicators	2020	2021	2022
Reduced level of energy resources consumption by the Fund compared to previous years, %	Electricity consumption by the Fund in 2020 compared to 2019 decreased by 15.4%	The Fund's electricity consumption increased by 12.5% in 2021 compared to 2020 *	Actual reduction in electricity consumption in 2022 was 12% compared to 2021
Volume of water consumption, cubic meters	1,179 cubic meters	1,293 cubic meters	3,392 cubic meters

*Electricity consumption by the Fund in 2021 compared to 2020 increased by 12.5% due to the accrual of electricity for installed capacity [due to the breakdown and replacement of the transformer board].





10. Corporate governance

The Fund views corporate governance as a means of improving efficiency, ensuring transparency and accountability, strengthening reputation and reducing the cost of raising capital. The Fund considers the proper system of corporate governance as its contribution to ensuring the rule of law in the Republic of Kazakhstan and the factor determining the place of the Fund in the modern economy and society as a whole. The corporate governance system provides for a clear delineation of powers and responsibilities between the bodies, officials and employees of the Fund.

The fundamental principles of corporate governance are:

- | | |
|---|---|
| <p>01 the principle of delimitation of powers</p> | <p>05 the principle of risk management, internal control and internal audit</p> |
| <p>02 the principle of protection of the rights and interests of the Sole Shareholder</p> | <p>06 the principle of managing corporate conflicts and conflicts of interest</p> |
| <p>03 the principle of effective management of the Fund by the Board of Directors and the Management Board</p> | <p>07 principles of transparency and objectivity of disclosure of information on the Fund's activities</p> |
| <p>04 the principle of sustainable development</p> | |

10.1. Corporate Governance System

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

1. Supreme Body - Sole Shareholder;
2. Management body - Board of Directors;
3. Executive Body - Management Board;
4. The body exercising control over the financial and economic activities of the Fund - the Internal Audit Service;
5. Internal Credit Policy Body - Credit Committee;
6. The body to improve the management of the assets and liabilities of the Fund in order to achieve the principles of diversification of assets and liabilities, optimize financial risks and ensure financial stability - the Asset and Liability Management Committee;
7. The body carrying out work on the return of problem receivables arising as a result of the implementation of credit, leasing, investment, documentary, economic activities of the Fund - the Committee for Work with Problem Assets;
8. Other bodies established in accordance with the legislation of the Republic of Kazakhstan

In 2022, 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 2022 was reviewed by the Board of Directors and approved by a resolution of the Board of Directors on April 24, 2023 (Protocol No. 02/2023).

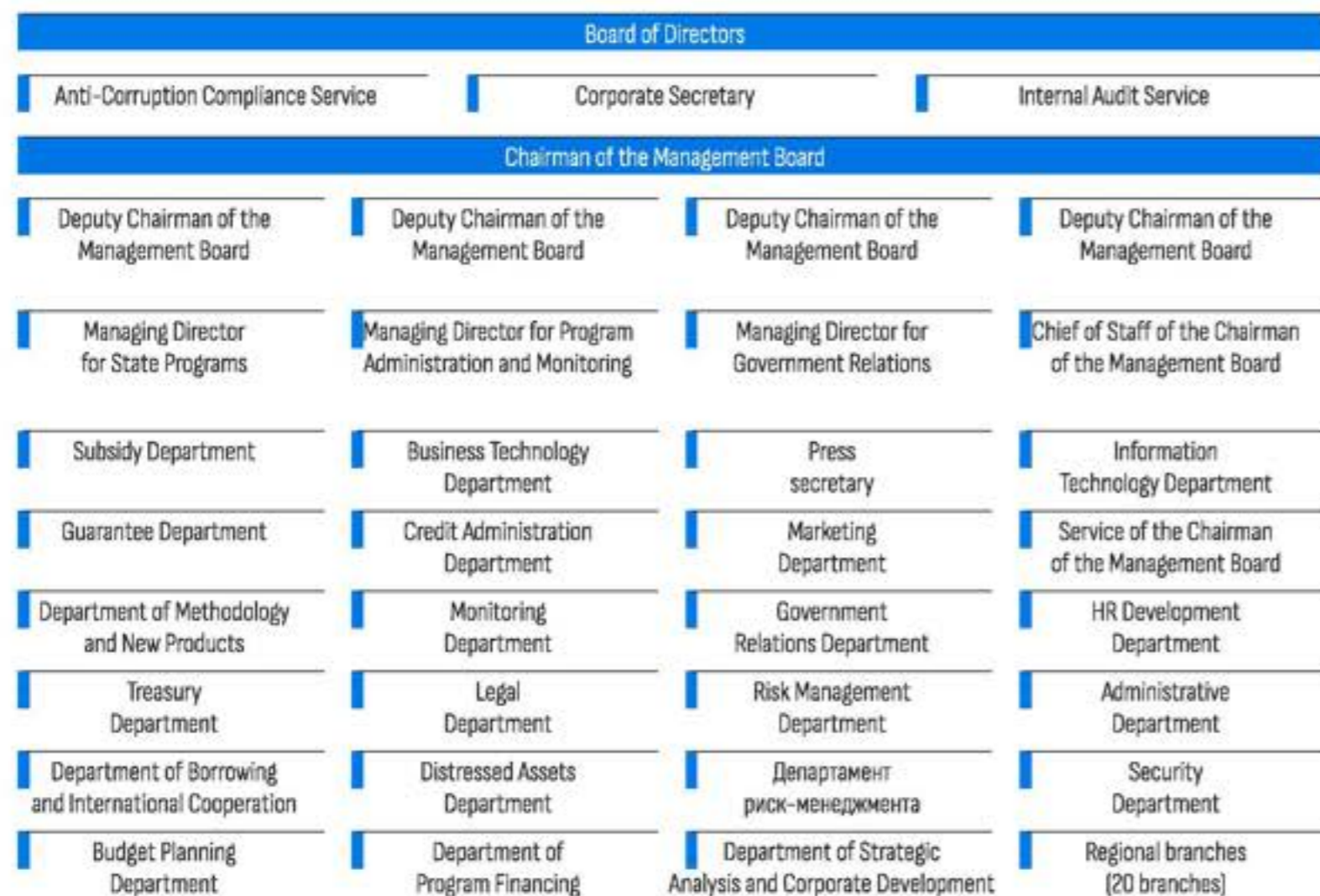
The Report on compliance/non-compliance with the principles and provisions of the Fund's Corporate Governance Code for 2022 is displayed in Appendix No. 3 to the annual report (the full version of the Report is available on the Fund's corporate website).

In accordance with the requirements of the Corporate Governance Code, the Fund is obliged to conduct an independent assessment of corporate governance at least once every three years. Based on the results of December 2021 independent diagnostics of corporate governance, compliance of the level of corporate governance with the requirements of best practice is 90.8%.



10.2. Organizational Structure

The organizational structure of the Fund makes it possible to effectively solve strategic goals and objectives. The structure of the Fund consists of **5 members of the Management Board, 6 independent structural units (Managing Directors, Chief of Staff, Corporate Secretary), 21 departments, 3 services, 20 regional branches.**



10.3. Sole Shareholder

The sole shareholder of the Fund is JSC "NMH "Baiterek" (hereinafter referred to as the Holding).

The Holding's mission is to support the sustainable economic development of the Republic of Kazakhstan in order to achieve the objectives set out 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 Holding Group of Companies.

Type of security	Common shares
ISIN	KZ1C00002286
Issue Registration Date	13.05.2020
Nominal value *	100,000 tenge
Number of authorized shares	27 962 244
Number of outstanding shares	27 762 244
Number of shares held by the shareholder	27 762 244
Shareholder Information	JSC "NMH "Baiterek"
Share of the shareholder from the placed shares	100%
Share of the shareholder from voting shares	100%

* Value of the last placement of shares

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

10.4. Board of Directors

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

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

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

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

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

The sole shareholder elects members of the Board of Directors of the Fund in 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 candidates.

As of January 1, 2023, the Board of Directors of the Fund has 7 members, of which 3 are independent directors, which corresponds to the best corporate governance practice.

Composition of the Board of Directors

Chairman of the Board of Directors

Smailov Alikhan Askhanovich

1972, date of election as a member of the Board of Directors of the Fund on March 13, 2019, date of election as Chairman of the Board of Directors on April 19, 2019.

Until January 19, 2022



- 1994 In 1994 he graduated from the Kazakh State National University named after Al-Farabi majoring in applied mathematics, in 1996 - Kazakhstan Institute of Management, Economics and Forecasting under the President of the Republic of Kazakhstan, awarded a master's degree in public administration;
- 1993-1999 In 1993-1999, worked as a chief specialist in the investment and privatization fund "A-Invest"; Deputy Head of Department, Head of Department of the National Statistical Agency of the Republic of Kazakhstan; Deputy Chairman of the Committee on Statistics and Analysis of the Agency for Statistical Planning and Reforms of the Republic of Kazakhstan; chief expert, head of the economic sector of the department, state inspector of the Administration of the President of the Republic of Kazakhstan;
- 1999-2003 Chairman of the Agency of the Republic of Kazakhstan on Statistics
- 2003-2006 Vice Minister of Foreign Affairs of the Republic of Kazakhstan, Chairman of the Board of JSC State Insurance Company for Insurance of Export Credits and Investments
- 2006-2009 Vice Minister of Finance of the Republic of Kazakhstan, President of National Economy "KazAgro"
- 2009-2014 Chairman of the Agency of the Republic of Kazakhstan on Statistics
- 2014-2015 Chairman of the Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan
- 2015-2018 Assistant to the President of the Republic of Kazakhstan
- 09.2018-02.2019 Minister of Finance
- 02.2019 First Deputy Prime Minister - Minister of Finance. He was reappointed to this position [18.01.2021].
- 01.2022 Prime Minister of the Republic of Kazakhstan [11.01.2022-30.03.2023]. He was reappointed to this position [30.03.2023].

The information is taken from the website <https://primeminister.kz/ru/government/composition/smailov>



Chairman of the Board of Directors

Sultanov Bakhyt Turlykhanovich



1971, date of election as a member of the Board of Directors of the Fund on January 19, 2022, date of election as Chairman of the Board of Directors on February 22, 2022.

from February 4, 2022 until April 26, 2022

1994 Leading Economist of the Department of corporatization and licensing of the Financial Market Securities Department of the Ministry of Finance of the Republic of Kazakhstan

1995-2002 Head of Department, Deputy Head of Department, Deputy Director of the Budget Department, Director of the Public Procurement Department, Deputy Director of the Treasury Department, Deputy Director of the Budget Department, Director of the State Budget Department of the Ministry of Finance of the Republic of Kazakhstan

2002-2003 Director of the Department of Budget Policy and Planning of the Ministry of Economy and Budget Planning of the Republic of Kazakhstan

2003-2006 Vice Minister of Economy and Budget Planning of the Republic of Kazakhstan

2006-2007 Chairman of the Agency on Statistics of the Republic of Kazakhstan

2007 Vice Minister of Finance of the Republic of Kazakhstan

2007-2010 Minister of Economy and Budget Planning of the Republic of Kazakhstan

2010-2012 Assistant to the President of the Republic of Kazakhstan

2012-2013 Deputy Head of the Administration of the President of the Republic of Kazakhstan

11.2013-08.2014 Deputy Prime Minister of the Republic of Kazakhstan - Minister of Finance of the Republic of Kazakhstan; reassigned - from 04.04.2014;

08.2014-09.2018 Minister of Finance of the Republic of Kazakhstan (

2018-2019 Mayor of the city of Astana

06.2019-01.2022 Minister of Trade and Integration of the Republic of Kazakhstan

2022 Deputy Prime Minister - Minister of Trade and Integration of the Republic of Kazakhstan

from 06.10.2022 Member of the Board of the Eurasian Economic Commission

Chairman of the Board of Directors

Zhamaubayev Yerulan Kenzhebekovich



1974, date of election as a member of the Board of Directors of the Fund on April 26, 2022, date of election as Chairman of the Board of Directors on May 3, 2022.

1996-1998 Intern teacher, teacher of the Kazakh State Academy of Management

1998-2006 Leading analyst, chief analyst, chief specialist analyst, head of department, deputy director of the Department of Research and Statistics of the National Bank of the Republic of Kazakhstan

2006-2014 Director of the Coordination Department of the National Bank of the Republic of Kazakhstan

2014-2015 Managing Director of Housing Construction Savings Bank of Kazakhstan JSC

07.2015-11.2015 Deputy Head of the Department of Socio-Economic Monitoring of the Presidential Administration of the Republic of Kazakhstan

11.2015-11.2018 Head of the Department of Socio-Economic Monitoring of the Presidential Administration of the Republic of Kazakhstan

11.2018-03.2019 Assistant to the President of the Republic of Kazakhstan

03.2019-05.2020 Executive Secretary of the Ministry of Finance of the Republic of Kazakhstan

05.2020-01.2021 Minister of Finance of the Republic of Kazakhstan, reassigned from 11.01.2022-29.03.2022)

with 29.03.2022) Deputy Prime Minister - Minister of Finance of the Republic of Kazakhstan

Member of the Board of Directors

Timur Mekeshevich Zhaksylykov



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).

1993-1996 Executive Rector of Kazakhstan Agrotechnological University

1997-1998 Chief Specialist, Head of the Department of the Agency of the Republic of Kazakhstan for Strategic Planning and Reforms

1998-1999 Head of the sector of the Center for Analysis and Strategic Studies of the Presidential Administration of the Republic of Kazakhstan

1999-2002 Head of the sector of the Analytical Center of the Security Council of the Republic of Kazakhstan

2003-2004 Director of the Department for WTO Accession of the Ministry of Industry and Trade of the Republic of Kazakhstan

2004-2005 Head of the World Trade Organization Group of Representatives in Geneva

2005 First Secretary of the Permanent Mission of the Republic of Kazakhstan in the Swiss Confederation of the Ministry of Foreign Affairs of the Republic of Kazakhstan

2006 Director General of the RSE "Institute of Economic Research" of the Ministry of Economy and Budget Planning of the Republic of Kazakhstan

2006-2007 Director of the State Enterprise "Center for Sustainable Development of the Capital" of the office of the Mayor of Astana

2007-2008 Director of the Department of Economics and Budget Planning of Astana city

2008-2009 Deputy Akim of Astana

2009-2010 Vice Minister of Industry and Trade of the Republic of Kazakhstan, Chairman of the Investment Committee of the Ministry of Industry and New Technologies

2010-2011 Chairman of the Board of "Investment Fund of Kazakhstan" JSC

2012-2017 Vice-Minister of National Economy of the Republic of Kazakhstan

2017-2021 Member of the Board (Minister) of the Eurasian Economic Commission (EEC) on Economics and Financial Policy

2018 Assistant to the President of the Republic of Kazakhstan

from 2021 First Vice Minister of National Economy

Member of the Board of Directors

Adil Bektasovich Mukhamedzhanov



1981, date of election as a member of the Board of Directors of the Fund on June 18, 2021 (from April 5, 2022, re-elected for a 3-year term of office of the Board of Directors).

2003-2004 Specialist of the Project Management Department in "KazTransOil" JSC

2004-2016 Financial Manager, Vice President, Member of the Board of Directors of Caspian Energy Inc, "Aral Petroleum Capital" CJSC

2010-2011 Chairman of the Management Board of "Ditan" Open Accumulative Pension Fund" JSC

2008-2016 Member of the Board of Directors of "AsiaCreditBank" JSC

2016-2021 Chairman of the Board of "Kazakhstan Housing Company" JSC

since May 31, 2021 he has been Deputy Chairman of the Management Board of JSC "NMH "Balterek"

Independent Director

Batalov Raimbek Anvarovich



«1970, date of election as a member of the Board of Directors of the Fund on June 10, 2020 (from April 5, 2022, re-elected for a 3-year term of office of the Board of Directors).»

in the 90s he was among the managing directors of the "Ridder Invest" metallurgical complex, led the work of the "Novodzhambulsky Phosphorus Plant" chemical complex, and managed the Tobolsk elevator, a sugar plant in Merke, Shymkent TPP-3.

since 1992 Founder of "Raimbek" Trading Company, Chairman of the Board of Directors of "Raimbek" Holding

since 2002 he has been the Chairman of the Council of the Forum of Entrepreneurs of Kazakhstan.

since 2005 he heads the Kazakhstan 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 Coordinating Council chaired by the Prime Minister of the Republic of Kazakhstan. He is also a member of the Council on Entrepreneurship 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).

since September 2015 he has been 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.

from 02.2022 Member of the Presidium of the National Chamber of Entrepreneurs of Kazakhstan, Acting Chairman of the Presidium of the National Chamber of Entrepreneurs of the Republic of Kazakhstan "Atameken," Chairman of the Presidium of the National Chamber of Entrepreneurs "Atameken"

since 03.03.2022 Member of the Supreme Council under the President of the Republic of Kazakhstan on Reforms

Independent Director

Elena Bakhmutova



1962, date of election as a member of the Board of Directors of the Fund on September 19, 2018 (from April 5, 2022 she was re-elected for a 3-year term of office of the Board of Directors).

1983-1984 Senior Engineer KSMK-1 Alma-Atasselstroy trust No. 7

09.1984-09.1989 Economist of the Research Economic Institute of Planning and Standards under the State Planning Committee of the Kazakh SSR

09.1989-02.1991 Senior Economist of the Ministry of Social Security of the Kazakh SSR

02.1991-05.1992 Economist of the "Elim-A" film business association

05.1992-12.1998 Lead, chief economist, head of department, deputy head of department for social sphere, deputy director of Budget department of the Ministry of Finance of the Republic of Kazakhstan

12.1998-04.2001 Director of the Budget Department of the Ministry of Finance of the Republic of Kazakhstan

04.2001-09.2002 Vice-Minister of Labor and Social Protection of the Population of the Republic of Kazakhstan

09.2002-01.2004 Director of the Financial Supervision Department of the National Bank of the Republic of Kazakhstan

01.2004-01.2008 Deputy Chairman of the Agency of the Republic of Kazakhstan for Regulation and Supervision of the Financial Market and Financial Organizations

01.2008-04.2011 Chairman of the Agency of the Republic of Kazakhstan on regulation and supervision of the financial market and financial organizations

01.2012-01.2016 Deputy Chairman of the Management Board of "Samruk-Kazyna" JSC

01.2016-11.2016 Managing Director for Finance and Operations of "Samruk Kazyna" JSC

11.2016-08.2018 Chairman of the Board of the non-profit JSC "Social Health Insurance Fund"

since 24.08.2018 Chairman of the Council of the Association of Financiers of Kazakhstan

Independent Director

Nurgalieva Asem Bolatzhanovna



1983, date of election as a 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).

2006-2007 Marketer/PR-manager of NPF "BTA Kazakhstan"

2007-2012 Director of the Strategic Marketing Department of NPF "RESPUBLIKA" (pension fund, investment)

2012-2014 Managing Director/Director of the Strategic Marketing Department of the insurance company "STANDARD" (general insurance)

2013-2015 Head of Marketing Analysis and Promotion Department of "BANK ASTANA" JSC

from 2015 Director for Business Development, Executive Director of "First Credit Bureau" LLP

from 2018 Member of the Board of Directors of the Association of Microfinance Organizations of Kazakhstan

from 2019 Member of the Board of Directors, member of the Internal Control and Audit Committee of MDO KHUMD CJSC (Tajikistan)

*By the decision of the Sole Shareholder dated 22.02.2023, Protocol No. 07/23, the powers of A.B. Nurgalieva were prematurely terminated on her own initiative.

Buribayeva Gaukhar Asylbekovna



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

12.2003-12.2004	Manager at South Korea Transportation Company GreenintegratedLogisticsCo.LTD
01.2005-09.2006	Chief Specialist of the Financial Monitoring Department of Food Contract Corporation JSC of the Ministry of Agriculture of the Republic of Kazakhstan
09.2006-05.2009	Chief Manager of the Project Lending Department, Chief Front Manager of the Project Directorate of Development Bank of Kazakhstan JSC
05.2009-10.2009	Chief Manager of the Investment Project Administration Department of "Samruk-Kazyna Invest" LLP
12.2009-03.2010	Chief Manager of the Corporate Business Department of Alliance Bank JSC
03.2010-08.2011	Deputy Head of the Project Directorate of "Development Bank of Kazakhstan" JSC
08.2011-02.2013	Executive Director for Development of JSC "National Center for Transport Logistics Development" (now JSC "KTZ Express")
02.2013-08.2013	Head of Strategy and Analytical Research Department, NC KTZ JSC, Transport Logistics Development Center branch
08.2013-03.2017	Vice-President for Financial and Economic Affairs of the subordinate organization of the Office of the President of the Republic of Kazakhstan
03.2017-07.2017	Director of the Administrative Department of "Damu" Entrepreneurship Development Fund" JSC
07.2017-06.2018	Managing Director of "Damu" Entrepreneurship Development Fund" JSC
06.2018-04.2019	Deputy Chairman of the Management Board of "Damu" Entrepreneurship Development Fund" JSC
since April 2019 -	Chairman of the Management Board of "Damu" Entrepreneurship Development Fund" JSC.

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

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 relations with the Fund, its management or its property, which 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, the executive body and other stakeholders.

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

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

During 2022, the following changes occurred in the composition of the Board of Directors

- 1 By the decision of the Management Board of "Baiterek" National Management Holding" JSC dated January 19, 2022 (Protocol No. 02/22), the powers of a member of the Board of Directors Smailov A.A. were prematurely terminated, B.T. Sultanov was elected a member of the Board of Directors;
- 2 By the decision of the Management Board of "Baiterek" National Management Holding" JSC dated March 17, 2022 (Protocol No. 14/22), the composition of the Board of Directors was determined in the amount of 7 (seven) people, the term of office was established - 3 (three) years from April 5, 2022;
- 3 By the decision of the Management Board of "Baiterek" National Management Holding" JSC dated April 26, 2022 (Protocol No. 19/22), the powers of a member of the Board of Directors B.T. Sultanov were prematurely terminated, in connection with which Y.K. Zhamaubayev was elected a member of the Board of Directors;
- 4 By the decision of the Board of Directors of the Fund dated May 3, 2022 (Protocol No. 05/22), Y.K. Zhamaubayev was elected Chairman of the Board of Directors with a term of office until the expiration of the term of office of the Board of Directors of the Fund as a whole.

Newly elected directors are provided with information related to key aspects of the Fund's activities, including the current Development Strategy of the Fund for 2014-2023, the main internal regulatory documents (Charter, regulations of the Board of Directors, committees, Management Board, etc.), reports of the Internal Audit Service, etc.

Report on the activities of the Board of Directors and its committees

In 2022, 12 meetings of the Board of Directors were held, including 8 in-person and 4 in-absentia meetings of the Board of Directors, more than 70 issues were considered. In the reporting year, more than 25 meetings of committees under the Board of Directors were held, all meetings of committees were held exclusively in person.

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

2022 год	In-person meeting	Absentee meeting	In total
Q1	1	1	2
Q2	3	1	4
Q3	2	1	3
Q4	2	1	3
TOTAL:	8	4	12

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

2022 год	In-person meeting	Absentee meeting	In total
Q1	8	6	14
Q2	20	1	21
Q3	16	4	20
Q4	17	2	19
TOTAL:	61	13	74

Key matters considered by the Board of Directors in 2022

In the reporting period, the Board of Directors considered the following issues: establishment of an anti-corruption compliance service and approval of the service regulations; establishing new regional branches in the Abai regions, Zhetysu and Ulytau and approving regulations on them, approval of the report on the results of corporate governance diagnostics and the action plan to improve corporate governance for 2022-2024, determining the composition of the committees of the Board of Directors, making changes and additions to the Development Strategy for 2014-2023, appointment of the Ombudsman of the Fund, consideration of the report on the assessment of the activities of the Board of Directors following the results of 2021, followed by submission to the Sole Shareholder for consideration, approval of risk management regulations and reports, approval of quarterly risk reports, preliminary approval of the annual financial statements, formation of a proposal for the procedure for distribution of net income of the Fund, approval of the report on the implementation of the Development Strategy, preliminary approval of the Annual Report of the Fund, approval of the report on the performance of key performance indicators of managers, approval of the Map of key performance indicators of managers and their target values, approval of changes (adjustments) to the indicators of the Fund's Development Plan, issues of the Internal Audit Service, compliance controller, corporate secretary, and so on.

Participation in meetings of members of the Board of Directors of the Fund in 2022:

Members of the Board of Directors	Participation	%
Zhamaubayev Yerulan Kenzhebekovich (since April 26, 2022)	8/8	100%
Batalov Raimbek Anvarovich	12/12	100%
Bakhmutova Elena Leonidovna	12/12	100%
Zhaksylykov Timur Mekeshevich	12/12	100%
Mukhamedzhanov Adil Bektasovich	11/12	92%
Nurgalieva Asem Bolatzhanovna	12/12	100%
Buribayeva Gaukhar Asylbekovna	12/12	100%

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



The composition of the Committees was approved by the following members of the Board of Directors:

Audit and Risk Management Committee

Chairman of the Committee	Bakmutova E.L., Independent Director
Member of the Committee	R.A. Batalov, Independent Director
Member of the Committee	A.B. Nurgalieva, Independent Director
Member of the Committee	A.B. Mukhamedzhanov, member of the Board of Directors, representative of the Sole Shareholder

Nomination, Remuneration and Social Affairs Committee

Chairman of the Committee	A.B. Nurgalieva, Independent Director
Member of the Committee	R.A. Batalov, Independent Director
Member of the Committee	Bakmutova E.L., Independent Director
Member of the Committee	A.B. Mukhamedzhanov, member of the Board of Directors, representative of the Sole Shareholder

Strategic Planning and Corporate Development Committee

Chairman of the Committee	R.A. Batalov, Independent Director
Member of the Committee	Bakmutova E.L., Independent Director
Member of the Committee	A.B. Nurgalieva, Independent Director
Member of the Committee	A.B. Mukhamedzhanov, member of the Board of Directors, representative of the Sole Shareholder

The Committee for Strategic Planning and Corporate Development

The Committee for Strategic Planning and Corporate Development prepares recommendations on the development of priority areas of activity (development), strategic goals (development strategy), corporate development issues, including the development of measures to improve the efficiency of the Fund's activities in the medium and long term, its profitable activities and sustainable development.

In the reporting year, 8 in-person meetings of the Committee were held, 22 issues were considered, including preliminary approval of the Annual Report of the Fund for 2021, Reports on the implementation of the Fund's Strategy, Development Plans of the Fund (adjustment), and so on.

The Audit and Risk Management Committee

The Audit and Risk Management Committee is 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 implementation of documents in the field of corporate governance, monitoring the independence of external and internal audit and compliance controller, compliance with the legislation of the Republic of Kazakhstan, internal documents, to prepare 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 2022, 9 in-person meetings of the Committee were held, where 49 issues were considered, including preliminary approval of the quarterly reports of the Internal Audit Service, quarterly reports on the risks of the Fund, the annual financial statements of the Fund for 2021 and other issues.

The Nomination, Remuneration and Social Affairs Committee

The 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, appointment and remuneration system, as well as assessment of the activities of the members of the Board of Directors of the Fund, members of the Management Board of the Fund, succession planning of the Chairman and members of the Management Board and evaluation of the activities of the Corporate Secretary.

In 2022, 11 in-person meetings of the Committee were held, at which 21 issues were considered, including maps of key performance indicators of the Fund's managers for 2022 (functional KPIs), execution of functional KPIs for 2021, and so on.

In general, more than 90 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.

The assessment of the activities of the Board of Directors and its committees (hereinafter referred to as the 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 identify strengths and weaknesses (advantages and disadvantages) of the Fund's Board of Directors;
- make adjustments to the work and adjust the target areas of activity of the Board of Directors of the Fund;
- determine how the structure and composition of the Board of Directors of the Fund contribute to solving the strategic tasks of the Fund;
- determine the efficiency 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:

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

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

In accordance with the recommendations of the best international corporate governance practices, the Board of Directors decided to conduct an assessment of the performance of the Board of Directors, members of the Board of Directors and Committees of the Board of Directors of the Fund for 2022 on its own and submit information on the results of the assessment conducted for 2022 to the Sole Shareholder of the Fund.

In March 2023, a comprehensive questionnaire 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 of April 24, 2023, Protocol No. 02/2023, the activities of the Board of Directors, members of the Board of Directors and Committees of the Board of Directors of the Fund for 2022 were recognized as effective.

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

The average self-assessment 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 averaged 3.9 points, which is comparable to similar estimates for 2021.

The results of the self-assessment also highlighted the strengths such as the 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 performance and active attitude of independent directors.

The results of the assessment showed that the members of the Board of Directors responsibly perform 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 members of the Board of Directors of the Fund is assessed positively and recognized as effective.



Composition of the Management Board

Chairman of the Board

Buribayeva Gaukhar Asylbekovna

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



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

- 12.2003-12.2004 Manager at South Korea Transportation Company GreenIntegratedLogisticsCo.LTD
- 01.2005-09.2006 Chief Specialist of the "Financial Monitoring Department of Food Contract Corporation" JSC of the Ministry of Agriculture of the Republic of Kazakhstan
- 09.2006-05.2009 Chief Manager of the Project Lending Department, Chief Front Manager of the Project Directorate of Development Bank of Kazakhstan JSC
- 05.2009-10.2009 Chief Manager of the Investment Project Administration Department of "Samruk-Kazyna Invest" LLP
- 12.2009-03.2010 Chief Manager of the Corporate Business Department of Alliance Bank JSC
- 03.2010-08.2011 Deputy Head of the Project Directorate of Development Bank of Kazakhstan JSC
- 08.2011- 02.2013 Executive Director for Development of JSC "National Center for Transport Logistics Development" (now JSC "KTZ Express")
- 02.2013-08.2013 Head of Strategy and Analytical Research Department, NC KTZ JSC, Transport Logistics Development Center branch
- 08.2013-03.2017 Vice-President for Financial and Economic Affairs of the subordinate organization of the Office of the President of the Republic of Kazakhstan
- 03.2017-07.2017 Director of the Administrative Department of "Damu" Entrepreneurship Development Fund" JSC
- 07.2017-06.2018 Managing Director of "Damu" Entrepreneurship Development Fund" JSC
- 06.2018-04.2019 Deputy Chairman of the Management Board of "Damu" Entrepreneurship Development Fund" JSC
- since April 2019 Chairman of the Management Board of "Damu" Entrepreneurship Development Fund" JSC.

10.5. Board

The Management 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 referred by legislative acts of the Republic of Kazakhstan and the Fund's Charter to the competence of other bodies and officials of the Fund, including on issues referred by law and the Fund's Charter to its competence.

Deputy Chairman of the Management Board

Galym Nurgazievich Nurgaziyev

1972, the date of election as Deputy Chairman of the Board of the Fund on December 15, 2017, September 27, 2022, the employment contract was terminated.

Supervises and coordinates the work of the Information Technology Department, the Marketing Department, the Risk Management Department and regional branches.



- 02.1997-06.1997 Executive Director of Asia Business LLP
- 06.1997-07.2000 Deputy Director, General Director of Zhetysay OPC
- 12.2000-01.2001 President of Daur Limited LLP
- since 2001 Chief Manager, Commercial Director of KazTransGas CJSC, Deputy General Director, Managing Director, Director of the Department of KazTransGas JSC.
- 01.2014-10.2014 Deputy Director of the Oil Industry Development Department of the Ministry of Oil and Gas of the Republic of Kazakhstan
- 10.2014-04.2016 Director of the Gas Industry Development Department of the Ministry of Energy of the Republic of Kazakhstan
- 04.2016-09.2017 Deputy Chairman of the Board of NJSC "State Corporation" Government for Citizens'
- 09.2017-12.2017 Chairman of the Supervisory Board of "Asia Logistics" LLP
- since december 2017 he has been Deputy Chairman of the Management Board of "Damu" Entrepreneurship Development Fund" JSC.

Deputy Chairman of the Management Board

Farkhat Kainarovich Sarsekeev

1984, date of election as Deputy Chairman of the Board of the Fund May 04, 2019

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.



2005-2006 Credit Manager of Small and Medium Business Lending Department of "Kazkommertsbank" JSC

2008-2009 Credit Manager Corporate Business Department of "Demir Bank Kazakhstan" JSC

2009-2010 Chief Specialist of Restructuring and workout "ATF Bank" JSC (UniCredit Group)

2010-2012 Chief Front Manager Asset Restructuring Department of "Development Bank of Kazakhstan" JSC

2012-2015 Deputy Director of the Department for Relations with National Companies and Development Institutions of SB "Sberbank" JSC

2015-2018 Deputy Director of the Corporate Business Branch in Karaganda, SB "Sberbank" JSC

2018-05.2019 Managing Director of "Damu" Entrepreneurship Development Fund" JSC

since may 2019, he has been Deputy Chairman of the Management Board of "Damu" Entrepreneurship Development Fund" JSC

Deputy Chairman of the Management Board

Makazhanov Bakhytzhhan Nigmedzhanovich

1990, date of election as Deputy Chairman of the Board of the Fund 07 October 2019

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



2012-2013 Manager of the Strategy and Corporate Development Department of Kazgeologiya JSC

2014-2015 Deputy Chairman of the Management Board - member of the Management Board of Rehabilitation and Asset Management Company JSC

2015-2016 Director of the Department of Forecasting, Public Procurement, Accounting and Reporting of Rehabilitation and "Asset Management Company" JSC

2018-2019 Deputy Chairman of the Management Board - member of the Management Board of "Investment Fund of Kazakhstan" JSC

since october 2019 he has been Deputy Chairman of the Management Board of "Damu" Entrepreneurship Development Fund" JSC

Deputy Chairman of the Management Board

Yerskakov Yerbol Amangeldinovich

Born in 1982, date of election as Deputy Chairman of the Board of the Fund on March 6, 2020

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



2003-2006 Investigator in the Department of Internal Affairs of Akmola region

2006-2011 Chief Specialist of the Legal Department of "ATF Bank" JSC, Almaty

2011-2014 Head of Legal Expertise Department, "Development Bank of Kazakhstan" JSC, Astana

2014-2016 Head of the Department of Legal Support of the National Bank of the Republic of Kazakhstan, Almaty

2016-2017 Deputy General Director-Director of the Legal Department of "AD Kirovka" JSC - mortgage organization, Almaty

2017-2020 Director of the Department for Working with Distressed Assets of "Damu" Entrepreneurship Development Fund" JSC

since march 2020 he has been appointed Deputy Chairman of the Management Board of "Damu" Entrepreneurship Development Fund" JSC

Deputy Chairman of the Management Board

Bapayev Murat Mirkurbanovich

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

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



2002-2003 Representative of the sales department of "Gallaher Kazakhstan" LLP

2003-2004 Manager of wholesale sales of LLP "Gallaher Kazakhstan"

2004-2005 Regional Supervisor of "LG Electronics Almaty Kazakhstan" JSC

2005-2008 Regional manager of "Milagro Foods" LLP

2007-2011 Sales and Marketing Manager "Insurance Company Generali Life" JSC

2012-2014 Chairman of the Management Board of OJSC "Dian" JSC

2014-2017 Director of "Kuzey" LLC

2018-2019 Director of "Fintex" LLP

2019-2020 Director of the Department of International Cooperation of "Damu" Entrepreneurship Development Fund" JSC

2020 Director of the Marketing and International Cooperation Department of "Damu" Entrepreneurship Development Fund" JSC

2020-2021 Managing Director-Director of the Customer Service and Regional Development Department of "Damu" Entrepreneurship Development Fund" JSC

2021-2022 Managing Director-Director of the Department of Borrowing and International Relations

Since July 2022, he has been appointed Deputy Chairman of the Management Board of "Damu" Entrepreneurship Development Fund" JSC



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

During 2022, the composition of the Board of the Fund changed twice:

- On July 15, 2022, M.M. Bapayev was appointed Deputy Chairman of the Management Board;
- On September 27, 2022, G.N. Nurgaziev, Deputy Chairman of the Management Board, resigned from the Management Board;

On September 29, 2022, the quantitative composition of the Management Board was approved from 5 (five) members of the Management Board.

Management Board Performance Report

The rights and obligations of members of the Board of the Fund are determined by the Charter, the Regulations on the 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 the monitoring of their implementation.

From January 01 to September 28, 2022, the composition of the Board of the Fund included 6 members of the Board of Management:

1. Chairman of the Board - Buribayeva Gaukhar Asylbekovna;
2. Deputy Chairman of the Management Board - Galym Nurgaziyevich Nurgaziyev;
3. Deputy Chairman of the Management Board - Yeskakov Yerbol Amangeldinovich;
4. Deputy Chairman of the Management Board - Farhat Kainarovich Sarsekeev;
5. Deputy Chairman of the Management Board - Makazhanov Bakhytzhan Nigmedzhanovich;
6. Deputy Chairman of the Management Board - Bapayev Murat Mirkurbanovich

Since September 29, 2022, the composition of the Board of the Fund has included 5 members of the Board:

1. Chairman of the Board - Buribayeva Gaukhar Asylbekovna;
2. Deputy Chairman of the Management Board - Yeskakov Yerbol Amangeldinovich;
3. Deputy Chairman of the Management Board - Farhat Kainarovich Sarsekeev;
4. Deputy Chairman of the Management Board - Makazhanov Bakhytzhan Nigmedzhanovich;
5. Deputy Chairman of the Management Board - Bapayev Murat Mirkurbanovich.

During 2022, 112 meetings of the Board of the Fund were held, at which decisions were made on the operational management of the Fund. The number of issues considered is 747

Key issues addressed by the Board in 2022

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

Work of the Committees under the Management Board

The Credit Committee, the Assets and Liabilities Management Committee and the Troubled Assets Management Committee are the bodies of the Fund operating within the powers granted to them by the Management Board in accordance with the Charter and the legislation of the Republic of Kazakhstan.

Credit Committee

a collegial body that implements the internal credit policy of the Fund and makes decisions on issues of guarantee and subsidy. In 2022, 33 meetings were held on guarantee issues, at which 83 issues were considered, and 3,083 applications were considered in bpm'online sales, on subsidizing 64 meetings, at which 930 issues were considered, and 10,136 applications were considered in bpm'online sales.

The Assets and Liabilities Management Committee of the Fund

is a collegial body to improve the management of assets and liabilities of the Fund in order to achieve the principles of diversification of assets and liabilities, optimize financial risks and ensure financial stability. In 2022, 27 meetings were held, 41 issues were considered.

Committee for work with problem assets

a collegial body for the implementation of work on the return of problem receivables arising from the implementation of credit, leasing, documentary (issuance of guarantees), investment, economic activities of the Fund. In 2022, 35 meetings were held, 171 issues were considered.

The HR Policy Committee, the Change Management Committee and the Budget Committee are permanent collegial advisory bodies under the Board of the Fund, operating within the powers granted to them by the Board of the Fund.

The HR Policy Committee

is a body that ensures the implementation of personnel policy, the development and implementation of professional standards that establish requirements for the content and conditions of work, qualifications and competencies of employees, and the development of an integrated system for planning personnel resources. In 2022, 59 meetings were held, 696 issues were considered.

Change Management Committee

is a body that carries out work on improvement, digitalization and optimization, existing/new business processes of the Fund, as well as consideration, preliminary approval of new products. In 2022, 46 meetings were held, 108 issues were considered.

Budget Committee

a body for ensuring and developing proposals for determining the indicators of the draft budget of the Fund for the relevant financial year, developing proposals for making adjustments to the current budget of the Fund, for reviewing the results of assessing the implementation of the budget of the Fund. In 2022, 63 meetings were held, 177 issues were considered.

The composition and number of members of the Committees shall be determined by the decision of the Board of the Fund. The Committees are managed by the Chairmen of the Committees. The composition of the Committees shall be formed from among the members of the Management Board (not more than 2 (two)), including other employees of the Fund. The Committees consist of the Chairman of the Committee, who is a member of the 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.

10.6. Remuneration Policy

In accordance with the procedure established by the legislation of the Republic of Kazakhstan, Charter, internal documents of the Fund, members of the Board of Directors of the Fund during the performance of their duties 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.

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

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

- 1** fixed annual remuneration for membership in the Board of Directors;
- 2** fixed annual remuneration for participation in the committee of the Board of Directors as the Chairman of the committee of the Board of Directors;
- 3** fixed annual remuneration for participation in the committee of the Board of Directors as a member of the 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 private sector companies (benchmarking, remuneration review) are taken into account.

In 2022, the amount of remuneration paid to members of the Board of Directors of the Fund - independent directors, amounted to 17,222,098 tenge.



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

- 1** the relationship of remuneration with the implementation of goals and objectives that meet the interests of the Fund and its Sole Shareholder;
- 2** Simplicity and fairness of remuneration determination principles;
- 3** dependence of the amount of remuneration on the results of the Fund's activities and the personal performance of managers.

To assess the performance of managers, a system of key performance indicators is used, which maximally ensures the application of the above principles in the work and contributes to improving the efficiency of the financial and production activities of the Fund through an effective process of planning and setting goals, reliable and fair assessment of the performance of each member of the Board of the Fund personally. These factors significantly increase the degree to which executives achieve corporate and individual KPIs.

For 2022, the amount of annual remuneration paid to members of the Board of the Fund amounted to 54,679,341 tenge.

10.7. Affiliated companies

As of January 01, 2023, there are no companies in which the Fund has an interest in the authorized capital.

10.8. Information on Major and Related Party Transactions

In 2022, the Fund did not enter into major transactions.

Information on transactions in which the Fund has an interest, concluded in 2022, is reflected in Appendix No. 4.

10.9. Internal Audit

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

The IAS reports to the Board of Directors of the Fund, 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 IAS activity is supervised by the Audit and Risk Management Committee under the Board of Directors of the Fund.

In accordance with the 2022 Annual Audit Plan (hereinafter referred to as the CAP) approved by the decision of the Board of Directors of the Fund dated 06.12.2021, Protocol No. 09/2021 12 audit assignments and consultations were planned, which have been completed by the IAS in a timely manner, in full and within the deadlines established by the GAP, including monitoring the limits of certain types of administrative expenses, verification of the process of control and monitoring of the implementation of the Development Strategy of JSC "EDF" Damu, " including audit of reliability of actual values of key performance indicators of members of the Management Board of the Fund, audit of implementation of the State program of business support and development "Business Roadmap 2025" in terms of warranty, audit of the internal control system, audit of regional branches in Almaty, Kyzylorda, Pavlodar, Aktobe, Karaganda, North Kazakhstan, Zhambyl regions, independent assessment of the activities of the Internal Audit Service, in terms of support.

Based on the results of the IAS for 2022, 68 recommendations were issued aimed at reducing risks and further improving the internal control system and the corporate risk management system. As of January 1, 2023, there are 13 internal audit recommendations and 23 external audit recommendations under implementation. For all recommendations issued, the audit objects developed plans of corrective and/or preventive actions, which were approved by the Management 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 the 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.

In the period from 28.04.2022 to 20.08.2022, an external assessment of the activities of the IAS of JSC "NMH "Baiterek" and the internal audit services of subsidiaries was carried out with the involvement of an independent consultant of KPMG Taxes and Advisors LLP.

According to the results of the external assessment, the activities of the IAS Fund for compliance with the definition of internal audit and the Code of Ethics of the Institute of Internal Auditors to the requirements of the Standard amounted to 96%:

- 1 organization of internal audit - 92% (assessment of compliance of the Fund's IAS activities with the requirements of the Standards in terms of regulation of the internal audit function, quality and completeness of relevant documents and procedures);
- 2 internal audit management - 98% (assessment of the compliance of the Fund's IAS activities with the requirements of the Standards in terms of the effectiveness of audit management, the IAS contribution to improving corporate governance, risk management and control processes);
- 3 personnel - 100% (assessment of compliance of the Fund's IAS activities with the requirements of the Standards in terms of professionalism and professional attitude to work);
- 4 internal audit processes - 97% (assessment of the compliance of the Fund's IAS activities with the requirements of the Standards in terms of the effectiveness of audit processes - from the planning stage to monitoring of the recommendations issued).

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

IAS employees, in accordance with the requirements of the Internal Audit Standards, underwent trainings and seminars to improve their skills.

In accordance with the Action Plan for the Development and Improvement of IAS Activities for the period from January 1, 2022 to December 31, 2022, approved by the decision of the Board of Directors of February 4, 2022, Protocol No. 01/2022 passed trainings and seminars on advanced training and the results of each audit, and action plans were submitted to the Management Board, the Audit and Risk Management Committee of the Board of Directors of the Fund and the Board of Directors of the Fund as part of quarterly reports.

10.10. External Audit

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

The 2022 financial statements were audited by "PricewaterhouseCoopers" LLP. The amount of remuneration paid to "PricewaterhouseCoopers" LLP for the audit services of the financial statements for 2022 amounted to 58,800 thousand tenge, including VAT.

"PricewaterhouseCoopers" LLP did not provide separate services in 2022.

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

10.11. Stakeholder Engagement

To ensure a successful and effective sustainable development policy, the Fund pays due attention to stakeholder engagement. 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 stakeholders of the Fund was developed.

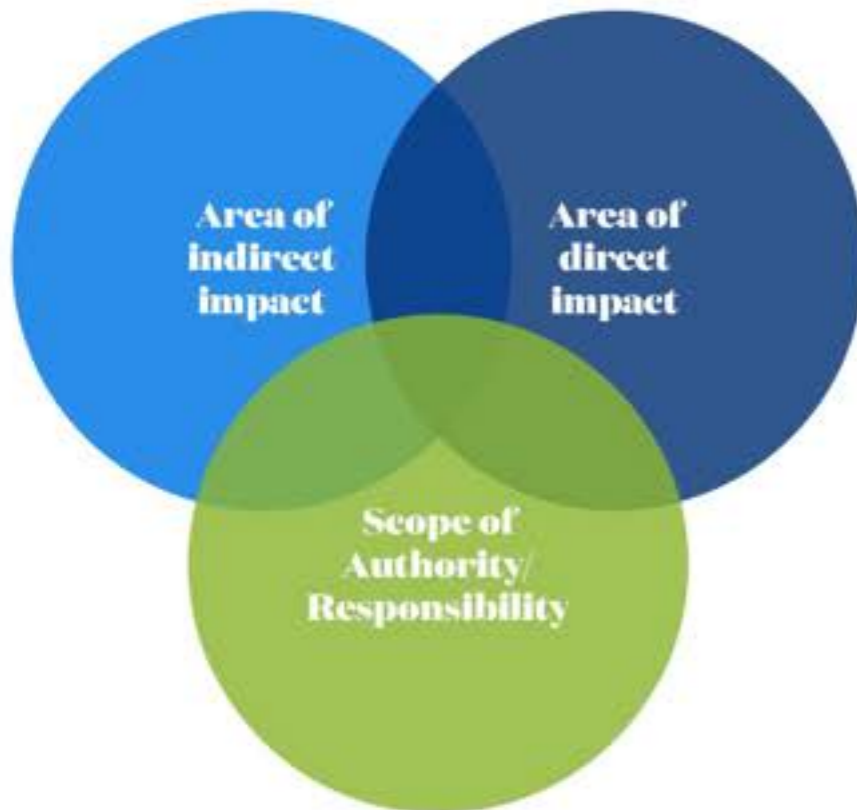
The main forms of interaction with stakeholders are: joint programs and projects, memorandums of cooperation, joint working groups, reporting on activities, meetings, meetings, publications, interviews, etc.

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

The degree of importance of the influence is assessed by two x/y scales, where:
 x = -5: + 5, in steps 1 (or smaller) characterizes the degree of support/counteraction by the Fund's stakeholder [-5 - the extreme degree of counteraction, + 5 - the highest degree of support],

y = 0:5 in step 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



- 1**
 - Media
 - Competitors
 - Population
 - Public organizations
- 2**
 - Public Authorities
 - Customers, consumers
 - Suppliers
 - Investors
 - Partners
 - Auditors
 - Consulting Organizations
 - Financial institutions
- 3**
 - Sole Shareholder
 - Management Body
 - Management
 - Personnel

Sphere of influence on the interests of the Fund

Stakeholders

Sphere of influence on the interests of the Fund

	Strategic Development	Operating room activity	Standard regulation	Quality of project and/or business process management	Operating Results	Reputation
Scope of Authority/Responsibility						
Sole Shareholder	High influence		High influence			High influence
Management Body	High influence		High influence		High influence	High influence
Management	High influence	High influence	High influence	High influence	High influence	High influence
Personnel		High influence			High influence	High influence
Area of direct impact						
Public Authorities	High influence		High influence		High influence	High influence
Customers, consumers		High influence			High influence	High influence
Suppliers		High influence			High influence	High influence
Investors	High influence			High influence	High influence	High influence
Partners				High influence	High influence	High influence
Auditors	High influence			High influence	High influence	High influence
Consulting Organizations	High influence			High influence	High influence	High influence
Financial institutions				High influence	High influence	High influence
Area of indirect impact						
Media						High influence
Competitors						High influence
Population						High influence
Public organizations						High influence

■ High degree of influence
■ low degree of influence
* High degree of interest

Strategic Development	determination of long-term priorities, strategic directions of the Fund's development through the adoption of state and sectoral development programs, development and approval of strategic documents of the Fund
Operating activities	ongoing daily activities to manage regular, standard processes in the Fund
Regulation	adoption of normative acts 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 the provision of project and/or business process management services
Operating Results	quantitative indicators of the Fund's operational efficiency
Reputation	prevailing public opinion on qualities, advantages and disadvantages

II. Extracts from the annual financial statements

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") based on historical cost accounting, adjusted for initial recognition of financial instruments at fair value and remeasurement of financial instruments at fair value through profit or loss and fair value through other comprehensive income.

The accounting policies used in the preparation of the financial statements are presented in the Audited Financial Statements for 2022 posted on the Fund's Internet resource.

Statement of financial position

(in thousands of Kazakhstan tenge)	December 31, 2022	December 31, 2021
Assets		
Cash and cash equivalents	182,037,345	76,882,383
Funds in financial institutions	214,943,399	239,303,960
Receivables from subsidy Programs	183,681	77,899
Loans and advances to customers	2,600,024	252,248
Investments in debt securities	19,329,708	47,001,824
Fixed assets	2,324,753	2,121,829
Intangible assets	324,883	267,623
Prepayment of current income tax liabilities	633,394	3,357,383
Deferred tax asset	-	3,132,896
Non-current assets for sale	39,262	153,173
Other assets	5,064,529	4,975,966
Total assets	427,480,978	377,526,984

(in thousands of Kazakhstan tenge)	December 31, 2022	December 31, 2021
Liabilities		
Debt	167,974,375	169,302,529
Debt securities issued	1,244,178	1,244,178
Commitments under subsidy Programs	4,913,288	7,792,965
Deferred tax liability	1,835,530	-
Deferred income and provisions for credit-related liabilities	75,349,867	56,861,826
Other liabilities	1,174,872	976,702
Total liabilities	252,492,110	236,178,200
Capital		
Share capital	102,920,273	102,920,273
Additional paid-up capital	10,735,627	10,735,627
Revaluation Fund for Investment Securities Measured at Fair Value through Other	(771,353)	26,956
Comprehensive Income		
Other provisions	316,430	316,430
Retained earnings	61,787,891	27,349,498
Total capital	174,988,868	141,348,784
Total liabilities and capital	427,480,978	377,526,984



Statement of profit or loss in other comprehensive income

(in thousands of Kazakhstan tenge)

	2022	2021
Interest income calculated using the effective interest method	35,526,551	25,416,244
Other similar income	25,276	119,025
Interest expense	(7,818,871)	(7,286,057)
Net interest income	27,732,956	18,249,212
Recovery/(creation) of allowance for credit losses on loans and advances of customers and funds in financial institutions	(4,191,497)	1,418,073
Net interest income after provision for loan impairment	23,541,459	19,667,285
Net fee and commission income	24,853,961	17,479,186
Gains less losses from derecognition of financial assets measured at amortised cost	32,793,975	6,544,684
Gains less losses on debt securities measured at fair value through profit or loss	12,497	75,345
Net gains from foreign currency transactions	(105)	(167)
Net gains from foreign currency revaluation	384,190	80,492
Net loss arising on initial recognition of financial instruments at below-market rates	(3,267,258)	(10,856,707)
Impairment of debt securities	(936,400)	(12,412)
Provision for impairment of other assets	66,660	(86,753)
Reversal of provision/(provision charges) for credit related liabilities	(6,388,865)	3,377,843
Net other operating income/(expenses)	164,704	128,790
Expenditure on the Fund's Programs	(1,219,306)	(862,405)
General and administrative expenses	(5,563,952)	(4,955,574)

Profit before tax	64,441,560	30,579,607
Income tax expense	(12,481,494)	(5,548,645)
Profit for the year	51,960,066	25,030,962

Other comprehensive income

Items that may subsequently be reclassified to profit or loss:

Investments in debt securities at fair value through other comprehensive income:	(798,309)	(20,625)
Other comprehensive loss for the year	(798,309)	(20,625)
Total comprehensive income for the year	51,161,757	25,010,337

Statement of changes in equity

(in thousands of Kazakhstan tenge)	Share capital	Additional paid-up capital	Revaluation Fund for Securities Measured at Fair Value through Other Comprehensive Income	Other provisions	Retained (loss)/profit	Total
Balance as of January 1, 2021	102,920,273	10,735,627	47,581	316,430	5,652,551	119,672,462
Profit for the year	-	-	-	-	25,030,962	25,030,962
Other comprehensive loss	-	-	(20,625)	-	-	(20,625)
Total comprehensive income for the year	-	-	(20,625)	-	25,030,962	25,010,337
Dividends declared	-	-	-	-	(3,334,015)	(3,334,015)
Balance as at 31 December 2021	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)
Total comprehensive income for the year	-	-	(798,309)	-	51,960,066	51,161,757
Dividends declared	-	-	-	-	(17,521,673)	(17,521,673)
Balance as at 31 December 2022	102,920,273	10,735,627	(771,353)	316,430	61,787,891	174,988,868

Statement of cash flows

(in thousands of Kazakhstan tenge)	2022	2021
Cash from operating activities:		
Interest received	27,582,539	16,888,252
Interest paid	(1,527,789)	(1,410,972)
Commissions received	36,748,547	40,834,291
Commissions paid	(133,820)	(90,516)
Income from other operating activities	147,552	126,269
Labour costs paid	(2,858,295)	(2,433,556)
General and administrative expenses paid	(3,344,077)	(2,812,941)
Income tax paid	(3,003,272)	-
Cash generated from operating activities before changes in operating assets and liabilities	53,611,385	51,100,827
Net (increase)/decrease by:		
funds in financial institutions	45,530,608	(8,393,327)
loans and advances to customers	6,096,677	32,148
other financial assets	(4,372,601)	(2,268,440)
other assets	48,876	41,753
Net increase/(decrease) by:		
other financial liabilities (obligations under subsidy programs)	1,308,823	(14,062,078)
other obligations	(91,633)	13,605
Net cash provided by operating activities	102,132,135	26,464,488

(In thousands of Kazakhstan tenge)

	2022	2021
Cash from investing activities		
Acquisition of investment securities	[18,880,610]	[94,711,385]
Proceeds from the sale and redemption of investment securities	47,182,629	72,589,544
Acquisition of fixed assets	[146,073]	[71,365]
Acquisition of intangible assets	[123,472]	[96,438]
Proceeds from disposal of assets for sale	249,585	489,672
Net cash used in investing activities	28,282,059	[21,799,972]
Cash from financing activities		
Debt	4,366,600	1,130,000
Repayment of borrowed funds	[11,987,102]	[13,491,612]
Proceeds from debt securities issued	-	1,000,000
Repayment of long-term leases	[184,340]	[166,052]
Capital contributions from shareholders	-	-
Dividends paid	[17,521,673]	[3,334,015]
Net cash used in financing activities	[25,326,515]	[14,861,679]
Effect of exchange rate changes on cash and cash equivalents	[1,209]	[449]
Effect of changes in provision for impairment on cash and cash equivalents	68,492	[71,271]
[Net decrease /net increase in cash and cash equivalents]	105,154,962	[10,268,883]
Cash and cash equivalents at the beginning of the period	76,882,383	87,151,266
Cash and cash equivalents at the end of the period	182,037,345	76,882,383

Related party transactions

Parties are considered to be related if they are under common control, or one of them has the ability to control the other, or can exercise significant influence in the other party's financial and operational decisions. When considering relationships with all related parties, consideration is given to the economic substance of such relationships, not merely their legal form.

Related party balances as at 31 December 2022 are as follows:

(In thousands of Kazakhstan tenge)	Sole Shareholder	Companies under common control	Other Related Parties
Cash and cash equivalents (contractual interest rate: 0%)	-	845,294	52,589,572
Due from banks (contractual interest rate: 10%)	-	45,050,839	-
Investment debt securities at fair value through profit or loss (contractual interest rate: (4.93% -7.68%))	-	-	74,139
Investment debt securities at fair value through other comprehensive income (contractual interest rate: 0%)	-	-	12,892,499
Receivables from subsidy Programs	-	-	-
Prepayment of current income tax liabilities (Interest rate: 15%)	-	-	633,394
Deferred tax asset (interest rate: 20%)	-	-	-
Other financial assets (interest rate: 0%)	-	46,172	-
Other assets	-	-	177,662
Debt (contractual interest rate: 0.1% - 5.5%)	102,446,602	-	65,527,773
Commitments under subsidy Programs (contractual interest rate: 0%)	-	-	175,714
Deferred tax liability	-	-	1,835,530
Other financial liabilities	-	59,930	-
Other liabilities	-	15	145,288

Related party transactions

Income and expense items from related party transactions for 2022 are as follows:

(in thousands of Kazakhstan tenge)	Sole Shareholder	Companies under common control	Other Related Parties
Interest income	-	1,657,534	1,894,534
Interest expense	(6,582,136)	(7,760)	(1,069,717)
Expenses less gains on revaluation of securities measured at fair value through profit or loss	-	-	12,497
Net fee and commission income	-	-	625,600
Net gains/(losses) on foreign currency transactions	-	-	379,876
Administrative and other operating expenses	-	(53,869)	(135,858)
Other operating income	-	-	-
Provision for loan impairment	-	(4,832,360)	-
Provision for cash impairment	-	(188)	-
Income tax expense	-	-	(12,481,494)
Other income/expenses	-	546	2,677

About the report

Joint-stock company "Damu" Entrepreneurship Development Fund" (hereinafter referred to as the Fund) has prepared the 2022 Annual Report (hereinafter referred to as the Report).

In this Report, the Fund provides all stakeholders with a complete overview of performance and achievements from January 1 to December 31, 2022.

The financial statements of the Fund for 2022 specified in this Report as of December 31, 2022 were confirmed by the independent auditor of "PricewaterhouseCoopers" LLP.

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

The current Report has not been externally certified.
Reporting cycle - annual.

Definition of the Report content

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, sustainable development management.

To determine materiality, a questionnaire was sent to stakeholders, including about 30 material topics. All the 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, in their opinion, topics.

Summary estimates based on the results of the questionnaire were included in the Materiality Matrix. The topics included in the upper right corner of the matrix were recognized as the most significant and were reflected in this Report.



Essentiality Matrix



Decryption of the map

Экономика

- 1 Economic performance
- 2 Market Presence
- 3 Indirect economic impacts
- 4 Procurement Practices
- 5 Anti-corruption
- 6 Impediment to Competition

Экология

- 7 Materials
- 8 Energy
- 9 Water
- 10 Biodiversity
- 11 Emissions
- 12 Discharges and wastes
- 13 Compliance with environmental legislation
- 14 Environmental assessment of suppliers

(topics recognized as material are highlighted in blue)

Society

- 15 Employment
- 16 Relations between employees and management
- 17 Health and safety in the workplace
- 18 Training and Education
- 19 Diversity and equal opportunities
- 20 Non-discrimination
- 21 Freedom of association and collective bargaining
- 22 Child labour
- 23 Forced and compulsory labour
- 24 Safety Practices
- 25 Rights of indigenous peoples
- 26 Human Rights Assessment
- 27 Local communities
- 28 Assessment of suppliers' impact on society
- 29 Public Policy
- 30 Consumer Health and Safety
- 31 Labeling of products and services
- 32 Consumer Privacy
- 33 Compliance

GRI Indicators Table

GRI Standard	Indicator	Section of the Report	Exceptions/Comments
GRI 101: Fundamentals			
GRI 102: General Information			
Organization Profile			
102-1	Name of the organization	About the Fund, page 10	
102-2	Areas of activity	Main activities, p. 18-27	
102-3	Home Office Location	Addresses and contacts, p. 96-97	
102-4	Geography of activity	Geography of activity, p. 12	
102-5	Form of ownership	History of the Fund, p. 11	
102-6	Markets	Development strategy of the Fund, p. 13	The full text of the Fund's Development Strategy is available at: https://damu.kz/o-fonde/o-nas/strategicheskie-napravleniya/
102-7	Organization Scale	About the Fund, p.10 Corporate and Social Responsibility Policy, p. 34-39	
102-8	Staff Information	Corporate and Social Responsibility Policy, p. 34-39	
102-9	Supply Chain	Main activities, p. 18-27	



GRI Standard	Indicator	Section of the Report	Exceptions/Comments
102-10	Significant changes in the work of the organization	Key events, pages 6-7	In the reporting year, there were no significant changes in the work of the organization
102-11	Precautionary Principles	Risk management and internal control, p. 31-34 Corporate and Social Responsibility Policy, p. 34-39 Environmental Policy, 40	
102-12	Support for external initiatives	Corporate and Social Responsibility Policy, p. 34-39	
102-13	Membership in associations	-	The Fund is a member of the following associations: 1) ALE "Association of financiers of Kazakhstan"; 2) ALE "Association of Microfinance Organizations of Kazakhstan"; 3) ALE "Association of Taxpayers of Kazakhstan"; 4) National Chamber of Entrepreneurs of Kazakhstan "Atameken"
Strategy			
102-14	Management Statement	Address of the Chairman of the Board of Directors, pages 3 Address of the Chairman of the Management Board, pages 4-5	

Ethics and Integrity

102-16	Values, principles, standards and norms of conduct	Cover Page Corporate Governance, pp. 41-64 Corporate and Social Responsibility Policy, p. 34-39
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Corporate Governance

102-18	Management Structure	Corporate Governance, pp. 41-64
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Stakeholder Engagement

102-40	List of stakeholders	Stakeholder Engagement, pages 61-64
102-41	Collective bargaining agreements	-
102-42	Identification and selection of stakeholders	Stakeholder Engagement, pages 61-64
102-44	Key topics and concerns raised	Stakeholder Engagement, pages 61-64

Report Details

102-45	Basis of consolidation	Extracts from the annual financial statements, p. 65-69
102-46	Define report content and boundaries	Appendix No. 1, pages 70-71
102-47	List of material topics	Appendix No. 1, pages 70-71



GRI Standard	Indicator	Section of the Report	Exceptions/Comments
102-48	Recalculation of historical data	Extracts from the annual financial statements, p. 65-69	
102-49	Changes in the content of the Report	-	
102-50	Reporting period	Appendix No. 1, pages 70-71	
102-51	Last Published Date	-	July 2022
102-52	Reporting Cycle	Appendix No. 1, pages 70-71	
102-53	Contact information for questions on the content of the Report	Addresses and contacts, p. 73	<p>Marzhan Khalmurzayeva, Chief Manager of the Department of Strategic Analysis and Corporate Development e-mail: M.Khalmurzayeva@fund.kz</p> <p>Aizhan Kabatayeva, Director of Strategic Analysis and Corporate Development Department e-mail: Aizhan.Kabatayeva@fund.kz</p>
102-54	Level of compliance with GRI standards		This report has been prepared in accordance with GRI standards: the level of disclosure is the main
102-55	GRI Content Index	Appendix No. 1, pages 70-71	
102-56	External Assurance	Appendix No. 1, pages 70-71	

GRI 103: Management Approaches

103-1	Materiality and Boundaries	Appendix No. 1, pages 70-71 Stakeholder engagement, pages 61-64
103-2	Management Approaches	About the Fund, page 10 Address of the Chairman of the Board of Directors, pages 3 Address of the Chairman of the Management Board, pages 4-5 Results of activities, 27-28 Business model, page 9
103-3	Management Evaluation	Corporate Governance, pp. 41-62

Material topics

GRI 200: Economic Topics

GRI 201: Economic Performance

103-2	Management Approaches	About the Fund, page 10 Address of the Chairman of the Board of Directors, pages 3-4 Address of the Chairman of the Management Board, pages 5-6 Results of activities, 28-29 Main activities, p. 18-27
201-1	Generation of economic value and distribution	About the Fund, page 10 Main activities, p. 18-27 Extracts from the annual financial statements, p. 65-69

GRI Standard	Indicator	Section of the Report	Exceptions/Comments
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GRI 203: Indirect Economic Impacts

103-2	Management Approaches	About the Fund, page 10 Address of the Chairman of the Board of Directors, pages 3 Address of the Chairman of the Management Board, pages 4-5 Business model, page 10	
203-1	Investment in infrastructure and gratuitous services	Development of information technologies, p. 25-26 International cooperation, pp. 25-26	
203-2	Significant indirect economic impacts	-	

GRI 205: Anti-Corruption

103-2	Management Approaches	About the Fund, page 10 Corporate and Social Responsibility Policy, p. 34-39	
205-2	Informing and training on anti-corruption policies and methods	Corporate and Social Responsibility Policy, p. 34-39	
205-3	Confirmed cases of corruption and measures taken	Corporate and Social Responsibility Policy, p. 34-39	At the end of 2022, no facts of corruption were allowed by the Fund's employees

GRI 300: Environmental Topics GRI 307: Environmental Compliance

307-1	Monetary value of significant fines and total number of non-financial sanctions imposed for non-compliance with environmental laws and regulations	Environmental Policy, p. 40	There were no fines for non-compliance with environmental legislation and regulatory requirements in the reporting year
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GRI 400: Social Topics GRI 401: Employment

103-2	Management Approaches	Corporate and Social Responsibility Policy, p. 34-39	
401-1	Total number and percentage of new hires and turnover by age group, gender and region	Corporate and Social Responsibility Policy, p. 34-39	

GRI 402: Employee-Management Relationships

103-2	Management Approaches	Corporate and Social Responsibility Policy, p. 34-39	
402-1	Minimum notice period regarding significant changes in the organization's activities, as well as whether it is defined in the collective agreement	-	



GRI Standard	Indicator	Section of the Report	Exceptions/Comments
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GRI 403: Health and Safety

103-2	Management Approaches	Corporate and Social Responsibility Policy, p. 34-39	
403-2	Types and rates of occupational injuries, rates of occupational diseases, lost days and absenteeism rates, and total number of work-related fatalities by region and gender	-	

GRI 404: Training and Education

103-2	Management Approaches	Corporate and Social Responsibility Policy, p. 34-39	
404-1	Average annual hours of training per employee by gender and employee category	Corporate and Social Responsibility Policy, p. 34-39	
404-3	Percentage of employees receiving periodic performance and career development assessments by gender and employee category	Corporate and Social Responsibility Policy, p. 34-39	

GRI 405: Diversity and Equal Opportunities

103-2	Management Approaches	Corporate and Social Responsibility Policy, p. 34-39
405-1	Composition of governing bodies and main categories of personnel of the organization by gender, age groups, membership in minority groups and other indicators of diversity	Corporate and Social Responsibility Policy, p. 34-39

Appendix No. 3

Compliance/Non-Compliance Report Corporate Governance Code of “Damu” Entrepreneurship Development Fund” JSC for 2022

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	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 corporate bodies of the Fund, ensuring the consistency 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> <ul style="list-style-type: none"> • The Law of the Republic of Kazakhstan “On joint-stock companies”; • The Charter of the Fund approved by the decision of the Sole Shareholder of the Fund (Protocol of the in-person meeting of the Board of JSC “Baiterek” National Management holding” dated 13.10.2016 No. 41/16); • Regulations on the Board of Directors of the Fund approved by the decision of the Sole Shareholder (Protocol of the in-person meeting of the Management Board of “Baiterek” National Management Holding” JSC dated 28.11.2018, No. 53/18); 				<p>Regulation on the Management Board of the Fund, approved by the decision of the Board of Directors of 05.03.2014, No. 49, as amended and supplemented by 09.07.2020, No. 07/2020.</p> <p>In 2022, the Sole Shareholder, the Board of Directors, the Management Board considered and made decisions on the issues referred by the Fund’s Charter to their exclusive competence.</p>
				2	Principle of protection of rights and interests of the Sole Shareholder	Observed	<p>Corporate governance in the Fund is based on ensuring the 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 the break-even of its activities.</p> <p>In accordance with paragraph 34 of the Charter of the Fund approved by the decision of the Sole Shareholder (Protocol of the in-person meeting of the Management Board of “Baiterek” National Management Holding” JSC dated 13.10.2016 No. 41/16), the Sole Shareholder has the right to:</p> <ul style="list-style-type: none"> • 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; • receive dividends; • receive information on the Company’s activities, including familiarization with the Company’s financial statements, in the manner prescribed by the Company’s Charter; • receive extracts from the central depository or nominal holder confirming its ownership of securities;



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	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
			<ul style="list-style-type: none"> challenge in court the decisions taken by the Company's bodies; 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 claim for compensation 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 profit (income) received by them as a result of making decisions on the conclusion of (proposals to conclude) major transactions and (or) transactions in which there is an interest; apply to the Company with written requests about its activities and receive reasoned answers within 30 (thirty) calendar days from the date of receipt of the request to the Company; on part of the property during the liquidation of the Company; pre-emptive purchase of shares or other securities of the Company convertible into its shares, in accordance with the established procedure; demand that a meeting of the Company's Board of Directors be convened; require the audit organization to audit the Company at its own expense. <p>The rights of the Sole Shareholder enshrined in the Charter shall be observed by the Fund and the authorized bodies of the Fund.</p>				<p>Among the most significant decisions of the Sole Shareholder in 2022 are the following issues:</p> <ul style="list-style-type: none"> determination of the composition, quantitative composition of the Board of Directors and determination of the term of office of the Board of Directors; on approval of the annual financial statements, the procedure for distributing net income for the past 2021 financial year; on approval of the Annual Report on the activities of the Fund for 2021. <p>Since June 2021, a member of the Board of Directors of the Fund, the representative of the Sole Shareholder is A.B. Mukhamedzhanov, Deputy Chairman of the Management Board of JSC "NMH "Baiterek".</p>
				3	The principle of effective management of the Fund by the Board of Directors and the Management Board	Observed	<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 2022, the following changes occurred in the composition of the Board of Directors. By the decision of the Sole Shareholder dated 19.01.2022 (Protocol No. 02/22), the powers of a member of the Board of Directors Smailov A.A. were prematurely terminated, and B.T. Sultanov was elected a member of the Board of Directors. In accordance with the</p>



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	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
			<p>decision of the shareholder dated 17.03.2022 No. 14/22, the composition of the Board of Directors is determined as 7 (seven) people, the term of office is set at 3 (three) years from 05.04.2022. 26.04.2022 of the year, the Sole Shareholder (Protocol No. 19/22) decided to early terminate the powers of a member of the Board of Directors B.T. Sultanov, in connection with which Zhamaubayev E.K. was elected a member of the Board of Directors. At the meeting of the Board of Directors dated 03.05.2022 (Protocol No. 05/2022), Y.K. Zhamaubayev was elected Chairman of the Board of Directors with a term of office until the expiration of the term of office of the Board of Directors of "Damu" Entrepreneurship Development Fund" JSC as a whole.</p> <p>Newly elected directors are provided with information related to key aspects of the Fund's activities, including the current Development Strategy of the Fund for 2014–2023, the main internal regulatory documents (Charter, regulations of the Board of Directors, committees, Management Board, etc.), reports of the Internal Audit Service, etc.</p> <p>Thus, in 01.01.2023, the Board of Directors of the Fund included 7 directors, including 3 independent directors:</p> <ul style="list-style-type: none"> • Zhamaubayev Yerulan Kenzhebekovich, Chairman of the Board of Directors; • Timur Mekeshevich Zhaksylykov, member of the Board of Directors; • Adil Bektasovich Mukhamedzhanov, member of the Board of Directors, representative of the Sole Shareholder; 				<ul style="list-style-type: none"> • Batalov Raimbek Anwarovich, independent director; • Elena Leonidovna Bakhmutova, Independent Director; • Nurgalieva Asem Bolatzhanovna, independent director; • Gaukhar Asyibekovna Buribayeva, Member of the Board of Directors, Chairman of the Management Board <p>The share of independent directors is 30% of the total composition, which corresponds to the best principles of corporate governance.</p> <p>In 2023, by the decision of the Board of "Baiterek" National Management holding" JSC (Sole Shareholder) dated February 22, 2023, Protocol No. 07/23, the following changes were made to the composition of the Board of Directors of the Fund:</p> <ol style="list-style-type: none"> 1. early termination of the powers of a member of the Board of Directors, independent director of the Fund A.B. Nurgaliyeva; 2. G.A. Khusainov was elected a member of the Board of Directors, an independent director of the Fund with a term of office until the expiration of the term of office of the Board of Directors of the Fund as a whole. <p>By the decision of the Board of Directors of the Fund of March 1, 2023, Protocol No. 01/23, the following changes were made to the composition of the relevant committees:</p> <ul style="list-style-type: none"> • A.B. Nurgalieva has been removed from the Audit and Risk Management Committee, the Strategic Planning and Corporate Development Committee and the Nomination, Remuneration and Social Affairs Committee.



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	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
			<ul style="list-style-type: none"> G.A. Khusainov was elected (a) Chairman of the Nomination, Remuneration and Social Affairs Committee and (b) a member of the Audit and Risk Management Committee and the Strategic Planning and Corporate Development Committee with a term of office until the end of the term of office of the Board of Directors of the Fund as a whole. In addition, E.I. Elekeev, Managing Director of “Baiterek” National Management Holding” JSC, was elected an expert of the Strategic Planning and Corporate Development Committee and the Nomination, Remuneration and Social Affairs Committee of the Board of Directors (without voting rights). <p>The activities of the Board of Directors are regulated by the Regulations on the Board of Directors of the Fund, which determine the procedure for forming the Board of Directors, the status, composition, rights, duties and responsibilities of members of the Board of Directors, which establishes 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 2022, 12 meetings of the Board of Directors were held, including 8 in-person, 4 in-absentia meetings, at which 74 issues were considered.</p>				<p>The Sole Shareholder maintains a constant dialogue with the Fund through meetings of relevant committees with the participation of independent directors.</p> <p>In 2022, 3 committees functioned under the Board of Directors:</p> <ol style="list-style-type: none"> Audit and Risk Management Committee. Strategic Planning and Corporate Development Committee. Nomination, Remuneration and Social Affairs Committee. <p>The activities of the committees are governed by the relevant Committee Regulations approved by the Board of Directors on 26 August 2021. In accordance with best corporate governance practices, the Committees are chaired by independent directors.</p> <p>The Corporate Secretary is the Secretary of the Committees of the Board of Directors. The Secretary of the Committee shall ensure the preparation of committee meetings, collection and systematization of materials for meetings, timely sending to committee members and invitees of notices of committee meetings, agenda of meetings, materials on agenda items, Protocol of meetings, preparation of draft committee decisions, as well as subsequent storage of all relevant materials.</p> <p>During 2022, the following were conducted:</p> <ul style="list-style-type: none"> 8 in-person meetings of the Strategic Planning and Corporate Development Committee, at which 22 issues were considered. 9 in-person meetings of the Audit and Risk Management Committee, at which 49 issues were considered.



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	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
			<p>• 11 in-person meetings of the Nomination, Remuneration and Social Affairs Committee, at which 21 issues were considered.</p> <p>In 2022, committee meetings were held mainly in the format of online meetings.</p> <p>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 annual report of the Fund.</p> <p>However, at the same time, it is noted "partial compliance" with the provision No. 50 of the Corporate Governance Code (Paragraph No. 2 "Remuneration of members of the Board of Directors") in terms of establishing the amount of remuneration sufficient to attract and motivate each member of the Board of Directors at such a level as is required for the successful management of the Fund.</p> <p>In accordance with the decisions of the Board of Directors of the Fund, a collegial executive body was established and operates – the Board of the Fund, which was approved in the following quantitative composition (as of 31.12.2022):</p>				<ol style="list-style-type: none"> G.A. Buribayeva – Chairman of the Management Board; Y. Yeskakov – Deputy Chairman of the Management Board; B.M. Makazhanov – Deputy Chairman of the Management Board; M.M. Bapayev – Deputy Chairman of the Management Board; F.K. Sarsekeev – Deputy Chairman of the Management Board. <p>The Chairman and members of the Management Board have high professional and personal characteristics, have an impeccable business reputation and adhere to high ethical standards.</p> <p>During 2022, by the decision of the Board of Directors of the Fund, the following decisions were made regarding the activities of the executive body of the Fund:</p> <ol style="list-style-type: none"> Powers of Deputy Chairman of the Management Board G.N. Nurgaziev were prematurely terminated M.M. Bapayev was elected to the position of Deputy Chairman of the Management Board – member of the Management Board of "Damu" Entrepreneurship Development Fund" JSC with a term of office until the expiration of the term of office of the Management Board of "Damu" Entrepreneurship Development Fund" JSC as a whole.

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			<p>In 2022, the Board held meetings on a regular basis in the digital mode of the business process. During 2022, 112 meetings of the Board of the Fund were held, at which decisions were made on the operational management of the Fund. The number of issues considered is 747.</p> <p>During the reporting period, the Management Board of the Fund considered issues on various aspects of operating activities, issues of guaranteeing and subsidizing, financing partners, as well as approval of internal documents, issues on financial programs, issues in the field of sustainable development and corporate governance.</p> <p>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>				<ol style="list-style-type: none"> The Management Board approves the Sustainable Development Action Plan and on an annual basis a Report on the implementation of the plan's activities is formed; Structural divisions of the Fund implement measures in the field of sustainable development. <p>Sustainable development activities are included in the Action Plan for 2019-2021, on the implementation of the Development Strategy of the Fund for 2014-2023.</p> <p>The decision of the Board of Directors of 14.07.2022 (Protocol No. 07/2022) approved amendments and additions to the Development Strategy for 2014-2023, including the section on sustainable development.</p> <p>In order to implement the principles of sustainable development in the activities of the Fund, the decision of the Board of the Fund of 14.12.2021 (Protocol No. 100/2021) approved the Action Plan for the sustainable development of the Fund for 2022-2023.</p> <p>At the same time, it should be noted that in connection with the approval of the Action Plan for Sustainable Development of "Baiterek" National Management Holding" JSC for 2022-2023, in a new version (decision of the Board of JSC "Baiterek" National Management holding" No. 37/22 of 07.09.2022) by the decision of the Board of the Fund of 23.12.2022 (Protocol No. 110/2022) approved amendments and additions to the Action Plan in the field of sustainable development of the Fund for 2022-2023.</p>
4	The principle of sustainable development	Observed	The Board of Directors approved the Fund's Sustainable Development Policy (Protocol No. 03/2019 of 17.04.2019). The purpose of the Policy is to identify 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:				



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			<p>In addition, in order to monitor the effectiveness of the implementation of the principles of the sustainable development policy, since 2019, the Board of the Fund annually approves KPIs in the field of sustainable development. By the decision of the Board of the Fund dated 21.12.2021 (Protocol No. 102/2021), the target values of indicators for assessing the effectiveness of activities in the field of sustainable development for 2022 were approved.</p> <p>Reports on the implementation of the Action Plan for Sustainable Development of the Fund for 2022-2023 for 2022 and on the implementation of the target values of indicators for assessing the effectiveness of activities in the field of sustainable development for 2022 were approved by the decision of the Board of Directors of 24.01.2023 (Protocol No. 06/2023).</p> <p>Despite the fact that the Sustainable Development Policy was approved by the "Damu" Fund" in 2019, a number of positive changes in the Fund's activities were noted at the end of 2022. For example:</p> <ul style="list-style-type: none"> • The level of electricity consumption in 2022 decreased by 41,600 kW compared to 2021. The total weight of recycled materials for 2022 amounted to 85 kg. • The level of digitalization of the Fund's business processes reached 100% at the end of 2022. • Charitable assistance in the amount of 5,000,000 tenge was provided to the charity private Fund "Visus5life," the Fund organized an operation for a patient in need of surgery for this amount. 				<p>At the same time, according to the results of the external assessment of the corporate governance system conducted in 2021, the percentage of compliance of the "Sustainable Development Management System" was 66.7%, respectively, "Partial compliance" was noted under this item. At the same time, the decision of the Board of Directors of the Fund dated February 4, 2022 (Protocol No. 01/2022) approved the Action Plan to improve corporate governance for 2022-2024. The report on the implementation of the Action Plan for improving corporate governance for 2022-2024 for the first half of 2022 was approved by the decision of the Board of Directors of the Fund of 14.07.2022 (Protocol No. 07/2023), for the second half of 2022 it was approved by the decision of the Board of Directors of the Fund of 01.03.2023 (Protocol No. 01/2023).</p>
				5	The principle of risk management, internal control and internal audit	Observed	<p>The Fund has risk management and internal control systems, which are a set of interrelated components (organizational policies, procedures, methods, mechanisms, norms of behavior and actions, etc.) aimed at providing reasonable confidence in achieving 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>



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	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
			<p>On an annual basis, 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.</p> <p>The Internal Audit Service evaluates the effectiveness of risk management and internal control systems at regular intervals.</p> <p>The Fund is constantly improving its corporate risk management system.</p> <p>In 2022, reports were provided to the Sole Shareholder, the Board of Directors and the Management Board of the Fund:</p> <ul style="list-style-type: none"> • report on compliance with the limits on second-tier banks and microfinance organizations; • monthly report on the structure of disbursement of funds, balance sheet, GAP-analysis, currency position of the Fund; • 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). • The Risk Map, the Risk Register and the Key Indicator Panel were approved by the Board of Directors for 2023, including the entire list of operational risks and the critical risk management action plan. • semi-annual monitoring of the financial condition of the counterparty banks of the Fund. 				<p>Within the framework of the above reports, the risk portfolio was analyzed and proposals were developed for the strategy of response and allocation of resources, operational control over the risk management process by structural units, monitoring of the risk management and internal control system in accordance with the requirements of GNI.</p> <p>The Board of Directors approved the following internal documents:</p> <ul style="list-style-type: none"> • Risk management policy of "Damu" Entrepreneurship Development Fund" JSC approved by the decision of the Board of Directors dated 04.09.2015. (Protocol No. 64); • Policy on the internal control system of "Damu" Entrepreneurship Development Fund" JSC; • Financial risk management rules, etc. <p>The main objectives of the Risk Management Policy are to build an effective integrated risk management system, as well as continuous improvement of activities on the basis of a single standardized approach to risk management methods and procedures.</p> <p>The risk management policy is aimed at implementing the following tasks:</p> <ul style="list-style-type: none"> • ensuring a common understanding of risks by participants in the corporate risk management system; • ensuring strategic planning taking into account the level of risk taken;



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	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
			<ul style="list-style-type: none"> • Ensure a continuous, consistent risk management process based on timely identification, assessment, control and monitoring to ensure that objectives are met; • ensuring the efficiency of business processes, the reliability of internal and external reporting and promoting compliance with legal requirements; • creation of a full base for the decision-making and planning process; • improving the efficiency of asset management; • minimization of financial losses due to the realization of financial, operational and other risks to ensure the principle of business continuity, including the safety of equity. <p>Risk management is a constant, continuous process and is carried out at all levels with the involvement of collegial bodies, authorized bodies, structural units and employees.</p> <p>The main objectives of the internal control system are:</p> <ol style="list-style-type: none"> 1. within the framework of operating activities: ensuring the efficiency of activities, including the effectiveness of asset and liability management, ensuring the safety of assets; 2. as part of the preparation of financial statements: ensuring the completeness, reliability and timeliness of financial, regulatory and other statements; 3. within the framework of compliance with regulatory and legislative requirements: ensuring compliance with the legislation of the Republic of Kazakhstan, as well as internal acts. 				<p>The Fund applies a three-line model, the main purpose of which is the effective functioning of risk management and internal control systems through a clear division of roles and functions. The responsibilities of each line are as follows: operational risk management is carried out on the first line; monitoring of aggregated risk and control of the first line of defense for the implementation of risk management on the second line and providing an independent guarantee of the risk management system for the third line of defense. If each line of defense effectively performs its role, it is more likely that it will successfully achieve its strategic goals.</p> <p>The organizational structure of the risk management and internal control system provides for the presence of structural units within the second line of protection responsible for coordinating risk management and providing methodological support within the framework of the internal control system.</p> <p>In order to achieve the set goals and objectives, employees of the second line of defense need to effectively interact with other departments, including representatives of internal and external audit.</p> <p>Employees of structural subdivisions of the second line of protection are provided with access to information and documentation to the extent that proper performance of functional duties is required.</p>



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	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
			<p>Structural units of the second line of defense consist of professional employees who meet the established qualification requirements. The operating procedure, functional duties and other requirements are reflected in the regulations on structural subdivisions, job descriptions for managers and employees of structural subdivisions of the second line of defense.</p> <p>Regulations on structural subdivisions, as well as job descriptions of managers, exclude the possibility of combining risk management and internal control functions with other functions.</p> <p>The Fund has an Internal Audit Service. The quantitative composition and term of the IAS are defined, the IAS manager and employees are appointed. At the end of 2022, the composition of the Internal Audit Service is defined as 4 (four) units.</p> <p>The Internal Audit Service is a body carrying out internal audit (in accordance with the definition of the international Funds of professional practice of internal audit) – activities to provide independent and objective guarantees and consultations aimed at improving the activities of the organization.</p> <p>The Internal Audit Service reports directly to the Audit and Risk Management Committee, the Board of Directors and reports to them on its work. The tasks, functions, rights and responsibilities of the IAS, as well as the procedure for its activities, are determined by the Regulations on the Internal Audit Service approved by the Board of Directors.</p>				<p>Internal audit helps the organization achieve its goals using a systematic and consistent approach to assessing and improving the effectiveness of risk management, control and corporate governance processes.</p> <p>When conducting an audit and preparing an audit report by internal auditors, the norms and provisions of the International Professional Standards of Internal Audit, the Code of Business Ethics approved by the decision of the Board of Directors of 25.07.2011 shall be applied. (as amended as of 23.02.2021), IAS Regulations, Internal Audit Rules approved by Resolution of the Board of Directors No. 09/2019 of 03.10.2019 (with amendments and additions as of 06.12.2021), internal regulatory documents of the Fund.</p> <p>In 2022, the Internal Audit Service operated in accordance with the annual audit plan approved by a resolution of the Board of Directors. The results of audit reports, key findings and related recommendations are submitted to the Board of Directors on a quarterly basis. The Head of the Internal Audit Service takes into account the concept of risk management, and also applies his own risk judgment formed after consultation with the Management Board and the Audit and Risk Management Committee.</p> <p>The selection of the external auditor is carried out in accordance with the approved regulations on the basis of competitive procedures.</p>

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	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
			<p>By the decision of the Board of "Baiterek" National Management Holding" JSC (Sole Shareholder) dated 15.12.2021 (Protocol No. 67/21), "PricewaterhouseCoopers" LLP was determined by the audit organization auditing the Fund for 2022-2023.</p> <p>The annual financial statements of the Fund for 2022 have been prepared in accordance with International Financial Reporting Standards and will be submitted to the Board of Directors and the Sole Shareholder of the Fund for consideration in the second quarter of 2023.</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 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 dated 17.06.2019 No. 06/2019, an independent Ombudsman of the Fund was appointed - the head of the Compliance Service of the Holding, whose role is to advise the employees of the Fund who applied to him, and assist in resolving labor disputes, conflicts, problematic issues of a social and labor nature, as well as in observing the principles of business ethics by the employees of the Fund.</p> <p>By the decision of the Board of Directors of the Fund dated 14.07.2022 (Protocol No. 07/2022), the powers of the Ombudsman of "Damu" Entrepreneurship Development Fund" JSC M.D. Turganova were prematurely terminated and the Ombudsman was appointed D.V. Akrachkova Chief of Staff of the Chairman of the Board of "Baiterek" National Management Holding" JSC, with a term of office of 2 (two) years.</p> <p>The Fund has a Policy for the Settlement of Corporate Conflicts and Conflicts of Interest of Officials and Employees, which regulates the procedure and procedures for pre-trial settlement of conflicts, as well as the actions of bodies, officials and employees within the framework of these processes.</p>
6	Corporate Conflicts and Conflicts of Interest Management Principle	Observed	<p>The Fund and the Board of Directors are guided by the Policy for the Settlement of Corporate Conflicts and Conflicts of Interest of Joint Stock Company "Damu" Entrepreneurship Development Fund", approved by the decision of the Board of Directors dated 17.04.2019 No. 03/2019. Compliance with the norms and provisions of this Policy allows avoiding/avoiding corporate conflicts and conflicts of interest.</p> <p>In 2022, no situations related to corporate conflicts were identified.</p> <p>During 2022, the Compliance Controller consulted the Fund's employees on conflict of interest resolution issues. At the same time, the Fund does not record cases of corporate conflicts and conflicts of interest.</p>				



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	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
			<p>In order to identify conflicts of interest of officials and employees on a monthly basis, a list of affiliated persons and on a quarterly basis a register of persons associated with the Fund with special relations is maintained.</p>				<p>In order to ensure the consistency of information disclosure, the Fund has the following internal documents:</p> <ul style="list-style-type: none"> Regulations for the placement of information on the Internet resource of the depository of financial statements, approved by the decision of the Board of the Fund dated 31.05.2019. (Protocol No. 77/2019). Regulations for interaction of structural subdivisions 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) Rules for concluding major transactions and transactions in which the Fund has an interest, approved by the decision of the Board of the Fund of 15.12.2017. (Protocol No. 099/2017). Regulations of "Kazakhstan Stock Exchange" JSC and Astana International Exchange (AIX).
7	Corporate Conflicts and Conflicts of Interest Management Principle	Observed	<p>The Fund discloses information on corporate events, financial statements and audit reports, lists of affiliated persons, as well as other information subject to disclosure on the Internet resources of the Financial Reporting Depository (FSD) 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 interested parties of information on the activities of the Fund, including its financial position, economic indicators, results of its activities and management structure. In accordance with best disclosure practices, the Fund prepares an Annual Performance Report on an annual basis. In 2022, the 2021 Annual Report on the Activities of the Fund was issued.</p>				<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>



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	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
			<p>In addition, information disclosure issues are regulated by the Regulation 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; a list of publicly available documents, information (materials) to be disclosed; list of documents, information (materials) to be disclosed to the Sole Shareholder; methods and terms of information (materials) disclosure, etc.</p> <p>The Fund has a corporate website that discloses information about all important aspects of activities, including financial condition, results of operations. The content of the website contains all the necessary information, in accordance with the new Code of Corporate Governance of the Fund.</p> <p>The Fund has a corporate website that discloses information about all important aspects of activities, including financial condition, results of operations. The content of the website contains all the necessary information, in accordance with the new Code of Corporate Governance of the Fund.</p>				<p>In order to comply with the principle of transparency and objectivity of disclosure of information on the activities of the Fund, on an ongoing basis, 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 development of the National Fund and other programs of the "Damu" Fund) and non-financial measures to support entrepreneurship implemented by the "Damu" Fund. In addition to reports and presentations, the corporate website of the Fund publishes documents, materials and information to be disclosed (placed) in public sources.</p> <p>At the same time, based on the results of the external assessment of the corporate governance system of the Fund, "Dostyk Advisor" LLP and the 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 on the provision and placement of information on the 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: https://damu.kz/o-fonde/otchetnost-fonda/godovye-otchety-fonda/</p>

Appendix No. 4

Interested Party Transaction Information

Nº	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 (formerly SB "Sberbank" JSC) (172 deals)	Guarantee Agreement	According to SD decision dated 04.05.2022. (Protocol No. 05/2022) approved standard conditions within the framework of the National Project, the Economy of Simple Things, guaranteeing the agro-industrial complex, Damu-Optima	Conclusion of the guarantee contract
2	"Bereke Bank" JSC (formerly SB "Sberbank" JSC) (3 deals)	Subsidies under the "Economy of Simple Things" program	According to SD decision dated 04.05.2022. (Protocol No. 05/2022) approved standard conditions within the framework of the National Project, the Economy of Simple Things	Conclusion of a subsidy agreement
3	"Bereke Bank" JSC (formerly SB "Sberbank" JSC) (66 deals)	Subsidizing within the framework of the National Project for the Development of Entrepreneurship for 2021-2025	According to SD decision dated 04.05.2022. (Protocol No. 05/2022) approved standard conditions within the framework of the National Project, the Economy of Simple Things	Conclusion of a subsidy agreement
4	"Bereke Bank" JSC (formerly SB "Sberbank" JSC) (19 deals)	Subsidizing part of the remuneration rate within the framework of the "Economics of Simple Things" program	According to SD decision dated 04.05.2022. (Protocol No. 05/2022) approved standard conditions within the framework of the National Project, the Economy of Simple Things	Conclusion of a subsidy agreement
5	"Bereke Bank" JSC (formerly SB "Sberbank" JSC) (231 deals)	Subsidizing part of the remuneration rate within the framework of the National Project for the Development of Entrepreneurship for 2021-2025	According to SD decision dated 04.05.2022. (Protocol No. 05/2022) approved standard conditions within the framework of the National Project, the Economy of Simple Things, guaranteeing the agro-industrial complex, Damu-Optima	Conclusion of the guarantee contract

Appendix No. 5

Report of "Damu" Entrepreneurship Development Fund" JSC on the use of sponsorship for 2022

Nº	Article estimates	Estimated amount, in tenge	Name of the organization or full name of the individual	BIN or IIN	Contract	Amount of actually incurred expenses, in tenge	Cost Content	Type, number and date of the document confirming the expenses incurred (payment orders, receipt and cash orders, expense and cash orders, fiscal checks, payslips, invoices, invoices, act of work performed/services rendered, contracts of sale of goods, works/services, orders, tickets, boarding passes, hotel bills, advance reports; payroll statements, turnover statement from the Beneficiary's servicing bank (from the value date to the date of submission of the report) and other documents - if any)
I. Treatment and post-operative care								
1	Front layer-by-layer deep keratoplasty for Polevoy G.V.	1 500 000	Outpatient Eye Microsurgery Clinic, Moscow	771598 1393	Nº 329/22	2 037 000	300,000 rubles at the rate of 6.79 from 19.05.2022 Halyk Bank	Contract No. 329/22, Payment Receipt



2	Preoperative diagnostics for Polevoy G.V.		Outpatient Eye Microsurgery Clinic, Moscow*	771598 1393	№ 2	67 900	RUB 10,000 at the exchange rate of 6.79 from 19.05.2022 Halyk Bank	Contract No. 2, Payment Receipt	6	Transportation costs	600 000	Flight of the ward	3024000 5191	254 286	Receipt, boarding passes, additional receipt - penalty for correction of data in the ticket
3	Postoperative observation Polevoy G.V.	200 000	Ophthalmological Center Focus* LLP*	17084001 7244	№ 2	195 000		Contract No. 2, invoice of works performed, payment order from the beneficiary's Bank, payment confirmation	7	"V4L" employee salary, including taxes and mandatory payments for the period from March to July 2022	900 000	Employee of the V4L Fund	90111900 1582	900 000	Payroll of an employee of the Private Fund "V4L"
4	Post-operative observation Gaziyev B.A.	300 000	Ophthalmological Center Focus* LLP	17084001 7244	№ 1	205 000		Contract No. 1, invoice of works performed, payment order from the beneficiary's Bank, payment confirmation.							

2. Related expenses (flight, accommodation, per diem)

5	Travel expenses	2 343 000	"Hotel Management Company" LLC	771057 8737		488 800	72,000 rub at the rate of 6.79 from 19.05.2022 Halyk Bank	Cash checks, invoice for placement
			Daily allowance of "V4L" employees (5 days)	90111900 1582	№ 2	147 000		Travel certificate, rules of business trip of employees, order of daily allowance norms, order 2-2
			Flight of the employee "V4L"	771204 0126		173 867		Itinerary receipt, boarding passes

3. Additional services

8	Bank fees when converting tenge into rubles		Halyk Bank	4114000 4401		14 142, 65		Cash debit order No. 1, extracts from personal accounts at the choice of the executor (purchase and sale of foreign currency)
9	Legal Services		TOO «Legist S V»	BIN 19084 0012495		250 000		Contract for the provision of legal services, payment order from the bank.
10	Accounting Services		Z.E. Baikatova	IIN 721223 400130		267 100		Civil Law Agreement (CLA)
	Total:					5 000 095, 65		In fact, the allocated funds are 5 000 000 tenge.



Appendix No. 6

Glossary

AFM	Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market
STB	Second-tier banks
GDP	Gross domestic product
Business Roadmap - 2025	State Business Support and Development Program Business Roadmap – 2025*
JSC «Baiterek» NMH»	“Baiterek” National Management Holding” JSC
KASE	“Kazakhstan Stock Exchange” JSC
LC	Leasing companies
Simple Things Economies,	The mechanism of crediting and financial leasing of priority projects, approved by the Decree of the Government of the Republic of Kazakhstan of December 11, 2018 No. 8200 On some issues of ensuring long-term tenge liquidity to solve the problem of affordable lending
LEB	Local executive bodies
MFO	Microfinance organizations
MSME	Micro, small and medium enterprises
SME	Small and medium-sized enterprises
MNE RK	Ministry of National Economy of the Republic of Kazakhstan
AIFC	Astana International Financial Center
«Yenbek» Program	State Program for the Development of Productive Employment and Mass Entrepreneurship for 2017-2021 “Yenbek”
UNDP	United Nations Development Program
IAS	Internal Audit Service
SMSME	Subjects of micro, small and medium-sized enterprises
SSME	Subjects of small and medium-sized enterprises
PBE	Private Business Entities
Fund, “Damu”	“Damu” Entrepreneurship Development Fund” JSC
Point Regional Program	Product/program “Regional financing of small private and medium-sized private enterprises”
National Project	National Entrepreneurship Development Project 2021–2025
“Damu Factoring»	Product “Conditional placement of funds in second-tier banks and other organizations for subsequent lending to micro, small and medium-sized private enterprises using factoring”

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