

KAZAGROFINANCE YOUR GROWTH FACTOR

 KAZAGROFINANCE

ANNUAL
REPORT

2023

KAZAGROFINANCE / ANNUAL REPORT 2023



ANNUAL REPORT 2023

KAZAGROFINANCE -

YOUR GROWTH

FACTOR

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COMPANY BRIEF PROFILE

KAZAGROFINANCE JOINT STOCK COMPANY (KAZAGROFINANCE, COMPANY) IS THE LARGEST FINANCIAL INSTITUTION THAT PROVIDES AGRICULTURAL PRODUCERS WITH LEASING SERVICES FOR THE PURCHASE OF AGRICULTURAL MACHINERY AND EQUIPMENT.



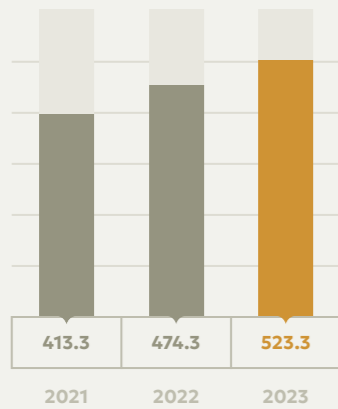
The Company has been successfully operating for more than 24 years, contributing to the development of technical facilities in the agricultural sector of the country.

Competitive advantages, such as high-industry competence, many years of experience in the market, a developed branch network, a strong personnel composition, reliable credit ratings and access to fundraising, allow maintaining a leading position in the leasing market and remaining a reliable partner for domestic farmers.

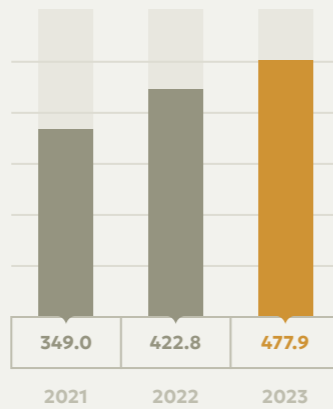
DYNAMICS OF KEY INDICATORS

Financial Indicators

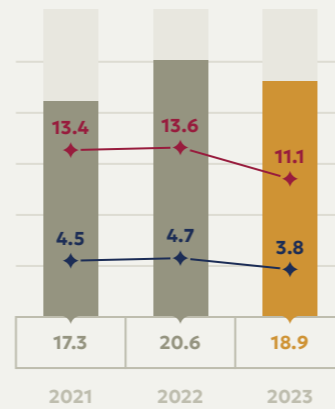
ASSETS, BLN KZT



LOAN PORTFOLIO, BLN KZT



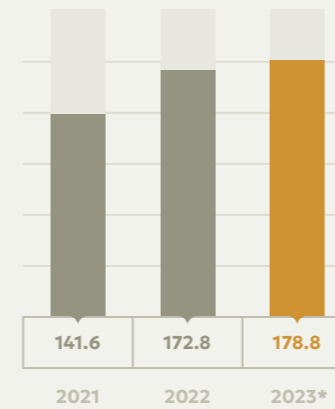
PROFITABILITY INDEX



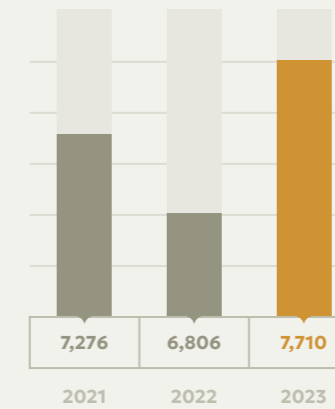
- Net Income, bln KZT
- ◆ ROE, %
- ◆ ROA, %

Operational Indicators

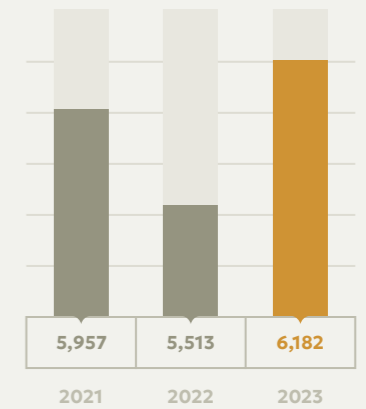
NUMBER OF MACHINERY AND EQUIPMENT LEASING, BLN KZT



NUMBER OF MACHINERY LEASED, UNITS

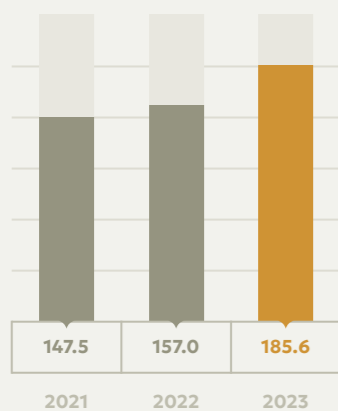


NUMBER OF CONCLUDED FINANCING AGREEMENTS, UNITS

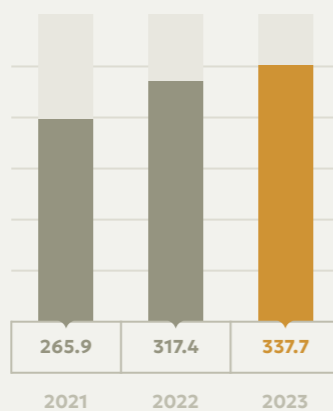


* The amount for 2023 is calculated using the cash method

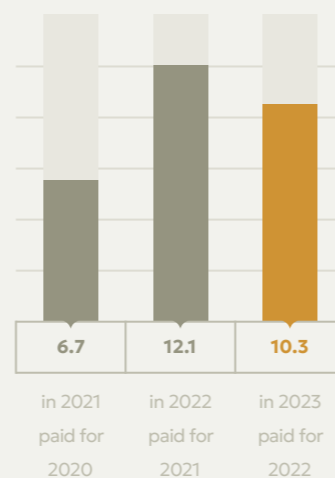
EQUITY CAPITAL, BLN KZT



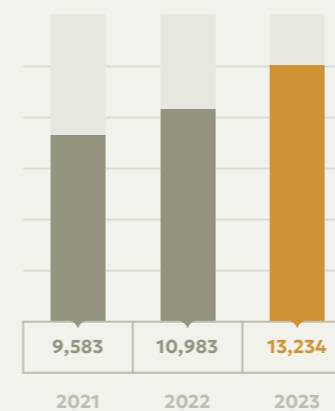
LIABILITIES, BLN KZT



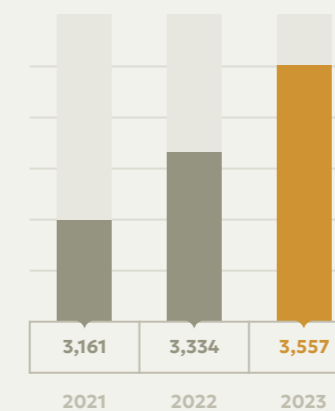
DIVIDENDS, BLN KZT



NUMBER OF CLIENTS IN THE PORTFOLIO AT THE END OF THE YEAR, UNITS

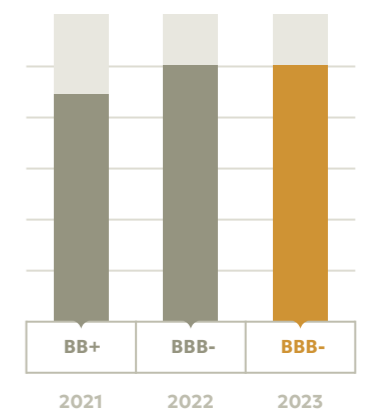


NUMBER OF FINANCED CLIENTS, UNITS



Non-Financial Indicators

FITCH RATINGS



KEY EVENTS OF 2023

June 16

The issue was registered and on August 1, 20 million shares of KazAgroFinance JSC (1,000 KZT/1 share) were placed to the Sole Shareholder from the republican budget allocated to increase the authorized capital of KazAgroFinance.

August 17

KazAgroFinance JSC carried out the second issue of bonds with a maturity of 7 years under the second program within the third bond program, which was placed for 11.8 billion KZT among a wide range of market investors.

June 22

The decision of the Board approved the rules for implementation of KazAgroFinance special financing programs, taking into account new special programs: "Own Feeds", implemented through the budget investments – the program is aimed at updating and providing forage harvesting enterprises with modern agricultural equipment, and "Zhasyl Onim", implemented from the Company's own funds – the program is aimed at preferential financing of producers of socially important food products (vegetables, fruits, berries, sugar beet).

June 26

An electronic queue was developed and launched in a Telegram chatbot for booking a queue for lending preferential programs: "Preferential Leasing", "Own Feed", "Zhasyl Onim", "Made in Kazakhstan".

July 12

KazAgroFinance JSC carried out the first issue of bonds with a maturity of 7 years under the second program within the third bond program, which was placed for 8.2 billion KZT among a wide range of market investors.

September 26

The Fitch Ratings confirmed the long-term ratings of KazAgroFinance in foreign and national currency at the level of "BBB-"; the outlook for the ratings is "Stable".

November 16

KazAgroFinance was awarded the nomination of Kazakhstan Stock Exchange (KASE) "Bond Market Leader" for its contribution to the stock market development.

According to the results of 2022,

the Annual Report of KazAgroFinance JSC for 2022 received a diploma for the best disclosure of corporate governance issues following the annual reports competition held by PwC Kazakhstan, and also entered the top 50 best companies, taking the 24th position in terms of ESG information disclosure.

ADDRESS BY THE CHAIRMAN OF THE BOARD OF DIRECTORS



The Company's mission is defined as the technical and technological modernization of the business of the Kazakhstan AIC entities.

DEAR PARTNERS AND COLLEAGUES!

I AM GLAD TO WELCOME YOU ON BEHALF OF THE BOARD OF DIRECTORS OF KAZAGROFINANCE JSC!

KazAgroFinance is a reliable partner for domestic agricultural producers, whose trust is growing from year to year.

Despite the fact that 2023 turned out to be a difficult year for the Kazakhstan agro-industrial complex due to adverse weather conditions, the company made every effort to ensure that farmers were provided with the necessary agricultural machinery for spring field and harvesting operations.

Speaking on September 1, 2023 with a Message to the People of Kazakhstan, President Kassym-Jomart Tokayev instructed to increase the rate of renewal of agricultural machinery to 8-10% per year.

So in 2023, the company launched several preferential financing programs to support agriculture in the republic: "Own Feed", "Made

in Kazakhstan", "Zhasyl Onim". These programs are designed to help and support domestic farmers and encourage the purchase of domestically produced agricultural machinery.

An important corporate event in the reporting year was the approval of the KazAgroFinance Development Strategy for 2024-2033, developed taking into account the priorities of the development plan of Baiterek National Managing Holding JSC and documents of the state policy on the agro-industrial complex development.

The Company's mission is defined as the technical and technological modernization of the business of the Kazakhstan AIC entities.

All these years, the company continues developing the industry and will continue comprehensive support in the AIC, improve quality and accessibility of leasing services.

AYDAPKELOV

NURBOLAT

SERGALIYEVICH

**Chairman
of the Board of Directors
of KazAgroFinance JSC**



ADDRESS BY THE CHAIRMAN OF THE BOARD



We are proud that we can contribute to the domestic agriculture development and make it more competitive in the market.

DEAR COLLEAGUES AND PARTNERS!
KAZAGROFINANCE JSC PROVIDES EFFECTIVE
SUPPORT TO KAZAKHSTAN'S AGRIBUSINESS,
STRIVING TO MAKE RECEIVING SERVICES AS EASY
AND CONVENIENT AS POSSIBLE.

The past year was difficult for the domestic agricultural business. We launched several leasing programs profitable and accessible for our clients to support farmers. We are proud that we can contribute to the domestic agriculture development and make it more competitive in the market.

The company has high competencies in the industry, has a well-developed branch network, strong staff, reliable credit ratings – all this allows maintaining a leading position in the leasing market and remaining a reliable partner for Kazakhstan farmers.

Next year, we will continue implementation of a client-oriented policy for the improvement

and development of leasing services with a focus on consumer demand.

We plan to implement a number of products using information technology, which are aimed at minimizing the human factor, reducing project review time and increasing transparency of transactions. This will allow bringing the leasing tool to a new level and making it the most in-demand financial product in the Kazakhstan market.

I would like to express my deep gratitude to clients, partners and employees. Thanks to your support and professionalism, the Company has succeeded in all the tasks that were set for us in the past year.

PRASHEV

AYDAR

GILIMOVICH

**Chairman
of the Board
of KazAgroFinance JSC**



DEVELOPMENT STRATEGY

Goals and Objectives

Expected results

1



In Kazakhstan, the Northern, Eastern and part of the Western regions are leaders in sunflower cultivation. In these regions, hybrids adapted to regional climatic conditions are used: Kazakhstan 465, Sunkar, Kazakhstan 5, Yubileyny 40. A large share of sunflower

seeds is grown in Eastern Kazakhstan.

SUNFLOWER

КҮНБЕГІС · ПОДСОЛНЕЧНИК · SUNFLOWER

A plant from the sunflower family and one of the leading field crops in Kazakhstan. This native of North America is quite easy to grow. Sunflower is in great demand in the agricultural sector of Kazakhstan.

It is used as a raw material in food and industrial production, as well as feed in livestock farming.



IN 2023, THE KAZAGROFINANCE DEVELOPMENT STRATEGY OF FOR 2020-2023 APPROVED BY THE DECISION OF THE BOARD OF DIRECTORS OF KAZAGROFINANCE JSC DATED JULY 25, 2022 NO. 10 WAS IMPLEMENTED, WHICH DETERMINED THE IMPLEMENTATION OF 9 TASKS WITHIN 2 STRATEGIC DIRECTIONS AND 3 GOALS, AND ACHIEVEMENT OF RESULTS ON 9 STRATEGIC KEY PERFORMANCE INDICATORS.

GOALS AND OBJECTIVES

Strategic direction No. 1

Promoting the development of AIC competitiveness through technical and technological equipment

GOAL 1:

INCREASE TECHNICAL EQUIPMENT AND EXPORT POTENTIAL IN AGRICULTURE

- Objective 1.**
Increase the volume of investments in the leasing of agricultural machinery and equipment.
- Objective 2.**
Assist in the development of volumes of revenue and export revenue of enterprises supported by KazAgroFinance.
- Objective 3.**
Develop the Company product line, improve the quality and accessibility of leasing services.

Strategic direction No. 2

Company's performance

GOAL 1:

INCREASE THE COMPANY PROFITABILITY

- Objective 1.**
Improve the efficiency of equity and asset management.
- Objective 2.**
Improve the loan portfolio quality.
- Objective 3.**
Improve the monitoring system for funded projects.

GOAL 2:

KAZAGROFINANCE CORPORATE DEVELOPMENT IN ACCORDANCE WITH BEST PRACTICE

THE COMPANY'S FOCUS REMAINS LEASING ACTIVITIES IN THE AGRO-INDUSTRIAL COMPLEX.

- Objective 1.**
Improve the corporate governance system and increase the Company's transparency.
- Objective 2.**
Improve the risk management and internal control systems.
- Objective 3.**
Implement the principles of sustainable development in the Company key processes.

EXPECTED RESULTS

KAZAGROFINANCE JSC:

a stable break-even company with a strong position in the rating of Kazakhstan leasing companies;

a leader in the leasing market in terms of the client service quality;

a powerful financial tool for the AIC development, meeting the industry's needs for high-quality and competitive leasing services to the maximum extent possible.

Thus, comprehensive implementation of the goals and objectives will allow continuing to strengthen the position as one of the leading and stable financial institutions for development of the Kazakhstan AIC.

AS OF THE END OF 2023, ALL KEY PERFORMANCE INDICATORS OF THE COMPANY'S DEVELOPMENT STRATEGY FOR 2020-2023 WERE FULLY IMPLEMENTED; DETAILS ON THE WORK IN STRATEGIC AREAS ARE DISCLOSED IN THE DEVELOPMENT STRATEGY IMPLEMENTATION SECTION.

ABOUT THE COMPANY

2



In Kazakhstan, corn is one of the main forage crops. Among cultivated plants, it ranks first in gross grain harvest and ranks second in sown area, lagging behind the wheat.

CORN

ЖҮТЕПІ · КҮКҮРҮЗА · CORN

Herbaceous plant that was domesticated about 5 thousand years ago in the territory of modern Mexico and spread quite quickly. It is called the "queen of the fields," since the crop grows well and bears fruit in any climate, while giving an invariably good harvest if the cultivation technology is followed.

In recent years, corn cultivation has become an increasingly economically attractive direction of crop production. Corn is actively grown in the Almaty, Turkestan, Kostanay and Zhambyl regions.

Ratings

Licenses

Certification

Geography of Activity

Company Brief History

Business Model

Competitive Advantages

Leasing Process

Areas of Activity

Subsidy Processes

Business Processes Optimization

Supplier Management

Mission

Technical and technological modernization of business of the Kazakhstan AIC entities.

Vision

KazAgroFinance JSC is a partner providing comprehensive client support in agriculture using digital solutions.

Purpose within the industry
Technological renewal of the agro-industrial complex by providing agricultural producers with accessible financial resources for the purchase of agricultural machinery and equipment on a lease basis.

Types of activities

- leasing activities in the agro-industrial complex;
- lending and other types of activities not prohibited by legislative acts that meet the Company's goals and objectives provided for by the KazAgroFinance's Charter;
- participation in implementation of republican budget and other programs aimed at the development of the agro-industrial complex.

RATINGS

ON SEPTEMBER 26, THE FITCH RATINGS CONFIRMED THE LONG-TERM RATINGS OF KAZAGROFINANCE JSC IN FOREIGN

AND NATIONAL CURRENCY AT THE LEVEL OF "BBB-"; THE OUTLOOK FOR THE RATINGS IS "STABLE".

LICENSES

LICENSE OF THE AGENCY OF THE REPUBLIC OF KAZAKHSTAN FOR REGULATION AND SUPERVISION OF FINANCIAL MARKET AND FINANCIAL

ORGANIZATIONS TO BANK LENDING OPERATIONS IN NATIONAL CURRENCY (RECEIVED ON MARCH 31, 2006).

CERTIFICATION

ISO 9001-2015 QUALITY MANAGEMENT SYSTEM CERTIFICATION.

GEOGRAPHY OF ACTIVITY

THERE ARE 15 BRANCHES IN ALL REGIONS OF THE COUNTRY. COOPERATION WITH KAZAKHSTAN

EQUIPMENT MANUFACTURERS, AS WELL AS SUPPLIERS FROM NEAR AND FAR ABROAD.



COMPANY BRIEF HISTORY

KazAgroFinance was registered on December 28, 1999, in accordance with the Resolution of the Kazakhstan Government "On Certain Issues of Agriculture" dated November 24, 1999, No. 1777.

1999

The Resolution of the Kazakhstan Government on establishment of the KazAgroFinance was approved.

2000

The first experience of leasing foreign agricultural machinery.

2000-2003

Establishment of the first machine and tractor stations.

2004

Leasing of special machinery and technological equipment.

2005

Leasing of processing equipment.

2006

KazAgroFinance became a member of newly established KazAgro National Management Holding.

2007

Introduction of leasing of breeding animals.

2008

The Company was assigned an international credit rating (BBB-) by Fitch for the first time.

2016

KazAgroFinance for the first time placed domestic market bonds among a wide range of investors in the amount of 8 billion KZT and with a maturity of 5 years.

KazAgroFinance was included in the list of entities proposed for transfer to a competitive environment.

2015

The KazAgroFinance corporate governance was diagnosed for the first time and the Company was assigned the corporate governance level for the first time.

2013

KazAgroFinance became an official participant in the subsidy program.

2010

Expert RA conducted its first leasing market survey in Kazakhstan: KazAgroFinance was recognized as a leader in the Kazakhstan leasing market.

2009

The start of financing the large investment projects.

2017

KazAgroFinance's deal on the issue and placement of 5-years KZT bonds was recognized as the winner of EMEA Finance as the Best Local Currency Bond in EMEA.

2019

The Company exclusion from the list of entities subject to privatization. Establishment of a Nur-Sultan branch (on 26.10.2022 it was renamed into Astana branch).

2020

Approval of the Development Strategy of KazAgroFinance for 2020-2029.

2021

KazAgroFinance affiliation of Baiterek NMH JSC, implemented in accordance with the order of the Head of the State, given during the Address to the Nation of the Republic of Kazakhstan dated September 1, 2020 by joining KazAgro National Management Holding JSC to Baiterek NMH JSC.

2023

The authorized capital of KazAgroFinance JSC was increased by 20 million common shares with a nominal value of 1,000 KZT per share, through repurchase by the Sole Shareholder at the expense of the republican budget. An electronic queue was developed and launched in a Telegram chatbot, for booking a queue for lending preferential programs: "Preferential Leasing", "Own Feed", "Zhasyl Onim" and "Made in Kazakhstan".

2022

The change of the Company Sole Shareholder. The Sole Shareholder was Agrarian Credit Corporation JSC. KazAgroFinance joined the National ESG Club. The BPM platform online.kaf.kz was implemented to accept online applications from clients.

BUSINESS MODEL

In order to improve leasing activities, the Company regularly and continuously conducts appropriate measures to improve quality of services provided.



COMPETITIVE ADVANTAGES



LEASING PROCESS

Leasing process begins with a selecting of a leasing subject and a supplier by a client. After receiving a commercial proposal from the supplier, the client contacts KazAgroFinance.

A Credit Office Manager consults on available financing programs and introduces the client with a list of mandatory documents required for filing an application. After the client submits a full package of documents, the client's project is examined by the Company structural units. Based on the conclusions and examinations, the Company's authorized body (Credit Committee) decides on financing the project. The total period for the project consideration is 5-12 business days, excluding revision.

If the Credit Committee makes a positive decision for the project, a financial leasing agreement is concluded, the client makes the first lease payment, and then a contract for purchase of the leasing subject is signed with the supplier. After delivery, the leasing subject is transferred to the lessee.

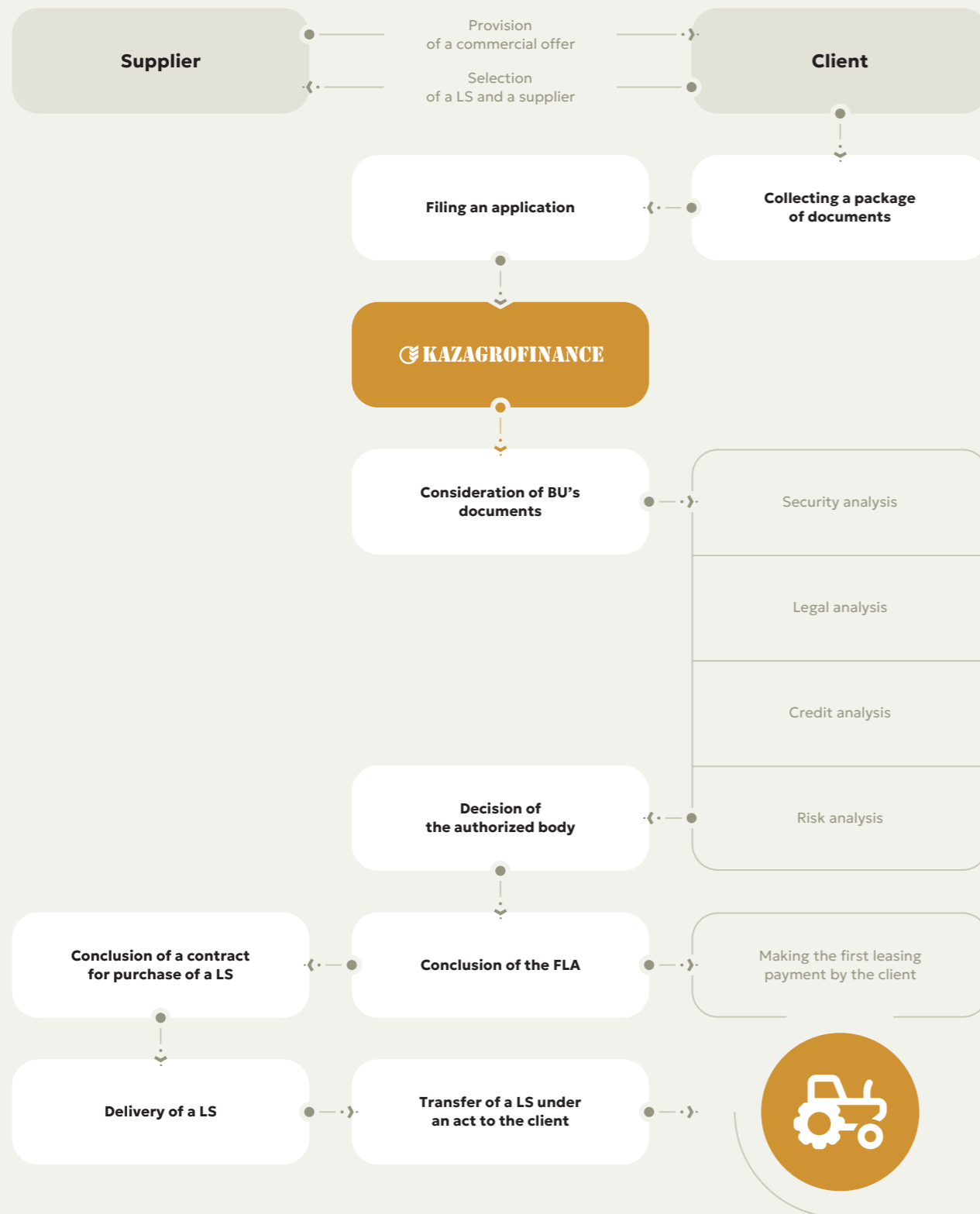
In order to develop the product line and make the leasing services more accessible, a campaign for the implementation of preferential financing programs was launched on June 26, 2023 (by decision of the Company's Board of Directors No. 5 dated June 12, 2023, the general terms of financing were approved in a new version).

Applications are accepted via Telegram chatbot. Telegram chatbot generates the electronic queue with assigning an ordinal number to each potential client's request. Applications with the assigned electronic queue number in the Telegram chatbot participate in preferential programs. This makes access to concessional financing transparent and reduces corruption risks.





Leasing Process



AREAS OF ACTIVITY

The Company implements a wide balanced product line of financing programs that meets the interests and needs of various categories of agricultural producers and allows for purchasing equipment on favorable terms.

In 2023, the Company had the following programs:

1. Leasing on standard terms:

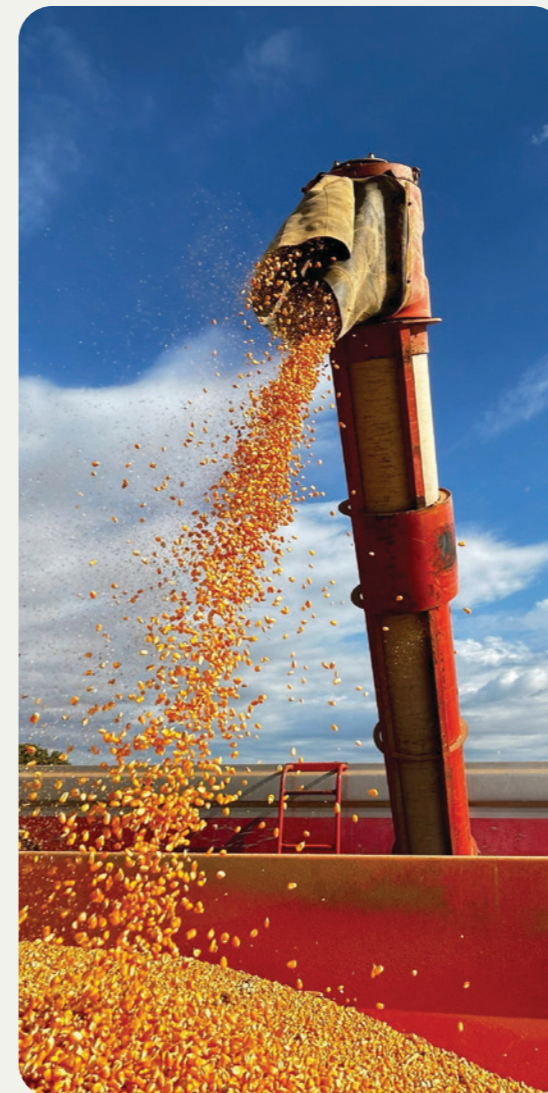
- + agricultural machinery (self-propelled, mounted and trailed);
- + special equipment for land reclamation and agricultural work, including unmanned aerial vehicles;
- + vehicles for the transportation of biological assets, agricultural and fish products, including freight cars;
- + equipment (requiring and not requiring installation);

2. Special financing programs:

- + "Made in Kazakhstan";
- + "Reliable Farmer";
- + "Express Leasing";
- + "Preferential Leasing";
- + "Zhasyl Onim";
- + "Own Feed".

3. Special financing services:

- + "Master Leasing".



FINANCING PROGRAMS FOR THE END OF 2023

	Term	Advance	Rate
Conditions and terms for standard leasing			
Agricultural machinery	up to 10 years	not less than 15%	Base rate of the National Bank of Kazakhstan plus 7% (6% – including subsidies)
Special equipment for land reclamation and agricultural work	up to 7 years	not less than 20%	Base rate of the National Bank of Kazakhstan plus 7.5% (6% – including subsidies)
Unmanned aerial vehicles for agricultural needs	up to 5 years	not less than 30%	Base rate of the National Bank of Kazakhstan plus 7.5% (not subsidized)
Vehicles (including tractors and trailers) for the transportation of agricultural and fish products and products of their processing, biological assets	up to 7 years	not less than 15%	Base rate of the National Bank of Kazakhstan plus 7.5% (6% – including subsidies)
Freight cars for transportation of grain and other types of agricultural products	up to 10 years	not less than 15%	Base rate of the National Bank of Kazakhstan plus 7.5% (not subsidized)
Conditions and terms of special financing programs			
"Made in Kazakhstan" Domestically manufactured/assembled agricultural machinery and vehicles	up to 10 years	not less than 15%	6%
"Preferential Leasing" Self-propelled domestically manufactured/assembled agricultural machinery	up to 10 years	from 0%	6%
"Own Feed" Agricultural machinery, forage harvesting equipment and mobile irrigation systems	up to 10 years	not less than 15%	6%
"Zhasyl Onim" Agricultural machinery, irrigation systems, special equipment, vehicles for the production and/or transportation of vegetables, fruits, berries, sugar beet	up to 10 years	not less than 15%	6%
"Reliable Farmer" Leasing without advance payment	up to 10 years	0%	Base rate of the National Bank of Kazakhstan plus 7.5% (6% – including subsidies)
"Express Leasing" Without confirmation of income	up to 10 years	not less than 20%	Base rate of the National Bank of Kazakhstan plus 7.5% (6% – including subsidies)
Conditions and terms of special financing services			
"Master Leasing" Leasing line for 1 year	up to 10 years	not less than 15%	Base rate of the National Bank of Kazakhstan plus 7.5% (6% – including subsidies) 6%

The preferential terms for financing in a form of leasing are the provision of machinery without collateral, without paying fees, with a grace period, long-term financing, without an advance

payment (due to investment subsidies of up to 15% of the cost of machinery). The interest rate is subsidized by the state; the final interest rate for the client is 6% per annum.



SUBSIDY PROCESSES

Subsidizing a Part of the Costs Incurred by an Agro-Industrial Complex Entity in case of Investment

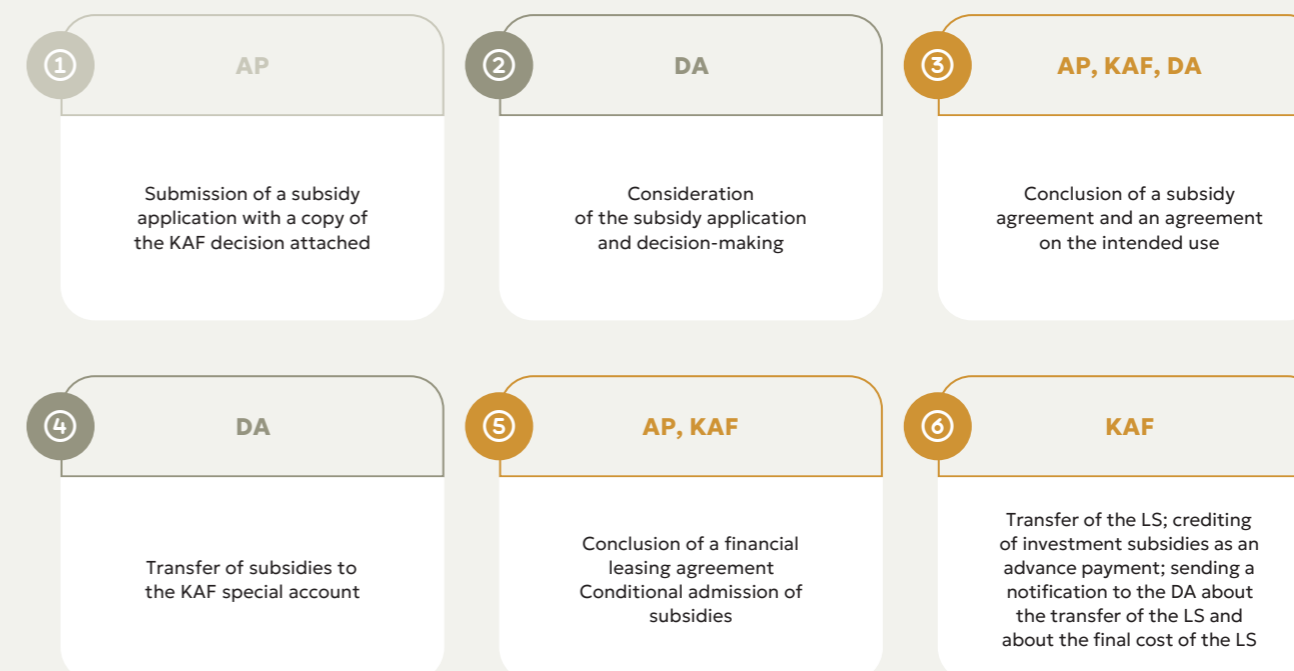
KazAgroFinance participates in the state subsidy program to reimburse part of the costs incurred by the agro-industrial complex entities in case of investment.

Due to this state support measure, Kazakhstan agricultural

producers can provide an advance payment through investment subsidies when purchasing equipment on lease. Obtaining investment subsidies significantly eases the financial burden on clients and increases the accessibility of equipment.

According to the results of 2023, investment subsidies for repayment of an advance payment totaling 3.2 billion KZT under 508 financial leasing agreements were received to the Company's special account under the investment subsidy program.

PROVISION OF INVESTMENT SUBSIDIES IN ADVANCE



Investment subsidies are used as an advance payment for equipment leasing, the amount of investment subsidies is from 15% of the value of the leasing subject.

Subsidizing the Interest Rate

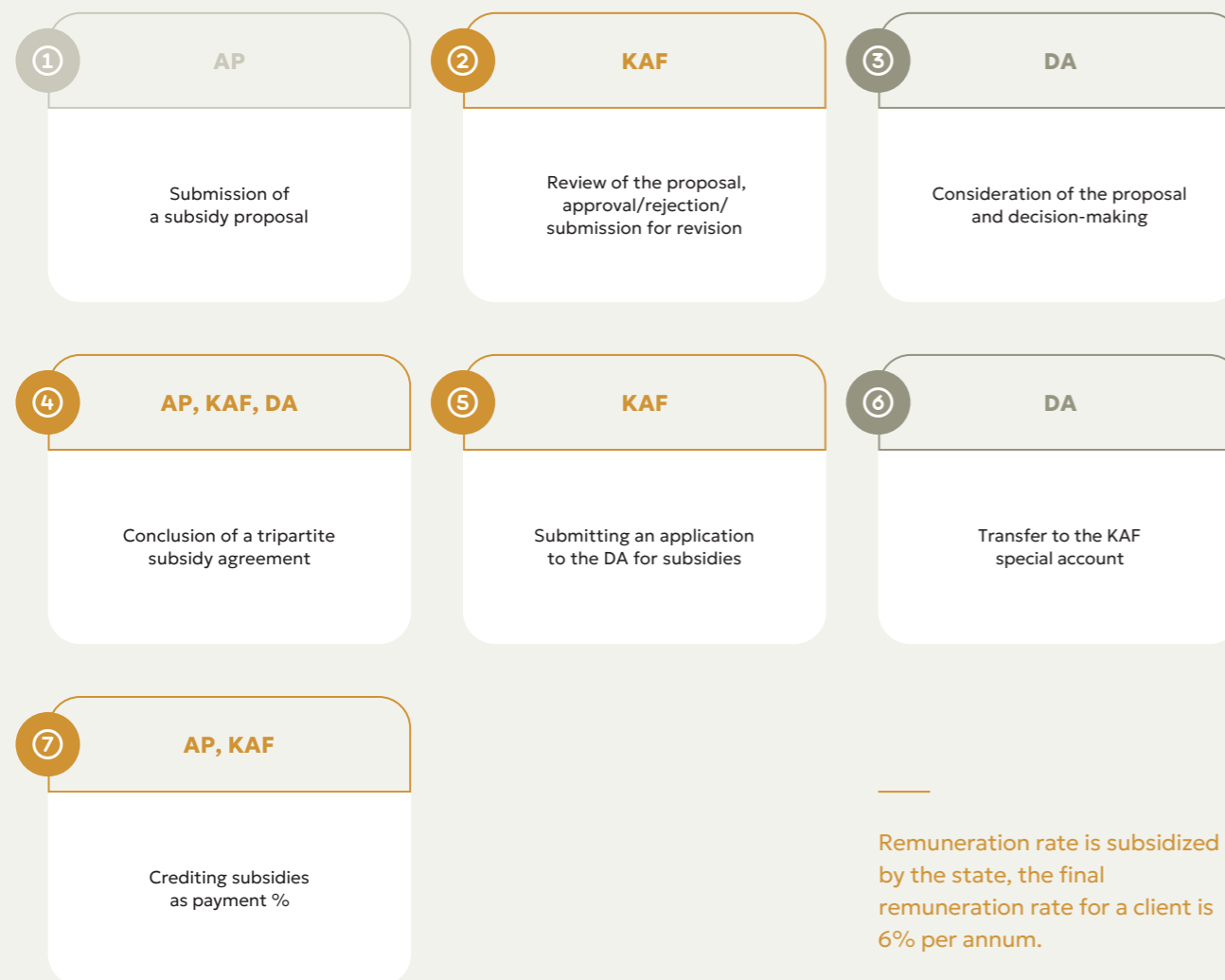
KazAgroFinance participates in the state program of subsidizing the interest rate on loans, as well as leasing of technological equipment and agricultural machinery. The program is aimed at increasing

the accessibility of financial services for the agro-industrial complex entities.

According to the Program of Subsidizing an Interest Rate in 2023 through the Gosagro.kz 2,196

Financial Leasing Agreements for the total amount of the principal debt of 79.2 billion KZT were approved for subsidization. In total, in 2023, subsidies totaling 26.4 billion KZT were received to the Company's special account.

SUBSIDIZING AN INTEREST RATE



Remuneration rate is subsidized by the state, the final remuneration rate for a client is 6% per annum.

BUSINESS PROCESSES OPTIMIZATION

In order to improve lending and leasing activities, the Company implements a set of appropriate measures to improve conditions and increase quality of provided services.

In the reporting year, new preferential financing programs were launched as part of the development of the product line and increasing the accessibility of leasing services:

- a special program "Own Feeds", implemented through the budget investments aimed at increasing the authorized capital (including through a targeted transfer from the National Fund of the Republic of Kazakhstan). The program is aimed at updating and providing forage harvesting enterprises with modern agricultural machinery;
- a special program "Zhasyl Onim", implemented through the Company's own funds and aimed at concessional financing of producers of socially important food products (vegetables, fruits, berries, sugar beet).

Implementation of the Preferential Leasing and Made in Kazakhstan programs continued.

Applications are accepted in a Telegram chatbot by generating an electronic queue with an ordinal number assigned to each potential client's application, which ensures transparency of the selection process and consideration of applications for financing.

As part of the automation and optimization of the core business processes, the Company continued to develop the functionality of

online filing the applications for financing under the Express Leasing program through the portal online.kaf.kz, focused on automated application submission by signing the necessary documents using EDS.

The project provides the following functionality: the client's personal account, a leasing calculator, as well as directly applying for financing after selecting the necessary product and selecting the main parameters of the leased item.

The application review process (verification of documents, reports of structural units on the counterparty and the Credit Committee) is also automated, which made it possible to shorten the time and speed up the application review process.

KazAgroFinance will continue optimizing, automating business processes and developing a product line in the interests of its clients.



SUPPLIER MANAGEMENT

A leasing subject and a leasing supplier subject are selected by a client independently in accordance with the Kazakhstan Law “On Financial Leasing”.

The Company maintains a database of suppliers of agricultural machinery and equipment with which it has prior experience of cooperation. The information is publicly available for stakeholders on the Company’s corporate website www.kaf.kz.

Suppliers shall be thoroughly checked for negative information, compliance with legal requirements and a fair value of the leasing subject.

The Company’s requirements for suppliers of leasing subjects are unified for everyone and placed on the Company’s website, simplifying interaction with the Company for suppliers.

Basic requirements for suppliers include:

- ♦ professional qualification and at least 6 months experience in the market of a leasing subject to be supplied;
- ♦ no outstanding (overdue in accordance with the leasing subject purchase agreement) liabilities to the Company;
- ♦ certificates, licenses required to deliver the leasing subject;
- ♦ warranty and post-warranty service;
- ♦ absence in the Register of Unfair Participants of Public Procurement;
- ♦ no status of an unreliable supplier.

After conclusion of a Leasing Subject Purchase and Equipment Supply Agreement with a supplier, the Company accepts the leasing subject, pays for it to the supplier and then transfers it to the lessee. Logistics of the leasing subject, customs clearance and other actions related to delivery are performed by the Company’s employees, making the leasing process for lessees as simple and accessible as possible.



MANAGEMENT REPORT

3



The yield of raw cotton in Kazakhstan and other Central Asian countries is 2.5-2.7 t/ha, and the best farms received 4 t/ha or more.

COTTON

МАҚТА · ХЛОПЧАТНИК · COTTON

One of the most important fibre crops in the world. Its fibre serves as raw material for the textile industry. The oil obtained from the seeds is used as food, and the cake is used as high-protein feed for livestock.

The seeds together with the fibre are a product called raw cotton. The yield of fibre from raw cotton is on average 33-35%.

Macroeconomic Indicators

Analysis of AIC Sector

Agricultural Machinery Fleet Analysis

Leasing Market Analysis

PEST-Analysis

SWOT-Analysis

Development Strategy Implementation

Operating Results

Financial Results

Development Prospects



MACROECONOMIC INDICATORS

Gross domestic product (GDP)

Volume of GDP produced in January-December 2023 (according to operational data) amounted to 119,251,165.7 million KZT.

GDP increased by 5.1% in real terms compared to the corresponding period of the previous year.

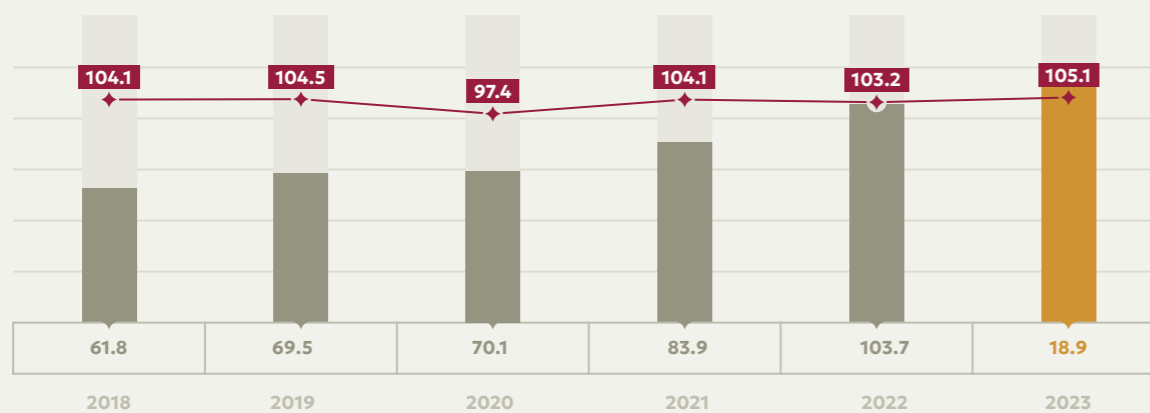
GDP BY PRODUCTION METHOD FOR JANUARY-DECEMBER 2023

GDP calculated using the average annual dollar exchange rate of the National Bank of Kazakhstan, amounted to 261,418.3 million USD.

In January-December 2023, compared with the corresponding period of the previous year, the real growth in the production of goods, services and taxes on products amounted to 3.9%, 5.7% and 7.6%, respectively.

	GVA, mIn KZT	By the corresponding period of the previous year, %		GVA to GDP, %
		GVA Volume index, %	GVA deflator, %	
Gross domestic product	119,251,165.7	105.1	110.2	100.0
Agriculture, forestry and fish-eries	5,109,629.8	92.3	101.7	4.3

GDP DYNAMICS



● Gross domestic product by production method, trillion KZT
◆ Index of physical volume of GDP by production method, %

The shares of production of goods and production of services in GDP in January-December 2023 amounted to 36.3% and 56%,

respectively. The industry accounts for the main share of GDP production – 26.4%.

STRUCTURE OF GDP FOR JANUARY-DECEMBER 2023, %



GDP increased by 5.1% in real terms compared to the corresponding period of the previous year. The industries showed the greatest growth: construction (13.3%), wholesale and

retail trade; repair of cars and motorcycles (11.3%), information and communication (7.1%), transport and warehousing (7.1%), provision of accommodation and catering services (6.5%).

Volume of investments in 2023

In 2023, the volume of investments in fixed assets amounted to 18,043.7 billion KZT, which is 13.7% more than in 2022.

In 2023, compared with 2022, there is an increase in the cost of purchasing machinery, equipment and vehicles and their major repairs by 31.1%.

The predominant sources of investment remain the own funds of business entities, which amounted to 13,279.8 billion KZT.

A significant share of investments in fixed assets in January-December 2023 accounted for mining and quarrying (26.3%), real estate operations (17.9%), transport and warehousing (14%) and manufacturing (9.4%).

INVESTMENTS IN FIXED ASSETS DEVELOPED, THOUSAND KZT

Year	2021	2022	2023
Investments in fixed assets developed	13,242,233,420	15,251,104,090	18,043,687,257



Budget funds were 15.8% of the total investment in fixed assets, while they increased by 15.6% compared to 2022.

The share of the banking sector in financing the real sector of the economy in the total volume of investments in fixed assets is 2.5%.

Inflation

Inflation in the republic in December 2023 slowed down over the year and amounted to

9.8% (in November 2023 – 10.3%), for the month – 0.8% (the previous month – 1%).

ANNUAL INFLATION

2021	2022	2023
8.4%	20.3%	9.8%

Inflation in January 2024 slowed down over the year and amounted to 9.5%. For the month, inflation was 0.8% (similar to the previous month).

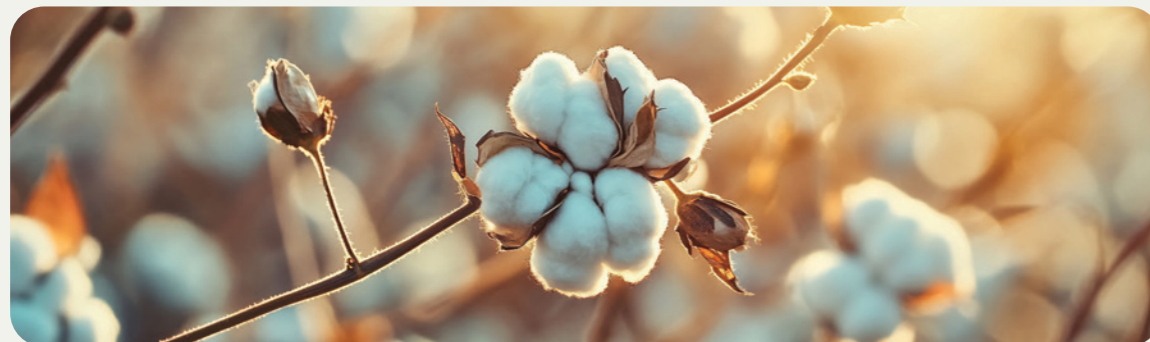
Food prices increased by 8.2% over the year (in December 2023 – 8.5%), non-food products – by 8.6% (in December 2023 – 9.1%), paid services – by 12.3% (in December 2023 – 12.4%).

Dynamics of Inflation

Compared with January last year, price increases were noted for the following items: rice – by 31.3%, mineral and drinking water – by 17.2%, eggs – by 16.9%, soft drinks – by 15.5%, alcoholic beverages and tobacco products – by 15%, canned milk – by 13.9%, butter – by 13.1%, fresh fruits and vegetables – by 12.3%, kefir 2.5% fat content – by 11.9%,

pasteurized milk – by 11.8%, bakery and flour confectionery – by 11.7%, fish and seafood – by 11.5%.

A decrease in prices was observed for products: onion – by 26.4%, buckwheat – by 23.6%, sunflower oil – by 19.8%, granulated sugar – by 15.5%.



ANALYSIS OF AIC SECTOR

Kazakhstan agro-industrial complex is the largest cross-industry network that unites several branches of the economy, aimed at production and processing of agricultural raw materials and making products from it, brought to the end consumer. This is a set of branches of the country's economy, including agriculture and industries closely related to agricultural production, transporting, storing, processing of agricultural products, supplying them to consumers, providing agriculture with machinery, chemicals and fertilizers, servicing agricultural production.

Kazakhstan has a huge potential for agriculture development: the country ranks fifth in the world in terms of agricultural land area. The country has sufficient water resources, a relatively clean natural production base that opens up the possibility for production of high-quality products, proximity to large markets and significant growing investments in transport and trade corridors.

AGRICULTURE DEVELOPMENT IS ONE OF THE IMPORTANT FACTORS OF ECONOMIC GROWTH IN RURAL AREAS.

Land Structure

The area of the country's land fund is 262.9 million ha, agricultural land occupies 44.1%, in the structure of agricultural land: arable land – 10%, hayfields – 0.9% and pastures – 31.3% of the country's territory.

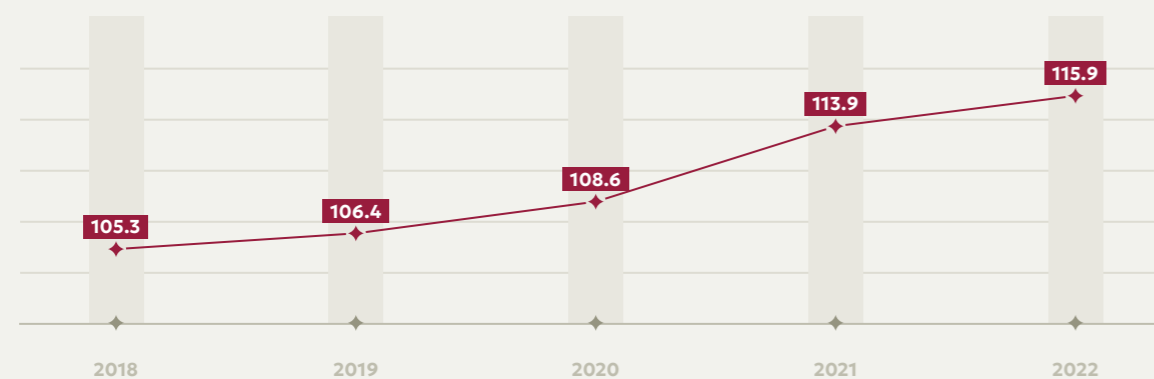
Agricultural lands, in accordance with the Kazakhstan Land Code, have a special legal regime aimed at limiting the seizure of these lands, preserving and increasing their fertility. The land area of this category in the land fund structure is 115.9 million ha or 44.1% of the land used.

Land name	Area, total, thou ha	Including agricultural lands, thou ha	Share, %
Agricultural land	213,702.6	113,096.9	52.9%
including:			
• Arable land, total:	26,986	26,452	98.0%
including irrigated land	1,780.4	1,625.0	91.3%
• Perennial plantings	146.9	60.7	41.3%
• Layland	3,457.2	1,824.5	52.8%
• Hayland	4,884.6	2,341.2	47.9%
• Pastures	178,227.9	82,418.5	46.2%
• Not agricultural land	49,219.2	2,869.3	5.8%
Total	262,921.8	115,966.2	44.1%

In general, in recent years, agricultural lands in all regions have been increasing due to the development of reserve lands, in 2022

their total area in the republic increased by a total of 2.0 million ha.

DYNAMICS OF AGRICULTURAL LAND AREA, MLN HA



Analysis of the distribution of agricultural land by reclamation groups shows that the category of agricultural land contains the highest quality land in terms of reclamation. Thus, in the composition of agricultural lands of this land category, the reclamation group with uncomplicated negative signs, including those certainly suitable for agriculture, is 28%. Proportion of other reclamation groups with weak negative signs is about 24%. Agricultural lands with moderate to severe negative signs account for 48% of their total area.

Agricultural land includes: arable land, fallow land, lands with perennial plantations, hayfields and pastures.

Arable land is the most valuable type of agricultural land. In the total area of agricultural land, arable land is 26.9 million ha (10%). The largest areas of arable land are concentrated in Kostanay (6.3 million ha), Akmola (6.1 million ha) and North Kazakhstan (5.0 million ha) regions.

Haylands in the republic occupy a total area of 4,884.6 thousand ha. More than 50% of

all agricultural haylands is registered in three regions of the republic: East Kazakhstan – 264.2 thousand ha, West Kazakhstan – 510.1 thousand ha and Abay – 237.8 thousand ha.

Kazakhstan territory belongs to the insufficient moisture area, and the central and southern regions, with exception of foothills and mountains, belong to the arid one. In this regard, main volume of agricultural land reclamation is occupied by irrigated lands, allowing, with proper use, regardless of natural conditions, to obtain stable yields of agricultural crops.

According to the land balance, there are 2.3 million ha of irrigated land in the republic, of which 1.9 million ha are part of agricultural land.

The largest areas of arable land with an irrigation network are in Turkestan – 508.8 thousand ha, Almaty – 279.8 thousand ha, Kyzylorda – 261.4 thousand ha, Zhetisu – 236.4 thousand ha, Zhambyl – 206.3 thousand ha and Pavlodar – 145.1 thousand ha.

Crop Production

The total sown area of agricultural crops for harvest in Kazakhstan is 24 million ha, of which agricultural enterprises occupy 14.5 million ha, collective farms/peasant households and individual entrepreneurs – 9.3 million ha, personal farms – 0.2 million ha.

17.5 million ha are used for cereals (except rice), legumes and oilseeds, rice – 100 million ha, vegetables and melons, root crops and tubers – 0.5 million ha, cotton – 0.1 million ha, forage crops – 3 million ha.

SPECIFIED SOWN AREA, ha

	2023	2023 to 2022, %
Total area	23,940,095.5	103.4
Cereals (including rice) and legumes	17,525,516.9	108.8
Cereals (excluding rice) and legumes	17,425,425.0	108.7
including:		
+ winter and spring wheat	13,761,072.2	106.8
+ corn (maize)	196,142.4	103.6
+ winter and spring barley	2,570,499.8	117.5
+ winter and spring rye	21,581.0	62.0
+ oats	216,219.1	108.8
+ sorghum (Guinea corn)	18,053.0	90.7
+ millet	50,505.1	130.1
+ buckwheat	130,016.6	107.4
+ triticale (wheat-rye hybrid)	7,438.3	114.1
+ mixture of cereals	47,859.2	77.6
+ legume vegetables	405,684.6	145.8
+ green legume vegetables	273.9	102.9
Rice	100,091.9	113.8
Oilseed crops	2,813,090.4	81.3
Vegetables and melons, root crops and tubers	480,498.5	100.1
including:		
+ outdoor vegetables	165,861.4	97.4
+ melon crops	107,981.5	107.6
+ potato	187,754.5	94.1
+ sugar beet	18,686.0	184.0
Tobacco	308.3	92.1
Cotton	116,609.6	92.4
Forage crops	3,003,451.8	100.9
including:		
+ fodder maize	120,746.5	112.7

Main areas of cultivated crops are listed in grain regions: in Kostanay (5.5 million ha),

Akmola (5.5 million ha) and North Kazakhstan (4.5 million ha) regions.

Livestock Production

Main factors influencing the volume of livestock production are slaughter or sale of livestock and poultry, milk yield, egg production.

THE NUMBER OF LIVESTOCK AS OF JANUARY 1, 2024

All categories of households

2023, heads	2022, heads	2023 to 2022, %
8,608,852	8,538,050	100.8

Cattle amounted to 8.6 million heads, while 48.3% of cattle are registered in the population, 41.6% – in collective farms/ peasant households and individual entrepreneurs.

THE NUMBER OF POULTRY AS OF JANUARY 1, 2024

All categories of households

2023, heads	2022, heads	2023 to 2022, %
56,542,498	49,682,589	113.8

The number of birds was 56.5 million heads. The largest share (77.2%) falls on agricultural enterprises (JSC, LLP).

MILK YIELD AS OF JANUARY 1, 2024

All categories of households

2023, tons	2022, tons	2023 to 2022, %
6,503,192.4	6,319,959.5	102.9

Milk yield is 6.503 million tons, which is 2.9% more than last year.

Statistics of entities

The number of active agricultural producers in 2023 is 304,287, including:

Legal entities		Individual entrepreneurs		Collective farms or peasant households	
total	including women	total	including women	total	including women
18,429	3,269	22,115	7,379	263,743	73,167

Gross output in the AIC

GDP BY TYPE OF ECONOMIC ACTIVITY,

January-December 2023

	Gross value added, million KZT	Physical volume index, %
Gross domestic product	120,561,096.4	105.1
Agriculture, forestry and fisheries	5,240,555.0	92.1

Gross output of agricultural, forestry and fisheries products (services) in January-December 2023 was 8,732.1 billion KZT, including: gross crop production – 4,361.0 billion KZT, livestock –

4,319.7 billion KZT, agricultural services – 11.5 billion KZT, the volume of products (services) in hunting – 1.5 billion KZT, forestry – 19.3 billion KZT, fishing and aquaculture – 19.1 billion KZT.

	January-December 2023 to 2022, %
Gross output of agricultural, forestry and fisheries products (services)	92.3
including:	
• gross crop production	85.4
• gross livestock production	103.3

Price Indices

The consumer price index in December 2023 compared to November 2023 was 100.8%. Food prices increased by 0.9%, paid services – by 0.8%, non-food products – by 0.5%.

Of food products, prices for cucumbers increased by 39.2%, tomatoes – by 18.1%, sweet peppers, grapes – by 5.4%, eggs – by 4.1%, fresh fruits – by 2.1%. An increase in prices was noted for alcoholic beverages by 1%, fruit and vegetable juices – by 1.1%.

In December 2023, compared with the previous month, the producer price index for agricultural products was 99.7%, crop production – 99.2%, livestock products – 100.9%.

Prices for forage crops decreased by 11%, sunflower seeds – by 6.4%, corn (maize) – by 5.2%, dried peas – by 2.5%, rapeseed – by 2%, barley – by 1.7%, safflower seeds – by 1.4%, and wheat – increased by 0.9%. Pome fruits fell in price by 1.8%, carrots – by 0.7%, beets – by 0.6%, and greenhouse cucumbers rose in price by 10.2%, greenhouse tomatoes – by 0.6%.

Horses rose in price by 0.8%, cattle – by 0.4%, and poultry meat – fell in price by 0.7%. Honey rose in price by 12.9%, eggs – by 5.6%, cow's milk – by 0.9%.

Investments in AIC

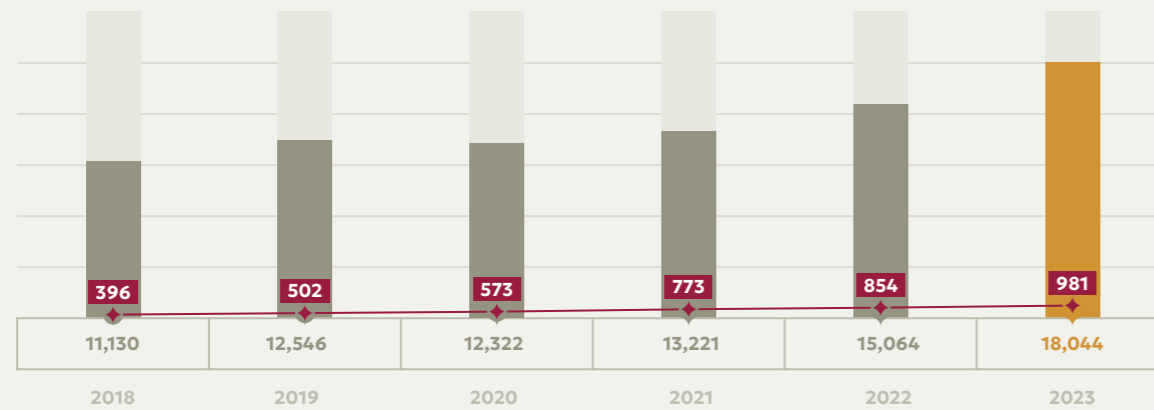
The predominant sources of financing investments in agriculture, forestry and fisheries are also the own funds of agricultural entities (thou KZT):

Investments in fixed assets of agriculture, thou KZT	by 2022, %	including:			
		budget funds, thou KZT	own funds, thou KZT	bank loans, thou KZT	other borrowed funds, thou KZT
981,049,914	110.3	902,231	710,849,478	36,741,842	232,556,363

Main share of investments in fixed assets in January-December 2023 falls on industry (45.7%), including: mining and quarrying – 26.3%,

manufacturing – 9.4%, real estate operations (17.9%), transport and warehousing (14%) and agriculture, forestry and fisheries (5.4%).

DYNAMICS OF INVESTMENTS IN FIXED CAPITAL, BLN KZT



- Total in Kazakhstan
- ◆ Agriculture, forestry and fisheries



	thou KZT
Agriculture, forestry and fisheries	981,049,914
Crop and livestock production, hunting and provision of services in these areas	954,074,627
including:	612,394,881
◆ growing one- or two-year-old crops	10,544,168
◆ cultivation of perennial crops	50,861
◆ plant reproduction	236,264,096
◆ livestock production	77,166,277
◆ mixed agriculture	17,596,042
◆ activities promoting the cultivation of crops and animal husbandry and crop processing activities	58,296
Forestry and logging	4,677,818
Fishing and fish farming	22,297,469



7,710

In 2023, the Company leased 7,710 units of agricultural machinery in the amount of 177.9 billion KZT.



24.1%

Main share of investments is in crop production – 24.1% of the total investment.

The Company will continue to increase the volume of project financing to provide material and technical equipment for the spring field works and harvesting campaign.

In addition, the Company will systematically attract funds from various sources of financing to ensure an annual increase in the volume of investments in equipment leasing.



AGRICULTURAL MACHINERY FLEET ANALYSIS

In accordance with the state policy, one of the priority goals is to provide the AIC industry with modern agricultural machinery, since the technical equipment of agricultural producers remains an important problem in the development of the agro-industrial complex, as reflected in:

- the Concept for the Development of the Agro-Industrial Complex of the Republic of Kazakhstan for 2021-2030, approved by the Decree of the Kazakhstan Government dated December 30, 2021 No. 960 (hereinafter – the AIC Development Concept);
- the Address of the Head of State dated September 1, 2023 to the People of

Kazakhstan "The Economic Course of a Just Kazakhstan";

- the instruction of the Kazakhstan Prime Minister, announced at the meeting of the Kazakhstan Government on 21.12.2023 (on financing the agro-industrial complex).

According to the MoA RK, as of December 31, 2023, there were 654,503 units of agricultural machinery in Kazakhstan, including 283.9 thou basic equipment units: 148.3 thou tractors, 40.4 thou combines, 5.2 thou units of sowing complexes, 75.2 thou units of harvesters, whereas 688,785 units of machinery were available in 2022.

Name	2020	2021	2022	2023
Availability of a fleet of agricultural machinery in Kazakhstan, total	667,229	688,275	688,758	654,503
including the main types	258,880	283,741	286,055	283,921

AS OF DECEMBER 31, 2023, THERE WERE

654.5

UNITS OF AGRICULTURAL

MACHINERY IN KAZAKHSTAN



Analyzing the data presented by the MoA RK on the fleet of agricultural machinery showed that the share of tractors produced more

than 10 years ago exceeds 68%, and combine harvesters reaches 70.8%:

Agricultural machinery	Availability of AM in RK as of 01.01.2024, units	Number of purchased AM in RK for 10 years (from 2014 to 2023), units	Using a worn-out AM, %
Tractors	148,260	47,408	68,0
Combine harvesters	37,646	11,008	70.8
Forage harvesters	1,464	328	77.6
Sowing machines	5,188	2,425	53.3
Harvesters	14,878	3,156	78.8
Seeders	75,189	11,776	84.3

Old technologies and an outdated fleet of agricultural machinery prevent labor productivity growth and production expansion. Using worn-out equipment leads to increased fuel and spare parts costs, product losses and reduced quality, equipment downtime due to malfunctions and other negative consequences.

To change the situation regarding the renewal of the fleet of agricultural machinery, the head of state instructed at an Expanded Meeting of the Kazakhstan Government, held on February 7, 2023, to increase the volume of preferential leasing of agricultural machinery to 450 billion KZT annually and bring the rate of renewal of agricultural machinery to 10% per year.

In addition, encouraging farmers to purchase agricultural machinery (including domestically produced) by implementing investment subsidy programs for part of the cost of purchased agricultural machinery and funding development institutes of Baiterek NMH JSC for the implementation of leasing programs allowed to increase the volume of acquired agricultural machinery.

At the same time, development of technical equipment and introduction of global developments require significant financial investments. Considerable attention is paid to this issue.

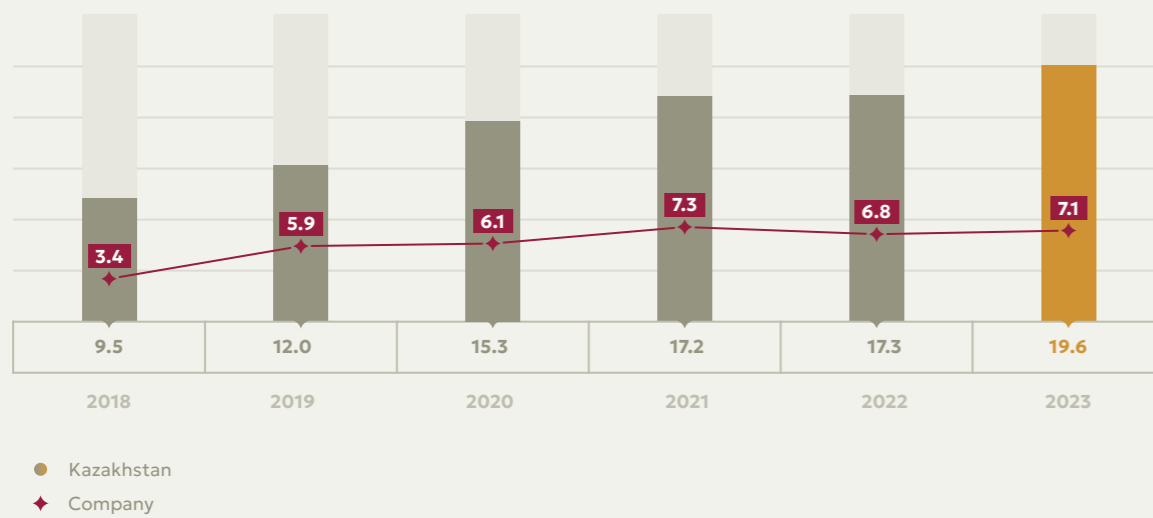
Thus, the measures were reflected in the AIC Development Concept to update the pace of the fleet of agricultural machinery:

- encouraging the farmers to purchase agricultural machinery (including domestically produced), through the implementation of investment subsidy programs for part of the cost of purchased agricultural machinery, funding development institutes of Baiterek NMH JSC for the implementation of leasing programs;
- subsidizing the interest rate of lending/leasing of agricultural machinery;
- development of preferential lending programs;
- creation of a single integrated database of processes related to the turnover of agricultural machinery (purchase, leasing, use, technical condition).

IN 2023, 19,627 UNITS OF EQUIPMENT WERE PURCHASED IN THE COUNTRY, INCLUDING 7,710 UNITS OF EQUIPMENT THROUGH FINANCING BY THE COMPANY.

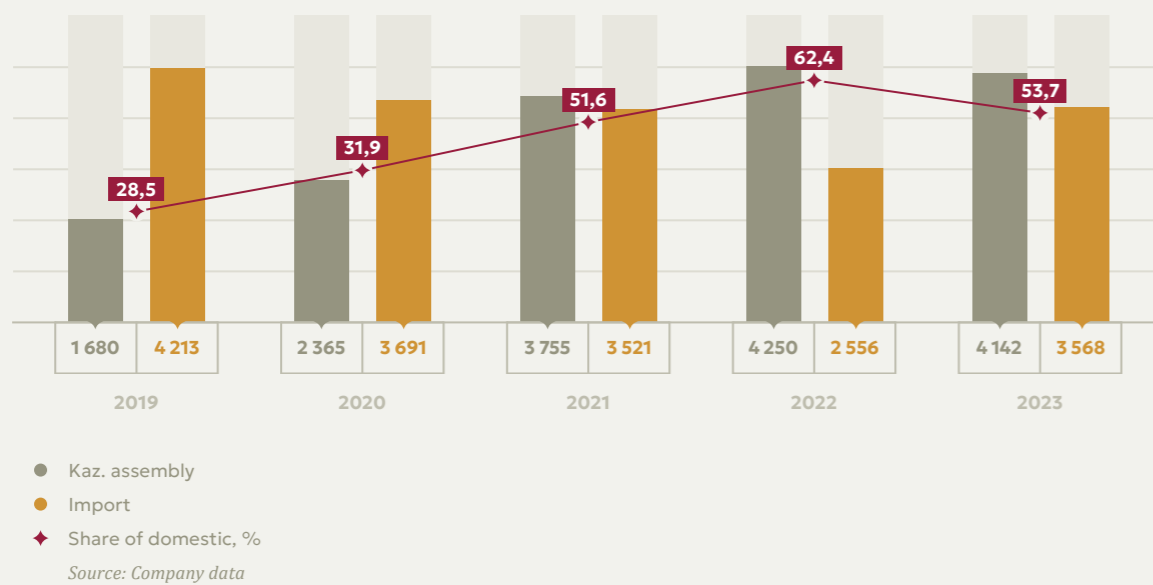
Compared to 2022, the increase in the country amounted to 2,284 units, including: tractors – 5,125 units, combine harvesters – 976 units, sowing machines – 201 units.

DYNAMICS OF PURCHASE OF AGRICULTURAL MACHINERY, THOU UNITS



Providing the industry with modern agricultural machinery by increasing the volume of investments is one of the Company's priorities.

STRUCTURE OF AGRICULTURAL MACHINERY TRANSFERRED BY THE COMPANY, BROKEN DOWN BY DOMESTIC AND FOREIGN ONES, UNITS



Source: Company data

Proportion of all types of equipment purchased in 2023 by agro-industrial complex entities through KazAgroFinance leasing services in the total volume of purchases of agricultural machinery in the republic is 39.3%

(7,710 units out of 19,627 units). Volume of domestically produced agricultural machinery purchased by the Company amounted to 4,142 units or 53.7% of the total volume of equipment purchased by KazAgroFinance.

Name of equipment by type	Tractors	Combines	Seeders	Sowing machines	Other	Total
Purchased in Kazakhstan, units.	5,125	1,047	2,531	201	10,723	19,627
including purchased by KazAg-roFinance, units	2,846	512	172	191	3,989	7,710
including domestically produced, units	2,245	394	21	18	1,464	4,142
Share of the purchased by the Company from the total amount, %	55.5	48.9	6.8	95.0	37.2	39.3



4,142

Volume of domestically produced agricultural machinery purchased by the Company amounted to 4,142 units or 53.7% of the total volume of equipment purchased by KazAgroFinance.

In Kazakhstan, the Company cooperates with machine-building enterprises such as Semaz LLP, KAIC LLP, ST Assembly LLP, AgromashHolding KZ JSC, Kazrost Engineering Ltd. Private Company, KAMAZ-Engineering JSC, Saryarkaavtoprom LLP, Kostanay Tractor Plant LLP, Don Mar LLP, DAFA LLP, AVAGRO LLP, Kostanay Agro-Mechanical Plant LLP and Kaz Kioti LLP.

The structure of suppliers today is represented by both global and local manufacturers: Rostselmash (Russia), Gomselmash, Minsk Tractor Plant, Bobruiskagroprommash (Belarus), John Deere, Case IH, New Holland (USA), CLAAS (Germany), Techsystems Kft. (Canada), etc. They are distinguished by format of their presence in the structure of agricultural machinery. Russian, Belarusian, German and Chinese producers have set up assembly plants with localization of products.



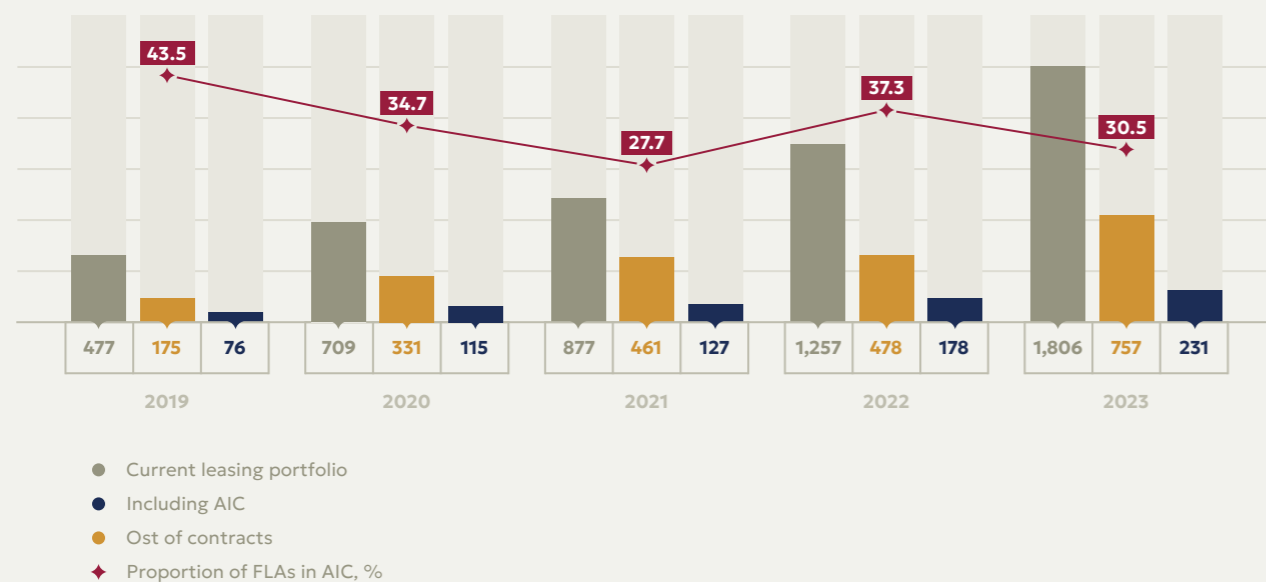


LEASING MARKET ANALYSIS

Leasing is an effective tool for updating fixed assets and is actively used in the world practice. In Kazakhstan, leasing activities are regulated by the Kazakhstan Law “On Financial Leasing” dated July 5, 2000, No. 78-II, the Kazakhstan Civil Code (Special Part) and the Kazakhstan Code “On Taxes and Other Obligatory Payments to the Budget (Tax Code)”.

According to the Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan in 2023, the total value of financial leasing agreements amounted to 756.7 billion KZT and, if compared to 2021¹, the increase was 158.4%.

KEY LEASING INDICATORS IN KAZAKHSTAN, BLN KZT



The most attractive industries were agriculture, forestry and fisheries – 30.5% of the total value of financial leasing agreements, transport and warehousing – 39.3% and manufacturing – 15.7%.

At the same time, the leasing portfolio in the republic as a whole at the end of 2023 amounted to 1,806.5 billion KZT, and the volume of lease payments received on financial leasing reached 457.8 billion KZT.

¹ Comparison is made with 2021, due to the lack of official statistics in the form of the "Leasing Activity Report" by the Bureau of Statistics for 2022.

Number (units) and the cost of contracts (billion KZT) in the areas of use of financial leasing:

	Kazakhstan		Agriculture, forestry and fisheries	
	amount	quantity	amount	quantity
Vehicles and equipment	416.1	3,133	1	17
Other machinery and equipment	340.2	8,509	230.2	8,264
of these, machines for agriculture and forestry	230.4	8,266	230.2	8,264
Other fixed assets	0.4	3		
Total	756.7	11,645	231.2	8,281

THE COMPANY IS THE MAIN AGRICULTURAL MACHINERY LESSOR.



7,710

In 2023, the Company leased 7,710 units of equipment in the amount of 177.9 billion KZT (under financial leasing agreements), their share is 77.3% of the total volume of leasing in the agro-industrial complex in Kazakhstan.

Thus, during its activity from January 1, 2000 to January 1, 2024, the purchase of more than 79 thousand units of agricultural machinery and equipment for a total amount of 1,243 billion KZT was financed. The leased equipment processes 15 million ha of cultivated land.

Subsidizing interest rates under a number of government programs has become the best driver for SME business growth. At the same time, the Company participates in the implementation of the following state programs (the administrator of these programs is the Kazakhstan Ministry of Agriculture):

- + subsidizing interest rates for lending to the agro-industrial complex entities, as well as leasing for the purchase of agricultural animals, machinery and technological equipment;
- + subsidizing the reimbursement of part of the costs incurred by the agro-industrial complex entity in case of investment.

Currently, 10 leasing companies are engaged in leasing of agricultural machinery and equipment:

1. KazAgroFinance JSC
2. Industrial Development Fund JSC
3. TechnoLeasing LLP
4. Halyk Leasing JSC
5. Halyk Leasing JSC
6. NUR LEASING Leasing Company
7. Kazakhstan Ijara Company JSC (KIC)
8. ComTransLeasing LLP
9. Subsidiary of Bank Center Credit JSC
10. Expert-leasing LLP.

Due to the wide distribution of state support tools, the leasing market in Kazakhstan is showing stable growth. Companies that have

special programs for leasing agricultural machinery and equipment offer the following financing conditions:

Leasing companies	Asset financing	Conditions		
		Financing period	Interest rate	Co-financing
Industrial Development Fund JSC	Equipment for the manufacturing industry, domestically produced	3-10 years	3% (from 50 million to 5 billion KZT for light industry projects)	not less than 15%
			9% (from 80 million to 20 billion KZT)	
TechnoLeasing LLP	Agricultural machinery and equipment	3-5 years	from 22.25%	from 20%
	Under the DAMU program (agricultural machinery, road construction equipment and special equipment for lease)	up to 7 years	no more than 19.5%	from 30%
Halyk Leasing JSC	Agricultural machinery	up to 5 years	24.25% (at least the base rate of the National Bank of Kazakhstan +7.5%) (for the client – 6% of the MoA)	from 20%
	Equipment	up to 5 years	19.5%	from 20%
Halyk Leasing JSC Leasing group	Special equipment (including agricultural machinery), freight transport and cars	up to 5 years	from 20% per annum (from the base rate of the National Bank of Kazakhstan +5%)	from 20%
Subsidiary of Nurbank JSC Nur Leasing Leasing Company (NUR LEASING)	Leasing of trucks, special equipment, equipment, production complexes, etc.	from 3 years	from 19.75%	from 20%
	Under the DAMU program	up to 7 years	19% per annum	from 20%
Kazakhstan Ijara Company JSC (KIC LEASING)	Harvesting machines, sowing machines, irrigation machines	from 3 and above	individually	from 20%
ComTransLeasing LLP	Leasing for Belarus tractors	up to 5 years	23%	from 25%
Center Leasing Leasing Company LLP Subsidiary of Bank Center Credit JSC	Agricultural machinery	up to 5 years	20.25%	25%
Expert-leasing LLP	Agricultural machinery	from 3 years	19.5% per annum (at least the base rate of the National Bank of Kazakhstan +5%)	not less than 20%

Source: Internet resources of companies

State programs to support the economy continue to have a significant impact on the leasing industry, primarily in the field of AIC, industry, small and medium-sized businesses, since the state support is often provided through leasing financing.

At the moment, the Company remains the undisputed leader in the AIC leasing market. The Company's programs are preferred by farmers due to the seasonal schedule of principal repayment (payment once a year after harvest), long leasing terms, no fees, a low amount of advance payment and a fairly extensive experience in this area. At the same time, the key advantages of the Company's lease financing for farmers are:

- more flexible terms and schemes of lease financing (when registering a lease, no additional collateral is required, since it is the leasing subject itself);
- through the Kazakhstan Ministry of Agriculture, there are programs for subsidizing interest rates and subsidizing investments in machinery and equipment;
- wide regional coverage (15 branches), which none leasing company in Kazakhstan can provide.

In addition, an important and main factor is the tax advantages, as well as certain financing products, in particular, the Express Leasing program is in great demand, the financing rate is 6% per annum (including subsidies), a period is up to 10 years, co-financing is at least 20% of the cost of the leasing subject (conditions financing for the end of 2023).

Official statistics show that financial leasing is not fully applied in the country, including in the agricultural sector.

Geopolitical situation, increase in energy prices, food and problems with logistics supply chains affect the country's food security. There is a shortage of basic food products – meat, cereals, vegetables (potatoes, carrots).

Underfunding of the AIC affects food security, where farmers do not update equipment and machinery in a timely manner, reducing productivity and leading to shortages, respectively, to higher prices.

In its activities, the Company is guided by the main directions of state policy on AIC development, as well as the objectives set by the President and the Kazakhstan Government.



PEST-ANALYSIS

To assess macroenvironment factors, a PEST analysis of key political, economic, social and technological factors that may

directly or indirectly affect the activities of the Company is presented.

OPPORTUNITIES

Targeted State Policy for Agricultural Development is enacted in the law:

- The Address of the Head of State dated September 1, 2023 to the People of Kazakhstan "The Economic Course of a Just Kazakhstan" (on the need to ensure a real breakthrough in the agro-industrial complex and become one of the leading agricultural centers of the Eurasian continent, as well as ensuring the rate of renewal of agricultural production to 8-10% per year);
- The Kazakhstan AIC Development Concept for 2021-2030 approved by the Decree of the Kazakhstan Government dated December 30, 2021 No. 960;
- "Comprehensive Plan for the Development of Machine Building Industry of the Republic of Kazakhstan for 2024-2028", approved by the Decree of the Kazakhstan Government dated November 7, 2023 No. 991.

Protocol instructions:

- the instruction of the Kazakhstan Prime Minister, announced at the meeting of the Kazakhstan Government on December 21, 2023 (on financing the agro-industrial complex).

THREATS

Natural and climatic conditions

- Orographic openness of the Kazakhstan territory from the north and from the south, the country's location in the depths of the Eurasian continent, its remoteness from the oceans and marine basins forms a sharply continental climate, which is subject to significant amplitudes of seasonal air temperatures.

Accordingly, summers can be dry, hot and precipitation is less than normal.

Unstable geopolitical situation:

- for the Kazakhstan economy, against the background of currency volatility, inflation expectations, anti-Russian sanctions and other aspects, there will be consequences in terms of rising commodity prices and reduced solvency over the following periods.

Cancellation of state support measures:

- may affect a significant decrease in the technological level of renewal of the agricultural equipment fleet.

Amendments to the Kazakhstan tax legislation:

- a reduction in the list of goods whose import VAT is paid by the offset method can significantly deteriorate investment climate, as well as make leasing economically unattractive for both potential lessees and lessors.

OPPORTUNITIES

Tax benefits:

contribute to the renewal of the machine and tractor fleet, increase productivity and efficiency of the agricultural sector and curb the growth of prices for agricultural products.

State support measures:

- preferential financing;
- subsidizing the reimbursement of part of the costs incurred by the agro-industrial complex entity in case of investment;
- subsidizing interest rates for lending to the agro-industrial complex entities, as well as leasing for the purchase of agricultural animals, machinery and technological equipment.

Favorable investment business climate:

- over the past 3 years, investments in fixed assets in agriculture tend to increase. In 2021, 773 billion KZT was invested in agriculture, forestry and fisheries, 854 billion KZT in 2022, and 981 billion KZT in 2023.

Sufficient provision of the industry with land resources:

- provision with a sufficient fund of agricultural land, as well as a stable raw material base;
- increase in sown areas and expansion of irrigated land.

THREATS

Cancellation of tax preferences:

- cancellation of the benefits will lead to an outflow of the lessor's free cash to pay the tax and to a corresponding reduction in the amount of financing, as well as an increase in the cost of inputs.

Instability of economic factors:

- economic consequences in an unstable geopolitical situation, expressed in a decrease in the national currency, increase in inflation and rise in the cost of financial services, increase in restrictions due to the sanctions, etc.;
- increase in product prices (shortage of raw materials, components, logistics) can have a critical impact on the availability of equipment and client needs;
- high prices of manufacturers of agricultural machinery, assembly plants and suppliers, logistics problems, changes in equipment supply routes, disruptions of agricultural machinery supplies, etc.

High risks in agricultural sector:

- high dependence of the crop sector on weather and climate, and the livestock sector on the risks of epizootics, poor logistics of agricultural products to be processed, long logistics routes within the country, as well as complex logistics of export routes, limited sales markets, dependence of domestic prices for finished products on the import and trade duties.

Seasonality:

- different amounts of labor are required to perform a cycle of agricultural work in different seasons. As a result, there is an uneven demand for labor;
- the employed population in agriculture in 2023 amounted to 1,078,720 people, whereas in 2022 it was 1,108,900 people. The Kazakhstan agro-industrial complex is experiencing a shortage of personnel and needs three thousand workers. There are not enough tractor drivers, machine operators, agronomists and other mid- and narrow-level specialists in the fields.

OPPORTUNITIES

Constant need for agricultural products:

- in context of an increasing population, it creates the preconditions for maintaining a long-term growth in the agricultural sector.

In 2022, the population was 19.7 million (urban – 12.2 million, rural – 7.5 million), in 2023 the population was 20 million (urban – 12.4 million, rural – 7.6 million).

Professional training of personnel:

- state agricultural universities operate in Kazakhstan, which annually graduate specialists to work at various AIC enterprises.

THREATS

Climate change:

- increasing concentration of CO₂ in the atmosphere due to fuel combustion, land use, reduction of the ozone layer, livestock production and deforestation, negatively affect the climate and the environment.

Low income:

- traditionally, the average monthly nominal salary of agricultural workers is low, averaging about 70% of the average monthly nominal salary of workers in all types of economic activities and demonstrating weak growth dynamics year on year.

Outflow of the rural population:

- according to the Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, in recent years there has been a negative balance of rural migration within the country. So, in 2022, the migration balance of the rural population was minus 66.8 thousand people. The villagers moved both inside Kazakhstan, to larger settlements, and abroad.

OPPORTUNITIES

Government stimulation of new technologies and innovations:

- the state promotes digitalization of agricultural technologies and innovative technologies at the AIC enterprises, automation of technological processes, as well as the scientific research.

Increase in manufacturability of domestic agricultural production:

- may increase the demand of agricultural producers;

Automation of applications for financing:

- will allow reaching the audience for provision of services as much as possible in the shortest possible time.

THREATS

Technological equipment of domestic agricultural machinery and dependence on foreign technologies:

- weak technical equipment of agricultural engineering enterprises;
- no domestic new developments of promising models of agricultural machinery;
- decrease in competitiveness of domestically produced tractors and agricultural machinery due to low localization, dependence on the supply of machine kits and increase in the cost of equipment.

State of the material and technical base:

- more than half of agricultural machinery and equipment is used beyond the amortization period. Today the service life of many available tractors and combines of agricultural producers exceeds 10-12 years.



The analysis shows that the state support, provision with raw materials, new technologies and increase in the manufacturability together are the system-forming factors that have a positive impact on development of the Company's activities and the industry as a whole.

SWOT-ANALYSIS

STRENGTHS

1. Extensive experience in leasing and lending in the AIC, experience in interacting with private business.
2. High competence in the provision of leasing services and qualified personnel.
3. Wide branch network and client base of AIC entities.
4. Established partnerships with domestic and global producers of agricultural machinery and equipment.
5. High level of the Company's corporate governance.
6. Availability of an effective integrated risk management system.
7. Recognizable brand for AIC entities and the Company's demand in the agricultural machinery market.
8. Positive dynamics in the number of clients and a high level of confidence in the Company's activities.
9. Diversified portfolio of funding sources and significant experience in raising borrowed funds in the domestic and international markets.
10. Support for domestic producer.

WEAKNESSES

1. Concentration of the loan portfolio in one sector of the economy.
2. Insufficient level of automation of the leasing process.
3. High dependence on political decision-making and fiscal authorities.
4. Isolation from the branch ministry, loss of connections entails the risks of making wrong decisions during analysis and expertise.
5. Volatility of the tenge and currency exchange rate.
6. Risk of ineffective government regulation by the industry, distortions in planning, which can cause an increase in costs and a decrease in labor productivity.

OPPORTUNITIES

1. Development of effective state support for the industry.
2. Increasing the state support for the AIC, including on the issues of updating the machine and tractor fleet.
3. Possible increase of investments through attracted and state sources of financing.
4. A significant number of AIC entities not covered by the Company services.
5. Strengthening the Company's brand positioned as the best partner for AIC entities in renewal of agricultural machinery and equipment.
6. Improvement of business processes for consideration of applications, including transition to online client service.
7. Digitalization of land issues, reduction of unused land (arable land), including through the resource-saving technologies.

THREATS

1. Insufficient funds allocated for state subsidies for investment and/or interest rates on loan products in the AIC sector.
2. Macroeconomic risks caused by deterioration of internal and external environment, import dependence, as well as the world price conjuncture, affecting an increase in the cost of equipment.
3. Emergence of a second quasi-public sector entity in the agricultural machinery leasing market, which creates improper competition.
4. Risk of force majeure, climate change and other situations, restrictive measures from the state, entailing a reduced production in the AIC, decreased demand for equipment and fulfillment of client's contractual obligations.
5. Increase in the cost of a leasing subject for imported equipment due to depreciation of tenge, increase in taxes, etc.



This SWOT analysis reflects the strengths and weaknesses, as well as the existing opportunities and threats for the Company's activities.

Strengths include extensive experience in the leasing and lending in agro-industrial complex, high competence

and qualified personnel, an effective risk management system, and a high level of corporate governance. Weaknesses are the lack of budget funding, the lack of automation of the leasing process, the volatility of tenge, inflation, dependence on imports, etc.

The results of the SWOT analysis show that the Company has mainly strengths, which provide opportunities for vigorous activity

and retaining leadership positions in leasing activities.

However, global events have pointed to the need for constant monitoring of risks, to assess the situation more critically, not to react to antagonistic relations and to intensify the scope of their activities, as well as to strengthen cooperation with domestic and foreign partners.



DEVELOPMENT STRATEGY IMPLEMENTATION

The KazAgroFinance Development Strategy for 2020-2023 (the Development Strategy) was approved by the decision of the Board of Directors of KazAgroFinance JSC dated July

25, 2022 No. 10, where 9 tasks are envisaged for implementation within 2 strategic directions and 3 goals, as well as achieving results on 9 key performance indicators (KPI).

ACCORDING TO THE RESULTS OF 2023, THE KPIS WERE IMPLEMENTED AS FOLLOWS:

Key indicators of the Company's Development Strategy (quantitative or qualitative)	UoM	Value of indicators of 2023		
		plan	actual	% achieved
Strategic direction No. 1: Promoting the development of AIC competitiveness through technical and technological equipment				
KPI 1. Volume of leasing of agricultural machinery and equipment	bln KZT	170	178.83	105.19
KPI 2. Revenue of enterprises supported by KazAgroFinance (per year)	bln KZT	62.3	65.95	105.86
KPI 3. Export revenue of enterprises supported by KazAgroFinance (per year)	bln KZT	2.3	3.7	160.87
Strategic direction No. 2. Company's performance				
KPI 4. ROA	%	2.94	3.79	128.91
KPI 5. Share of non-state sources of borrowing in the total structure of borrowing for the reporting year	%	54.38	66.57	122.42
KPI 6. Share of the loan and investment portfolio from the total assets of KazAgroFinance JSC	%	78.06	87.24	111.76
KPI 7. NPL90+	%	13.20	8.13	162.36
KPI 8. Repayment of the principal debt on projects financed from the National Fund of the Republic of Kazakhstan	%	57	57.48	100.84
KPI 9. Corporate Governance Rating	%	85-100	95.2	100

The main instrument of the Company's activity is the provision of leasing services to agro-industrial complex entities. At the same time, the Company continuously monitors and analyzes the fulfillment of its goals.

The Company is steadily striving to increase performance by providing accessible and high-quality services. Thus, the KPIs are aimed at assessing the Company's performance and are grouped (divided) in two directions:

- promoting the development of AIC competitiveness through technical and technological equipment;
- the Company's performance.

In order to implement strategic directions, the Company has set a number of tasks and goals, the fulfillment of each of which will have a positive effect on the Company's activities.

Strategic direction No. 1:

Promoting the development of AIC competitiveness through technical and technological equipment

As part of implementation of the Goal "Increasing Technical Equipment and Export Potential in Agriculture", the Company's Development Strategy provides for the following strategic key performance indicators:

- **KPI "Leasing of Agricultural Machinery and Equipment".** In 2023, volume of investments in leasing of agricultural machinery and equipment has been increased. With an annual target value of 170 billion KZT, the actual volume of investments amounted to 178.83 billion KZT (according to the cash method), or

105.19% achieved. In 2023, the purchase of 7,710 units of agricultural machinery was financed;

- **KPI "Revenue volume of enterprises supported by KazAgroFinance".** Volume of revenue of enterprises from the sale of products under investment projects, according to the financial statements for 2023 amounted to 65.95 billion KZT, with a plan of 62.3 billion KZT or 105.86% achieved.
- **KPI "Export revenue volume of enterprises supported by KazAgroFinance".** Volume of export revenue from the sale of products under investment projects, according to the financial statements of enterprises, amounted to 5,585 tons for 3.7 billion KZT or 160.87% achieved, with a plan of 2.3 billion KZT.

Strategic direction No. 2:

Company's performance

As part of implementation of the goal "Increasing the profitability of the Company's activities", the following KPIs were established:

- **KPI "ROA".** For 2023, with the planned annual value in the Development Strategy of 2.94%, the ROA was 3.79%, 128.91% achieved. ROA demonstrates the effective use of capital involved in the Company's activities;
- **KPI "Share of non-state sources of borrowing in the total structure of borrowing for the reporting period".** KPI by the end of 2023 was 66.57%, with a planned value of 54.38%, which is 122.42% achieved;



- ✦ **KPI "Share of the loan and investment portfolio from the total assets of KazAgroFinance".** With an annual target value of 78.06%, the achievement for the year was 87.24%, which amounted to 111.76% of the achievement;
- ✦ **KPI NPL 90+, %.** The NPL90+ level was 8.13%, the achievement was 162.36% (calculation was based on the amount of the principal debt). NPL reflects quality of the Company's loan portfolio. In order to improve quality of the loan portfolio, the Company every month monitored observance of the client payment discipline, recovered overdue debts, as well as performed rehabilitation procedures for problematic projects;
- ✦ **KPI "Repayment of the principal debt on projects financed from the National Fund of the Republic of Kazakhstan".** Loan portfolio of the National Fund of the Republic of Kazakhstan amounted to 22.791 billion KZT. KPI achievement was 57.48% with an annual planned value of 57%, which is 100.84% achieved.

As part of implementation of the goal "Corporate development of KazAgroFinance in accordance with best practice"

- ✦ **KPI "Corporate Governance Rating".** With an annual target value of 85-100%, the achievement for the year was 95.2% (within the established corridor), which is 100% achieved.

In the reporting year, the Company carried out activities aimed at improving corporate governance, risk management and internal control systems, introducing the principles of sustainable development into key processes of the Company's activities and developing corporate culture (detailed information is disclosed in the relevant sections of the annual report).

CONCLUSIONS

ON RESULTS OF IMPLEMENTATION

OF THE COMPANY'S DEVELOPMENT

STRATEGY

As part of the set goals, the Company took all necessary measures to implement the objectives set.

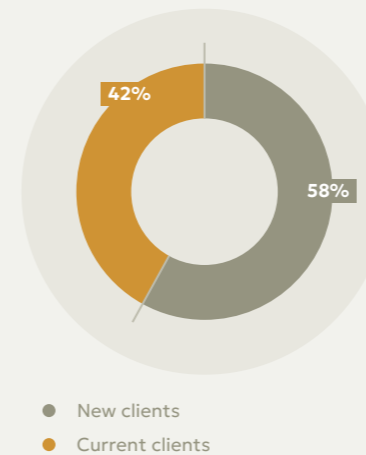
Due to stable activity, the Company, with a small gap compared to 2022, leased 7,710 (113.3%) agricultural machinery units in 2023, concluding 6,182 (112.1%) transactions. At the same time, the coverage of new clients increased and amounted to 3,557 borrowers (106.7%).

One of the factors of labor efficiency and export growth in the AIC is the use of high-tech agricultural machinery, as well as introduction of innovative technologies in the agricultural sector. In this connection, the Company keeps improving technical equipment and upgrading the AIC by increasing investments in equipment leasing. The measures carried out by the Company in 2023 to optimize and automate business processes were aimed at improving and developing leasing services with a focus on consumer demand, which in turn influenced the increase in loyalty of existing and attracting new clients and allowed the Company not only to increase the total number of clients, but also to fulfill the financing plan for agricultural machinery.

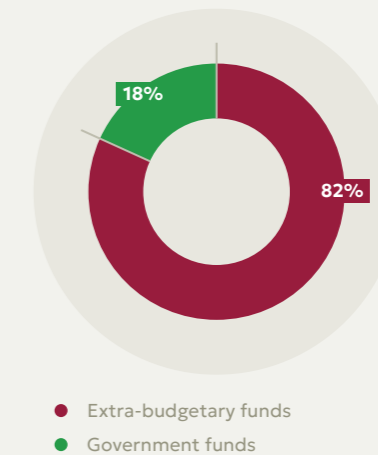
The Company strives to improve the loan portfolio quality. To this end, measures are taken to implement the client payment discipline, ensure an optimal NPL level, and recover overdue debts.

OPERATING RESULTS

FUNDED CLIENTS IN 2023



1,406.3 BLN KZT INVESTED IN THE AIC FROM 2000 TO 2023



Operating Results

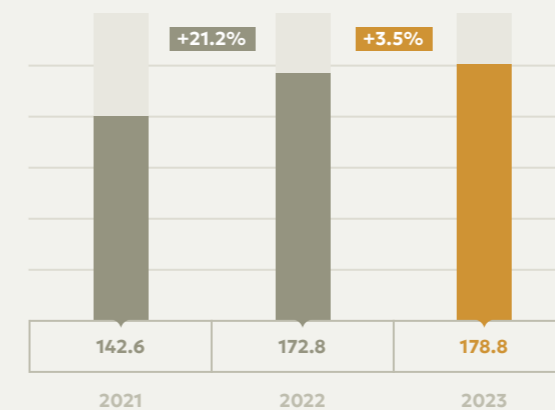
	2022	2023	Dynamics
AMOUNT OF FINANCING Bln KZT	172.8	178.8*	3.5% ↑
QUANTITY OF MACHINERY UNITS	6,806	7,710	13.3% ↑
INCLUDING KZ MACHINERY UNITS	4,250	4,142	2.5% ↓
LOAN PORTFOLIO Bln KZT	423	477.9	13.0% ↑
NPL 90+	8.17%	8.13%	0.5% ↓
PROVISIONS	10.36%	10.85%	0.5% ↑
QUANTITY OF CLIENTS AP	10,983	13,234	20.5% ↑

* Amount is calculated using the cash method

From 2009 to 2016, KazAgroFinance acted as an operator for financing investment projects, including those implemented at the expense

of the NF RK. Since 2017, the Company has been concentrating its activities particularly on leasing of agricultural machinery.

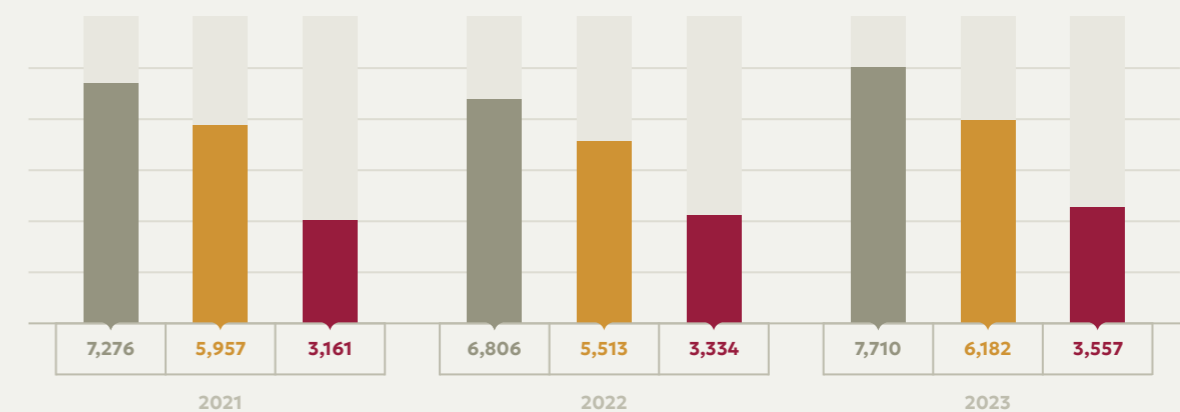
INVESTMENT DYNAMICS IN 2020-2023, BLN KZT



1,405.5

From 2000 to 2023, the Company invested about 1,405.5 billion KZT in the AIC, including equipment leasing and loans, under previously financed investment projects.

DYNAMICS OF QUANTITATIVE INDICATORS OF THE COMPANY, UNITS



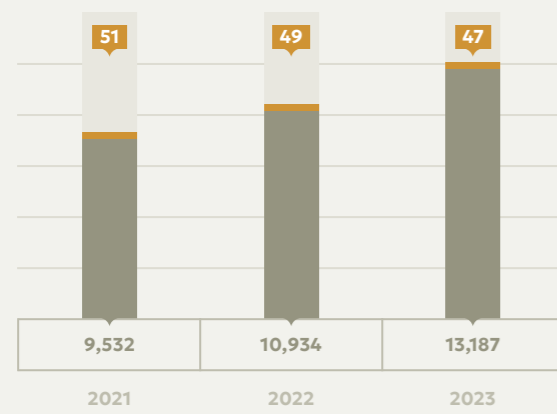
● Number of machinery
● Number of contracts
● Number of borrows
Source: Company data

Dynamics for 2023, compared with 2022, shows an increase in the number of equipment and financing contracts concluded, while the annual growth in the number of the Company's clients remains. This fact suggests that demand for equipment continues to increase.

KazAgroFinance from January 1, 2000 to December 31, 2023 has financed the acquisition of about 77 thousand units of agricultural machinery and equipment for a total amount of 1,205 billion KZT. The leased equipment processes 15 million ha of cultivated land.

Name of equipment	2021		2022		2023		Total 2000-2023	
	unit	amount, mln KZT	unit	amount, mln KZT	unit	amount, mln KZT	unit	amount, mln KZT
Sowing machines	258	10,515	190	8,547	191	8,017	2,168	76,859
Tractors	2,431	45,521	2,896	65,308	2,846	63,689	24,597	268,477
Combines	633	44,408	507	57,375	512	55,946	13,030	388,176
Seeders	258	7,513	283	9,251	172	6,478	3,654	40,058
Other machinery	3,696	33,669	2,930	32,355	3,989	43,858	32,687	194,229
Equipment							604	58,897
Total	7,276	141,626	6,806	172,836	7,710	177,988	76,740	1,204,685

NUMBER OF CLIENTS BY BUSINESS SIZE, UNITS



- Small/medium
- Large

Source: Company data

13,234

By the end of 2023, the clients in the Company's portfolio were 13,234, which is 20.5% more than in 2022 (10,983 agricultural commodity producers). The predominant share is occupied by small and medium-sized businesses – 13,187 clients, which is about 99.6%.

KAZAGROFINANCE CONSTANTLY DEVELOPS AND IMPROVES THE PRODUCT LINE.

LEASING STRUCTURE BY FINANCING PROGRAMS

Program	Number of agreements	Number of equipment, units	Equipment value, mln KZT
"Master Leasing"	438	905	52,493.9
"Express Leasing"	2,190	2,627	42,541.9
"Made in Kazakhstan"	429	479	17,049.5
"Reliable Farmer"	12	13	512.7
"Preferential Leasing"	295	333	15,162.9
"Leasing of machinery and vehicles (VB)"	1,002	1,334	37,131.2
"Zhasyl Onim"	122	139	2,267.9
"Own Feed"	1,694	1,880	10,828.6
Total:	6,182	7,710	177,988.5

Source: Company data

Such programs as Express Leasing, Own Feed and Preferential Leasing were the most popular in 2023.

Advantages of the Express Leasing include the opportunity to consider an application for leasing equipment worth up to 300 million KZT as soon as possible (5 days) without confirming income based on a minimum package of documents (without providing a business plan and financial statements).


Main advantages of the Own Feed Program include the opportunity to postpone the advance payment until November 2024 (until the end of harvesting and product sales), the possibility for one borrower to purchase up to 9 units of equipment, as well as a minimum package of documents and terms of consideration.

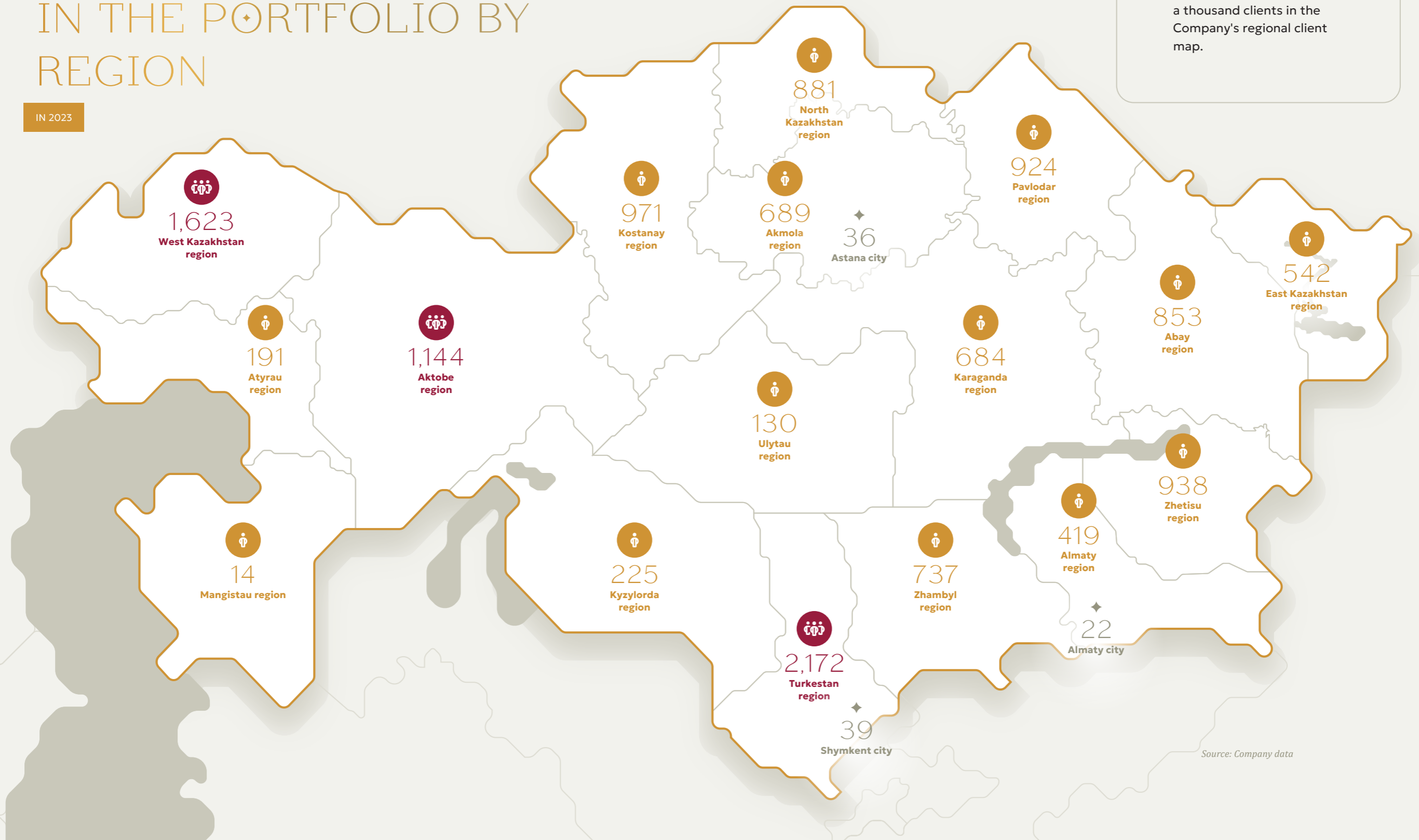
Main advantages of the Preferential Leasing Program are a preferential interest rate of 6% per annum and the absence of an initial payment (advance payment) on leasing.



STRUCTURE OF CLIENTS IN THE PORTFOLIO BY REGION

IN 2023

 The Turkestan, West Kazakhstan and Aktobe regions have more than a thousand clients in the Company's regional client map.



Source: Company data

FINANCIAL RESULTS

KEY FINANCIAL INDICATORS, MLN KZT

	2023	2022
Assets		
Cash and cash equivalents	43,801	64,764
Funds from credit institutions	-	62
Loans to the clients	8,111	13,287
Finance lease receivables	448,424	381,874
Stocks	3,043	2,870
Fixed assets	872	973
Other assets	19,052	10,512
Total assets	523,303	474,342
Liabilities		
Debt to the Shareholder	17,641	22,062
Debt to Baiterek NMH JSC	12,424	11,584
Funds of credit institutions	34,081	30,638
Debt securities issued	210,268	206,717
Government subsidies	43,518	27,026
Other liabilities	19,802	19,365
Total liabilities	337,734	317,392
Equity		
ROA	3.79	4.65
ROE	11.05	13.55
Book value of one ordinary share (in KZT)	1,800.48	1,889.28

bln KZT	2023	2022	2023 by 2022, %
Income, total	72.7	59.0	123.28
including:			
Remuneration income	71.5	58.1	122.98
Expenses, total	53.8	37.9	141.73
including:			
Remuneration expenses	34.5	28.8	119.65
Expenses for provision	12.1	3.3	363.36
CIT	0.0	0.4	0.47
Net income	18.9	20.6	91.80

KazAgroFinance continues demonstrating positive financial performance, reflecting successful operations in the agricultural sector, financial stability and consistent development of the Company.

Key Factors of Financial Stability

- 1. High capitalization.** Share of equity in the balance sheet is 35.5% of the Company's assets, which indicates the support from the Sole Shareholder, profitable activities of the Company and a high ability to absorb various financial risks. In 2023, the Company received a net profit of 18.9 billion KZT.
- 2. Acceptable level of liquidity.** The Company maintains a sufficient level of liquid funds to ensure stable growth of the loan portfolio, proper performance of obligations to creditors. As of January 1, 2024, the share of liquid assets in assets was 8.4%.
- 3. High credit rating.** On September 25, 2023, the international Fitch Ratings agency confirmed the long-term issuer default ratings ("IDR") of KazAgroFinance JSC in foreign and national currency at the level of "BBB-". The rating outlook is "Stable". The confirmation of the ratings reflects the agency's unchanged opinion regarding KazAgroFinance's close ties with the state and the company's role as a key provider of leasing services to agricultural producers in Kazakhstan.

4. Effective financial risk management. The Company has built an effective risk management system that allows timely identification, reliable assessment and minimization of credit, currency, price and liquidity risks.

5. Compliance with prudential regulations. The Company complies with prudential standards and other mandatory standards and limits for mortgage companies and subsidiaries of the national managing holding in the field of the agro-industrial complex, approved by the Resolution of the Board of the National Bank of Kazakhstan dated 26.12.2016 No. 308. There are significant reserves for all ratios. There are significant reserves for all ratios. The Company is constantly working to prevent violations of the established standards.

6. Profitability. The Company received a net profit for 2023 in the amount of 18.9 billion KZT, respectively, the return on equity in 2023 amounted to 11.05%, and the return on assets in 2023 amounted to 3.79%.

Revenue Forecast

Main source of the Company revenue is the revenue received as remuneration based on the results of its core activities. In 2024, revenue is projected at 70.0 billion KZT, including:

- on current accounts – 0.8 billion KZT;
- on placed deposits – 0.2 billion KZT;
- on loans granted and temporary financial assistance provided – 0.5 billion KZT;
- on the provided financial lease – 67.6 billion KZT;
- on securities – 0.5 billion KZT;
- on reverse repo operations – 0.4 billion KZT.

DEVELOPMENT PROSPECTS

KazAgroFinance is a leading financial institution in the AIC leasing market. In 2023, the Company achieved high results in all key performance indicators of the KazAgroFinance Development Strategy for 2020–2023, planned in the reporting period. Share of KazAgroFinance by the number of purchased equipment in the country is 39.3%, which indicates a high level of trust from the Company's clients.

The priority of the Company's activities is the interests of domestic agricultural producers of the Company's clients. To do this, the Company will systematically and continuously improve services and quality of their provision.

Volume of financing of leasing of agricultural machinery will be one of the key indicators of the Company's activity in the long term.

Due to financial stability and effective fundraising, the Company will continue to increase its investment in the purchase of high-performance modern machinery and equipment for agricultural producers every year to meet still high demand for machinery.

This will also be facilitated by state support measures provided for by the National Project and the Development Concept.

Allocating additional budget investments will increase the level of provision of forage and agricultural machinery.

To ensure the annual increase in the volume of investments in leasing of equipment, the

necessary funds from various sources of financing will be systematically attracted.

KazAgroFinance will continue to actively attract investments through the development of cooperation with investors, the use of new borrowing tools, diversification of funding sources, as well as funding in the amounts necessary to achieve the goals and objectives of the Company.

KazAgroFinance is steadily striving to improve its performance and rating by providing accessible and high-quality services, including through automation of information processes.

The Company will continue developing its product line depending on the segmentation of client groups and their needs maximize client satisfaction.

Continuous improvement of quality of the services provided is one of the important conditions for the Company sustainable development. Main characteristics of a high-quality service for the Company are: a high level of consulting by managers, respectful and attentive attitude to clients and their wishes, the fastest possible time to receive the service, no omissions and shortcomings at any stages of the service.

KazAgroFinance JSC will keep implementing a client-oriented policy, within the framework of which the front-office employees will be permanently trained to improve quality of client service, and quality of consultations

and services will be monitored. Main goal of implementing client-oriented standards is to strive to exceed expectations of its clients and help them achieve success in agribusiness.

In the process of improving client-oriented standards, the Company will apply international practice in the provision of financial services, as well as modern methods of obtaining feedback from clients on quality assessment.

The Company will strive to ensure that obtaining leasing products becomes a very quick and easy procedure for clients, and the financial instrument “leasing” itself was transferred to a new level and became the most competitive and demanded financial product in the Kazakhstan market.

Main indicator of effective capital and asset management is the Company’s positive financial result due to high-quality fundraising, maintaining an optimal level of reserves/provisions, effective management of free liquidity and financial liabilities, as well as maintaining an optimal amount of administrative expenses.

The optimal level of provisions will be achieved through constant work with the problem portfolio and increased monitoring of the repayment of obligations by existing clients.

The Company will continue to improve efficiency of liquidity management by maximizing the profitability of highly liquid assets and minimizing financial risks, as well as reducing operational risks in treasury operations.

The Company will keep continuous and long-term improvement of quality of the Company’s loan portfolio to increase financial performance and ensure effective attraction.

Implementing the measures to improve the Company performance through improving quality of the loan portfolio, increasing efficient use of equity and assets, will ensure profitability and investment attractiveness of the Company’s activities.

Development and organization of a risk management and internal control system will ensure the Company’s effective achievement of strategic and operational goals by building a system capable of quickly responding to risks, controlling over the main and auxiliary business processes, daily operations of the Company.

An important goal of the Company remains corporate development, which consists in development of the corporate governance system, risk management and internal control systems, as well as development of human resources.

Development of the system of annual performance assessment of the Boards of Directors and its committees will continue, followed by adoption of the necessary corrective measures. Corporate governance level will be regularly diagnosed for compliance with the legislation, internal documents, and international practice of corporate governance with assigning the appropriate ratings. Based on obtained results, main areas for further improving corporate governance and taking the necessary measures will be determined.

Corporate risk management system will be continuously improved to support efficiency of the Company’s business management and develop the corporate risk culture.

The Company will strengthen the role of risk management in all areas of activity by strengthening the organizational and analytical functions of the Risk Management Unit, as well as increasing the role and responsibility

of structural units for risk management within their processes, functionality and competencies.

The Company will continue building an internal control system that will help to obtain guarantees of integrity of financial and non-financial indicators, to achieve the Company’s goals, as well as to implement policies and procedures in all aspects of its activities.

The Company’s objectives to implement the principles of sustainable development will remain one of the key objectives in development perspective.

Increasing the potential of human resources, developing a result-oriented corporate culture will also be one of the key objectives of the Company.

Implementing an effective human resources policy will allow the Company retain and attract a highly qualified personnel that can make a significant contribution to the development and growth of efficiency, and get the maximum possible return on investment in human resources.

Taking into account the strategic objectives, the Company will fully switch to the electronic system for accepting and tracking applications in medium term. This system will allow clients to submit online applications for financing, which will increase availability of the Company’s services to clients and will allow tracking the application status from registration to making a decision.

Taking into account current trends and rapid development of automation systems, the Company plans to develop the KazAgroFinance Development Strategy for 2024-2033 with a focus on technical automation of a number of modules in 2023:

- ♦ creation of a mobile application and a personal account for AIC entities;
- ♦ providing a full range of leasing services in an automated mode;
- ♦ automation of the consideration, decision-making and signing of financing agreements;
- ♦ integration with government databases;
- ♦ creation of an analytical platform for forecasting client needs.

These events are directly consistent with the instructions of the Head of State regarding the development of automation and digital transformation.

Implementing the above objectives will not only reduce labor costs, but also contribute to the improvement and development of services with a focus on client demand to increase satisfaction of existing and attract new clients.

Introduction of conceptually new principles, approaches and procedures, as well as transparent and understandable mechanisms for the provision of services will have a positive impact on the level of trust from external and internal target audiences and will affect profitability, shareholder value and image of the Company.

Taken together, these measures will allow the Company to maintain its position in the AIC leasing market.

CORPORATE GOVERNANCE

4



Kazakhstan is the world's largest producer of oil flax seeds.

FLAX

Management Organizational Chart

Corporate Governance Rating

Report on Compliance with the Corporate Governance Code

Information on Securities and Composition of Participants

Key Decisions of the Sole Shareholder in 2023

Board of Directors

Executive Body

Equity Capital Structure

Dividends

Anti-Corruption Activities

Corporate Ethics

Internal Control System

Internal Audit Service

External Audit

ЗЫҒЫР · ЛЕҢ · FLAX

A genus of herbaceous plants of flax family. Flax grows up to 150 cm, has hard stems and blue flowers with three petals and a white border. Crown flax is a valuable industrial crop. High-quality oil is obtained from its seeds, it is used in various industries.

Flaxseed oil belongs to the group of drying oils and is considered one of the best for the preparation of natural drying oil, varnishes and all kinds of paints. Cake or meal, a valuable high-protein feed for all farm animals is also obtained from it. Technical tow and short fibre are produced from straw used for producing twine, ropes and coarse fabrics.

THE COMPANY CONSIDERS CORPORATE GOVERNANCE AS A MEANS OF INCREASING ITS PERFORMANCE, ENSURING TRANSPARENCY AND ACCOUNTABILITY, STRENGTHENING ITS REPUTATION AND REDUCING THE COSTS OF RAISING CAPITAL BY THEM.

Components of the corporate governance system:

The Company corporate governance is based on the principles of fairness, honesty, responsibility, transparency, professionalism, and competence.

An established corporate governance system has been formed and is functioning in the Company, the necessary internal regulatory documents regulating the activities of the Company and its bodies have been developed and approved, the internal audit service is effectively functioning, assessing the internal control, risk management and corporate governance. The Company's management processes and procedures are structured in such a way as to ensure compliance with legislation, internal regulatory documents and create optimal conditions for making far-sighted and responsible decisions.

The KazAgroFinance supreme body is the Sole Shareholder, the management body is the Board of Directors, the executive body is the Board.

1 HONESTY

The Company protects the rights of the Sole Shareholder and takes effective measures in case of violations of its rights;

2 ACCOUNTABILITY

The Company ensures the accountability of the Company executive body to the Board of Directors and accountability of the Board of Directors to the Sole Shareholder;

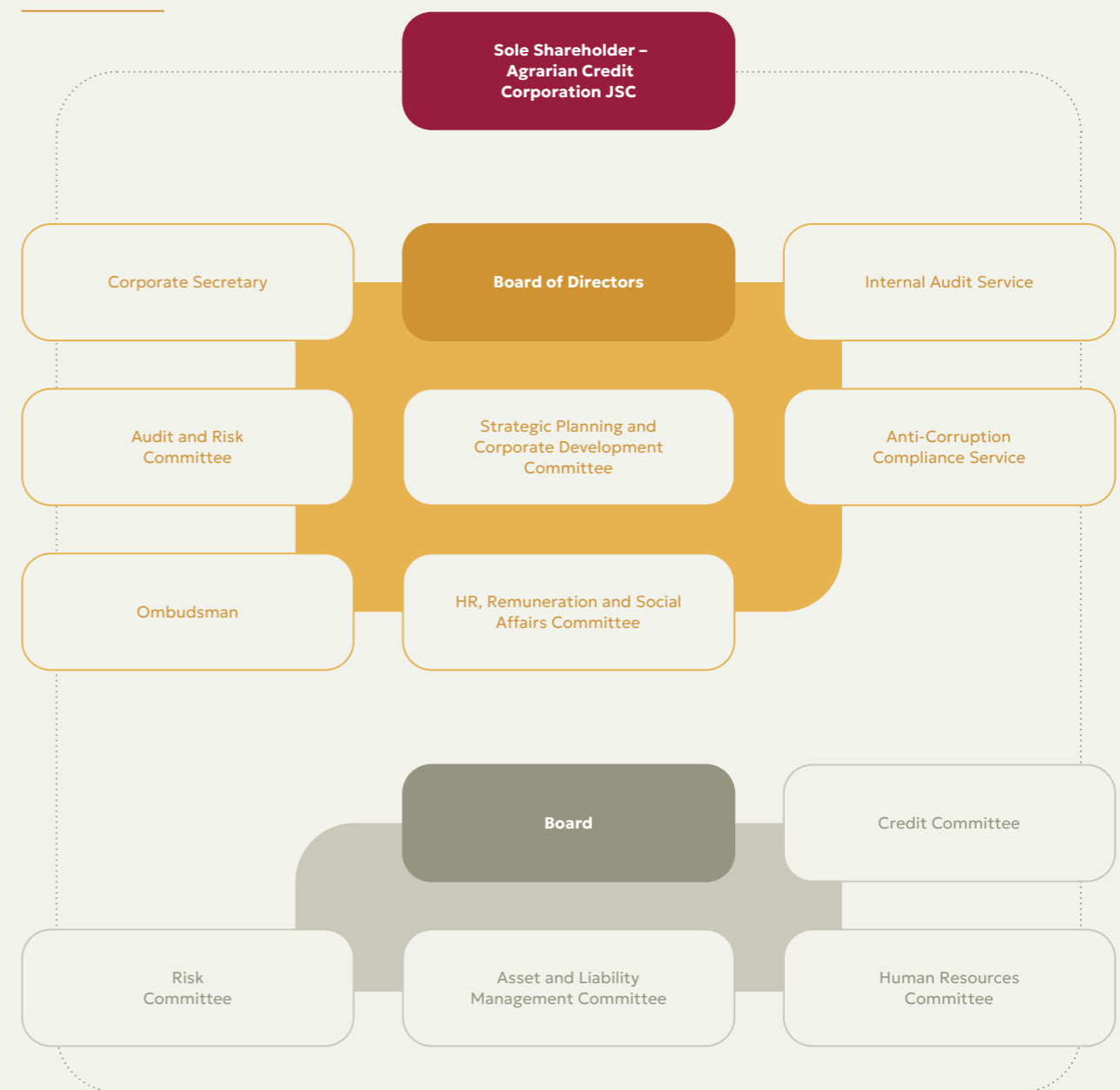
3 RESPONSIBILITY

The Company ensures recognition of the legal rights of the Sole Shareholder, encourages cooperation between the Company and the Sole Shareholder in matters of the financial well-being and stability of the Company;

4 TRANSPARENCY

The Company ensures timely and reliable disclosure of information on all significant issues that may affect the decisions of stakeholders.

MANAGEMENT ORGANIZATIONAL CHART



The Company's Board of Directors has established committees whose competence includes consideration of issues related to audit, risks, strategic planning, corporate development, personnel, remuneration and social issues. Committees under the Board have been established to prepare advisory decisions for the Board in certain areas of the Company's activities, including for the preparation and

preliminary consideration of issues within the competence of the Board.

Interaction with the Sole Shareholder is carried out in accordance with Kazakhstan legislation, the KazAgroFinance's Charter, which enshrines the exclusive competence of the Sole Shareholder, and the Corporate Governance Code of the Company.

studied internal regulatory documents, procedures established by internal documents of the Company.

According to the results of the corporate governance diagnostics, an estimate of 95.2% was obtained, and the

level of corporate governance meets the requirements of best practice.

CORPORATE GOVERNANCE RATING

Improving the corporate governance system and increasing the transparency are among the key objectives of KazAgroFinance in achieving the corporate development goal in accordance with the best corporate governance practices.

For purpose of quality monitoring of the corporate governance system, the corporate governance rating is included in the Company's Development Strategy as one of the key performance indicators. Internal assessment of performance of the corporate governance system is carried out by the Company's internal audit service at least once every two years in accordance with the Company's internal regulatory documents.

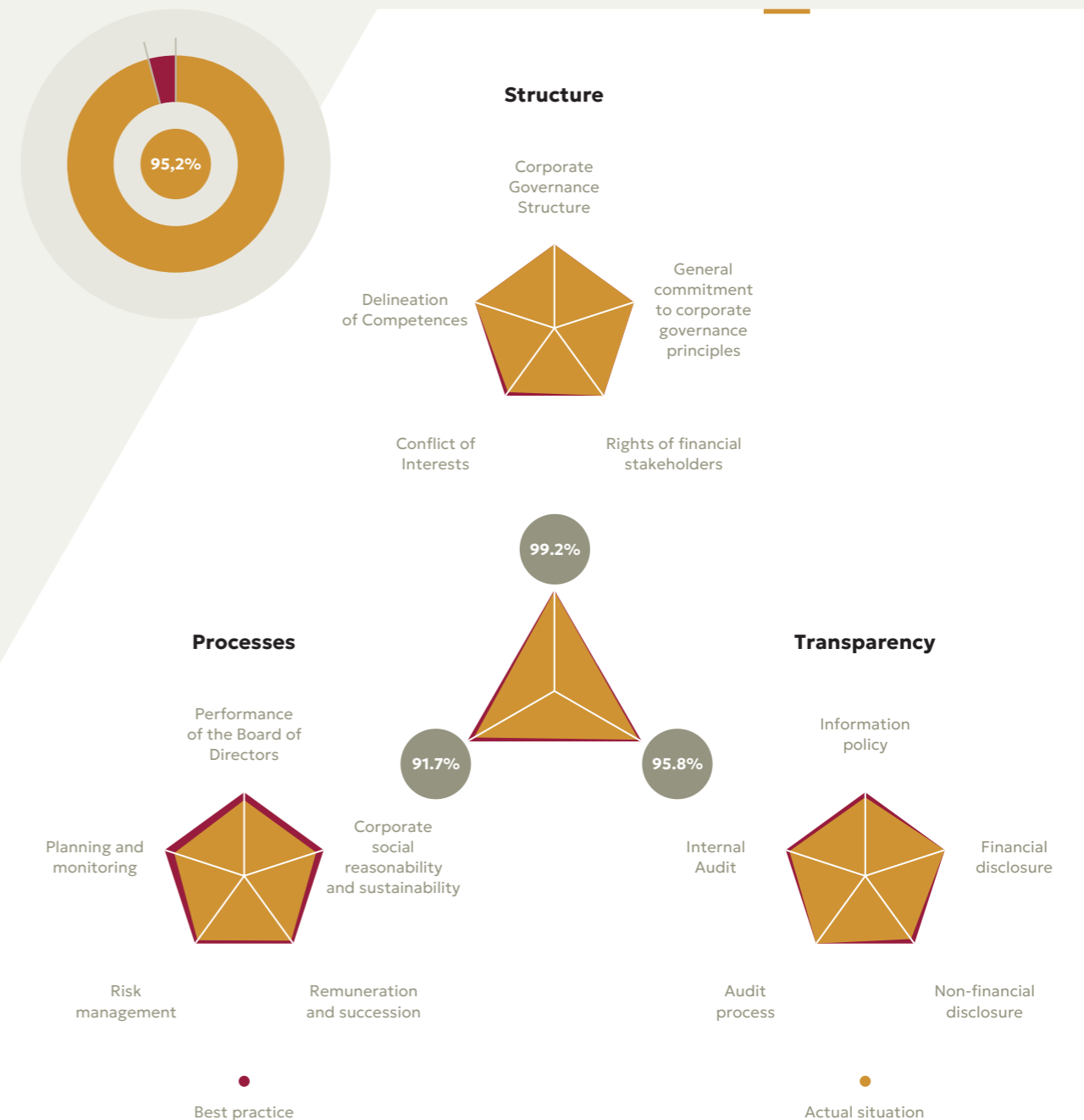
In 2023, an independent organization assessed the performance of corporate governance.

Main purpose of the independent assessment of the Company's corporate governance system

was to analyze and assess the performance of the KazAgroFinance corporate governance system for compliance with the requirements and criteria of the corporate governance diagnostic methodology, the principles of corporate governance of the Organization for Economic Cooperation and Development on Corporate Governance (OECD), current best practices on corporate governance and other applicable international standards and requirements of the Kazakhstan legislation.

Components of corporate governance assessment: structure, processes, transparency. Each of the components contains a set of sub-components and criteria that correspond to the best practices of corporate governance.

During the diagnostics of corporate governance, external consultants conducted interviews with employees, members of the Board and the Board of Directors, as well as



Continuous improvement of the corporate governance and decision-making system is an important strategic direction of the Company's development, ensuring its performance and efficiency. In order to further develop the corporate governance system of KazAgroFinance, the Action Plan for Improving the Corporate Governance System of KazAgroFinance for 2022-2023 was approved by the decision of the Company's Board of Directors No.15 dated December 23, 2021. The Report on Implementation of the CGS Action Plan is reviewed annually by the Company's Board of Directors.

Also, the decision of the Board of Directors approved the results of assessment of the Company's Board of Directors and its committees for 2023. Based on the assessment results, in general, the Board of Directors and its committees are assessed positively and recognized as effective.

The Company continues improving the level of corporate governance by bringing the management system to the standards of best corporate governance practices.

KazAgroFinance complies with all the principles and provisions of the Corporate Governance Code, except for 1 provision that is partially complied with.

A brief version of the Report on Compliance/ Non-compliance with the Principles and Provisions of the Corporate Governance Code of KazAgroFinance JSC for 2023 is provided in Appendix to the Annual Report (full version is available on the Company's corporate Internet resource www.kaf.kz).



REPORT ON COMPLIANCE

WITH THE CORPORATE

GOVERNANCE CODE

The Company in its activities is guided by the Corporate Governance Code, which provides for respect for the rights and interests of all stakeholders for the successful operation of the Company, including the growth of its value, maintaining financial stability and profitability.

The fundamental principles of the Corporate Governance Code are:

1. the principle of separation of powers;
2. the principle of protecting the rights and interests of the Sole Shareholder;
3. the principle of the Company effective management by the Board of Directors and the Board;
4. the principle of sustainable development;
5. the principle of risk management, internal control and internal audit;

6. the principle of regulating corporate conflicts and conflicts of interest;
7. the principles of transparency and objectivity of disclosure of information about the Company's activities.

The Company annually prepares a report on implementation of the principles and provisions of the Corporate Governance Code, considered at a meeting of the Board of Directors. The Report on Compliance/Non-Compliance with the Principles and Provisions of the Corporate Governance Code of KazAgroFinance JSC for 2023 was approved by decision of the Board of Directors No. 4 dated April 29, 2024.

Analysis of the Company's compliance with the principles and provisions of the Corporate Governance Code for 2023 showed that

INFORMATION ON SECURITIES AND COMPOSITION OF PARTICIPANTS

The Board of Directors of Baiterek National Managing Holding JSC dated July 15, 2022 No. 05/22 decided to alienate 100% of the common shares of KazAgroFinance JSC owned by Baiterek National Managing Holding JSC in the payment for outstanding common shares of Agrarian Credit Corporation JSC, by exercising the Baiterek National Managing Holding JSC, as the Sole Shareholder of Agrarian Credit Corporation JSC, its preemptive right of purchase of shares of Agrarian Credit Corporation JSC.

Placed shares were paid by transferring 100% of the common shares of KazAgroFinance JSC owned by Baiterek National Managing Holding on July 25, 2022.

The number of declared and placed ordinary shares of the Company as of December 31,

2023 was 102,837,204 ordinary shares; the change in the number of ordinary shares of the Company was caused by the decision of the Board of Directors dated May 2, 2023 No. 4 "On Increasing the Number of Declared Shares of KazAgroFinance".

The Regulation on the Company's Dividend Policy regulates rights of the Sole Shareholder related to participation in the KazAgroFinance management, including rights to receive dividends and participate in distribution of net income. Pursuant to the decision of the Board of Baiterek National Managing Holding JSC dated May 30, 2023 No. 5, on June 14, 2023, dividends were paid to the Sole Shareholder for 2022 in the amount of 10.3 billion KZT, which is 50% of the Company's net income.

KEY DECISIONS OF THE SOLE SHAREHOLDER

IN 2023

- Approval of the annual financial statements.
- Approval of the annual report of KazAgroFinance JSC.
- Election and early termination of powers of members of the Board of Directors.
- Amendments to the regulation on the dividend policy.
- Amendments to the Corporate Governance Code.



BOARD OF DIRECTORS

The Board of Directors is a governing body responsible for general management of the Company, except for resolving issues attributed by legislation and/or the Company's Charter to the exclusive competence of the Sole Shareholder and the Board.

The Board of Directors performs its functions in accordance with the Company's Charter and pays special attention to the following issues:

- determination of the Company Development Strategy (directions and results);
- setting and monitoring a Development Plan;
- organizing and supervising the effective functioning of risk management, internal

control and corporate governance systems;

- approval and monitoring of the effective implementation of key strategic projects within the competence of the Board of Directors;
- election, remuneration, succession planning and supervision of the Board;
- compliance with the Company's Corporate Governance Code and internal documents on business ethics.

Composition of the Board of Directors is balanced, including qualifications of its members, their experience, knowledge, and business qualities, and enjoys confidence of the Sole Shareholder.

Members of the Board of Directors have an impeccable business reputation, knowledge, skills and experience in agriculture, economics, and business management, as well as law.

As of December 31, 2023, the Board of Directors consisted of 6 people, 2 members of which of the Board of Directors were independent directors.

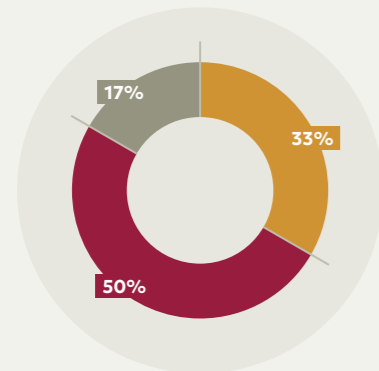
Chairman of the KazAgroFinance Board of Directors is a representative of Baiterek NMH JSC Aydapkelov Nurbolat Sergaliyevich.

Powers of the represented Board of Directors expire on June 16, 2024.

COMPOSITION OF THE BOARD OF DIRECTORS AS OF DECEMBER 31, 2023

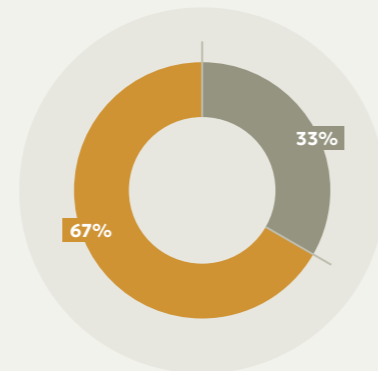
		Date and number of the Decision on election to the Board of Directors
Nurbolat Sergaliyevich Aydapkelov	Chairman of the Board of Directors, First Deputy Chairman of the Board of Baiterek NMH JSC	Decision of the Sole Shareholder No. 06/22 dated February 1, 2022
Niyaz Zhenisovich Koshkimbayev	Member of the Board of Directors, Managing Director of Baiterek NMH JSC	Decision of the Sole Shareholder No. 28/22 dated June 30, 2022
Kairat Kayertarovich Sapulatov	Member of the Board of Directors, Deputy Chairman of the Board of Agrarian Credit Corporation JSC	Decision of the Sole Shareholder No. 1 dated January 31, 2023
Ruslan Sagadatovich Orazbayev	Member of the Board of Directors, Independent Director	Decision of the Sole Shareholder No. 30/21 dated June 16, 2021
Nurzhan Yerzhanovich Alimukhambetov	Member of the Board of Directors, Independent Director	Decision of the Sole Shareholder No. 13 dated December 21, 2023
Aydar Gilimovich Prashev	Member of the Board of Directors, Chairman of the Board	Decision of the Sole Shareholder No. 30/21 dated June 16, 2021

STRUCTURE OF THE BOARD OF DIRECTORS BY CATEGORY, %



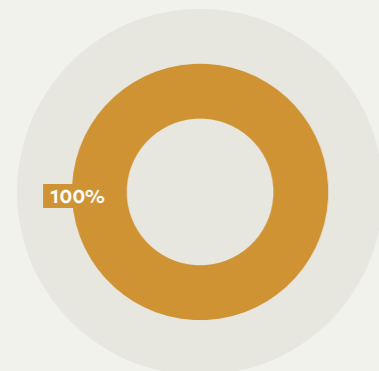
- Independent Directors
- Shareholder's representatives
- Executive Directors

TERM ON THE COMPANY'S BOARD OF DIRECTORS, %



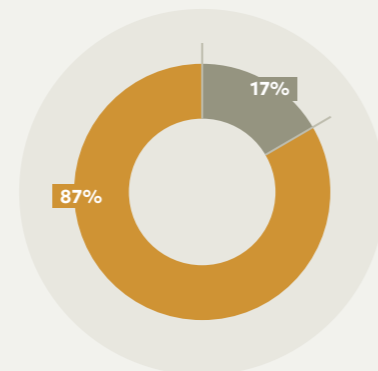
- up to one year
- up to 5 years

GENDER STRUCTURE OF THE BOARD OF DIRECTORS, %



- Men
- Women

AGE STRUCTURE OF THE BOARD OF DIRECTORS, %



- up to 40 years old
- 40-45 years old

Changes in Composition of the Board of Directors in 2023

1. By the decision of the Sole Shareholder No. 1 dated January 31, 2023, the powers of a member of the Board of Directors of the Company, Aliya Murzagalieva Yerbolatkyzy, were prematurely terminated.
2. By the decision of the Sole Shareholder No. 1 dated January 31, 2023, Sapulatov Kairat Kayertarovich was elected a member of the Board of Directors of the Company as a representative of the Sole Shareholder.

3. By the decision of the Sole Shareholder dated December 21, 2023 No. 13, the powers of a member of the Board of Directors of the Company, independent director Madiyev

Serzhan Nurakhanovich, were prematurely terminated from November 14, 2023.

4. By the decision of the Sole Shareholder No. 13 dated December 21, 2023,

Alimukhambetov Nurzhan Yerzhanovich was elected a member of the Company's Board of Directors as an independent director of the Board of Directors.

Composition of the Board of Directors



NURBOLAT SERGALIYEVICH

AYDAPKELOV

Chairman of the Board of Directors – a representative of the KazAgroFinance Sole Shareholder.

Born on July 22, 1979, a citizen of Kazakhstan.

Education:

- Kazakh State Academy of Management, with a degree in Accounting and Audit.

- Kazakh Humanitarian and Legal University with a degree in law.

Work Experience:

- Since 2022 – First Deputy Chairman of the Board of Baiterek National Managing Holding JSC.
- 2020-2022 – Head of the Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan
- 2016-2020 – Chairman of the Statistics Committee of the Kazakhstan Ministry of National Economy.

Other Positions Held:

- First Deputy Chairman of the Board of Baiterek National Managing Holding JSC.
- Chairman of the Board of Directors of Agrarian Credit Corporation JSC.

- Member of the Board of Directors of Development Bank of Kazakhstan JSC.

Has no shares (participation interests) of KazAgroFinance, affiliated companies, and also does not own shares of suppliers and competitors of KazAgroFinance.



NIYAZ ZHENISOVICH

KOSHKIMBAYEV

Member of the Board of Directors, a representative of the KazAgroFinance Sole Shareholder.

Born on September 5, 1979, a citizen of Kazakhstan.

Education:

- + Karaganda State Technical University, with a degree in Power Supply and Electrification.
- + Karaganda State Technical University, with a degree in Economics (in the social sphere and industries).

Work Experience:

- + Since 2022, he has been the Managing Director of Baiterek National Managing Holding JSC.
- + 2020-2022 – Deputy Head of the Bureau of National

Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan.

- + 2017-2020 – Deputy Chairman of the Statistics Committee of the Kazakhstan Ministry of National Economy.
- + 2010-2014 – Deputy Director, Director of the Department of Finance and Documentation Support of the Agency of the Republic of Kazakhstan on Statistics.
- + 2009-2010 – Acting Adviser, Adviser to the Chairman of the Agency of the Republic of Kazakhstan on Statistics.
- + 2007-2009 – Manager, Chief Manager of the Department of Economics and Finance, Financial Department of KazAgro National Holding JSC.
- + 2007-2007 – Chief Specialist of the Budget Department, Department of Financial Support of the Kazakhstan Ministry of Agriculture.
- + 2006-2007 – Chief Specialist of the Department of Analysis and Methodology of State Budget Execution, the Consolidated Analytical Department of the Kazakhstan Ministry of Finance.

- + 2005-2006 – Specialist, Head of the Astana Department of Economics and Budget Planning.

Other Positions Held:

- + Managing Director of Baiterek NMH JSC.
- + Member of the Board of Directors of Agrarian Credit Corporation JSC.

Has no shares (participation interests) of KazAgroFinance, affiliated companies, and also does not own shares of suppliers and competitors of KazAgroFinance.



KAIRAT KAYERTAROVICH

SAPULATOV

Member of the Board of Directors, a representative of the KazAgroFinance Sole Shareholder.

Born on August 12, 1984, a citizen of Kazakhstan.

Education:

- + M. Kozybayev North Kazakhstan State University, degree in Finance and Credit.

Work Experience:

- + Since 2024 – Deputy Chairman of the Board of Agrarian Credit Corporation JSC, member of the Board.
- + 2020-2021 – Managing Director, Member of the Board of Kazakhstan Public-Private Partnership Center JSC.
- + 2019-2020 – Executive Director of Kazakhstan

Public-Private Partnership Center JSC.

- + 2018-2019 – Chairman of the Board of KazAgroProduct JSC.
- + 2009-2018 – he worked in various senior positions in the structure of KazAgro National Management Holding JSC.

Other Positions Held:

- + Deputy Chairman of the Board of Agrarian Credit Corporation JSC, Member of the Board.

Has no shares (participation interests) of KazAgroFinance, affiliated companies, and also does not own shares of suppliers and competitors of KazAgroFinance.



AYDAR GILIMOVICH

PRASHEV

Member of the Board of Directors – Chairman of the Board of KazAgroFinance.

Born on September 29, 1983, a citizen of Kazakhstan.

Education:

- + Almaty Academy of Economics and Statistics, with a degree in Personnel Management, Economist.
- + Aktobe Regional State University named after K. Zhubanov, with a degree in Management (Master of Economics and Business).

Work Experience:

- + Since 2021 – Chairman of the Board of KazAgroFinance JSC.
- + 2020-2021 – Managing Director, Member of the

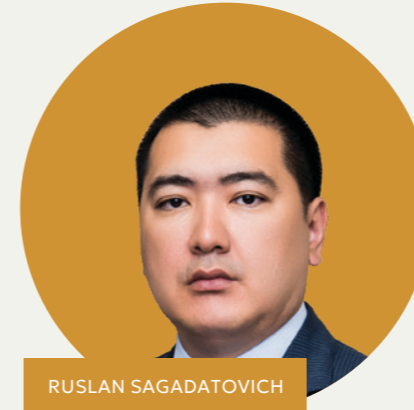
Board of KazAgroFinance JSC.

- + 2009-2019 – the Director of the branch of KazAgroFinance JSC in Atyrau region, Aktobe region and Kostanay region.
- + 2007-2008 – Kazkommertsbank JSC.
- + 2006-2007 – Inspector of Customs Control of the Department of Customs Control in Aktobe region of the Customs Control Committee of the Kazakhstan Ministry of Finance.

Other Positions Held:

- + Chairman of the Board of KazAgroFinance.

Has no shares (participation interests) of KazAgroFinance, affiliated companies, and also does not own shares of suppliers and competitors of KazAgroFinance.



RUSLAN SAGADATOVICH

ORAZBAYEV

Member of the Board of Directors, Independent Director of KazAgroFinance.

Born on April 7, 1983, a citizen of Kazakhstan.

Education:

- + S. Seifullin Akmola Agrarian University, with a degree in Finance and Credit.
- + Eurasian Humanitarian Institute, with a degree in Law.

Work Experience:

- + 2021-2022 – Managing Director for Finance and Economics – Member of the Board of the National Agrarian Scientific and Educational Center.
- + 2018-2019 – Director of the AUTOCASH LLP Pawnshop.

- + 2017-2018 – Executive Director of “Standard” Insurance Company JSC.
- + 2017 – Vice-President of Astana Bank JSC, Astana.
- + 2017 – Deputy General Director of NEXUM LLP.
- + 2017-2018 – Managing Director of Astana Bank JSC, Astana.
- + 2016-2017 – Advisor to the Chairman of the Board of Directors of Astana Bank JSC.
- + 2015-2019 – Independent Director, member of the Board of Directors of Financial Center JSC (under the Kazakhstan Ministry of Education).
- + 2015-2017 – Regional Managing Director, Director of Astana Branch of Astana Bank JSC.

Other Positions Held:

- + no.

Has no shares (participation interests) of KazAgroFinance, affiliated companies, and also does not own shares of suppliers and competitors of KazAgroFinance.



NURZHAN YERZHANOVICH

ALIMUKHAMBETOV

Member of the Board of Directors, Independent Director of KazAgroFinance.

Born on November 07, 1959, a citizen of Kazakhstan.

Education:

- + Kazakh Institute of Physical Culture, degree in Physical Culture and Sports.
- + Abay Kazakh Pedagogical Institute, degree in Methodology of Pedagogy (postgraduate study).
- + Almaty School of Management with qualifications in "Economics and Management", "Corporate Management" (MBA degree).

Work Experience:

- + **Since 2023** – member of the Board of Directors, an independent director of KazakhExport JSC.
- + **Since 2022** – Chairman of the Board of Directors, Independent Director of Basel Insurance Company JSC.

- + **Since 2022** – Member of the Board of Directors, Independent Director of "National Company "QazExpoCongress" JSC.
- + **Since 2020** – Advisor to the Chairman of the Board of Sinoasia B&R JSC.
- + **2018-2019** – Independent Director, member of the Board of Directors of Kazagrogarant JSC.
- + **2017-2021** – Independent Director, member of the Board of Directors of DBK-Leasing JSC (Industrial Development Fund JSC).
- + **2017-2019** – Independent Director, member of the Board of Directors of National Scientific Center for Oncology and Transplantation of UMC Nazarbayev University.
- + **2013-2018** – Advisor to the Board of Directors of Insurance Company Kompetenz JSC.
- + **2013-2018** – Advisor to the Chairman of the Board of Insurance Company Trust Insurance JSC.
- + **2009-2013** – Member of the Board of Directors, Chairman of the Board of Life Insurance Company State Annuity Company.
- + **2009** – Advisor to the Chairman of the Council of the Association of Financiers of Kazakhstan.
- + **1998-2009** – Vice-President, Deputy Chairman of the Board, First Deputy Chairman of the Board, Deputy Chairman of the

Board of Accumulative Pension Fund of Halyk Bank of Kazakhstan.

- + **1992-1998** – Director of Foreign Economic Relations, General Director of the Kunaev D. A. International Foundation.
- + **1985-1988** – Assistant at the Department of Foreign Languages at the Ust-Kamenogorsk Road Construction Institute.

Other Positions Held:

- + Advisor to the Chairman of the Board of Sinoasia B&R JSC, member of the Board of Directors, Independent Director of National Company QazExpoCongress JSC, Chairman of the Board of Directors, Independent Director of Basel Insurance Company JSC, member of the Board of Directors, Independent Director of KazakhExport Insurance Company JSC.

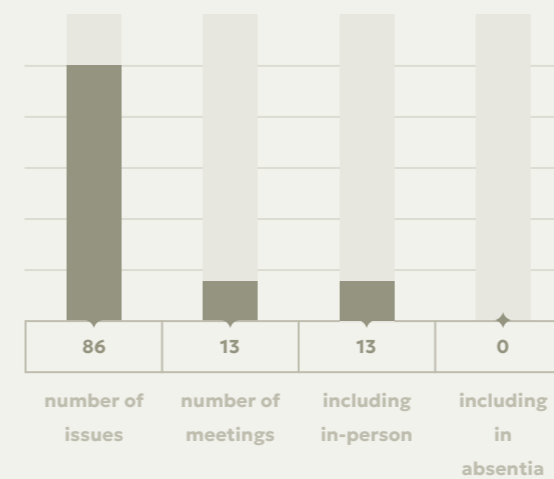
Has no shares (participation interests) of KazAgroFinance, affiliated companies, and also does not own shares of suppliers and competitors of KazAgroFinance.

Activities of the Board of Directors

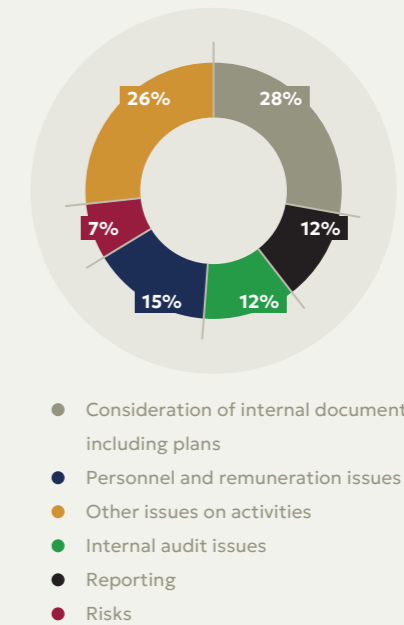
Activities of the Board of Directors are based on the principles of professionalism, rationality and discretion, honesty and objectivity, protecting the rights of the Sole Shareholder.

In 2023, 13 in-person meetings of the Board of Directors were held. 86 issues were considered and decisions were made.

WORK OF THE BOARD OF DIRECTORS IN 2023



STRUCTURE OF ISSUES CONSIDERED BY THE BOARD OF DIRECTORS IN 2023



Main decisions taken were related to the following issues:

- ♦ approval of the audit report "Audit of Information Technology and Information Security Systems of KazAgroFinance JSC".
- ♦ approval of risk reports, risk maps, risk register;
- ♦ approval of the report on the Ombudsman activities;
- ♦ approval of reports on activities of the internal audit service;
- ♦ approval of reports on activities of the anti-corruption compliance service;
- ♦ approval of reports on activities of the Board of Directors, committees of the Board of Directors and the Corporate Secretary;
- ♦ issuance and determination of the terms of the bond issue;
- ♦ on increasing the liabilities of KazAgroFinance JSC by 10 percent or more of the equity capital of KazAgroFinance JSC;
- ♦ approval of the action plan for implementation of the information security development strategy of KazAgroFinance JSC for 2023.
- ♦ approval of the general terms of financing;
- ♦ approval of the rules of procedure for general meeting of KazAgroFinance bondholders;
- ♦ conclusion of interested-party transactions by KazAgroFinance JSC;
- ♦ approval of the internal credit policy of KazAgroFinance JSC in a new edition;
- ♦ approval of the information security policy of KazAgroFinance JSC in a new edition.
- ♦ approval of the report on compliance/ non-compliance with the principles and provisions of the Corporate Governance Code of KazAgroFinance JSC;
- ♦ approval of the report on the achievement of key performance indicators of the members of the Board of KazAgroFinance JSC for 2022;
- ♦ preliminary approval of the KazAgroFinance annual financial statements for 2022;
- ♦ election of a member of the Committees of the KazAgroFinance Board of Directors;
- ♦ approval of the development plan of KazAgroFinance JSC for 2024-2028.
- ♦ review of the assessment results of the Board of Directors and its Committees for 2022;
- ♦ approval of key risk indicators for 2024;
- ♦ approval of the risk appetite of KazAgroFinance JSC for 2024;
- ♦ approval of the matrix of business processes, risks and controls of KazAgroFinance JSC in a new edition;
- ♦ approval of the map of audit areas of KazAgroFinance JSC and the annual audit plan of the Internal Audit Service of KazAgroFinance JSC for 2024;
- ♦ approval of the work plan of the Board of Directors of KazAgroFinance JSC for 2024;
- ♦ approval of the work plan of KazAgroFinance anti-corruption compliance service for 2024;
- ♦ approval of amendments and additions to the rules of internal control to counteract the legalization (laundering) of proceeds from crime and the financing of terrorism of KazAgroFinance JSC.
- ♦ approval of the development strategy of KazAgroFinance JSC for 2024-2033;
- ♦ approval of maps of key performance indicators of members of the Board of KazAgroFinance JSC and their target values for 2024.

INFORMATION ON THE PARTICIPATION OF MEMBERS OF THE BOARD OF DIRECTORS IN MEETINGS OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

Full name	Meetings of the Board of Directors	Meetings of Strategic Planning and Corporate Development Committee	Meetings of Audit and Risk Committee	Meetings of HR, Remuneration and Social Affairs Committee
N.S. Aydapkelov	13/13	-	-	-
N.Zh. Koshkimbayev	13/13	-	-	-
K. K. Sapulatov	11/12*	-	-	-
A.Ye. Murzagaliyeva	1/1	-	-	-
R. S. Orazbayev	13/13	11/11	11/11	10/10
S. N. Madiyev	10/10	9/9	9/9	8/8
N.E. Alimukhambetov	2/2	2/2	2/2	2/2
A. G. Prashev	13/13	-	-	-

* – Labor leave

Committees of the Board of Director

The Committees are advisory bodies of the Board of Directors.

The Committees are established to conduct a detailed analysis and develop recommendations on a range of the most important issues before they are considered at a meeting of the Board of Directors. A final decision on the issues considered by the committees is made by the Board of Directors.

The following Committees of the Board of Directors have been established and operate under the Company's Board of Directors:

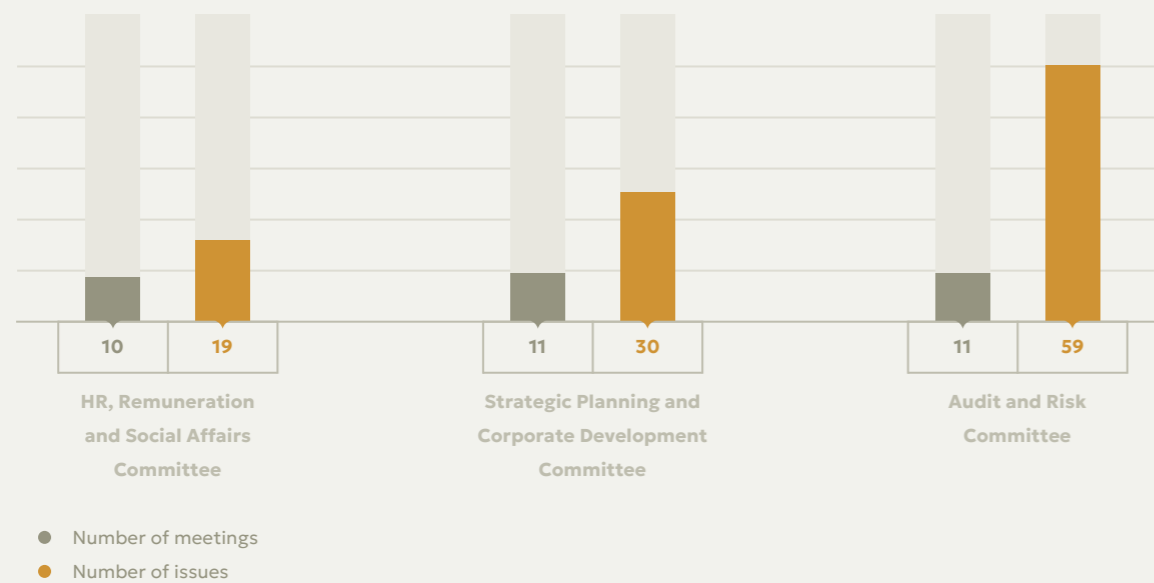
- ♦ Audit and Risk Committee;
- ♦ Strategic Planning and Corporate Development Committee;

- ♦ Human Resources, Remuneration and Social Affairs Committee.

In accordance with generally accepted principles of corporate governance, the Committees of the Board of Directors are headed by the Board of Directors members from among independent directors.

Activities of the committees are regulated by internal documents approved by the Board of Directors, containing provisions on the composition, competence, procedure for electing committee members, a procedure for the work of committees, as well as rights and obligations of their members.

PERFORMANCE OF THE COMMITTEES OF THE BOARD OF DIRECTORS IN 2022



Audit and Risk Committee of the Board of Directors

Main functions of the Audit and Risk Committee include internal and external audit, financial reporting, internal control and risk management, compliance with the legislation of Kazakhstan, internal documents and other issues on behalf of the Board of Directors.

Composition of the Audit and Risk Committee:

- ✦ **Chairman of the Committee** is Serzhan Nurakhanovich Madiyev (until 14.11.2023);
- ✦ **Chairman of the Committee** is Alimukhambetov Nurzhan Yerzhanovich (since 21.12.2023);
- ✦ **Member of the Committee** is Ruslan Sagadatovich Orazbayev.

In total, the Audit and Risk Committee held 11 meetings and considered 59 issues in 2023.

The following main issues were considered at the meetings of the Audit and Risk Committee:

- ✦ "On consideration of the audit report "Audit of Information Technology and Information Security Systems of KazAgroFinance JSC".
- ✦ "On preliminary consideration of the issue "On approval of the Plan of Corrective and/ or Preventive Actions proposed by the Audit Object based on the Results of the Audit "Audit of Information Technology and Information Security Systems of KazAgroFinance JSC."
- ✦ "On consideration of the audit report "Audit of Management of Temporarily Free Liquidity and Compliance with Limits on Counterparty Banks".
- ✦ "On consideration of the audit report "Audit of the Main Activities of the Branch in Shymkent and Turkestan Regions".
- ✦ "On consideration of the report on the activities of the Ombudsman of KazAgroFinance JSC for 2022."
- ✦ "On preliminary consideration of the issue "On consideration of the Report on Implementation of the Action Plan for Implementation of the Information Security Development Strategy of KazAgroFinance JSC for 2022".
- ✦ "On consideration of reports on the activities of the Internal Audit Service."
- ✦ "On consideration of reports of the Anti-Corruption Compliance Service."
- ✦ "On consideration of the audit report "Audit of the Procurement Process".
- ✦ "On consideration of the audit report "Audit of Accounting and Storage of Valuable Documents".
- ✦ "On preliminary consideration of the issue "On approval of the Action Plan for Implementation of the Information Security Development Strategy of KazAgroFinance JSC for 2023".
- ✦ "On preliminary consideration of the issue "On preliminary approval of the annual financial statements of KazAgroFinance JSC for 2022, making proposals to the Sole Shareholder on the distribution of net income received by the end of 2022, payment of dividends on ordinary shares and approval of the amount of the dividend per ordinary share by the end of 2022, consideration of information on appeals of the Sole Shareholder for the actions of KazAgroFinance JSC and its officials, the amount and composition of remuneration for members of the Board of Directors and the Board of KazAgroFinance JSC."
- ✦ "On preliminary consideration of the issues of concluding interested-party transactions by KazAgroFinance JSC."
- ✦ "On consideration of the audit report "Assessment of Key Performance Indicators of the Members of the Board".
- ✦ "On consideration of the audit report "Audit of the Process of Attracting and Managing Funds".
- ✦ "On preliminary consideration of the issue "On approval of the Information Security Policy of KazAgroFinance JSC in a new edition".
- ✦ "On preliminary consideration of issues" On approval of the risk reports of KazAgroFinance JSC, risk map and the risk register of KazAgroFinance JSC.
- ✦ "On preliminary consideration of the issue "On approval of key risk indicators and risk appetite of KazAgroFinance JSC for 2024".
- ✦ "On preliminary consideration of the issue "On approval of the matrix of business processes, risks and controls of KazAgroFinance JSC in a new edition".
- ✦ "On consideration of the audit report "Audit of Main Activities of the Branch in the Aktobe Region".
- ✦ "On consideration of the map of audit areas of KazAgroFinance JSC and the annual audit plan of the Internal Audit Service of KazAgroFinance JSC for 2024".
- ✦ "On preliminary consideration of the issue "On amendments and additions to the rules of internal control to counteract the legalization (Laundering) of proceeds from crime and the financing of terrorism of KazAgroFinance JSC.
- ✦ "On consideration of the audit report "Audit of Main Activities of the Branch in the Kyzylorda Region".
- ✦ "On preliminary consideration of the issue "On approval of the work plan of the Anti-Corruption Compliance Service of KazAgroFinance JSC for 2024".
- ✦ On approval of the work plan of the Audit and Risk Committee of the Board of Directors of KazAgroFinance JSC for 2024.
- ✦ Hearing of the audit organization KPMG Audit LLP, which audits KazAgroFinance JSC for 2023.

Strategic Planning and Corporate Development Committee of the Board of Directors

Main functions of the Strategic Planning and Corporate Development Committee are to develop and submit recommendations to the Company's Board of Directors on the development of KazAgroFinance business priorities and its development strategy, including development of measures to improve the Company performance, its profitable activities and sustainable development.

Composition of the Strategic Planning and Corporate Development Committee:

- + Chairman of the Committee is Ruslan Sagadatovich Orazbayev;
- + Member of the Committee is Serzhan Nurakhanovich Madiyev (until 14.11.2023);
- + member of the committee is Alimukhambetov Nurzhan Yerzhanovich (since 21.12.2023).

In total, the Strategic Planning and Corporate Development Committee held 11 meetings and considered 30 issues in 2023.

The following main issues were considered at the meetings of the Strategic Planning and Corporate Development Committee:

- + "On preliminary consideration of the issue "On approval of the Report on the Implementation of the Action Plan to Improve the Corporate Governance System of KazAgroFinance JSC for 2022-2023 for 2022".
- + "On preliminary consideration of the issue "On approval of the report on compliance/

non-compliance with the principles and provisions of the Corporate Governance Code of KazAgroFinance JSC for 2022".

- + "On preliminary consideration of issues "On the issue and determination of the terms of the bond issue."
- + "On preliminary consideration of the issue "On submitting for consideration of the Sole Shareholder of KazAgroFinance JSC the issue "On increasing the number of authorized shares of KazAgroFinance JSC."
- + "On preliminary consideration of the issue "On the placement (sale) of the announced shares of KazAgroFinance JSC, on the number of shares to be placed (sold), within the number of announced shares, the method and price of their placement (sale)".
- + "On preliminary consideration of the issue "On submitting for consideration of the Sole Shareholder of KazAgroFinance JSC the issue "On approval of the annual report of KazAgroFinance JSC for 2022".
- + "On preliminary consideration of the issue "On submitting for consideration of the Sole Shareholder of KazAgroFinance JSC the issue "On Amendments to the Corporate Governance Code of KazAgroFinance Joint Stock Company."
- + "On preliminary consideration of the issue "On approval of the general terms of financing of KazAgroFinance JSC in a new edition".
- + "On preliminary consideration of the issue "On approval of the report on the implementation of the adjusted development plan of KazAgroFinance JSC for 2019-2023 for 2022".
- + "On preliminary consideration of the issue "On approval of the adjusted development plan of KazAgroFinance JSC for 2019-2023".
- + "On preliminary consideration of the issue "On approval of the Rules of Procedure for

the General Meeting of Bondholders of KazAgroFinance JSC.

- + "On preliminary consideration of the issue "On approval of the internal credit policy of KazAgroFinance JSC in a new edition".
- + "On preliminary consideration of the issue "On approval of the development plan of KazAgroFinance JSC for 2024-2028".
- + On preliminary consideration of the issue "On approval of the development strategy of KazAgroFinance Joint Stock Company for 2024-2033".
- + "On approval of the work plan of the Strategic Planning and Corporate Development Committee of the Board of Directors of KazAgroFinance JSC for 2024".

Human Resources, Remuneration and Social Affairs Committee of the Board of Directors

Main functions of the Committee include appointment (election), setting motivational KPIs, performance assessment, remuneration and succession planning of the Chairman and members of the Board, appointment and remuneration of the Corporate Secretary, as well as participation in the consideration of these issues with respect to the composition of the Board of Directors itself, in cases where such powers are granted by the Sole Shareholder.

Composition of the Human Resources, Remuneration and Social Affairs Committee:

- + Chairman of the Committee is Ruslan Sagadatovich Orazbayev;
- + Member of the Committee is Serzhan Nurakhanovich Madiyev (until 14.11.2023);

- + member of the committee is Alimukhambetov Nurzhan Yerzhanovich (since 21.12.2023).

In total, the Human Resources, Remuneration and Social Affairs Committee held 10 meetings and considered 19 issues in 2023.

The following main issues were considered at the meetings of the Human Resources, Remuneration and Social Affairs Committee:

- + "On preliminary consideration of issues" On approval of reports on the activities of the Board of Directors, Committees of the Board of Directors and the Corporate Secretary of KazAgroFinance JSC.
- + "On consideration of the report on the activities of the Ombudsman of KazAgroFinance JSC for 2022."
- + "On preliminary consideration of the issue "On approval of the assessment results of the Board of Directors of KazAgroFinance JSC and its Committees for 2022".
- + "On preliminary consideration of the issue "On amendments and additions to some internal regulatory documents of KazAgroFinance JSC on personnel activities".
- + "On preliminary consideration of the issue "On amendments and additions to the KPI maps of KazAgroFinance JSC executive and their target values for 2023".
- + Meeting with members of the personnel reserve of KazAgroFinance JSC.
- + "On preliminary consideration of the issue of approving the work plan of the Board of Directors of KazAgroFinance JSC for 2024 and assessing the Board of Directors of KazAgroFinance JSC and its Committees by the end of 2023."
- + "On approval of the work plan of the Human Resources, Remuneration and Social Affairs Committee of the Board of Directors of KazAgroFinance JSC for 2024".

Selection and Nomination

Quantitative composition of the Board of Directors shall be determined by the Sole Shareholder.

Sole Shareholder shall elect members of the Board of Directors of KazAgroFinance in accordance with a procedure established by the Kazakhstan legislation, the Company's Charter and internal documents, taking into account competencies, skills, achievements, business reputation and professional experience of candidates.

When re-electing individual members of the Board of Directors or the entire Board of Directors for a new term, results of assessment of performance of members of the Company's Board of Directors shall be taken into account.

When selecting candidates for the Board of Directors, the following conditions shall be taken into account:

1. work experience in executive positions;
2. work experience as a member of the Board of Directors;
3. work experience;
4. education, specialization, including availability of international certificates;
5. competence/management experience of at least two (2) years in areas and industries (industries may vary depending on the asset portfolio);
6. business reputation;
7. existence of a direct or potential conflict of interest;
8. availability of a professional director certification "Certified Director" (for Independent Directors).

A person may not be elected to the Board of Directors under the below terms and conditions:

- being a participant, head of an executive body, member of a management body or an employee of a legal entity that competes with the Company;
- who has previously committed a corruption-related offence;
- who has a criminal record which has not been removed or expunged in accordance with the Kazakhstan legislation;
- who has previously served as the Chairman of the Board of Directors, top executive officer, deputy top executive officer, chief accountant of the other legal entity for a period of not more than one year prior to the decision made on winding-up, or compulsory acquisition of shares, or temporary closing of another legal entity declared bankrupt according to the established procedure. This requirement shall be applied for five (5) years after the date of decision made on winding-up, or compulsory acquisition of shares, or temporary closing of another legal entity declared bankrupt according to the established procedure;
- who is a member of the Board of Directors of four (4) or more companies, with the exception of a member of the board of directors who is a representative of the Sole Shareholder.

The term of office of the Board of Directors shall be set by the Sole Shareholder.

Independent Directors shall be elected for a term not exceeding three (3) years, subject to satisfactory performance, and thereafter may be re-elected for a further term of up to three (3) years.

Any term of election to the Board of Directors for more than six (6) consecutive years (e.g. two three-year terms) shall be specially considered,

taking into account performance assessment of a member of the Board of Directors, as well as the need for qualitative renewal of the Board of Directors according to the procedure established by an internal document of the Company.

The same person from among Independent Directors may not be elected to the Board of Directors for more than nine (9) consecutive

years (e.g. three three-year terms). In exceptional cases, it is allowed to be elected for more than 9 (nine) years, therewith, election of such person to the Board of Directors shall take place annually or at another time, with a detailed explanation of the need to elect this member of the Board of Directors and an impact of this fact on the independence of decision-making.

Competences of Members of the Board of Directors in Professional Fields

Members of the Board of Directors of KazAgroFinance have a high level of competence

and extensive experience to enable them to perform their functions efficiently.

Key Competences, Skills and Experience	N.S. Aydapkelov	N.Zh. Koshkimbayev	K. K. Sapulатов	R. S. Orazbayev	N. E. Alimukhambetov	A. G. Prashev
Risk Management and Audit	+				+	
Strategic Planning	+	+	+	+	+	+
Finance and Economics	+	+	+	+	+	+
Business Management		+		+	+	+
Human Resource Management	+	+	+			+
Legal Affairs	+			+		

Independence

Presence and participation of Independent Directors on the Board of Directors is mandatory.

A candidate for election as an Independent Director to the Board of Directors shall:

- meet the definition of Independent Director in accordance with paragraph 20, Article 1 of the Kazakhstan Law “On Joint Stock Companies”:

Independent Director is a member of the Board of Directors who is not an affiliated person of this joint stock company and has not been one for three (3) years prior to his/her election to the Board of Directors (except in case of his/her tenure as an Independent Director of this joint stock company), shall not be an affiliated person in relation to affiliated persons of this joint stock company; shall not be subordinated to officials of this joint stock company or affiliated organizations of this joint stock company and shall not be subordinated to these persons during three (3) years preceding his/her election to the Board of Directors; shall not be a civil agent; shall not be not a shareholder’s representative at meetings of the bodies of this joint stock company and has not been one for three (3) years prior to his/her election to the Board of Directors; shall not participate in the audit of this joint stock company as an auditor working within an audit organization, and shall not participate in such an audit during three (3) years preceding his/her election to the Board of Directors;

- have a general knowledge of key issues specific to the organization, similar in scope and nature of the Company’s activities; have professional experience of at least 2 (two) years prior to nomination, and demonstrate an understanding of:

1. legal requirements for the Company;
2. competitive environment on national and international markets;

- be able to analyze and assess information provided and develop an independent position on an issue based on principles of legality, fairness and equal treatment of all shareholders in good faith; Express its own opinion and defend the point of view in a reasoned manner;

- know principles of corporate governance and sustainable development;

- have impeccable reputation/positive achievements in business and/or industry background. A candidate’s curriculum vitae shall be free of economic crimes and administrative offences in business activities;

- have sufficient time to participate in the Board of Directors not only during meetings of the Board of Directors, but also review materials for meetings of the Board of Directors properly;

- not be a member of more than three (3) Boards of Directors of other companies;

- inform the Company in case of loss of the status of Independent Director.

The Board of Directors of KazAgroFinance consists of two independent directors.

During 2023, the following independent directors of the Board of Directors were:

- Ruslan Sagadatovich Orazbayev;
- Serzhan Nurakhanovich Madiyev (until 14.11.2023);
- Nurzhan Yerzhanovich Alimukhambetov (since 21.12.2023).



All independent directors meet the listed criteria of independence when making decisions by the Company’s Board of Directors.

Assessment of the Board of Directors

Performance of the Board of Directors is assessed to obtain a comprehensive analysis of the main areas of activity of the Board of Directors. Assessment analyzes and determines the strengths and weaknesses of the Board of Directors and its Committees and makes adjustments to the work of the Board of Directors. In addition, assessment makes it possible to determine how the structure and composition of the Company’s Board of Directors contribute to solving the Company’s strategic objectives, performance of the Chairman of the Board of Directors and each member of the Board of Directors, and to determine the remuneration system performance.

Performance of the Board of Directors and its committees is assessed on an annual basis. Assessment can be carried out on its own, as well as with involvement of consultants, professional associations and organizations that assign corporate governance ratings.

In accordance with the Company’s Corporate Governance Code (online.zakon.kz/Document/?doc_id=39661615) and based on

the range of issues within the competence of the Board of Directors, the Board of Directors conducts:

- assessment of its own performance;
- assessment of performance of the Board of Directors and Committees of the Company’s Board of Directors.

Decision of the Board of Directors No. 13 dated December 28, 2023 determined to assess performance of the KazAgroFinance Board of Directors and its committees for 2023 on its own as required by the Kazakhstan legislation and internal regulatory documents of the Company. Assessment was conducted by the questionnaire method. Assessment determined the following:

- When making decisions, the Board of Directors focuses on achieving its goals and protecting the interests of the Company and the Sole Shareholder;
- The Board of Directors has all the necessary tools to properly monitor the financial and economic activities of the Company and regularly monitors and evaluates progress of strategic objectives,

execution and approval of the Company plans, budget and performance.

- The Board of Directors actively participates in development of the Company's Development Strategy, properly defining the Company business priorities. The Development Strategy Implementation is monitored at a high level, in a timely and adequate manner;
- A significant role of the Board of Directors is in making key decisions on approval of the development plan and budget, establishment of the motivation and management assessment system, as well as control over reliability and performance of the systems of risk management, internal control, internal audit and corporate governance systems;
- Reporting on the Company's activities meets the established requirements;
- Work of the Board of Directors is arranged in accordance with the corporate governance norms;
- The members of the Board of Directors responsibly perform their assigned tasks, carefully study the Company's activities, which allows them to effectively perform their control functions.
- Professional experience of the members of the Company's Board of Directors,

knowledge of the specifics of the industry.

- Effective joint work of the members of the Board of Directors, an open exchange of views, active participation of the members of the Board of Directors and timely resolution of issues.
- Effective management of the Chairman of the Board of Directors at the level of the Board of Directors itself.
- Chairmen of the committees of the Board of Directors ensure performance of the committees they head in all aspects and effective interaction of the committees with the Board of Directors and the executive body of the Company.
- High level of attendance by members of the Board of Directors at meetings of the Board of Directors and Committees.
- Timely signing of minutes of the Board of Directors and Committees.

Based on the assessment results, performance of the Board of Directors and its committees is assessed positively and recognized as effective.

The assessment results were reviewed at the meeting of the Board of Directors and approved by the Board of Directors Decision No. 5 dated May 27, 2024.

In accordance with the Regulations on the Board of Directors, the Board of Directors requests the Sole Shareholder to take specific measures to improve its performance, including establishing an effective training system for members of the Board of Directors. In 2023, a member of the Board of Directors, Independent Director R. S. Orazbayev was trained in the course "Independent Director. Successful Career", received a Certificate of Completion "Association of Independent Directors of the Republic of Kazakhstan".

Training and Professional Development of Members of the Board of Directors

The need for training and professional development of members of the Board of Directors is determined by the Board of Directors by results of the performance assessment of the Board of Directors and its Committees.

Conflict of Interest Management and Resolution of Corporate Conflict

Avoiding conflicts of interest is important for protection of interests of the Sole Shareholder, the Company, officials and employees. All officials and employees of the Company are responsible for making transparent, timely and adequate decisions, free from conflicts of interest.

Members of the Board of Directors and the Board of the Company, employees of the Company, shall perform their professional duties in good faith and reasonably in the interests of shareholders and KazAgroFinance, avoiding conflicts.

Corporate Conflicts

Corporate conflict is a disagreement or dispute between: the Sole Shareholder and other Company's bodies; the Company's bodies; members of the Board of Directors and the Board of the Company; the head of the Company's Internal Audit Service, the Company's Corporate Secretary, which negatively affect interests of the Sole Shareholder and the Company's activities.

In case of corporate conflicts, the participants seek ways to resolve them through negotiations to ensure effective protection of the interests of the Company and stakeholders. At the same time, Company officials promptly inform the Corporate Secretary and/or the Ombudsman about the presence (occurrence) of a conflict.

Effective prevention and resolution of corporate conflicts presupposes identification

of such conflicts and coordination of actions of all Company bodies in full and quick manners.

Corporate conflicts with the assistance of the Corporate Secretary and/or the Ombudsman are considered by the Chairman of the Company's Board of Directors. If the Chairman of the Board of Directors is involved in a corporate conflict, such cases are considered by the HR, Remuneration and Social Affairs Committee.

In order to ensure an objective assessment of the corporate conflict and create conditions for its effective resolution, persons whose interests are affected by the conflict or may be affected do not participate in its resolution.

If it is impossible to resolve corporate conflicts through negotiations, they are resolved strictly in accordance with the Kazakhstan legislation.

The Board of Directors resolves corporate conflicts on issues within its competence. In this case, the Corporate Secretary and/or the Ombudsman are responsible for ensuring that the Board of Directors is informed as much as possible about an essence of the corporate conflict and a role of a mediator in resolving the corporate conflict.

The Chairman of the Board, on behalf of KazAgroFinance, resolves corporate conflicts on all issues, which decision-making is not within the competence of the Company's Board of Directors, and also independently determines a procedure for resolving corporate conflicts.

The Board of Directors considers individual corporate conflicts within the competence of the Board (for example, if a subject of the conflict is the actions (inaction) of this body).

Conflict of Interest

A conflict of interest is defined as a situation in which the personal interest of an employee of the Company affects or may affect the impartial performance of official duties.

The Company’s employees do not allow a situation in which a conflict of interests may arise, either in relation to themselves (or related persons), or in relation to others. The employee shall immediately inform his/her line manager about any commercial or other interest in transactions, contracts, projects related to the Company.

In order to prevent and resolve corporate conflicts and conflicts of interest in the Company, as well as coordinate actions of all

bodies and officials, the Company is guided by the Rules for Resolution of Corporate Conflicts and Conflicts of Interest in the Company, approved by the decision of the Company’s Board of Directors dated November 04, 2015 No. 17.

In addition, the following documents were approved by the decision of the Company's Board of Directors No. 2 dated February 23, 2022:

1. The Company's Code of Business Ethics establishes the fundamental values and principles of corporate (business) ethics;
2. The Regulation on the Company's Ombudsman defines the functions of the Ombudsman institution in resolving labor disputes, conflicts, social and labor problems, as well as in compliance with the principles of business ethics by the Company's employees.

In 2023, the Company has not recorded any cases of corporate conflicts and conflicts of interest in decision-making.

Remuneration of Members of the Board of Directors

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

Remuneration of independent directors is fixed and is paid for participation in meetings of the Board of Directors and Committees of the Board of Directors quarterly. Amount and conditions of remuneration payment are determined by the decision of the Sole Shareholder. Remuneration is paid to independent directors of the Board of Directors net of taxes in accordance with the

Kazakhstan tax legislation, regulatory legal acts and other documents.

Remuneration for the reporting period is paid in proportion to the participation of an independent director in all meetings of the Board of Directors/ committees of the Board of Directors held in person and in absentia during the reporting period.

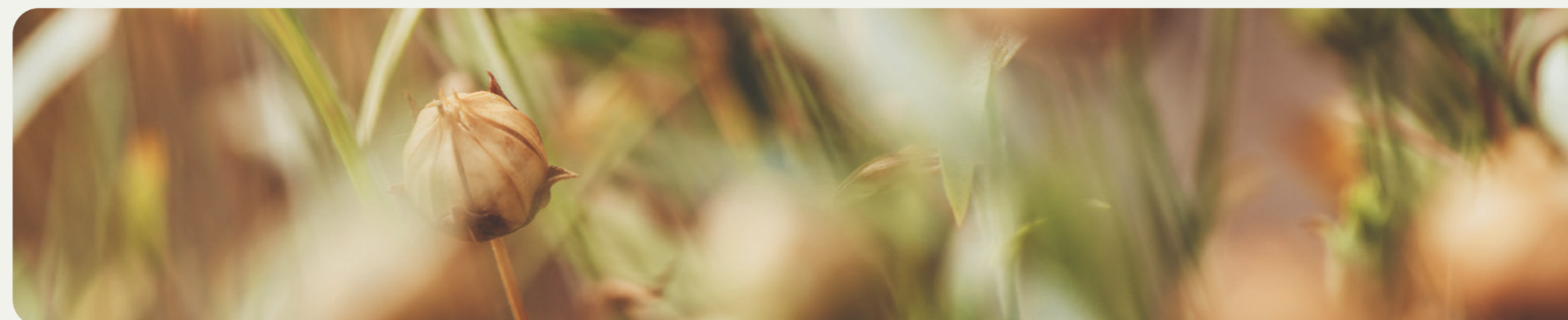
Remuneration is not paid if an independent director participates in less than half of all meetings of the Board of Directors held in person and in absentia in the reporting period (quarter). Remuneration of Members of the Board of Directors (representatives of the Sole Shareholder), the head of the Company’s executive body for participation in meetings of the Board of Directors is not provided.

Remuneration of Members of the KazAgroFinance Board of Directors (independent directors) consisting of 2 people in 2023 includes the following positions:

thou KZT	2023
Remuneration accrued	7,983
Taxes and social security benefits	848
Total remuneration	8,831

Reporting Problems

The issues are reported to the Board of Directors in accordance with the Regulations on the Board of Directors, the Company’s Charter by providing relevant reports and information. In the reporting year, all issues requiring attention were considered within the framework of the current meetings. There were no "critical" issues.



EXECUTIVE BODY

The Company's executive body is the Board, which manages the current activities of the Company. The Company's Board consists of 5 members, including the Chairman of the

Board and Deputy Chairmen of the Board. Powers of the represented Board members expire on July 31, 2025.

COMPOSITION OF THE BOARD AS OF DECEMBER 31, 2023

		Date and number of the decision on election to the Board
Aydar Gilimovich Prashev	Chairman of the Board	Decision of the Sole Shareholder No. 30/22 dated July 20, 2022
Aydos Bauyrzhanovich Seytzhanov	Deputy Chairman of the Board	Decision of the Board of Directors No. 9 dated July 19, 2022.
Zhanuzak Zhenisovich Orazbayev	Deputy Chairman of the Board	Decision of the Board of Directors No. 9 dated July 19, 2022.
Yerkebulan Yerlanovich Zhumzhayev	Deputy Chairman of the Board	Decision of the Board of Directors No. 9 dated July 19, 2022.
Mars Karaltayevich Alish	Deputy Chairman of the Board	Decision of the Board of Directors No. 9 dated July 19, 2022.



Composition of the Board

(as of December 31, 2023)



AYDAR GILIMOVICH

PRASHEV

Chairman of the Board of KazAgroFinance JSC

Born on September 29, 1983, a citizen of Kazakhstan.

Education:

- + Almaty Academy of Economics and Statistics, with a degree in Personnel Management, Economist.
- + Aktobe Regional State University named after K. Zhubanov, with a degree in Management (Master of Economics and Business).

Work Experience:

- + Since 2021 – Chairman of the Board of KazAgroFinance JSC.
- + 2020-2021 – Managing Director, Member of the Board of KazAgroFinance JSC.
- + 2009-2019 – the Director of the branches of KazAgroFinance JSC in Atyrau region, Aktobe region and Kostanay region.
- + 2007-2008 – Kazkommertsbank JSC.
- + 2006-2007 – Inspector of Customs Control of the Department of Customs Control in Aktobe region of the Customs Control Committee of the Kazakhstan Ministry of Finance.

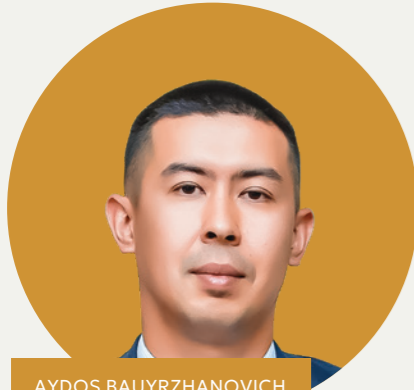
Other Positions Held:

- + Chairman of the Board of KazAgroFinance.

Has no shares (participation interests) of KazAgroFinance, affiliated companies, and

also does not own shares of suppliers and competitors of KazAgroFinance.

Part-time work and membership in the boards of directors of other organizations at the present time – no.



AYDOS BAUYRZHANOVICH

SEYTZHANOV

Deputy Chairman of the Board of KazAgroFinance JSC.

Functions performed:

coordinates the Company's activities on the asset expertise, administrative and economic activities and human resource management, and also works with branches in terms of supervised areas of activity

Born on May 10, 1990, a citizen of Kazakhstan.

Education:

- L.N. Gumilyov Eurasian National University with a degree in Finance, Bachelor of Finance.

- A. Myrzakhmetov Kokshetau State University, with a degree in Law, Bachelor of Law.

June 30, 2021, he was elected as the Deputy Chairman of the Board of KazAgroFinance by the decision of the Board of Directors of KazAgroFinance JSC.

Work Experience:

- Since 2021 – Deputy Chairman of the Board of KazAgroFinance JSC.
- 2019-2021 – Director of the branch of KazAgroFinance JSC in Astana.
- 2010-2019 – Temirbank JSC, Eurasian Bank JSC, Development Bank of Kazakhstan JSC in the area of lending to small and medium-sized, as well as corporate business.

Has no shares (participation interests) of KazAgroFinance, affiliated companies, and also does not own shares of suppliers and competitors of KazAgroFinance.

Part-time work and membership in the boards of directors of other organizations at the present time – no.



ZHANUZAK ZHENISOVICH

ORAZBAYEV

Deputy Chairman of the Board of KazAgroFinance JSC.

Functions performed:

coordination of activities in terms of financial and economic issues, borrowing, accounting and reporting issues of KazAgroFinance.

Born on July 9, 1972, a citizen of Kazakhstan.

Education:

- Kazakh State Academy of Architecture and Construction, with a degree in Heat and Gas Supply and Ventilation.

- Ryskulov Kazakh Economic University, with a degree in Accounting and Audit.
- Swiss Business School, with a degree in MBA. Master of Business Administration.

February 22, 2022, he was elected as the Deputy Chairman of the Board of KazAgroFinance JSC by the decision of the Board of Directors of KazAgroFinance JSC.

Work Experience:

- Since 2022 – Deputy Chairman of the Board of KazAgroFinance JSC.
- 2019-2021 – Managing Director of the Fund of Financial Support for Agriculture JSC.
- 2009-2019 – Deputy Director of the Information and Computing Center of the Committee on Statistics of Kazakhstan Ministry of National Economy.
- 2009 – Deputy Director of the Branch of KazMunayGasNC JSC, Ozen-Yeles LLP.
- 2009 – Head of the Subscriber Section of AstanaEnergoSbyt LLP.

- 2007-2009 – Director of the Administrative Department of KazAgro National Holding JSC.
- 2004-2007 – Chief (Procurement) Specialist of the Financial Department of State Insurance Corporation for Insurance of Export Credits and Investments JSC.
- Since 2001 – Head of the Sales Department of Koktem LLP.

Has no shares (participation interests) of KazAgroFinance, affiliated companies, and also does not own shares of suppliers and competitors of KazAgroFinance.

Part-time work and membership in the boards of directors of other organizations at the present time – no.



YERKEBULAN YERLANOVICH

ZHUMZHAYEV

Deputy Chairman of the Board of KazAgroFinance JSC.

Functions performed:

coordination of the Company's activities in terms of credit and leasing activities.

Born on May 8, 1988, a citizen of Kazakhstan.

Education:

- L.N. Gumilyov Eurasian National University with a degree in Finance, Bachelor of Finance.
- Kazakh University of Economics, Finance and International Trade, with a degree in Finance.

- Regional Socio-Innovative University, with a degree in Law, Bachelor of Law.

June 30, 2022, he was elected as Deputy Chairman of the Board of KazAgroFinance JSC by the decision of the Board of Directors of KazAgroFinance JSC.

Work Experience:

- Since 2022 – Deputy Chairman of the Board of KazAgroFinance JSC.
- Since 2018 – Subsidiary of Baiterek National Managing Holding JSC.
- 2013-2018 – Senior Manager, Senior Analyst and Head of the Credit Analysis Department at branches of Halyk Bank JSC.
- Since April 2011 – the Engineer of the Satpayev Channel RSE of the Kazakhstan Ministry of Agriculture.

Has no shares (participation interests) of KazAgroFinance, affiliated companies, and also does not own shares of suppliers and competitors of KazAgroFinance.

Part-time work and membership in the boards of directors of other organizations at the present time – no.



MARS KARALTAYEVICH

ALISH

Deputy Chairman of the Board of KazAgroFinance JSC.

Functions performed:

coordination of the Company's activities on issues of working with problematic projects, project administration, information technology development

Born on August 14, 1984, a citizen of Kazakhstan.

Education:

- Aktobe State University named after K. Zhubanov, with a degree in Accounting and Audit.
- M.V. Lomonosov Moscow State University, with

a degree in Master of Business Administration.

May 3, 2022, he was elected as the Deputy Chairman of the Board of KazAgroFinance JSC by the decision of the Board of Directors of KazAgroFinance JSC.

Work Experience:

- Since 2022 – Deputy Chairman of the Board of KazAgroFinance JSC.
- 2021-2022 – Head of the Leasing and Lending Department, Director of the KazAgroFinance branch in Astana.
- 2019-2021 – Expert of KMG Karachaganak LLP.
- 2018-2019 – Director of the Finance and Planning Department, Executive Director of Kaspi NC SEC JSC.
- 2017-2018 – Deputy Director for the Development of Small and Medium-Sized Businesses at Kazkommertsbank JSC.
- 2016-2017 – Project Manager of Astana Best Consulting Group LLP.

- Since 2015, 2016 – Deputy Director for Small and Medium-Sized Businesses at ATF Bank JSC.
- 2006-2015 – Leading Manager, Senior Manager, Head of the Small Business Department of Kazkommertsbank JSC.

Has no shares (participation interests) of KazAgroFinance, affiliated companies, and also does not own shares of suppliers and competitors of KazAgroFinance.

Part-time work and membership in the boards of directors of other organizations at the present time – no.

Work of the Board

The Board manages current activities of the Company and is responsible for implementation of the Development Strategy, Development Plan and decisions made by the Board of Directors and the Sole Shareholder.



The Board's main objective is the effective implementation of the Development Strategy and the Development Plan of KazAgroFinance JSC.

The Board's basic principles:

- ✦ transparency and openness;
- ✦ responsibility and accountability;
- ✦ objective distribution of responsibilities;
- ✦ proper approval and adoption of operations;
- ✦ comprehensiveness and systematic approach;
- ✦ continuous development and improvement;
- ✦ flexibility;
- ✦ timely identification and response to any material drawbacks and weaknesses of control;
- ✦ priority of the Board's areas of activity;
- ✦ performance;
- ✦ competence of employees;
- ✦ documentation of procedures;
- ✦ reliability and completeness of information.

Activities of the Board are governed by the Regulations on the Company's Board.

During 2023, all 39 (thirty-nine) Board meetings were held in person, on a regular basis. There was a high attendance of meetings by the Board members, except in cases of absence for a good reason.

Full name	Quantity
A. G. Prashev	34/39
A.B. Seytzhanov	34/39
Zh.Zh. Orazbayev	35/39
M. K. Alish	36/39
E.E. Zhumzhayev	36/39



Committees under the Board

Risk Committee

The main objectives of the Risk Committee are implementation of Risk Management Policy, identification, assessment, control and monitoring of risks at all levels of the Company.

Analysis of factors that led to the operational risk, including in cases when facts were revealed that information about realized risks was not entered into database in a timely manner.

Credit Committee

A collegial body authorized to make decisions on issues related to the Company's credit activities and dealing with problem debt, as well as on the acquisition of leasing subjects.

The objectives of the Credit Committee are implementation of the Company's credit policy, minimizing the credit risk during credit transactions, prevention of transactions related to the legalization (laundering) of proceeds from crime and terrorist financing.

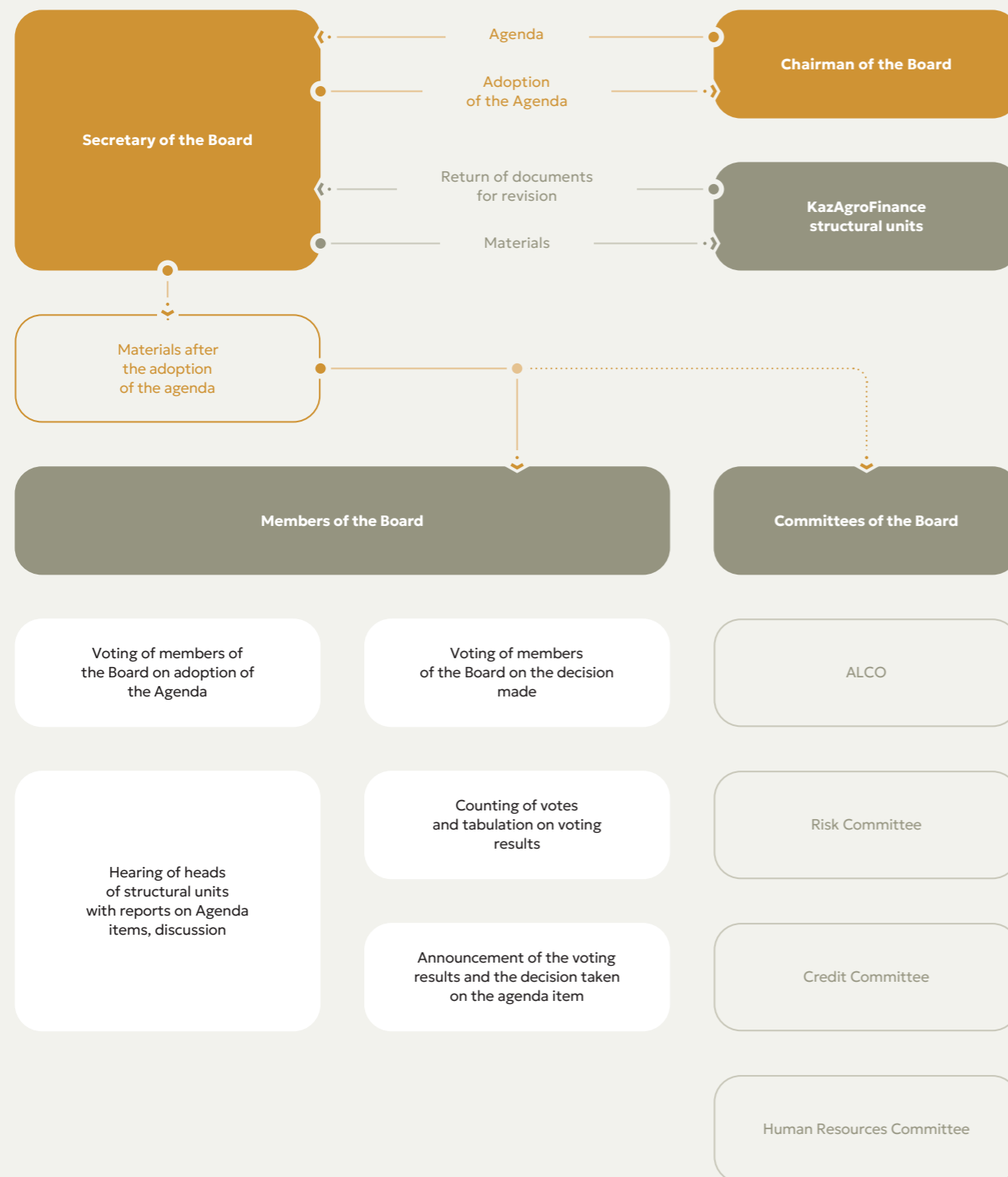
Asset and Liability Management Committee

A permanent collegial body of KazAgroFinance (ALCO). The ALCO pursues the Company's policy on asset and liability management, develops recommendations to the Board to make effective and timely decisions on asset and liability management, as well as temporarily free money.

Human Resources Committee

A permanent consultative and advisory collegial working body of the Company established to prepare advisory decisions for the Chairman and the Board of the Company on certain issues related to professional and personnel growth, employee motivation, disciplinary liability, as well as other issues related to personnel management.

Interaction with the Board



Organizational Chart

To implement the assigned functions and tasks, the decision of the KazAgroFinance JSC Board dated November 27, 2023 No. 34 approved the Company's organizational structure in a new edition, which includes 17 (seventeen) structural units and 15 (fifteen) branches in the Kazakhstan regions.

The Company's total staff is 341, including: in the central office – 140, in branches – 201.

Thus, the central office of the Company includes the following structural units:

- Units and employees accountable to the Company's Board of Directors:
 1. Internal Audit Service;
 2. Anti-Corruption Compliance Service;
 3. Corporate Secretary.
- Units whose activities are supervised by the Chairman of the Board of the Company:
 4. Risk Management Department;
 5. Security Department;
 6. Corporate Development Department;
- Units whose activities are supervised by the Deputy Chairman of the Company's Board for financial, accounting and borrowing:
 7. Accounting and Reporting Department;
 8. Department of Finance;

9. Borrowing Department;

- Units whose activities are supervised by the Deputy Chairman of the Company's Board for working with problematic projects, project administration and information technology development:
 10. Managing Director;
 11. Department of Information Technology Development;
 12. Department of Rehabilitation and Problem Projects;
 13. Project Administration Department;

- Units whose activities are supervised by the Deputy Chairman of the Company's Board for asset expertise, administrative and economic activities and human resource management:
 14. Asset Examination Department;
 15. Department of Human Resources Management;
 16. Administrative Department;

- Units whose activities are supervised by the Managing Director of the Company:
 17. Department of Collateral and Industry Analysis;
 18. Legal Department;

- Units whose activities are supervised by the Deputy Chairman of the Company's Board for credit and leasing activities and the operation of the branch network:
 19. Credit and Leasing Department;

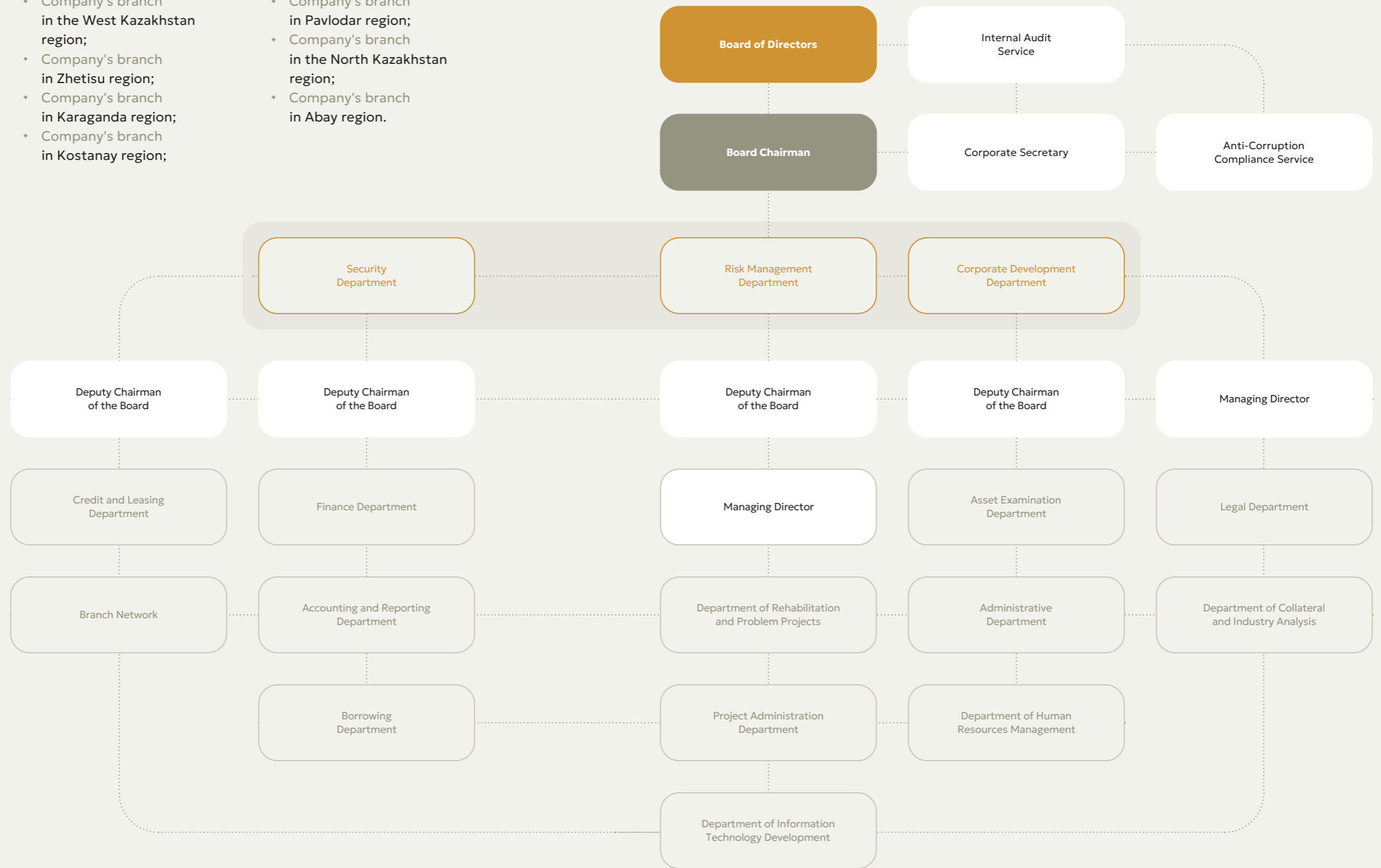
20. Branch network:

- + Company's branch in Astana;
- + Company's branch in Almaty and Almaty region;
- + Company's branch in Shymkent and Turkestan regions;
- + Company's branch in Akmola region;
- + Company's branch in Aktobe region;
- + Company's branch in the East Kazakhstan region;

- + Company's branch in Zhambyl region;
- + Company's branch in the West Kazakhstan region;
- + Company's branch in Zhetisu region;
- + Company's branch in Karaganda region;
- + Company's branch in Kostanay region;

- + Company's branch in Kyzylorda region;
- + Company's branch in Pavlodar region;
- + Company's branch in the North Kazakhstan region;
- + Company's branch in Abay region.

Organizational Chart



Report on Interested-Party Transactions for 2023

One of the main goals of modern corporate legislation is not only the regulation of the legal status of a joint-stock company, but also the most effective and expedient regulation of various conflicts of interest that arise in the course of activities of a company operating in the organizational and legal form of a joint-stock company. An example of such regulation of conflicts of interest is the legislative provisions regarding the conditions for the implementation of special categories of transactions involving a joint-stock company.

Article 73 of the Kazakhstan Law "On Joint-Stock Companies" specifies the requirements for the procedure for concluding an interested-party transaction. The Company publishes information on interested-party transactions on a quarterly basis on the corporate website and on the Internet resources of the Kazakhstan Stock Exchange and the Depository of Financial Statements. During the reporting period, the Company concluded 8 (eight) transactions described in details in Appendix No. 5.

Remuneration of the Board Members

The policy and amount of remuneration of executives are regulated by the Rules of Labor Compensation, Performance Assessment and Remuneration of KazAgroFinance Executives.

In the reporting year, there were no cases of disciplinary sanctions against the executives.

The amount of accrued remuneration to the executives in 2023 is 182,601 thousand KZT, including taxes and deductions from wages – 15,772 thousand KZT.

Remuneration based on the results of work for 2023 is paid in 2024 by decision of the Board of Directors, subject to the availability of net consolidated profit for 2023, after approval in accordance with the established procedure of the results of financial and economic activities based on the audited financial statements of the Company for the reporting year, depending on the results of achieving strategic and individual efficiency and performance assessment results.

EQUITY CAPITAL STRUCTURE

Number of declared and placed ordinary shares of the Company as of December 31, 2023 is 102,837,204; the nominal value of the shares is 102,837,204,000 KZT. Change in the number of

ordinary shares of the Company was caused by the decision of the Board of Directors dated May 2, 2023 No. 4 "On Increasing the Number of Declared Shares of KazAgroFinance JSC."

Number of ordinary shares declared	102,837,204 shares
Number of outstanding ordinary shares	102,837,204 shares
Nominal value of one ordinary share, KZT	1,000 KZT
Price for placement of one share, KZT	1,000 KZT
Method of payment for the issuer's shares	the issuer's shares were paid in cash
Amount of funds raised from placement of the issuer's shares	102,837,204,000 KZT



NUMBER OF DECLARED AND PLACED ORDINARY SHARES OF THE COMPANY IS

2 103

BILLION
KZT

DIVIDENDS

The Dividend Policy principles are set out by the Regulations on the Dividend Policy.

The Dividend Policy is based on the following principles:

1. strict observance of rights of the Sole Shareholder stipulated by the Kazakhstan legislation, the KazAgroFinance's Charter, internal documents and best corporate governance practices;
2. balance of interests of KazAgroFinance and the Sole Shareholder in determining the amount of dividend payments;
3. taking into account interests of the Sole Shareholder and maximising its assets;

4. compliance with restrictions established by the Kazakhstan legislation and the KazAgroFinance's Charter, when deciding on the payment of dividends;
5. development of a medium-term and long-term Dividend Policy in accordance with basic principles and approaches to formation of the KazAgroFinance Dividend Policy;
6. ensuring that the KazAgroFinance Board is motivated to achieve planned net income and dividends.

The dividends for 2022 were paid in June 14, 2023 in the amount of 10,309,686,954 KZT and 27 tiyn. The amount of dividends per ordinary share is 124 KZT 46 tiyn.

DIVIDENDS PAID

Name	UoM	In 2021 (for 2020)	In 2022 (for 2021)	In 2023 (for 2022)
Net income (loss)*	thou KZT	9,598,199	17,301,745	20,619,374
Dividends declared during the year	thou KZT	6,718,739	12,111,222	10,309,687
Dividends paid during the year	thou KZT	6,718,739	12,111,222	10,309,687
Amount of dividend per share **	KZT	81.11	146.21	124.46
Book value of the share ***	KZT	1,339.89	1,774.30	1,889.28

* – Net income of the year for which dividends were paid.

** – Profit of the year for which the dividends were paid.

*** – Book value of the year for which the dividends were paid.

ANTI-CORRUPTION ACTIVITIES

The Company's management and its employees adhere to the fundamental principles of openness and transparency in their work. The Company strives to ensure maximum publicity. First of all, this work is aimed to counter corruption and to prevent illegal actions by the Company's employees.

Company's Anti-Corruption Activities in the Reporting Year.

In accordance with the Kazakhstan Law "On Anti-Corruption" (the "Law"), the Company's Compliance Service was transformed into Anti-Corruption Compliance Service, which functions shall include ensuring compliance of the Company and its employees with the Kazakhstan legislation on anti-corruption. If necessary, working groups are established to carry out anti-corruption activities and employees from other units are engaged in. In general, all the Company employees are involved in anti-corruption activities.

The Company implements the following anti-corruption measures:

1. anti-corruption monitoring;
2. internal analysis of corruption risks;
3. development of anti-corruption culture;
4. anti-corruption expert examination of internal regulatory documents of the Company;
5. formation and observance of anti-corruption standards;

6. acceptance of anti-corruption restrictions by employees, equivalent to those authorized to perform state duties;
7. prevention and resolution of conflicts of interest;
8. reporting of corruption offences, minor offenses;
9. operation of the initiative reporting channels;
10. checking the reliability of counterparties, inclusion of an anti-corruption clause in contracts with counterparties.

For these purposes, the Company approved the Anti-Corruption Policy.

In order to ensure economic and information security, compliance with anti-corruption legislation, a number of events were held in the Company's activities in 2023.

To ensure economic and information security in the Company's activities, the following measures were implemented:

- Developed and approved: information security policy, incident management regulations, rules for managing information security of end devices and regulations on access control. An analysis of the security of borrowers (lessees) and suppliers was carried out (10,258 credit reports from PKB LLP were requested and provided).

- Approved the order of the Chairman of the Board dated January 13, 2023 No. 21 "On Prohibition of the Use of Social Messengers by KazAgroFinance Employees when Sending/Forwarding Information Containing Official, Commercial, Banking and other Legally Protected Secrets"; information on the state of the information security management system of KazAgroFinance was sent to the Agency for Regulation and Development of Financial Market.
- 2 (two) tests of the Company's employees were conducted to raise awareness of the requirements of internal regulatory documents on information security.
- Matrix of business processes, controls, risk register (wording), measures on reduction of IT and information security risks was updated.

COMPLIANCE WITH

ANTI-CORRUPTION LEGISLATION

IN THE COMPANY'S

ACTIVITIES

The Anti-Corruption Compliance Service is a unit of the Company that ensures compliance with the Kazakhstan anti-corruption legislation, defines anti-corruption policies, monitors implementation of anti-corruption measures, as well as development of an internal corporate culture based on transparency and honesty, doing business in accordance with the Kazakhstan legislation, best international practices and internal documents of the Company.

In accordance with the work plan for 2023 approved by the Company's Board of Directors,

The Anti-Corruption Compliance Service carried out the following activities:

1. Automation of procedures aimed at minimizing compliance risks.

According to the Kazakhstan Law "On Countering the Legalization (Laundering) of Proceeds from Crime", financial monitoring entities must take measures to properly verify their clients (their representatives) and beneficial owners, must update the results of risk assessment, develop control measures, risk management procedures, classify their clients taking into account the degree of risk.

In accordance with paragraph 25 of the internal control rules for the purposes of AML/CFT of the Company, the Information Technology Development Unit ensures the smooth and correct operation of AIS, software and hardware, timely loading into the Company's AIS of up-to-date electronic reference books, lists of persons and states with whom the Company's business relations may be limited, necessary for proper verification of clients.

The Information Technology Development Unit takes measures aimed at improving the internal control system for AML/CFT purposes by automating it and developing AIS.

Terms of Reference was implemented to automate the verification of the Company's clients to implement the Know your Client policy, as well as to improve work on countering the legalization (laundering) of proceeds from crime and the financing of terrorism in terms of checking the client for information about it in the lists of persons with whom the Company's business relations may be limited.

Internal Audit Verification

The Know Your Client was developed to properly comply with the legislation of the Republic of Kazakhstan, the Company's IRDs as part of the recommendations of the Basel Committee and the Financial Action Task Force (FATF).

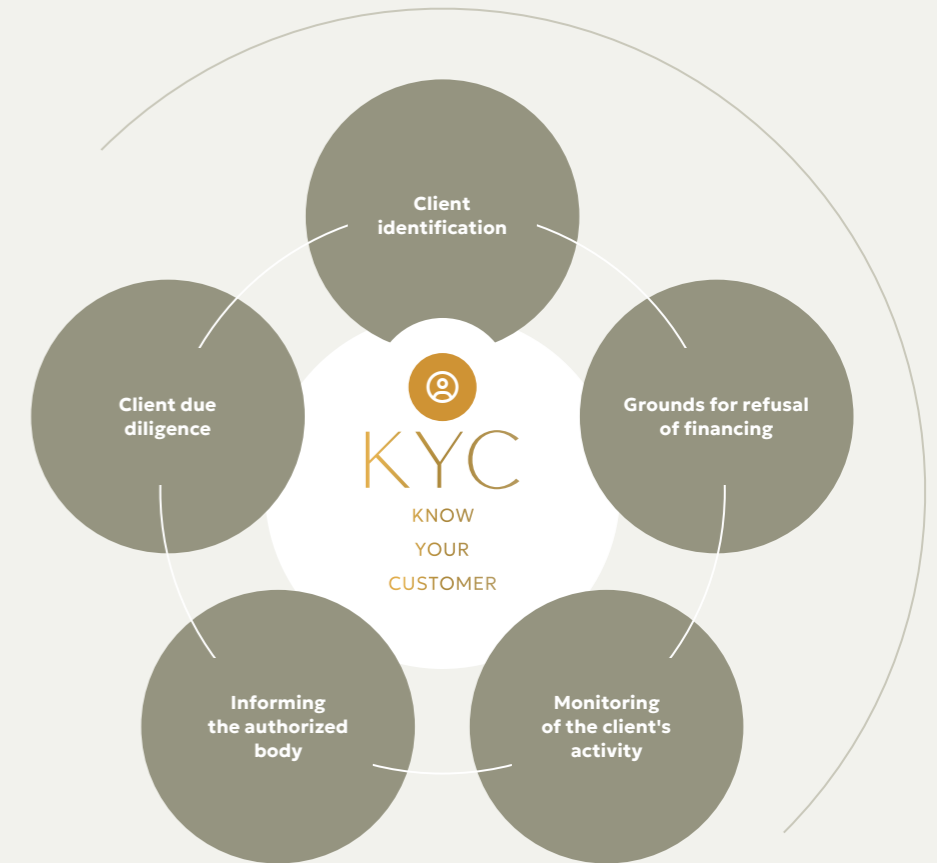
The Policy is aimed at preventing transactions with money and/or other property, committed by a client through the Company for criminal purposes, and preventing the Company's involvement in the client's transactions related to ML/FT.

The Policy has broad prospects in protecting the security, reputation and stability of the Company and includes AML/CFT procedures.

Also, the checks of the client for information about it in the lists of persons with whom the Company's business relations may be limited were automated.

In this case, the check is supposed to be carried out in two ways:

- requests to the organization providing relevant counterparty verification services;
- reconciliation with the Company's internal lists.



2. Anti-Corruption Activities

An agreement was reached on the Company's participation in the project "Implementation of a Systematic, Structured and Effective Policy for Improving Business Integrity and Developing Corporate Governance in Kazakhstan in Accordance with OECD Standards", implemented with

the support of the Siemens Integrity Initiative.

Within the framework of this project, the anti-corruption measures taken in the Company were diagnosed. The methodology was developed by the Kazakhstan Bar Association Chamber of Legal Consultants in cooperation with the Law Policy Research Center (LPRC).

According to the results of the diagnosis, the overall assessment of KazAgroFinance according to the methodology described above is 80 scores,

which is a fairly high result and means an average degree of "maturity" (1 (one) point is missing to a "high" degree) of the compliance service.

ASSESSMENT ACCORDING TO THE INDIVIDUAL INDICATORS:

Indicator name	Scores
Anti-corruption standards, policies and procedures	13
Administration of the anti-corruption compliance program	23
Communication, training and information on anti-corruption issues in the organization	17
Monitoring, reporting and internal information disclosure system	17
Internal checks	10
Total score	80

3. Activities on Countering the Legalization (Laundering) of Proceeds from Crime and the Financing of Terrorism

The Internal Control Rules for AML/CFT purposes provide for periodic review of client risk levels as information about the client (its representative) and beneficial owner and monitoring results are updated.

In accordance with paragraph 112 of the document "Internal Control Rules for AML/CFT Purposes", the service develops educational material and test tasks, familiarizes with educational material, provides direct training, clarifications and consultations.

The training is carried out in the form of courses:

- ♦ **introductory:** obtaining basic knowledge by the Company's employees about

the international and national AML/CFT system, Kazakhstan regulatory legal acts and other internal documents adopted for AML/CFT purposes);

- ♦ **main:** obtaining knowledge by the Company's employees necessary for their compliance with AML/CFT legislation, improving and maintaining the effectiveness of the Company's internal control system and their implementation programs at a level sufficient to manage the risks of laundering proceeds from crime and terrorist financing.

Additional training is provided when the Kazakhstan legislation on AML/CFT is changed, when the Company approves new or changes the existing internal control rules for AML/CFT and their implementation programs, as well as if necessary, updating and systematizing knowledge on AML/CFT among the Company's employees, studying international FATF

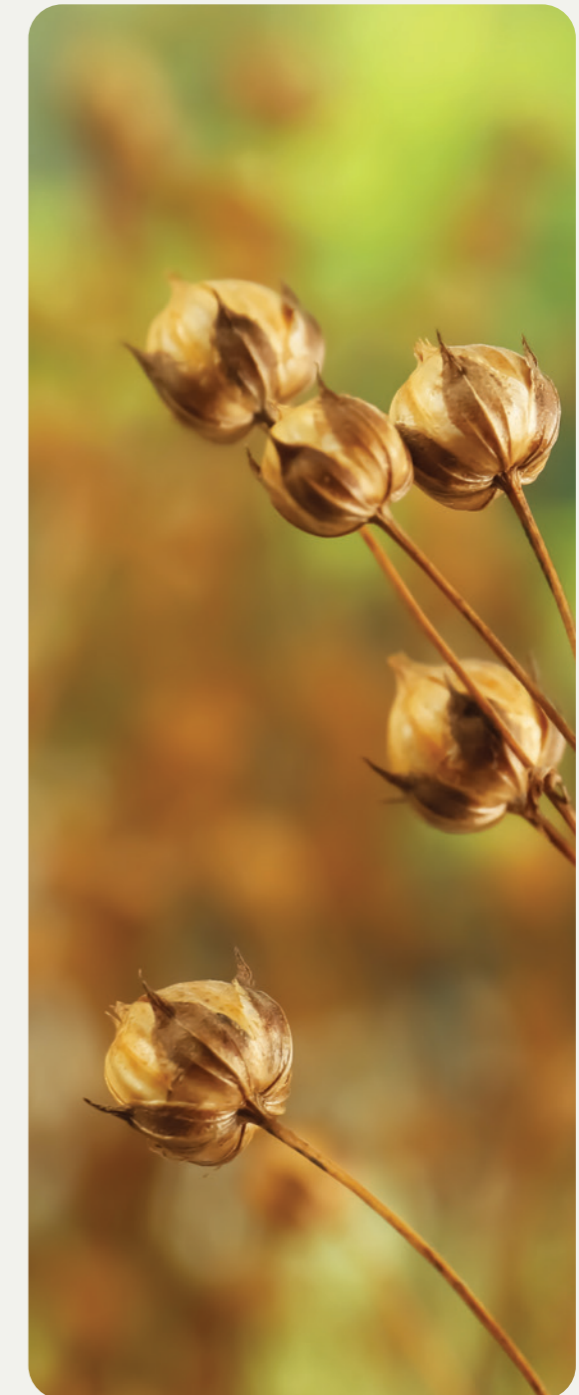
standards, familiarization with modern national and international methods of combating the laundering of proceeds from crime and the financing of terrorism.

4. Other Measures to Minimize Compliance Risks

Due to the increased likelihood of sanctions being imposed on the Company, the concept of compliance risk was expanded - the risk of applying legal sanctions or sanctions from regulatory authorities, international organizations, inclusion in the sanctions lists of international organizations or any other sanctions list with extraterritorial effect, in addition, the list of structural units involved in maintaining and updating the register of suppliers includes anti-corruption compliance service.

By Order of the Chairman of the Board No. 164 dated September 20, 2023, the plan for ensuring the continuity of KazAgroFinance's activities in connection with the geopolitical situation was approved, within which the service monitors the Kazakhstan legislation for strengthening control and taking measures to prevent/counteract sanctions, all agreements concluded with Russian counterparties from the Russian Federation and the Republic of Belarus are checked for compliance with all sanctions restrictions imposed on Russian and Belarusian suppliers. In this regard, the service's corporate mail is connected to the newsletter of the US and UK Treasury, through which information on sanctions is updated.

ACCORDING TO THE RESULTS OF 2023, THE FACTS OF CORRUPTION WERE NOT ESTABLISHED.



CORPORATE ETHICS

The KazAgroFinance Code of Business Ethics (the Code) was approved by the decision of the KazAgroFinance Board of Directors No. 2 dated February 23, 2022.

The Code was developed in accordance with the Kazakhstan legislation, Company's Charter and internal documents, including the Corporate Governance Code of the Company, taking into account recognized international standards of business conduct and corporate governance and is a set of rules that establish the fundamental values and principles of corporate (business) ethics, followed by KazAgroFinance officials and employees.

The main objectives of the Code are:

1. development of a unified corporate culture based on high ethical standards;
2. maintaining an atmosphere of trust, mutual respect and decency in the Company;
3. consolidation of fundamental values and principles, norms of corporate (business) ethics and behavior, followed by the Company's officials and employees in their activities;
4. building effective interaction with Stakeholders by applying the best practices of corporate (business) behavior.

The Company's objective in developing a corporate culture is to achieve the following:

1. managers create a climate that motivates employees to make maximum efforts to achieve results;
2. bottom-up initiative and innovation are encouraged;
3. self-improvement and self-development are a conscious necessity;

4. managers and employees focus on the end result and the success of the common cause;
5. every executive and employees understand their role and importance in achieving strategic goals;
6. each decision is made taking into account the social orientation of a business and a focus on the main stakeholders.

The Code is applied together with other internal documents of the Company and reflects activities of the Company's officials and employees regarding the application of norms and principles of corporate (business) ethics and behavior.

The fundamental values of the Company are:

- **professionalism:** high readiness to perform objectives of professional activity;
- **team:** cooperation to achieve better results from joint activities;
- **honesty:** honesty within the Company, to its partners and clients;
- **social responsibility:** responsibility for the impact of the Company's activities on the stakeholders in the public sphere.

All employees of the Company assume the following obligations in relation to the Code:

1. carefully study, understand and conscientiously follow the business ethics and rules of conduct established by the Code;

2. conscientiously, professionally, effectively and impartially perform their official functions and duties;
3. be responsible for the commitments assumed, regardless of the status and position;
4. assistance in investigations of violations of the principles of business ethics and rules of conduct;
5. comply with information security requirements and procedures.

Accepting the above commitments by all Company's employees is evidenced by their signed consent when hiring.

The Company's management makes management decisions that comply with the Code, on the principles of transparency and impartiality, by personal example show commitment to the Code, devote time to developing team spirit among subordinates, team building into a team united by a common mission, values and principles of the Company.

Corporate governance in the Company is based on the principle of protection and respect for the rights and legitimate interests of the Sole Shareholder.

Compliance with the provisions and principles of corporate governance is reviewed on an annual basis by the Company's Board of Directors (for more information, see the section "Report on Compliance with the Principles and Provisions of the Corporate Governance Code").

The Company complies with the contracts with business partners and fulfills its obligations towards them, and is also interested in establishing long-term partnerships with clients and contributes to their development in every possible way. Similar provisions are provided

by the Company's Corporate Governance Code. The Company interacts with business partners on the basis of mutual benefit, respect, trust, honesty and fairness. The Company does business only with reliable business partners.

The Company faithfully fulfills its contractual obligations to business partners and demands the same from them, which is fixed by contractual agreements.

All Company employees, as well as business partners and stakeholders, have the right to contact the Ombudsman regarding the requirements of the Code and/or ethical issues that have arisen in the course of work, as well as labor conflicts, and the Anti-Corruption Compliance Service in case of violations of Code, corruption and other illegal actions (violations of the principles of business ethics and rules of conduct by officials are considered by the Board of Directors of the Company).

Thus, according to the decision of the Company's Board of Directors dated June 30, 2022 No. 8, Dina Viktorovna Akkrachkova was appointed the Company's Ombudsman.

The main functions of the Ombudsman are:

1. collection of information on failure to comply with the Code;
2. consultation of all employees on the Code;
3. initiation of consideration of disputes on violation of the Code and participation in their settlement. In terms of corporate conflicts and conflicts of interest, the Ombudsman coordinates his/her actions with persons responsible for resolving corporate conflicts and conflicts of interest.

In cases of violations of the Code, the Company's employees have the right to apply to the Ombudsman both in writing and orally.

INTERNAL CONTROL SYSTEM

The Internal Control System (ICS) is a set of organizational policies, procedures, standards of conduct and actions, methods and mechanisms of internal control determined by the Board, the Board of Directors to ensure effective internal control over the financial and economic activities of the Company and aimed at achieving the Company's objectives and minimizing risks in the implementation of activities.

The Company has a Policy on the Internal Control System of KazAgroFinance, approved by the decision of the Company's Board of Directors dated September 6, 2019 No. 9. The Policy defines the concepts, objectives and tasks of the Internal Control System, the principles of its functioning, key areas and main components of internal control procedures, as well as the competence and responsibility of internal control entities for the implementation of procedures and assessment of the Company's internal control system.

In addition, in order to determine the procedure for effective functioning of the internal control system in the Company, the decision of the Board dated August 5, 2019 No. 24 approved the Rules for Implementing the Policy on the Company's Internal Control System.

Competence of the participants of the internal control system is differentiated depending on their roles in development, approval, application and assessment of performance of the internal control system.

In 2023, an external assessment of the effectiveness of the Company's internal control system was carried out, according to which the effectiveness of the Company's internal control system was 90.2%.

Performance of the internal control system is assessed to determine a likelihood of errors affecting the achievement of the Company's goals, identify the materiality of errors and determine an ability of errors and the internal control system to fulfill its goals and objectives.

Based on the results of the assessment, the external consultant made recommendations to improve the Company's internal control system, on the basis of which an action plan was developed to improve the internal control system based on the results of an independent assessment of the effectiveness of the internal control system for 2024-2025.

In order to ensure the effective functioning of the internal control system, the following is implemented:

- familiarization of employees on the internal control system to strengthen the role of the internal control system in the corporate culture and in the minds of employees, as well as to improve knowledge of employees about the internal control system;
- check by internal controllers of the activities of structural units for compliance with the Kazakhstan legislation, as well

- as internal regulatory documents of the Company;
- formation of a matrix of business processes, risks and controls;
- maintaining and updating database of internal regulatory documents of the Company.

In order to implement internal control, the Company has built a three-line protection:

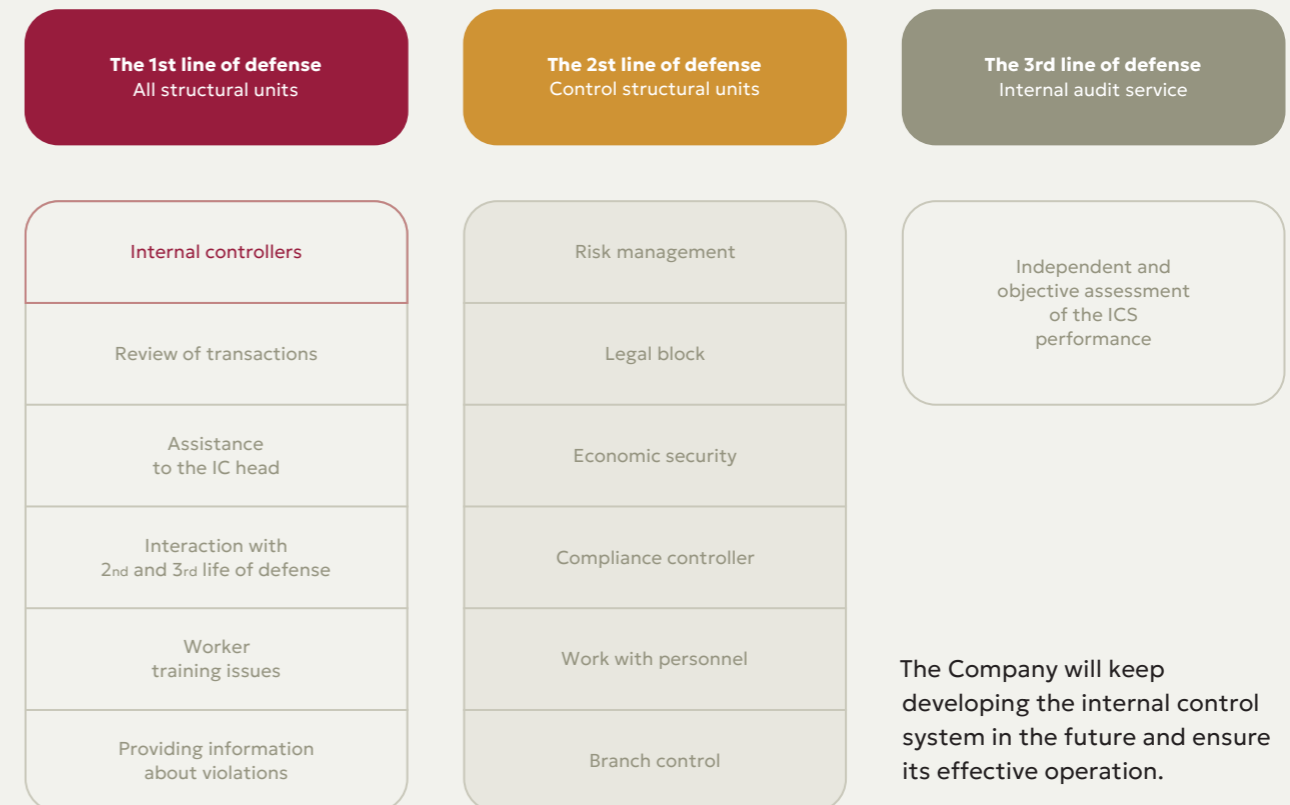
- **first line of defense:** internal controllers in the Company's structural units are appointed from among the Company's employees;

- **second line of defense:** the Company's structural units performing control functions (compliance with the Kazakhstan legislation on combating money laundering and terrorist financing; control over the Company's risk management; monitoring the economic and information security of the Company; monitoring the compliance of the Company's activities with the Kazakhstan legislation and the legal assessment of counterparties; monitoring the implementation of the Company's personnel policy

and personnel management; monitoring the credit and leasing activities of the Company's branches);

- **third line of defense** is provided by the Internal Audit Service (the IAS) by assessing performance of the Company's internal control system.

Thus, the Company's internal control system is an integral part of the corporate governance system, covers all levels of management, all internal processes and operations of the Company.



The Company will keep developing the internal control system in the future and ensure its effective operation.

INTERNAL AUDIT SERVICE

The IAS activities are carried out in accordance with the Regulations on the Internal Audit Service and the Rules of Internal Audit, based on the application of the Code of Ethics, Quality Standards and Standards of Internal Auditors established by the International Institute of Internal Auditors.

The IAS mission is to assist the Board of Directors and the Board in performance of their duties to achieve the Company's strategic objectives. The IAS purpose is to provide the Board of Directors with independent and objective guarantees and consultations to improve risk management systems, internal control and corporate governance in the Company.

The IAS has developed an Annual Audit Plan (AAP) for 2023, taking into account the risks and strategic tasks of the Company. The AAP covers all the main business processes that are of strategic importance to the Company. Audit assignments provided for by the AAP for 2023 were completed in full and in accordance with the established objectives. The IAS recommendations provided as part of the completed audit assignments are aimed at assisting the KazAgroFinance Management in solving risk management tasks and building an effective internal control system. During 2023, the IAS regularly submitted reports (quarterly and annual) for consideration by the Board of Directors. The IAS monitored recommendations

of the IAS/external auditor on a quarterly basis and provided the results as part of periodic reports to the Board of Directors. The Company Management properly controlled implementation of the IAS recommendations. The IAS interacts with Baiterek NMH JSC, external auditors within its competence. The IAS takes measures for continuous professional training and advanced training of IAS employees. Thus, in 2023, a professional training plan for the head and employees of the IAS was implemented, providing for training activities within the framework of the CIA certification and the development of practical skills of IAS employees. In addition, IAS employees actively participate in trainings and seminars conducted by the Institute of Internal Audit of Kazakhstan. In the reporting year, the head of the IAS confirmed the CPE hours for the annual renewal of the CIA certificate. The CIA certificate was extended until 31.12.2024.

The Company has a Quality Assurance and Improvement Program. Criteria for assessing quality of work of IAS employees were developed and approved by the Board of Directors, the assessment results are submitted to the Board of Directors for consideration as part of the IAS performance assessment. The IAS is independent when developing AAP, selecting the methods and procedures, as well as the scope of work to achieve the objectives of the audit assignments. IAS employees are not involved in activities that are subsequently assessed.

In 2022, an independent assessment of the IAS activities was conducted to ensure compliance with the mandatory sections of the International Standards for the Professional Practice of Internal Auditing (ISPPA): definitions of internal audit, standards, as well as compliance by internal auditors with the Code of Ethics. The quality assurance and improvement program provides for an annual internal assessment of the quality of

IAS activities (self-assessment). Based on the results of the self-assessment for 2023, an action plan was approved to improve the activities of the IAS.

The IAS activities are aimed at continuous improvement and increasing the value of KazAgroFinance, recommending positive changes that lead to an increase in the Company's productivity and efficiency.

EXTERNAL AUDIT

KPMG Audit LLP, which is part of KPMG International Limited Group of Companies, has been identified as the auditing

organization to audit KazAgroFinance financial statements for 2023.

AUDITOR'S REMUNERATION, THOUSAND KZT

Services	2021	2022	2023
Annual audit	39,200	53,312	58,643
Semi-annual review	16,800	22,848	25,133
Consulting services	7,840	-	-
Share of non-audit services in total remuneration, %	12	-	-
Total	63,840	76,160	83,776

With regard to nomination and rotation of an external auditor and key personnel of an audit organization, upon approval of the audit organization services not related to the financial statements audit, the Company is guided by the

External Audit Policy approved by the decision of the Board of Directors of December 9, 2016 and published on the Company's corporate website www.kaf.kz.

RISK MANAGEMENT

Risk Management System

Risk Analysis

5



In Kazakhstan, sugar beets of different varieties are grown, more often they choose seeds of hybrids such as Avantage, VOLGA F1, NERO F1, OKKA F1, which are best adapted to climate conditions. The most favourable environment for growing sugar beets is the Southern and South-Eastern regions of the country.

SUGAR BEET

КАНТ ҚЫЗЫЛШАСЫ · САХАРНАЯ СВЕКЛА · SUGAR BEET

A root cultivated crop used throughout the world to produce beet sugar. Compared to ordinary (purple) beets, the sugar beet root is white and contains more pulp and sucrose.

The main purpose of this plant is industrial processing to obtain sugar. Processing waste – molasses and cake – are used to feed animals.



RISK MANAGEMENT SYSTEM

Risk management is one of the key components of the KazAgroFinance corporate governance system, and an integral part of each process and functional responsibilities of each employee of the Company, aimed at timely identification of risks, assessment, monitoring and taking measures to reduce them to achieve the strategic and operational goals of the Company.

The risk management system of KazAgroFinance JSC (RMS) consists of interconnected elements combined into a single process and includes a set of processes and procedures that provide the executive body and the management body of the Company with timely information about risks and solutions to minimize them.

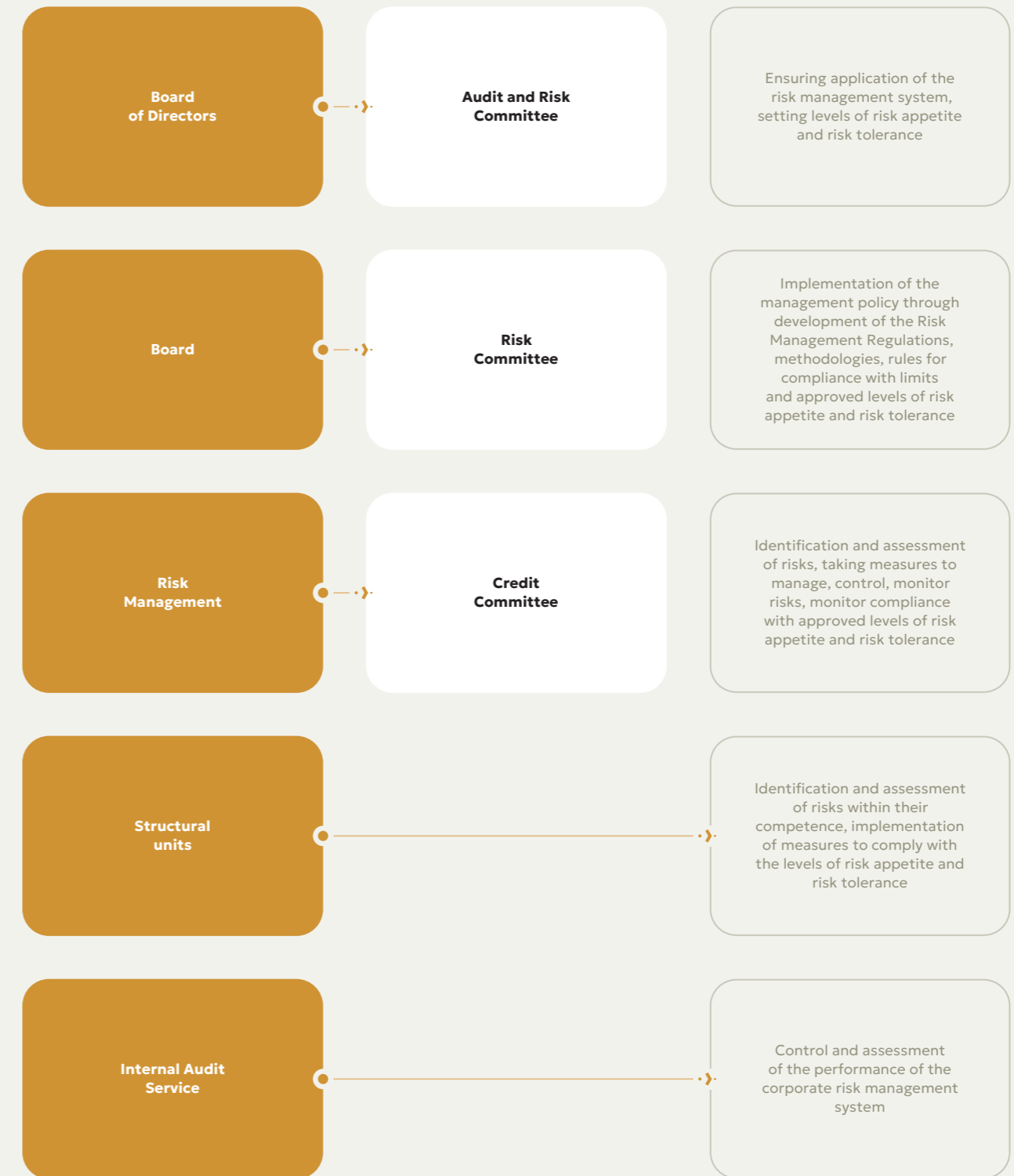
Main purpose of the KazAgroFinance risk management system is to ensure reliable operation of the Company's key areas of activity, support their stable development, and guarantee fulfillment of obligations to the shareholder, clients, regulator and other stakeholders.

Main Principles of the Risk Management System are:

- **integrity** – consideration of the elements of the Company's total risk in the context of the corporate risk management system;
- **openness** – prohibition of considering the corporate risk management system as autonomous or separate;
- **structure** – the integrated risk management system has a clear structure;
- **awareness** – risk management is accompanied by the objective, reliable and up-to-date information;
- **continuity** – the risk management process is carried out on an ongoing basis;
- **cyclical nature** – the risk management process is a constantly recurring structured cycle of its main components.



Organizational Chart of Risk Management System



The RMS structure in the Company is represented by risk management at several levels involving the following bodies and units of the Company: the Board of Directors; the Board; the structural unit responsible for risk management; the internal audit service; other structural units.

The first level is represented by the Company's Board of Directors, which plays a key role in overseeing the RMS. The Board of Directors performs part of the functions on risk

management through the establishment of appropriate committees under the Board of Directors (Audit and Risk Committee).

The second level is the Company's Board responsible for organizing effective RMS and creating a risk control structure to ensure compliance with corporate policies, for developing a culture of "risk awareness" (risk culture) that reflects the Company's risk management policy and philosophy. The Board performs part of the functions on risk

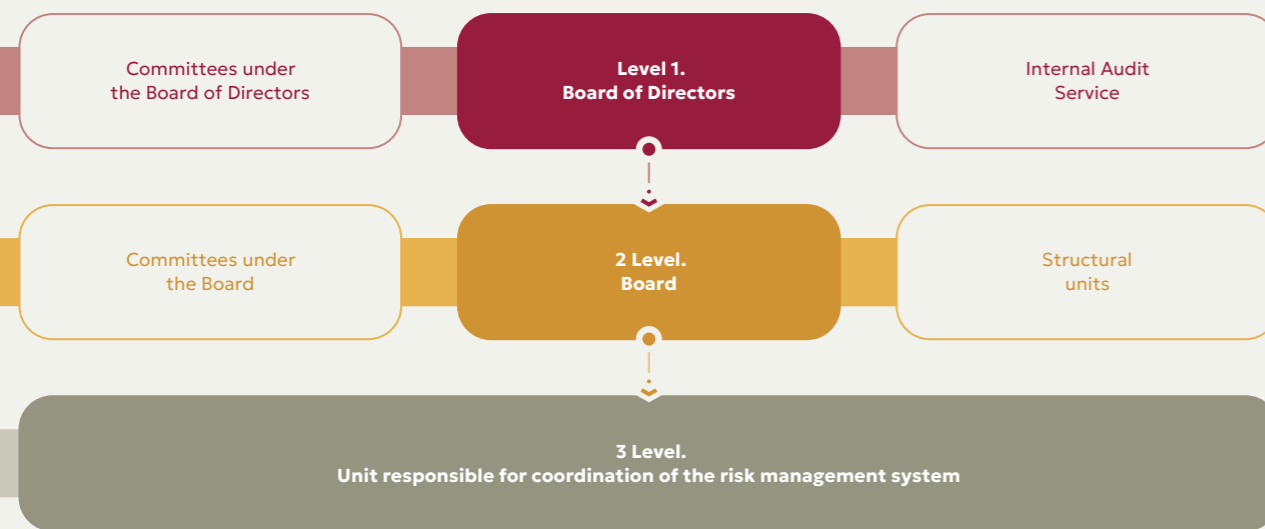
management through the establishment of appropriate committees (Risk Committee and Credit Committee);

The third level is the Company's structural unit responsible for coordinating the risk management system (risk management department) in interaction with other structural units of the Company, whose responsibilities, powers and requirements are provided for by the risk management policy, risk management rules, regulations on the structural unit and job descriptions.

Thus, the RMS structure in the Company ensures an adequate flow of information – vertically and horizontally. At the same time, the bottom-up information provides the Board of Directors and the Board of the Company with information about current activities, risks assumed during activities, their assessment, control, response methods and level of their management. Top-down

information ensures that goals, strategies and objectives are achieved through the approval of internal documents, regulations and instructions. Transferring information horizontally implies the interaction of structural units and other employees within the Company and interaction of structural units responsible for coordinating the risk management system in the Company.

Internal Control System



The Company's Internal Audit Service performs the following main functions in the risk management process:

- audit of risk management procedures and risk assessment methodology,

as well as development of proposals to improve the effectiveness of risk management procedures; submission of a report on assessment of the RMS performance for

the Company's Board of Directors, as well as, if necessary, a report on independent assessment of the risk management system performance.

Company's RMS Architecture



The RMS of KazAgroFinance JSC is a set of interrelated components combined into a single process, within which the Board of Directors, the Board and employees of the Company each participate at their own level

Development of the RMS in 2023

The Company operates a formalized, detailed risk management system designed to ensure clear identification, effective management and continuous monitoring of risks and aimed at ensuring stability of operations by limiting the impact of negative factors on the Company's activities.

For the systematic development and improvement of the corporate risk management system, the Company assessed the risk management system (the RMS final rating was 88%, which corresponds to the "mature" performance level). Based on the assessment results, a plan of corrective and/or preventive actions based on the assessment results of the corporate risk management system performance was approved and is implemented.

A strategy for development of the risk management system of KazAgroFinance JSC was developed and is applied in practice, which includes an action plan to improve the corporate risk management system of KazAgroFinance.

To make development stable due to the high effectiveness of the RMS development, as well as to monitor and control compliance with an acceptable level of risk, the Company is constantly working to improve the risk management system:

- a periodic assessment of the RMS performance by IAS and/or by an independent expert;

in identifying potential negative events and opportunities that may affect the Company's activities, as well as in managing these events within a level acceptable to key stakeholders risk.

- control of risk factors affecting changes in risk appetite;
- monitoring of risk appetite;
- development and updating of internal regulatory documents for all supporting business processes, taking into account risks;
- automation of the risk assessment process;
- monitoring of communication channels as part of formation and reporting of risk appetite;
- elaboration of options for updating risk management tools (predictive analytics, stress testing, back-testing, etc.);
- carrying out measures to increase the level of risk culture and the involvement of all its employees in the risk management process.

The Company regularly identifies risks, assesses them and develops risk management measures. The Company conducts its activities taking into account a wide range of business-related risks and categorized: strategic risks, credit risks, financial risks, operational risks, audit risks, legal risks, environmental risks, compliance risks, etc.

To ensure performance of the risk management and internal control system, to improve risk communication between structural units, the Risk Management Committee operates under the Company's Board, whose competence

includes preliminary consideration of issues, including the risk register, risk maps, risk matrix and controls, risk appetite, tolerance levels for each risk and limits, key risk indicators.

The Company has implemented quarterly risk reporting for the Board and the Board of Directors of the Company. At the same time, the content of risk information disclosed in risk reports provides the Board of Directors and the Board of the Company with information about the current state of risks and response

measures taken, changes in the control environment, significant deviations in the risk management process, measures being implemented to improve risk management and internal control.

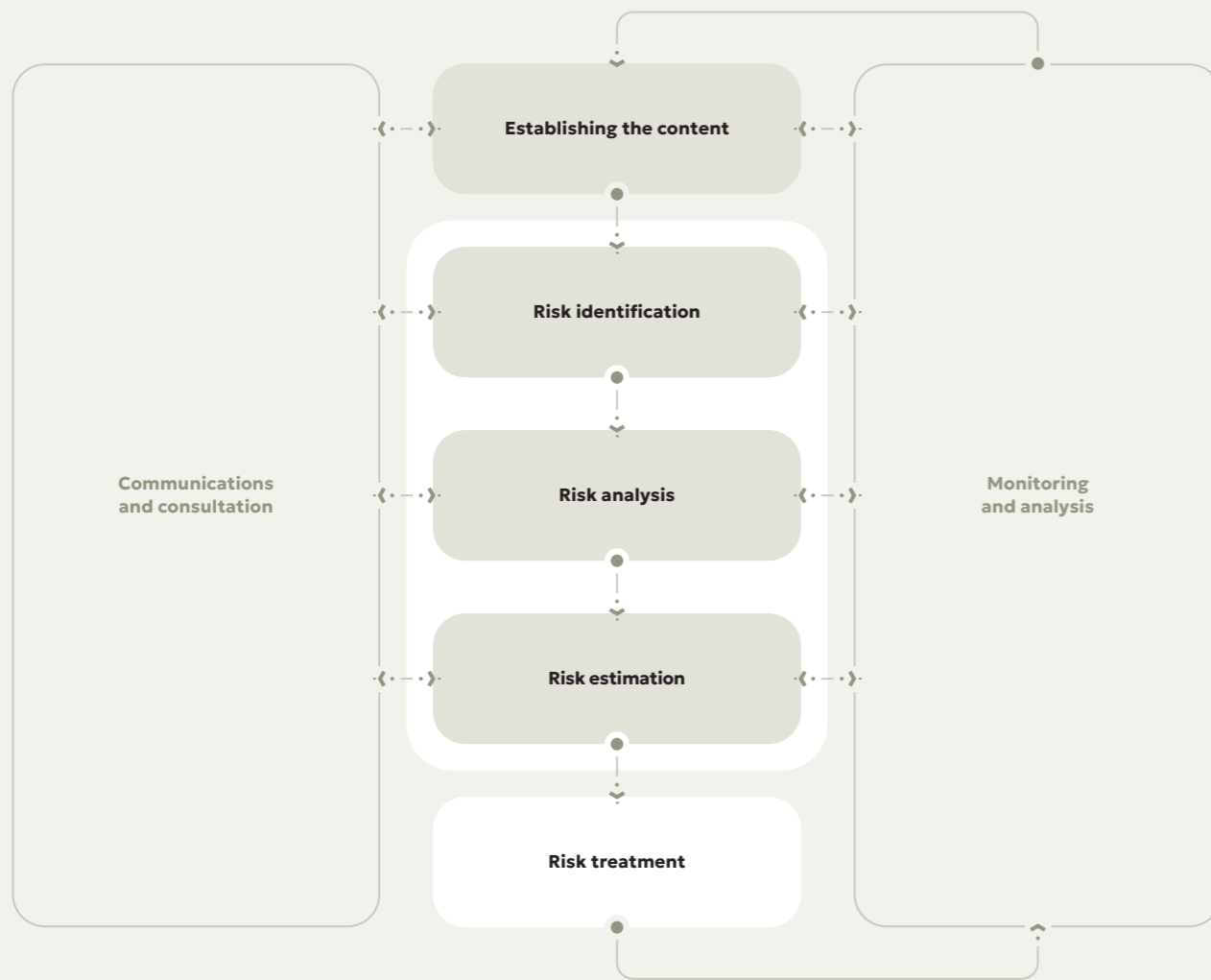
The Company is interested in developing a risk-based business culture. The Company's risk culture develops through the involvement of all its employees in the risk management process, as well as through the regular exchange of information between the Board of Directors, the Board and employees of the Company.



RISK ANALYSIS

Risk management is currently a key aspect in the activities of any entity operating in a market economy. This is due to the fact that the risk factor arises in various fields of activity and timely identification, analysis

and appropriate decision-making on the way to manage a particular risk allows the company to avoid crisis phenomena and thus is both a protective mechanism and a success factor for the company.



KazAgroFinance has a risk management system designed to effectively influence risks and enables the Company to operate successfully, be financially stable, high competitive and have stable profits.

The Company conducts its business taking into account a wide range of risks associated with its core business, and distributed by category: strategic risks, sustainable

development risks, credit risks, financial risks, operational risks, legal risks and compliance risks.

Based on the results of organization and coordination of the risk identification and assessment process, as well as coordination with the risk owners, the Company created a risk map and register, which is a tool containing information about all the risks of the Company. Form and level of

detail of the risk register may change with the development and improvement of the Company's RMS.

The risk register is reviewed, clarified and supplemented on a quarterly basis, or more often – as information becomes available on the risks provided by the Company's structural units when identifying new or changing the status of existing risks.

The Company's risk register examines all known risks in detail and includes: description, category, cause, probability, impact on goals, expected responses, risk owners, current status, risk management measures indicating preventive/reactive.

The Company pays great attention to the risks that can have the most significant impact on its financial condition and achievement of goals and objectives. Critical risk management plans are reviewed and approved quarterly by the Company's Board of Directors within the framework of the risk map and register and are mandatory for all Company structural units.

Below is a description of the main key risks of the Company in 2023.

Credit risk: NPL 90+ increase

It is realized through the recognition of financial losses and/or additional accrual of reserves (provisions) to cover possible financial losses on the Company's financial assets resulting from a decrease in the Counterparty's solvency. The risk factor was the transition of the subsidy process in January 2023 from the Qoldau system.kz to the new platform.

Starting from January 2023, AIC subsidies in all areas are carried out free of charge using the new State Information System of Subsidies (SISS) on gosagro.kz. To date, SISS has functionality for all subsidy programs, of which KazAgroFinance is a participant.

The Company has provided a number of preventive measures to minimize credit risk (raising the NPL level 90+):

- possible technical restructuring in case of client requests;
- possible transfer of the amount of subsidized remuneration, subject to repayment by clients of the principal debt and non-subsidized interest;
- study of the issue of the possible paying the advance at its own expense, etc.

In general, the Company's effective credit risk management system allows it to maintain one of the best indicators of loan portfolio quality among leasing companies. The credit portfolio quality control system includes the following activities:

- regular assessment and monitoring of credit risk, and measures to improve these processes;
- improvement of the system of internal credit requirements for the Company's borrowers and the proposed collateral;
- calculation and determination of credit risk limits imposed on groups of related parties, as well as on the level of authority of the Company's credit collegial bodies;
- improvement of the Company's distressed asset management procedures, pre-trial and judicial recovery procedures.

All the projects under consideration and in operation undergo a centralized examination of the definition of credit risk, and measures are proposed to reduce the risk level.

In order to minimize credit risks, the Company in 2023 diversified its portfolio, improved quality of application analysis, and monitored the financial condition of borrowers.

Strategic risk

Impact of the geopolitical situation on the financial and economic activities of the Company.

Over the past few years, the world and financial markets have experienced a long list of shocks. It includes the coronavirus pandemic, the economic downturn in China, rising energy prices, unrest in Iran and a number of other countries, global tightening of monetary policy and, finally, the conflict between the Russia and Ukraine.

Risk of the influence of the geopolitical situation on the financial and economic activities of the Company is understood as the risk of disruptions in the supply of agricultural products due to the closure of borders, the imposition of sanctions. And to this day, there are difficulties in transporting equipment to Kazakhstan. The main supply problems are faced by all suppliers who sell equipment manufactured in Ukraine to Kazakhstan. Untimely deliveries of leasing items occur as a result of the current geopolitical situation in the world, sharp currency fluctuations, disruption of logistics chains and an increase in interstate sanctions.

Due to the geopolitical situation in the world, the Company has developed a business continuity plan, which includes measures to monitor the Kazakhstan legislation to strengthen control and take measures to prevent/counteract sanctions, to monitor various Internet resources to establish information about the imposition of sanctions on suppliers of agricultural machinery/equipment and their participants/shareholders/managers.

Operational risk

Events that could lead to the risk included the factors in the field of IT, administrative and economic activities, human factors, as well as external events.

In order to minimize operational risk, work was carried out on additional automation and configuration of information systems, timely provision of funds and measures for the smooth functioning of the Company, training of employees, etc.

The Company in its work uses the following methods of managing operational risk:

- development of a database of operating losses;
- ensuring and improving the necessary personnel qualification;
- automation of processes and technologies, especially in areas involving large scope of work.

In order to minimize this risk, counterparty banks are constantly monitored, limits are reviewed, and constant interaction with suppliers and clients is carried out.

Compliance risk

Events that could lead to the compliance risk were the application of legal sanctions due to failure to comply with the Kazakhstan legislation, regulatory legal acts of the authorized body, internal documents and procedures of the Company, as well as the legislation of foreign states that affect the Company's activities and recognized by Kazakhstan.

In order to minimize compliance risk, the Company monitored and controlled strict compliance with the Kazakhstan legislation, the legislation of foreign states affecting the Company's activities and recognized by Kazakhstan, internal rules and procedures of the Company and generally accepted standards of conduct.

Sustainable development risks: environmental ESG risk

The Company pays special attention to the sustainable development risks. The sustainable development risks have a direct impact on the long-term financial result and sustainability of the Company.

We note that according to the disclosure of ESG information by PricewaterhouseCoopers (PwC) Kazakhstan, the Company was assigned a high rating – "B+".

Environmental ESG risk in the Company is understood as a business strategy that implies respect for nature, employees and the Company.

Within the framework of ESG risk management, factors that can affect the Company's activities, as well as the environment, have been identified: drought in most of Kazakhstan, natural and climatic disasters, and impact of agricultural machinery on the environment. This risk is assessed at an acceptable level, which means that there is no need to take urgent measures to minimize them. However, the Company has developed a number of preventive and reactive measures to manage this risk:

- recommend to the Company's clients to insure crops/pastures;
- to purchase equipment only when providing certificates of compliance in accordance with the technical regulations of the Customs Union "On Safety of Wheeled Vehicles" and "On Safety of Machinery and Equipment";

- recommend servicing leasing subjects in official service centers or their representatives;
- provision of restructuring or extensions to clients affected by drought and natural and climatic disasters;
- formation of reserves for possible losses.

MARKETING ACTIVITIES

6



Public Communications Policy

Compliance with Legal Requirements

Member Associations

Product Responsibility

Complaint and Problem Reporting Mechanism

Branding and PR Activities

WHEAT

БИДАЙ · ПШЕНИЦА · WHEAT

A genus of annual herbaceous plants of grass family. It refers to cultivated forms and wild species. One of the main food crops in the world. Raw materials obtained from this cereal are used to produce grain, bakery products, pasta and alcohol.

In Kazakhstan, mainly soft wheat of strong varieties is grown, which contains a lot of protein (gluten), but has a low yield compared to soft weak varieties.

PUBLIC COMMUNICATIONS POLICY

Disclosure of information is one of the most important tools for the Company's interaction with stakeholders, contributing to the long-term, transparent and trusting relationships with all stakeholders, as well as increasing the investment attractiveness of the Company.

KazAgroFinance strives to ensure high-quality disclosure of information for various stakeholders and to increase the transparency.

In order to comply with the interests of stakeholders, the Company promptly and reliably discloses information provided for by the Kazakhstan legislation, and information about its activities, including financial condition, performance, ownership and management structure.

The Company approved and applies an Activity Disclosure Policy that defines the goals and principles, forms and methods of information disclosure, the persons (bodies) responsible for information disclosure, a list of publicly available information to be disclosed to stakeholders, as well as a list of information constituting commercial, official and other secrets protected by law.

Principles of information disclosure by the Company:

1. Principle of regular and prompt disclosure of information is the Company's responsibility to comply with

the deadlines and consistency of providing information stipulated by legislation and internal documents. The Company is aware of importance of regular provision of information to stakeholders as a necessary condition for them to understand the Company's activities as a whole. Information is provided in accordance with the fact of an event according to the degree of its significance and taking into account promptness of its public disclosure.

2. Principle of openness and accessibility of information is the Company's choice of such information distribution channels, access to which is free, easy and low-cost, as well as the Company's intention to ensure maximum transparency of information about its activities, taking into account confidentiality regime with respect to information constituting commercial, official and other legally protected secrets.

3. Principle of reliability and completeness is the Company's responsibility in providing stakeholders with information that is relevant to reality and sufficient to fully understand the disclosed fact or event. The Company ensures that information provided is not distorted by third parties, and if such a fact is discovered, it takes measures to exclude distortions and errors.

The Company does not avoid disclosing negative information about itself if such

information is not confidential and is able to influence taking of investment and other decisions by stakeholders.

The Company, in addition to information, which disclosure is mandatory in accordance with the legislation, provides information about its current and planned activities, and other information for more complete understanding by all stakeholders of the Company's activities;

4. Principle of balance is ensuring by the Company a reasonable balance of openness and transparency on the one hand and confidentiality on the other hand to ensure the maximum exercise of the stakeholders' rights to receive information, but subject to strict observance of the interests of the Company, its Sole Shareholder in terms of restricting access to information constituting a commercial, official or other legally protected secret.

5. Principle of transparency and objectivity of disclosure of information about activities is also enshrined in the Company's Corporate Governance Code. Main channels of information disclosure:

- + Internet resource of the Financial Reporting Depository;
- + Internet resource of the Kazakhstan Stock Exchange;
- + the Company's corporate website;
- + Facebook, Instagram, Twitter social networks.

KazAgroFinance provides the material and technical base for compliance with measures to protect confidential information in accordance with the legislation and internal regulatory documents of the Company (in a form of various computer programs, access mechanisms to premises, equipment for destruction of documents, etc.).

The Company's Board ensures compliance with the confidentiality regime in order to protect confidential information constituting commercial, official and other secrets protected by law, to prevent possible damage from disclosure or unauthorized leakage of business information, to exclude the facts of illegal use of information by any stakeholders.



Protecting of information constituting commercial and official secrets consists in prohibiting the disclosure of information among a certain or indefinite circle of persons who do not have access to them, in any perception form.

COMPLIANCE WITH LEGAL REQUIREMENTS

In 2023, the Company was not held liable for significant fines. The Company was not held liable for anti-competitive behavior,

antitrust and monopolistic practices, violation of environmental requirements.

MEMBER ASSOCIATIONS

KazAgroFinance has been a member of the Association of Financiers of Kazakhstan since July 7, 2004. AFK unites financial market participants, including banks, insurance organizations, mortgage and leasing companies, micro-credit organizations, professional participants in the securities market, etc. The AFC's mission is to protect and promote the growth of the shareholder value of the association's members.

Since 2013, KazAgroFinance has been a member of the Atameken National Chamber of Entrepreneurs (Atameken NCE). Atameken NCE is a non-profit organization. It was established to strengthen the negotiating power of business with the Kazakhstan Government and state bodies.

The Chamber of Entrepreneurs represents the interests of small, medium and large businesses, covering all areas of entrepreneurship,

including domestic and foreign trade. Main task of Atameken NCE is to protect the rights and interests of business and ensure broad coverage and involvement of all entrepreneurs in the developing legislative and other regulatory rules of business.

In addition, since October 2016, KazAgroFinance has been a member of the Association of Taxpayers of Kazakhstan (since 2023 – the Association of Taxpayers of New Kazakhstan). The Company regularly receives information about draft regulatory legal acts in terms of taxation and sends proposals to them.

Since November 11, 2022, the Company joined the National ESG Club. The National ESG Club is a platform where representatives of business, government and the public can exchange knowledge, experience and best practices on sustainable development. The mission of the ESG Club is to become a leader in sustainable

development, to create a favorable environment for the development of sustainable business and

society, as well as to attract public attention to important social and environmental issues.

PRODUCT RESPONSIBILITY

There are no cases of non-compliance of the Company's services with the legislation on

health and safety of stakeholders for the reporting year.

COMPLAINT AND PROBLEM REPORTING MECHANISM

The Company adheres to the principle of transparency in its activities and is open to receiving feedback. The Company's activity in this direction is one of the priorities.

In order to ensure economic and information security and anti-corruption, the feedback system has been arranged with the population, borrowers and lessees of the Company.

Appeals are an indicator of the Company's weaknesses; it is a signal to take immediate measures to eliminate violations and the causes that contribute to them.



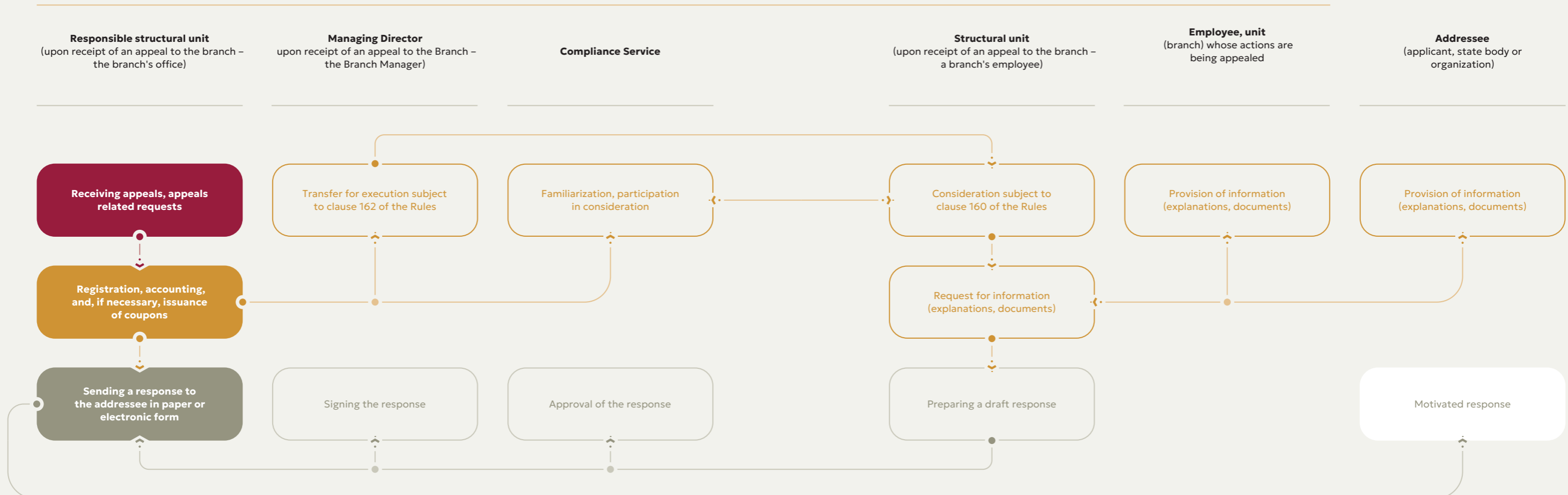
637

The Company received 637 appeals from individuals and legal entities, including requests from Baiterek NMH JSC and other government agencies.

It includes:

- 1.4% complaints and
- 2.5% suggestions.

Work with Appeals Scheme



In order to ensure the proper operation of the proactive information line in the Company as a tool to identify compliance risks in activities of the Company and its employees (including anti-corruption monitoring), the Company provides the following channels:

- 1.** hotline phone number +7 (7172) 580-411. Hotline calls are made without dialing an internal number, waiting for the operator's response; automatic forwarding to responsible persons is configured;
- 2.** hotline email messages – hotline@kaf.kz. Messages are simultaneously sent to the corporate mail of the Anti-Corruption Compliance Service;
- 3.** message form on the corporate website to be

sent to the email of the Anti-Corruption Compliance Service.

These measures are aimed at timely detection and prevention of offenses by controlling by the Anti-Corruption Compliance

Service for appeals via all available channels of proactive information.

Each received message, appeal shall be considered in accordance with the procedure regulated by the Company's internal regulatory documents.

If negative impacts are identified, the Company is ready to take the necessary measures to eliminate them.

BRANDING AND PR ACTIVITIES

In 2023, the Company extensively conducted an information campaign in the media and social networks to strengthen a positive image and inform clients about financing opportunities.

Information is placed on Facebook, Instagram, Twitter throughout the year as part of the Company's communication strategy. Materials and articles about the

Company's activities have been published on republican Internet portals and in regional publications.

Information on financing of KazAgroFinance agricultural machinery has been published in the mass media, materials on preparation for the sowing through the prism of the Company's activities have been published in some regional newspapers.



New programs "Own Feed", "Zhasyl Onim" and "Made in Kazakhstan", aimed at concessional financing of agricultural enterprises, are widely covered on social networks.

In July 2023, a press tour was held at the specialized exhibition "Kazakhstan Field Day "Jana Dala / Green Day", where representatives of the largest producers of agricultural machinery presented their equipment. High-performance sowing, harvesting, tillage, forage harvesting machinery and equipment from both foreign and domestic manufacturers were presented. During the press tour, media representatives interviewed the Chairman of the Company's Board, A. G. Prashev, the management of peasant and farm enterprises. Articles have been published on republican information portals and on the Company's social media accounts.

In autumn, during the cotton harvest, a press tour was held in the Turkestan region, within which media representatives visited the fields of the domestic cotton producer Ramazan Agro LLP. Articles have been published on republican and local information portals and on the Company's social media accounts.

SUSTAINABLE DEVELOPMENT

7



In Kazakhstan, rice is grown mainly in the Kyzylorda region. Rice cultivation in Kazakhstan is entering a new stage of development, this is the branch of the agro-industrial complex that ensures full provision of this product to the entire population (self-sufficiency in rice reaches 116-120%) and makes it possible

to import rice to neighbouring countries.

RICE

Address by the Chairman of the Board on Sustainable Development

Sustainable Development Policy

Stakeholder Interaction Report

Economic Impact

Social Responsibility

Sponsorship and Charity

Environmental Impact

КУРІШ · РИС · RICE

Herbaceous grass (annual and perennial) plant that grows in water. This is one of the most important cultivated crops in the world, rice is eaten by almost half of the world's population.

Rice is a very productive crop; its yields can reach 69-80 c/ha or more. The crop is very productive.

ADDRESS BY THE CHAIRMAN OF THE BOARD

ON SUSTAINABLE

DEVELOPMENT

Dear partners!

KazAgroFinance JSC adheres to the principles of sustainable development and strives to improve the effectiveness of decisions made in the economic, environmental and social spheres, while maintaining a balance of interests of stakeholders, which is an important part of the company's corporate policy.

Applying a systematic approach to managing ESG factors will help improve the practice of responsible management and investment, making the company successful and attractive in the global market.

We value the trust that our clients and society as a whole place in us and strive to improve the quality of our services.

The Company invests in the development of employees, providing equal opportunities for realizing their potential and career growth. In order to support people from socially vulnerable segments of the population, the company provides charitable and sponsorship assistance, works with specialized non-profit organizations.

KazAgroFinance JSC will continue to implement ESG-oriented practices in business processes and apply positive experience on sustainable development. Our commitment to sustainable development is an investment in the longevity and prosperity of both the Company and the country's economy as a whole.

**Chairman of the Board
of KazAgroFinance JSC
Aydar Gilimovich Prashev**



SUSTAINABLE DEVELOPMENT POLICY

KazAgroFinance strives for harmonious management of the economic, environmental and social aspects of its activities to ensure sustainable development in the long term.

By solving sustainable development tasks, the Company relies on its mission, the KazAgroFinance Development Strategy, and also applies international norms of behavior and principles enshrined in international standards on sustainable development.

The Company considers the use of international standards on sustainable development as a necessary condition for ensuring compliance of its activities with the best international practices and achieving goals and objectives in sustainable development.

The Company is guided by the Sustainable Development Policy approved by the decision of the Board of Directors No. 7 dated June 30, 2021. The Policy defines the fundamental principles and approaches in building a management system on sustainable development.

Sustainable development in the Company consists of three constituent categories: economic, environmental and social, which aspects are taken into account by GRI Standards.

Economic component of sustainable development contains the following goals:

- break-even activity;
- ensuring the interests of the Sole Shareholder and investors;
- improving efficiency of processes;
- growth of investments in agriculture.

Environmental component of sustainable development contains the following goals:

- minimizing the impact on biological and physical natural systems;
- optimal use of limited resources;
- application of eco-friendly, energy- and material-saving technologies.

Social component of sustainable development is focused on the principles of social responsibility and, among other things, contains the following goals:

- ensuring transparent competitive procedures and equal employment opportunities;
- fair remuneration and respect for the rights of employees;
- ensuring occupational safety and preserving health of employees;
- training and professional development of employees;
- implementation of internal and external social programs.

The Company analyzes its performance according to these three aspects, and also strives to prevent or reduce negative impact of the results of its performance on stakeholders. KazAgroFinance supports and recognizes importance of all 17 UN Sustainable

Development Goals (SDGs) and strives to make a significant contribution to the achievement of the SDGs.

As part of its activities, the Company achieves the following Sustainable Development Goals:

SDG 1.

SDG 1. End poverty in all its forms everywhere

- + implementation of initiatives aimed at increasing the availability of financial services;
- + charity and sponsorship;

SDG 2.

End hunger, achieve food security and improved nutrition and promote sustainable agriculture

- + The Company assists in technical equipping of AIC by providing leasing services for purchase of agricultural machinery and equipment. Thus, through the technological renewal of AIC with high-performance equipment, the Company has a significant impact on food security.

SDG 3.

Ensure healthy lives and promote well-being for all at all ages

- + creating safe working conditions and preserving health of the Company's employees;
- + social support for employees.

SDG 5.

Achieve gender equality and empower all women and girls

- + creating equal working conditions and career opportunities;
- + ensuring a peer system of performance assessment and remuneration.

SDG 8.

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

- + growth of investments in agriculture;
- + business development in AIC by providing leasing services.

SDG 12.

Ensure sustainable consumption and production patterns

- + improvement of the energy conservation culture;
- + reduction of resource consumption (energy consumption, water consumption);
- + optimization of paper document flow by automating the Company's business processes.

SDG 15.

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

- + KazAgroFinance leases exclusively new modern agricultural machinery, which, in comparison with outdated worn-out machinery, has less negative impact on the environment (amount of emissions of harmful substances into the atmosphere and soil pollution as a result of ingress of petrochemical waste during operation is reduced).

Sustainable development (ESG)

UN sustainable development goals:

End poverty in all its forms everywhere



End hunger, achieve food security and improved nutrition and promote sustainable agriculture



Ensure healthy lives and promote well-being for all at all ages



UN Sustainable development goals:

Establish reliable strategic mechanisms at the national, regional and international levels based on pro-poor and gender-sensitive development strategies to facilitate accelerated investment in poverty eradication activities

Take measures to ensure the proper functioning of markets for food and processed products and promote timely access to market information, including on food reserves, in order to help limit excessive volatility in food prices.

Ensure universal health coverage, including protection from financial risks, access to quality basic health services and access to safe, effective, high-quality and affordable essential medicines and vaccines for all

Society's contribution:

- + implementation of initiatives aimed at increasing the availability of financial services
- + charity and sponsorship

- + The Company assists in technical equipping of AIC by providing leasing services for purchase of agricultural machinery and equipment. Thus, through the technological renewal of AIC with high-performance equipment, the Company has a significant impact on food security

- + creating safe working conditions and preserving the health of the Company's employees
- + social support for employees

Sustainable development (ESG)

UN sustainable development goals:

Achieve gender equality and empower all women and girls



Promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



UN Sustainable development goals:

Ensure the full and real participation of women and equal opportunities for them to lead at all levels of decision-making in political, economic and public life. Eliminate all forms of discrimination against all women everywhere

Achieve increased productivity in the economy through diversification, technical modernization and innovation, including by paying special attention to high-value-added and labor-intensive sectors.

Promote development-oriented policies that promote productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage official recognition and development of micro, small and medium-sized enterprises, including by providing them with access to financial services

Society's contribution:

- + creating equal working conditions and career opportunities
- + ensuring a peer system of performance assessment and remuneration

- + growth of investments in agriculture
- + business development in AIC by providing leasing services

Sustainable development (ESG)

UN sustainable development goals:

Ensuring rational consumption and production models



Protection, restoration of terrestrial ecosystems and promotion of their rational use, rational forest management, combating desertification, stopping and reversing the process of land degradation and stopping the process of loss of biological diversity



UN Sustainable development goals:

Achieve increased productivity in the economy through diversification, technical modernization and innovation, including by paying special attention to high-value-added and labor-intensive sectors

By 2030, significantly reduce the volume of waste by taking measures to prevent their formation, reduce them, recycle and reuse

Society's contribution:

- + improvement of the energy conservation culture
- + reduction of resource consumption (energy consumption, water consumption)
- + optimization of paper document flow by automating the Company's business processes

- + KazAgroFinance leases exclusively new modern agricultural machinery, which, in comparison with outdated worn-out machinery, has less negative impact on the environment (amount of emissions of harmful substances into the atmosphere and soil pollution as a result of ingress of petrochemical waste during operation is reduced).

Sustainable development in the Company is managed as part of the general management system of the Company performance and is an integral part of it.

The Board of Directors provides strategic guidance and controls implementation of sustainable development. Mechanism of interaction with stakeholders is disclosed in the section "Stakeholder Interaction Report".

Information on implementation of the Company's sustainable development objectives is reviewed and approved by the Board of Directors as part of review of reports on implementation of the Company's Development Plan and Development Strategy.

The Board approves the relevant action plan on sustainable development, as well as changes, additions and monitors its implementation. The Board is responsible for coordinating activities on sustainable

development. The head of the Company's structural unit, who supervises the sustainable development activities, is responsible for Policy management.

The Company's structural units implement measures on sustainable development.

All employees and officials at all levels contribute to the Company's sustainable development.

The Company's Annual Report annually participates in the Annual Reports Competition.

According to the results of 2022, the Annual Report of KazAgroFinance JSC for 2022 received a diploma for the best disclosure of corporate governance issues following the annual reports competition held by PwC Kazakhstan, and also entered the top 50 best companies in terms of ESG information disclosure.

As part of the implementation of the action plan for sustainable development, the following activities have been carried out:

- ♦ in order to optimize paper document flow, the following processes have been automated: the form of an adaptation sheet for new employees, the form of a workaround sheet for all employees, the form of a questionnaire for a retiring employee, the process of approving drafts of internal regulatory documents of the Company by interested JVs, sending them to the authorized body for consideration and the possibility of generating extracts, signing the minutes of the Board meeting, approving IRD through QR EDS;
- ♦ training of the Company's employees was conducted – by the end of 2023, 284 employees completed training and advanced training courses;
- ♦ the Company's employees are provided with medical insurance;
- ♦ charitable assistance was provided in the total amount of 2,205,000 KZT;
- ♦ the list of green purchases for the needs of the Company's office was determined – the volume of green purchases for 2023 amounted to 27.98 million KZT (excluding VAT);
- ♦ a waste paper collection point was organized in the Company's central office for subsequent transfer to specialized enterprises – 100 kilograms of waste paper for 2023;
- ♦ transparency of the competitive selection of candidates and equal employment opportunities is ensured – candidates for vacant positions of the Company are selected using competitive selection

procedures through the internal and external competitions using equal criteria when assessing candidates;

- ♦ Information was sent to structural units regarding the improvement of culture for responsible consumption of energy and water;
- ♦ containers for the separate collection of waste and spent batteries (batteries and batteries) in the Company's administrative building were purchased and installed. Information signs with agitation for careful resource consumption are placed next to boxes/containers for separate waste collection and in the offices of structural units.

Sustainable development in the Company is managed as part of the general management system of the activity and is an integral part of it.

BY THE END OF 2023

284

EMPLOYEES COMPLETED TRAINING

AND ADVANCED TRAINING

COURSES



STAKEHOLDER INTERACTION REPORT

The Company, in the course of its activities, affects and is affected by stakeholders.

Identifying stakeholders and working with them is one of the tools that allows improving the business reputation, capitalization of the Company, establishing effective and balanced relationships with all stakeholders.

Stakeholders can have both positive and negative impacts on the Company performance, namely on effective Development Strategy Implementation, sustainable development, reputation and image, create or reduce risks. The Company pays serious attention to proper interacting with stakeholders.

KazAgroFinance uses international standards for stakeholder identification and engagement when identifying and interacting with stakeholders.

In order to determine the list of stakeholders, an extent of their influence and spheres of influence on the Company interests, the Company's Stakeholders Map was approved in 2021.

The Company defines 3 (three) stakeholder groups depending on an area of impact:

- 1. scope of authority and responsibility** (Sole Shareholder, management body, management and personnel);
- 2. an area of direct impact** (government agencies and regulators, investors,

financial institutions, suppliers, partners, clients, consumers, auditors, creditors and consulting organizations);

- 3. an area of indirect impact** (population, public organizations, mass media, competitors and credit rating agencies).

The Company takes measures to build an effective dialogue and long-term cooperation with stakeholders.

Interaction with stakeholders is governed by both regulatory legal acts and internal corporate documents.

Interaction with stakeholders is based on the principle of involvement, taking into account the interests of stakeholders at all stages of the performance management and interacting with stakeholders to discuss significant topics and important issues, potential risks and limits of responsibility.

Engagement is achieved by the following three principles:

- 1. materiality:** identification of significant interests for both the Company and stakeholders;
- 2. completeness:** awareness and understanding of the significant consequences of its activities, opinions and needs of stakeholders in connection with the Company performance, as well as their expectations;

- 3. response:** objective response and taking adequate measures on issues relevant to stakeholders.

Participation of all stakeholders in respecting common interests is fundamental for the successful Company performance.

Effective interaction with stakeholders will allow:

- + combining resources (knowledge, personnel, money and technology) to solve problems and achieve goals;
- + assessing the external environment, including development of markets, as well as identifying new strategic opportunities;
- + improving business processes;
- + pursuing a policy of openness and transparency of activities.

The main mechanisms of interaction with stakeholders are:

- + contracts, treaties, cooperation agreements;
- + business meetings and presentations;
- + corporate communications system;
- + joint working groups;
- + hotlines for employees and clients;
- + surveys and study of opinions of employees, consumers, local communities;
- + membership in associations;
- + conferences, round tables;
- + reporting.

The Company's executive body, structural units directly interact with stakeholders within their powers and competence. The Board of Directors monitors and supervises the interaction of KazAgroFinance with stakeholders.

The Company identified internal and external stakeholders and analyzed their requirements and expectations.

STAKEHOLDERS

- 1. Consumers (borrowers), clients** are key stakeholders of the Company. KazAgroFinance is interested in expanding the client base and improving quality of services provided.

REQUIREMENTS AND EXPECTATIONS

- + Increasing a list of proposed equipment.
- + Simplification of procedures for obtaining Company services.
- + Interest rate reduction.
- + Shortening the review period.
- + Improvement of service quality by the Company.
- + Obtaining financing.
- + Consulting assistance in the formation of a package of documents.
- + Timely maintenance and replenishment of the Company's official website with the necessary information for consumers.
- + Increasing the availability of information about services, offers, promotions.
- + Increase in the number of branches in other cities.

HOW DO WE INTERACT?

- + A structural unit for working with clients.
- + Improvement of business processes and their automation.
- + Feedback on the corporate website.

WHAT DO WE DO?

Increasing the accessibility of services and client satisfaction is important for the Company's development. We keep improving the product line to create the most effective tools.

The Callback service operates on the Company's corporate website.

There is a Hotline communication channel.

STAKEHOLDERS

- 2. Suppliers.** Building partnerships is one of the main tasks of effective interaction.

REQUIREMENTS AND EXPECTATIONS

- Conclusion and maintenance of long-term partnerships.
- Increase in the volume of purchased machinery and equipment.
- Full and timely receipt of payment for goods and services according to the agreed conditions.
- Exact description of a brand, model of the requested leasing subject and its specification.

HOW DO WE INTERACT?

- Development of mutually beneficial partnership through the conclusion of contracts and fulfillment of contractual obligations.
- Availability of a procurement system.
- Participation in forums, exhibitions.
- Implementation of joint projects.

WHAT DO WE DO?

The Company's requirements for suppliers of leasing subjects are unified for everyone and placed on the Company's website, which simplifies the interaction with the Company for suppliers.

Leasing subjects are acquired by the Company according to approved internal documents.

To make it easier for clients to find the right suppliers, the database of suppliers of agricultural machinery with which the Company has cooperation has been published on the Company's corporate website www.kaf.kz.

The Company ensures transparency of the Supplier Management System and is open to feedback, ensures timely consideration and settlement of claims of suppliers. The Company annually participates in international and domestic exhibitions and takes part in forums.

STAKEHOLDERS

- 3. Creditors /investors.** The Company adheres to a transparent policy towards investors, is interested in maintaining long-term trusting relationships with its creditors/investors and establishing new ones.

REQUIREMENTS AND EXPECTATIONS

- Security of investment, solvency and profitability of the Company with subsequent profit.

- Compliance with and timely fulfillment of assumed obligations.

HOW DO WE INTERACT?

- A structural unit that attracts investors/creditors, monitors the fulfillment of obligations assumed.
- Participation in bilateral, trilateral business negotiations.
- Signing of contracts, memoranda.

WHAT DO WE DO?

The Company's Borrowing Department interacts with investors/creditors to ensure uninterrupted financing of the Company's activities by attracting funding through various financial instruments. And also ensures fulfillment of the obligations assumed.

The Company adheres to the policy of diversification of funding sources and expanding the investor base, has a broad base of investors with whom it has been cooperating for many years.

Effective management of capital and assets allows the Company to maintain a high financial stability, which is confirmed by the rating agencies.

STAKEHOLDERS

- 4. State bodies and regulators** are strategically important institutions of the country. The Company responsibly meets the legislation.

REQUIREMENTS AND EXPECTATIONS

- Implementation of the Company's activities in accordance with the legislation, compliance with requirements and regulations.
- Timely payments to the budget.
- Execution of regulations based on the results of inspections.

HOW DO WE INTERACT?

- Compliance with legal requirements.
- A separate structural unit that interacts with regulatory authorities.
- Timely consideration of appeals and execution of prescriptions.

WHAT DO WE DO?

The internal control system ensures effective supervision of financial and economic activities and is aimed at achieving the Company's goals and minimizing risks in the implementation of activities.

STAKEHOLDERS

- 5. Competitors (leasing companies).** The Company respects its competitors and adheres to the principles of fair competition.

REQUIREMENTS AND EXPECTATIONS

- Following the principle of fair competition in accordance with the Corporate Governance Code, the Code of Business Ethics.
- Market monitoring and analysis.

HOW DO WE INTERACT?

- Analysis of the competitive environment.
- Following the principle of fair competition.

WHAT DO WE DO?

The Company actively cooperates with other leasing organizations and, for its part, does everything possible to develop the industry in Kazakhstan so that this type of financing becomes more and more in demand in the interests of all market participants.

The Company conducts marketing research and analytical reviews on the study of agro-industrial sectors, including in accordance with the regional specification and the Company's activities, as well as in the leasing and other financial services market of Kazakhstan.

STAKEHOLDERS

6. External audit organizations (Accounting Committee, independent auditor, etc.). External assessment institutes are one of the key elements in the list of stakeholders.

REQUIREMENTS AND EXPECTATIONS

- Efficient use of funds and other assets of the Company.
- Compliance with legislation, international and national standards.

HOW DO WE INTERACT?

- A structural unit that interacts with the party.

- Conclusion of contracts for consulting and audit services.

WHAT DO WE DO?

The Company has built an effective financial management and risk management system that allows timely identification, reliable assessment and minimization of credit, currency, price and liquidity risks.

Independent audit of financial statements is conducted annually. The financial statements present fairly, in all material respects, the financial position of the Company, as well as its financial results and cash flows for the year, in accordance with International Financial Reporting Standards (IFRS).

Internal Control and Internal Audit Services operate.

STAKEHOLDERS

7. Sole Shareholder, management bodies (Board of Directors, Board). Ensuring the interests of the Sole Shareholder is one of the Company's priorities.

REQUIREMENTS AND EXPECTATIONS

- Growth of profitability and value of the Company.
- Investment security.
- Contribution to the economy.
- Building the potential for the Company's development in the future.
- Stable growth and development of the Company, achievement of targets.

HOW DO WE INTERACT?

- Ensuring the rights of the Sole Shareholder within the framework of the Charter, the Corporate Governance Code of the Company.
- Execution of decisions of the Sole Shareholder.
- Providing reliable information on the results of financial and economic activities in accordance with the Kazakhstan legislation, the Charter, internal documents.

WHAT DO WE DO?

Expansions of the scope of activities in support of farmers and high-quality financial management have a positive impact on the financial performance of the Company. Continuous improvement of the corporate governance and decision-making system is an important strategic direction of the Company's development, ensuring its performance and efficiency. At the same time, the key components of the corporate governance system are the protection of rights of the Sole Shareholder and accountability.

STAKEHOLDERS

8. Employees are the most important asset of the Company and the basis of its effective activity.

REQUIREMENTS AND EXPECTATIONS

- Stable and timely payment of salaries and bonuses.

- A satisfactory benefits package, comfortable and safe working conditions (working hours, vacations), respect for legal rights of employees.
- The opportunity for career growth and professional development.

HOW DO WE INTERACT?

- Conclusion of employment contracts with employees.
- Performance of official duties aimed at achieving the goals and objectives of the Company.
- Consideration by the Conciliation Commission of complaints about the practice of labor relations and negotiations.
- Communication with employees is also carried out through corporate mail.

WHAT DO WE DO?

The Company ensures the open and transparent personnel policy aimed at the formation of qualified and motivated personnel.

Employees are provided with equal opportunities to realize their potential in the course of their work, an impartial and fair assessment of their performance. Recruitment and career development of employees is based solely on professional skills, experience and knowledge.

ECONOMIC IMPACT

Created Economic Value

KazAgroFinance's activity is aimed at supporting the development of Kazakhstan agricultural sector by ensuring access of agricultural producers to financial resources, as well as agricultural machinery on a leasing basis.

The Company has a direct positive impact on the Kazakhstan economy through:

1. leasing of agricultural machinery;

2. payment of taxes and other fees to the budget;
3. procurement of goods, works and services to support the Company's activities;
4. payment of salaries to the Company employees.

In addition, the Company's activities have an indirect positive impact due to the results of activities of agricultural producers financed by the Company: payment of taxes and fees, salary, additional jobs, production.

CREATED
AND DISTRIBUTED ECONOMIC
VALUE, MLN KZT

Item	2023	2022	Changes in 2023 to 2022, %
Direct created economic value:			
Income	72,697	58,969	23.28
Distributed economic value:			
Operating expenses	1,743	1,492	16.82
Salary	3,604	3,192	12.91
Interest expense	34,501	28,835	19.65
Taxes other than income tax	321	297	8.08
Corporate income tax	2	413	-99.52
Other expenses	13,598	4,121	229.97
Retained economic value	18,928	20,619	-8.20

Tax Policy

The Company has the Tax Accounting Policy developed in accordance with the Article 191 of the Kazakhstan Tax Code. According to the Company's Charter, approving the Tax Accounting Policy is within the Board competence. The Company's Tax Accounting Policy is amended as soon as changes to the tax legislation occur. The Company strictly complies with the tax legislation. The Board Chairman and the Chief Accountant are responsible for compliance with the Company's Tax Accounting Policy.

The Company constantly assesses risks in terms of taxation when concluding new, non-standard transactions, analyzes the impact of changes in legislation on the Company's current transactions. Risks are assessed in accordance with the operational and financial risk system adopted by the Company. On an annual basis, the Company approves a Risk Map, which reflects the extent of influence of tax risks. KazAgroFinance has been a taxpayer subject to monitoring by large taxpayers since 2009.

Tax monitoring of large taxpayers is carried out by analyzing the financial and economic activities of taxpayers in order to determine their real tax base, monitoring compliance with the Kazakhstan tax legislation and applicable market prices in order to control transfer pricing.

Information on the movement of deferred taxes and the amount of corporate income tax is disclosed in the Company's financial statements.

We note that the Company is a member of the Kazakhstan Taxpayers Association and regularly receives information about draft regulations in terms of taxation, sends proposals on them.

Also, if necessary, the Company cooperates with Atameken NCE regarding the planned changes to the tax legislation.

Procurement Practice

The Company strives for timely provision of the central office, branches and clients with high-quality goods, works and services necessary for operational activities. However, KazAgroFinance attaches great importance to an effective and transparent procurement system.

Procurement procedures in the Company are based on the following principles:

1. optimal and efficient spending of money used for procurements;
2. open and transparent procurement process with respect for the rights and/or

legitimate interests of suppliers on trade secrets (before summing up the tender results);

3. fair competition among potential suppliers, prevention of collusion between procurement participants;
4. responsibilities of procurement participants;
5. prevention of corruption;
6. support to domestic producers of goods, as well as domestic suppliers of works and services to the extent that it does not contradict international treaties ratified by Kazakhstan;

7. acquisition of innovative and high-tech goods, works, services;
8. providing potential suppliers with equal opportunities to participate in the procurement procedure, except in cases provided for by the law;
9. compliance with intellectual property rights contained in the procured goods.

In the Company, procurements are carried out in real time and provide participants with access to an electronic format for making civil law transactions to procure goods, works and

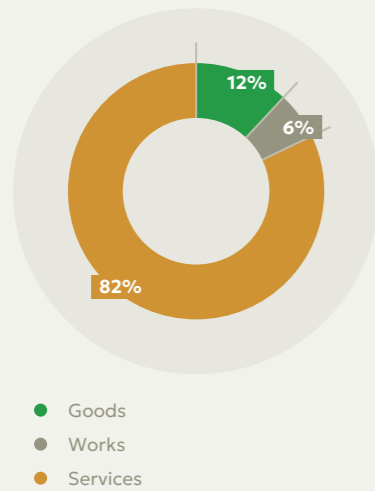
services with certifying the legal actions with an electronic digital signature. The portal provides an equal opportunity for all potential suppliers to participate in competitive procurement of the Company. Procurements are made on the Eurasian electronic portal (eep.mitwork.kz).

In 2023, an actual volume of procurements of goods, works and services (excluding leasing subjects) was 1,315.585 million KZT (including VAT), 528 contracts were concluded, while a share of local content in procured GWS amounted to 78.3%.

VOLUME OF PROCUREMENTS IN 2023

Method of Procurement	Amount, thou KZT
Tender	593,805.56
Request for price offers	198,926.00
From one source by the direct conclusion of a contract	522,852.99
E-store	0.00

VOLUME OF PURCHASES OF GOODS, WORKS AND SERVICES IN 2023, %



SOCIAL RESPONSIBILITY

Personnel Policy

The Personnel Policy is a holistic long-term strategy of personnel management, which main purpose is to strengthen a position of an organization, which requires the sustainable development of highly professional and mobile workforce sufficient to fulfill the strategic objectives.

Personnel Policy objectives aimed at achieving the set goal:

1. personnel necessary to achieve the set goals, while respecting diversity and inclusion;
2. increasing the competence of employees to develop human capital, especially in terms of digital skills;
3. increasing and maintaining the personnel involvement and best results of work;
4. HR digitalization, including recruitment and hiring, performance assessment, as well as development and training;
5. setting up and calibrating the performance management process;
6. development of corporate culture.

Main directions of the Personnel Policy:

1. strategic HR planning;
2. organizational development and job design;
3. recruitment and adaptation of personnel;
4. HR marketing and employer brand;
5. performance management;
6. personnel remuneration;
7. personnel training and development;

8. talent pool and talent management;
9. development and maintenance of corporate culture;
10. administration of HR processes.

By Decision of the Company's Board No. 34 dated September 30, 2022, the rules for providing social support to the Company's employees were approved, as well as by decision of the Company's Board No. 15 dated June 15, 2023, amendments and additions were made.

Social support is provided to the Company's employees in order to create favorable conditions for their effective work, as well as to retain and attract highly qualified employees.

The Company provides the following types of social support to the Company's employees:

1. **Financial assistance:**
 - + for health improvement when providing paid annual leave with payment in the amount of 2 official salaries;
 - + marriage with a one-time payment of 50 (fifty) MCI;
 - + birth of a child / adoption or adoption of children with a one-time payment in the amount of 100 (one hundred) MCI;
 - + maternity leave paid with preservation of the average salary, minus the amount of social benefits in case of loss of income due to pregnancy and childbirth, adoption of a newborn child (children),

in accordance with the Kazakhstan legislation on Voluntary Health Insurance;

- ♦ leave to employees who have adopted a newborn child (newborn children) with a one-time payment in the amount of 100 (one hundred) MCI;
- ♦ treatment / surgery of an employee or persons who are members of his/her family with the payment of financial assistance in the amount of 100 (one hundred) MCI;
- ♦ death of an employee with a one-time payment to one of the family members or, in the absence of such, to the person who arranged the funeral in the amount of 400 (four hundred) MCI, in case of death of the spouse /children, parents of the employee – in the amount of 300 (three hundred) MCI per spouse/child, parent of the employee.

2. Voluntary Health Insurance Programme (health insurance).

Employees and their family members are provided with health insurance from the funds provided in the Company's budget in accordance with the Voluntary Health Insurance Programme.

Cost of health insurance per employee is 100 (one hundred) MCI for the corresponding financial year.

3. Employees of the Company are provided with paid labor, social and additional leaves.

The duration of paid annual leave in the Company is 30 calendar days.

During the reporting year, the Company's employees were granted work leave in accordance with the approved vacation schedule for the corresponding year and on the basis of applications submitted by them.

In addition, during the reporting year, pregnant women, women who gave birth to a child (children), women (men) who adopted a newborn child (children) were granted the following social leave:

- ♦ maternity leave – 6 women;
- ♦ leave to employees who have adopted a newborn child (children) – 0;
- ♦ leave without pay on child care until reaching the age of three – 11 women.

INDICATORS OF SOCIAL LEAVE IN 2023, PERSON

Indicator	Gender	Number of employees, people
Going on maternity/paternity leave	women	9
	men	1
Returning from maternity/paternity leave		5
Number of employees who remained at work in the company for 12 months after returning from leave		5

Personnel Structure

Actual number of employees of the Company is 319 people:

1. administrative and managerial staff (central office) – 132 people, including 77 women and 55 men;
2. production staff (branches) – 187 people, including 69 women and 118 men.

At the same time, the average number of employees in the Company is 342:

1. administrative and managerial staff (central office) - 147 people, including women – 83 people (under 30 years old – 2 people, 30-50 years old – 71 people, over 50 years old – 10 people), men – 64 people

(30-50 years old – 55 people, over 50 years old – 9 people).

2. production staff (branches) – 195 people, including women – 78 people (under 30 years old – 2 people, 30-50 years old – 71 people, over 50 years old – 5 people), men – 117 people (under 30 years old – 5 people, 30-50 years old – 90 people, over 50 years old – 22 people).

All employees have higher education. There are no temporary or part-time employees in the Company.

The basis for the Personnel Policy is the effective organizational chart and optimal personnel.

PERSONNEL NUMBER AND STRUCTURE (COMPARED TO 5 YEARS), PEOPLE

	2019	2020	2021	2022	2023
Average number of employees	405	395	363	340	342
Structure of personnel by category:					
♦ management positions	76	74	58	73	72
♦ employees	329	321	305	267	265
Structure of personnel by age categories:					
♦ up to 30 years old	34	30	22	23	9
♦ from 30 to 50 years old	322	317	297	277	287
♦ over 50 years old	49	48	44	40	46
Gender structure of personnel:					
♦ men	221	204	183	175	147
♦ women	184	191	180	165	195
Employee turnover, %	18,5	15,7	3,6	23,5	16,7
Number of people employed	63	35	59	64	55
Number of employees trained	340	88	279	312	284

AVERAGE NUMBER
OF EMPLOYEES BY JOBS,
GENDER AND AGE GROUPS

Indicator	Average Number of Employees	Gender		Age groups		
		men	women	up to 30 years old	from 30 to 50 years old	over 50 years old
CO	147	64	83	2	126	19
Branches	195	117	78	7	161	27
Total, person	342	181	161	9	287	46
included:						
Executives	5	5	0	0	4	1
Managers*	2	1	1	0	2	0
Middle managers*	70	43	27	1	59	10
Administrative staff	265	98	167	8	222	35

* – Executives – members of the Board; managers – managers or executive directors, not members of the Board; middle managers – heads of units, services, departments, administrations, branch directors and their deputies.

AVERAGE NUMBER OF EMPLOYEES BY GENDER

Name of CO/branch	Average Number of Employees by Gender				Total number	
	men, people	share, %	women, people	share, %	number, people	share, %
Central office	64	43,5	83	56,5	147	43
Branches	117	60	78	40	195	57
Total	181	53	161	47	342	100

AVERAGE NUMBER
OF EMPLOYEES
BY AGE

Age group	Number, people	Share, %
up to 30 years old	9	2.6
from 30 to 50 years old	287	83.9
over 50 years old	46	13.5
Total	342	

AVERAGE NUMBER OF EMPLOYEES BY REGION

Name of a department	Number, people	Share, %
Central office (Astana)	147	43.0
Branches in:	195	57.0
Akmola region	19	5.6
Aktobe region	14	4.1
Zhetisu region	9	2.6
East Kazakhstan region	11	3.2
Zhambyl region	8	2.3
West Kazakhstan region	16	4.7
Karaganda region	13	3.8
Kostanay region	18	5.3
Kyzylorda region	8	2.3
Pavlodar region	15	4.4
North Kazakhstan region	19	5.6
Astana	12	3.5
Almaty	12	3.5
Shymkent and Turkestan region	14	4.1
Abay region	7	2.0

Average number
by racial/ethnic group
is as follows:

1. **the central office:** Kazakhs – 129 people, Germans – 1 person, Russians – 13 people, Tatars – 3 people, Uighurs – 1 person;

2. **branches:** Bashkirs – 1 person, Georgians – 1 person, Dungans – 1 person, Kazakhs – 172 people, Koreans – 3 people, Germans – 1 person, Poles – 1 person, Russians – 9 people, Tatars – 2 people, Turkmens – 1 person, Ukrainians – 3 people.

Racial/ethnic groups	Department				Total	
	central office, people	share, %	branch, people	share, %	number, people	share, %
Bashkirs	0	0.0	1	100	1	0.3
Georgians	0	0.0	1	100	1	0.3
Dungans	0	0	1	100	1	0.3
Kazakhs	129	42.9	172	57.1	301	88.0
Koreans	0	0	3	100	3	0.9
Germans	1	50	1	50	2	0.6
Poles	0	0	1	100	1	0.3
Russians	13	59.1	9	40.9	22	6.4
Tatars	3	60	2	40	5	1.5
Turkmens	0	0	1	100	1	0.3
Uighurs	1	100	0	0	1	0.3
Ukrainians	0	0	3	100	3	0.9
Total	147	43.0	195	57.0	342	100

In 2023, 55 employees were hired (men – 43 people, women – 21 people), including:

- 1. management positions** – 1 person (woman, 39 years old, Kazakh);
- 2. heads and their deputies (units/ departments / services / branches)** – 10 people, including men – 9 people (under 30 years old – 1 person, 30-50 years old – 8 people, Kazakhs – 7 people, Russians – 1 person, Tatars – 1 person), women – 1 person (30-50 years – 1 person, Kazakh);
- 3. administrative positions** – 44 people, including men – 26 people (under 30 years old – 5 people, 30-50 years old – 19 people, over 50 years old – 2 people;

Kazakhs), women – 18 people (under 30 years old – 3 people, 30-50 years old – 15 people, Kazakh women – 17 people, Tatar women – 1 person).

19 employees were accepted to the Central Office, 36 to the branches (Astana – 4 people, Almaty and Almaty region – 2 people, Shymkent and Turkestan region – 6 people, Akmola region – 1 person, Aktobe region – 1 person, Zhambyl region – 1 person, West Kazakhstan region – 5 people, Kostanay region – 2 people, Pavlodar region – 2 people., North Kazakhstan region – 3 people, Zhetisu region – 3 people, Abay region – 6 people).

NUMBER OF EMPLOYEES
BY REGION, BY GENDER

Name of a department	Number of Employees by Region, by Gender				Total number	
	men, people	share, %	women, people	share, %	number, people	share, %
Central office (Astana)	13	68.4	6	31.6	19	34.5
Branches:	22	61.1	14	38.9	36	65.5
Akmola region	1	100	0	0	1	1.8
Aktobe region	1	100	0	0	1	1.8
Zhetisu region	1	33.3	2	66.7	3	5.5
East Kazakhstan region	0	0	0	0	0	0.0
Zhambyl region	0	0	1	100	1	1.8
West Kazakhstan region	4	80	1	20	5	9.1
Karaganda region	0	0	0	0	0	0.0
Kostanay region	2	100	0	0	2	3.6
Kyzylorda region	0	0	0	0	0	0.0
Pavlodar region	1	50	1	50	2	3.6
North Kazakhstan region	3	100	0	0	3	5.5
Astana	2	50	2	50	4	7.3
Almaty	0	0	2	100	2	3.6
Shymkent and Turkestan region	3	50	3	50	6	10.9
Abay region	4	66.7	2	33.3	6	10.9
Total	35	63.6	20	36.4	55	100

NUMBER OF EMPLOYEES
BY AGE CATEGORIES

Age group	Number, people	Share, %
up to 30 years old	9	16.4
from 30 to 50 years old	44	80.0
over 50 years old	2	3.6
Total	55	100

During the reporting year, employment contracts with 57 employees were terminated, including:

- 1. men – 40 people:** Kazakhs – 40 people; under 30 years – 1 person, 30-50 years – 36 people, over 50 years – 3 people;
- 2. women – 17 people:** Kazakh women – 17 people; under 30 years old – 1 person, 30-50 years old – 12 people, over 50 years old – 4 people

Employee turnover in the Central Office amounted to 25 employees, including:

- 1. men – 16 people:** Kazakhs – 16 people; under 30 years – 1 person, 30-50 years – 14 people, over 50 years – 1 person;
- 2. women – 9 people:** Kazakh women – 9 people; under 30 years old – 1 person, 30-50 years old – 5 people, over 50 years old – 3 people.

Employee turnover in the branches amounted to 32 employees, including:

- 3. men – 25 people:** Kazakhs – 25 people; 30-50 years old – 23 people, and over 50 years old – 2 people;
- 4. women – 7 people:** Kazakh women - 7 people; 30-50 years old – 6 people, and over 50 years old – 1 person.

The reason for termination of the employment contract was the termination of the employment contract:

- 1. by agreement of the parties** – 52 contracts;
- 2. for other reasons** – 5 contracts.

EMPLOYEE TURNOVER
BY AGE CATEGORY

Department	Gender	Up to 30 years old, people		From 30 to 50 years old, people		Over 50 years old, people		Total number, people	
		people	share, %	people	share, %	people	share, %	people	share, %
Central office	men	1	6.3	14	87.5	1	6.3	16	39.0
	women	1	11.1	5	55.6	3	33.3	9	56.3
Branch	men	0	0.0	23	92.0	2	8.0	25	61.0
	women	0	0.0	6	85.7	1	14.3	7	43.8
Total	men	1	2.4	37	90.2	3	7.3	41	71.9
	women	1	6.3	11	68.8	4	25.0	16	28.1

EMPLOYEE TURNOVER BY GENDER

Department by region	Employee turnover by gender				Total employee turnover	
	men, people	share, %	women, people	share, %	number, people	share, %
Central office (Astana)	16	64.0	9	36.0	25	43.9
Branches:	25	78.1	7	21.9	32	56.1
Akmola region	2	100.0	0	0.0	2	3.5
Aktobe region	3	75.0	1	25.0	4	7.0
Zhetisu region	1	50.0	1	50.0	2	3.5
East Kazakhstan region	0	0.0	0	0.0	0	0.0
Zhambyl region	1	100.0	0	0.0	1	1.8
West Kazakhstan region	5	83.3	1	16.7	6	10.5
Karaganda region	1	33.3	2	66.7	3	5.3
Kostanay region	4	100.0	0	0.0	4	7.0
Kyzylorda region	0	0.0	0	0.0	0	0.0
Pavlodar region	0	0.0	0	0.0	0	0.0
North Kazakhstan region	2	100.0	0	0.0	2	3.5
Astana	3	100.0	0	0.0	3	5.3
Almaty	1	33.3	2	66.7	3	5.3
Shymkent and Turkestan region	1	100.0	0	0.0	1	1.8
Abay region	1	100.0	0	0.0	1	1.8
Total	41	71.9	16	28.1	57	16.7

Personnel Training and Development

Training and development of the Company's personnel is carried out to update theoretical and practical knowledge, skills and abilities of professional and managerial activities of the Company's employees for the effective performance of their official duties and solving tasks in accordance with the Company's Development Strategy.

Professional development of employees consists of the following main stages:

1. determination of the needs for training activities, preparation, development of a plan for advanced training and professional training of employees, and cost estimates;

2. organization and monitoring of this process;
3. analysis of effectiveness of the training activities carried out.

Advanced Training and Professional Development Plan for 2023 was approved on December 19, 2022 No. 20/20/54 673 by the Deputy Chairman of the Company's Board for asset expertise, administrative and economic activities and human resource management.

During the reporting year, 284 employees were covered by the training and advanced training, including 246 employees from the

central office (136.1% of the planned number), 38 people from the branches (43.1% of the planned number), including 160 men (56.3%), 124 women people (43.7%).

Cost of training employees from the payroll amounted to 0.5% (16,182.7 thousand KZT), including: administrative and managerial staff- 0.8% (13,915.1 thousand KZT), production personnel – 0.1% (2,267.6 thousand KZT).

At the same time, the average cost per 1 employee was 56,981.2 KZT, and the average number of hours per 1 employee was 25.6.

The Company's employees have completed various trainings and advanced training courses on the following topics:

1. "Changes in Documentation Management", "Record Keeping in the State and Russian Languages", "Nomenclature of Cases", "Rules of Operation of the Organization'S Archive", "Procedure for Working with official Information Marked "Restricted";
2. "Archivist";
3. "Fire-Technical Minimum Training (FTM)";
4. "GRI STANDARDS: Sustainability Reporting (as amended in 2021)";
5. "In-Depth Study of MS EXCEL and the Basics of Data Analysis";
6. "Head of the Legal Service", "Corporate Lawyer", "Effective Work of the Legal Service in the Company";
7. Chartered Financial Analyst (CFA) Certification Preparation Course;
8. "Labor Disputes", "Conciliation Commission", "Termination of an Employment Contract";
9. "Independent Director. Successful Career";
10. "Labor Law: Labor Legislation in the Regulation of Labor Relations", "Review of Changes in the Kazakhstan Labor Code, Practice of Application";
11. "Business Assessment";
12. "CIA. Part 2 – Internal Audit Practice";

13. Participation in the HR Brand Conference Kazakhstan 2023;
14. "COREL DRAW";
15. "Professional Development Course for Lawyers";
16. "Bankruptcy and Rehabilitation of Legal Entities. Judicial Practice";
17. "CIA. Part 1 – Fundamentals of Internal Audit";
18. "Quasi-Public Sector E-Procurement";
19. Training services on the topic "ISO 9001-2015 QMS (Auditor)";
20. "Arbitration of Disputes in Kazakhstan and Abroad";
21. "ACCA F9. "Financial Management";
22. "ACCA F8. "Audit and Related Services";
23. "Planning and Implementation of Budget Investments";
24. "Economic Expertise of the Financial and Economic Justification of the Budget Loan";
25. "Modern Approaches to Inspections. Module 1: Internal Audit of Business Processes, Modern Approaches from Assessing the Effectiveness of the Design of Control Procedures to Using AGILE Techniques during Inspections";
26. "Personal Leadership";
27. "Data Analytics";
28. Course on "Power BI";
29. "Innovative Technologies of Vegetable Production in Protected Soil Conditions";
30. Conference "VI Conference on Capital Markets of Kazakhstan";
31. "Conscious Leadership (training of personnel reserve employees)";
32. "Agile Approach to Project Management";
33. "Effective Leader".

Also, on December 29, 2023, a team building/ training in the form of a corporate event on the topic "Change Management" was held, aimed at:

- development of work skills in an environment with internal and external changes;

- ♦ motivation of employees to accept and participate in changes as part of the upcoming reorganization;
 - ♦ improving the knowledge of employees and achieving the Company's goals;
 - ♦ creating a positive internal climate in the company and team building;
 - ♦ improvement of the psychological climate in the team.
- Professional trainers are involved in the training, training was provided in both offline and online formats.

LIST OF EMPLOYEES TRAINED IN 2023

List of Employees Trained in 2023	Total number of employees trained, people	Total number of hours of employee training (academic hours)	Average number of hours per employee
Total number	284	870	3,06
Gender groups			
men	159	320	2
women	125	550	4.4
Employee categories			
Executives	7	56	8
Managers	3	25	8.3
Middle managers	137	319	2.3
Administrative staff	137	470	3.4

* – Executives – members of the Board; managers – managers or executive directors, not members of the Board; middle managers – heads of units, services, departments, administrations, branch directors and their deputies.

Motivation and Remuneration

Development of an effective system of personnel motivation and incentives ensures the direct and stable interest of each employee in achieving the personal performance.

Main component of the motivation and incentive system of the Company's employees is a mechanism of monetary compensation for labor. The procedure and mechanisms of personnel remuneration and incentives are regulated by the Company's internal acts.

Employee motivation factors also include:

- ♦ possibility of professional training and advanced training (form of implementation: personnel rotation, on-the-job training and day release training, participation in seminars, advanced training);
- ♦ open prospects for further career growth;
- ♦ employee compensation;
- ♦ social protection of employees;
- ♦ creating safe and comfortable working conditions;
- ♦ favorable working conditions in the team, system of adaptation of newly hired employees;
- ♦ broadcasting the corporate culture values: regular meetings with the Company's management, surveys;
- ♦ awarding with letters of thanks, diplomas.

Within the Company's budget funds, employees may be paid a performance assessment bonus according to the results of the reporting period and a public holiday bonus.

In order to increase employee motivation, bonuses are provided for a public holiday in accordance with current legislation, while the total annual amount of this award is no more than 10 minimum salary per 1 (one) employee, established by the Kazakhstan Law on the Republican Budget for the relevant financial year, after withholding taxes and mandatory deductions/contributions according to the Kazakhstan legislation.

Employees who have actually worked for at least 3 (three) months (for the annual performance management cycle) or 1 (one) month (for the quarterly performance management cycle) and have the efficiency maps approved (or already approved efficiency for this position) and results are eligible to receive performance bonuses for the reporting period.

At the same time, the total amount of the performance bonuses should not exceed 6 (six) official salaries per year, the total quarterly amount of performance bonuses for an employee for a quarter should not exceed 1.5 (one and a half) official salaries of this employee.

Also, by decision of the Board, a bonus may be paid for the development and implementation of measures aimed at saving costs, increasing profitability, as well as introducing innovative solutions and rationalization proposals, within the funds provided for these purposes in the Company's budget, as well as due to savings



in the payroll, in the amount of no more than 1 (one) the official salary.

The following incentives are applied to employees of the Company for highly professional performance of work duties, increasing productivity and quality of work, improving the quality of services, long-term and impeccable work, innovation in work and other achievements:

1. early removal of disciplinary sanction;
2. declaration of gratitude and/or award of a diploma;
3. rewarding with a valuable gift;
4. rewarding with the state, departmental, and subordinate awards;
5. bonus payments in accordance with the Company's internal regulatory documents;
6. promotion;
7. sending a letter of thanks to the employee's family.

For long-term and impeccable work, merits and personal contribution to the development of the agricultural industry, as well as for significant achievements in the Company's activity, employees are presented for state awards and/or honorary titles.

In 2023, 31 employees of the Company were awarded:

1. "Tengege 30 Zhyl" Jubilee Medal – 2 people;
2. a Letter of Thanks from the Kazakhstan Minister of Agriculture – 2 people;
3. Honorary Diploma of the Kazakhstan Minister of Agriculture – 1 person;
4. Jubilee Medal dedicated to the 10th Anniversary of Baiterek NMH JSC - 5 people;
5. a Letter of Thanks from the Chairman of the Board of the Company – 21 people.

Creating Equal Career Opportunities

Creating equal career opportunities, ensuring a fair labor assessment of women and men and prevention of salary discrimination are essential for achieving gender equality and are one of the main components of decent work. The Company adheres to the principle of equal remuneration for labor of equal value. The base rate of remuneration of women to the base rate of remuneration of men per each category of the Company employees was 1:1.

When employing by the Company, employment contracts are concluded between the employer and an employee, according to which the employer shall provide the employee with equal pay for equal work, as well as equal working and living conditions without any discrimination. There is no violation of this obligation during the reporting year.

The Company created appropriate conditions to ensure equal rights and opportunities for women and men regarding:

- employment – reserved jobs are used as much as possible for the employment of young professionals, both men and women;
- equal participation of women and men in making production and management decisions;
- women's realization of career growth opportunities;
- participation of women in activities aimed at developing leadership skills;
- realization by both women and men of the right to parental leave until a child reaches the age of three.

Working with the Company's personnel is aimed at preventing discrimination in work, ensuring flexible working conditions for employees with family responsibilities and ensuring gender equality in the workplace.

The Company employs 70 heads of structural units of the central office (departments, services), the Company branches and managers, including 41 men (58.6%), 29 women (41.4%).

Analyzing the gender composition of the Company's employees for 2023 shows that the ratio of both men and women has remained almost stable over the past two years: 47% of women (161 employees) and 53% of men (181 employees).



Personnel Reserve

In accordance with para. 8 of the Rules for Formation and Work with the Company's Personnel Reserve, approved by the decision of the Company's Board dated November 1, 2023 No. 31, the procedure for formation and revision of the Company's personnel reserve is carried out annually on the basis of a competitive selection based on the results of a decision and/or recommendation by the supervising executives/managers of the Company according to the results of a comprehensive assessment of employees for the past year based on a quarterly assessment of employees' performance during the reporting period.

Thus, in order to implement measures to form the Company's Personnel Reserve, on the basis of Order No. 116 of the Chairman of the Company's Board dated June 8, 2023 and based on the results of the performance assessment for 2022, the Human Resources Department (the Department) compiled a list of candidates from among the employees who were rated as the "Best Employee" (21 employees) and "High Potential" (27 employees).

At the same time, 36 employees expressed a desire to participate in the competitive selection for the Company's personnel reserve.

From June 14 to June 16, 2023, the 1st stage of competitive selection was conducted – testing candidates using ability tests to analyze and interpret verbal and numerical information. According to the test results, 19 candidates received high grades:

- 1. according to the verbal ability tests, 11 candidates with the "C" level (average performance) were identified;**

2. according to the numerical ability tests, the following was identified:

- 2 candidates with "A" level (significantly above average or excellent);
- 1 candidate with a "B" level (above average or good);
- 10 candidates with the "C" level (average).

From June 19 to 21, 2023, the 2nd stage of competitive selection was conducted – assessment of the competencies and potential of candidates using OPQ & MQ questionnaires (striving for achievement and leadership competencies), which resulted in 8 candidates being identified: 4 candidates with high potential grade "A" and 4 a candidate with an average grade potential "B".

Following the results of two stages of competitive selection, the Company's HR Committee recommended enrolling 8 employees who passed the competitive selection in the Company's personnel reserve, taking into account their further development (both horizontally and vertically), as well as excluding 6 employees from the Company's personnel reserve, in connection with their transfer to higher positions (3 employees) and termination of the employment contract (3 employees).

Currently, the Company's personnel reserve consists of 17 employees.

In addition, on December 25, 2023, a meeting of the Company's reservists was held with members of the HR, Remuneration and Social Affairs Committee of the Company's Board of Directors, where issues of the company's development and motivational factors were discussed.

Annual Total Compensation Ratio

Annual total compensation ration (information according to the GRI 2-21 Standard) was:

1. Ratio of the annual total compensation for the highest-paid employee of the Company to the average annual total compensation for all employees (with the exception of the highest-paid employee) was 4.4.

Annual total compensation of the highest-paid employee is defined as the amount of income accrued for the year, including basic salary, bonuses, leave allowance, recovery allowance, temporary disability allowance. At the same time, average annual total compensation for all

employees (with the exception of the highest-paid employee) is defined as the ratio of the amount of accrued income (salary, bonuses, social benefits) to the average actual number of employees;

2. Ratio of the percentage increase in annual total compensation for the highest-paid employee of the Company to the average percentage increase in annual total compensation for all employees (with the exception of the highest-paid employee) was 2.7.

Percentage increase is defined as the ratio of difference between the indicator of 2023 and the indicator of 2022 to the indicator of 2022;

3. income accrued under contracts for the paid services is excluded from the calculation.

cultural diversity of employees. For example, representatives of the following nationalities work in the Company: Kazakhs, Russians, Dungans, Bashkirs, Georgians, Poles, Tatars, Koreans, Ukrainians, Turkmens, Uighurs, Germans.

At the same time, the Company improves its culture by increasing the ethnic and cultural diversity in the management staff, while strictly adhering to the rules of recruitment.

Ethnic and Cultural Diversity

The Company strives to create an atmosphere of goodwill and support, in which all employees are valuable, as well as representatives of all nationalities of Kazakhstan are provided with equal employment opportunities. The Company is distinguished by a huge ethnic and

Sports and Recreational Activities

In order to stimulate and develop team spirit, increase the corporate communications and promote a healthy lifestyle and sports, the Company conducts special corporate recreation

events aimed at team building, creating team working methods and represents one of the promising models of corporate governance that ensure the full development of the Company.



Social Support

KazAgroFinance develops a social orientation to consistently improve the standard of living of its employees, ensure universal accessibility of basic social benefits, as well as a favorable psychological climate in the team.

The Rules for Social Support to the Company's employees were approved by the Decision of the KazAgroFinance Board No. 34 dated September 30, 2022.

Social support is provided to the Company's employees to create favorable conditions for effective work, retention and attraction of highly qualified employees.

The Company's management provides social and other guarantees for employees:

- implementation of the Kazakhstan labor legislation;
- workplace in accordance with the requirements of safety and labor protection;
- compulsory insurance of civil liability of the employer for causing harm to the life and health of the employee in the performance of his/her work duties;

- voluntary health insurance;
- paid work leave;
- payment of financial assistance to employees at the birth (adoption) of a child, the marriage of an employee and the death of the employee's spouse or close relatives;
- time-based-premium system of remuneration;
- payment when employees are on business travels;
- possibility of professional training and advanced training.

Paid annual leave lasts 30 calendar days. During the reporting year, the Company's employees were granted work leave in accordance with the approved vacation schedule for the corresponding year and on the basis of applications submitted by them.

Successful implementation of social policy contributes to the motivation of personnel and the growth of KazAgroFinance competitiveness, as well as strengthening an image of a responsible employer and socially oriented organization.

Occupational Health and Safety

One of the main priorities of the Company is to create appropriate conditions to protect life and health of employees.

General requirements for safety and labor protection, fire safety requirements are fixed in the Instructions on Safety and Labor Protection of Employees of the Company, approved by the decision of the KazAgroFinance Board dated February 25, 2010 No. 17 (the Instruction). The Instruction provides for general safety and labor protection requirements, safety and security

requirements before starting work, during and after work, and also describes in detail the actions of employees in case of emergency situations. All new employees shall read the Instructions. The Company's employees were instructed on information security and access control in the office buildings of the Central Office.

There are no facts of industrial injuries in 2023. Diseases that worsen the health of employees related to work and performance of work duties were not recorded.

SPONSORSHIP AND CHARITY

Procedure for charitable and sponsorship assistance to legal entities and individuals is defined in the Rules for Charitable and Sponsorship Assistance to KazAgroFinance, approved by the decision of the Company's Board No. 12 dated May 13, 2016.

Charitable and sponsorship assistance is provided at the expense and within the limits of the funds provided in the annual Company budget for the corresponding financial year.

The Company's goals in the field of charity and sponsorship are:

1. strengthening the Company's reputation as a socially responsible company;
2. providing targeted (direct) support to the most vulnerable population (children, the disabled, war veterans and combatants);
3. formation of the image of fame and loyalty to the Company from its potential clients and partners.

The issue of providing charitable or sponsorship assistance is considered by the Company on the basis of requests from legal entities or individuals.

During the reporting year, the Company's Board reviewed and decided to provide charitable and sponsorship assistance to the following persons under the Company's budget line:

1. to the branch of the Kazakh Society of the Blind Public Association, in the amount of 350,000 (three hundred and fifty thousand) KZT for holding an amateur art event at the branch and buying food;
2. to an individual F.S. Samigullayev., in the amount of 250,000 (two hundred and

- 50,000 (fifty thousand) KZT for the treatment of a disabled child diagnosed with Ewing's sarcoma (bone cancer);
3. to an individual G. E. Zholdasova disabled since childhood, in the amount of 240,000 (two hundred and forty thousand) KZT for the lumbar treatment department in Astana and purchase of medicines;
4. to the Dreams Come True Public Fund in the amount of 300,000 (three hundred thousand) KZT for the charity event "Children's Day" for children from low-income, large families, orphans and children deprived of parental care;
5. to the Sabi Bakty Public Fund in the amount of 392,000 (three hundred and ninety-two thousand) KZT for the charity event "Happy Summer" for children from low-income families, children deprived of parental care;
6. to the Zhurek Nury Public Fund in the amount of 673,000 (six hundred seventy-three thousand) KZT for the charity event "Road to School" for children from low-income families, children deprived of parental care.



2,205,000

Total amount of charitable assistance provided in 2023 amounted to 2,205,000 (two million two hundred and five thousand) KZT.



ENVIRONMENTAL IMPACT

Environmental Protection

The Company, within its capabilities, strives to support introduction of "green" technologies into the country's agriculture, which protect the environment and human health, contribute to the conservation of natural resources, increase production efficiency, and hence competitiveness of its products. By virtue of its activities, KazAgroFinance has an indirect impact on the environment through financing of agricultural machinery. It should be noted that the Company leases exclusively new equipment that meets modern requirements and standards (norms of emissions of harmful substances into the atmosphere), and is subject to mandatory certification. Thus, the minimal impact of technology on the environment is ensured.

The Company applies principles and methods of rational use of resources to prevent adverse environmental impacts.

In its activities, KazAgroFinance strives to reduce excessive consumption of resources and minimize the existing negative environmental impact by introducing energy-efficient technologies, reduce water consumption, reduce paper consumption for office needs. Campaign signs on resource conservation are placed on the floors of the Company's building. As part of work on responsible use of resources, the Company carried out the following activities aimed at:

1. Reduction of electricity consumption.

- use of incandescent lamps is excluded in the office, except in cases where their use cannot be excluded for technological or security reasons;
- efficient light sources are installed – LED lamps with low energy consumption;
- lamps with motion sensors are installed in the bathrooms of the office;
- installed machinery and equipment of class A, A+, A++;
- energy-saving mode of laptop monitors, computer equipment is used.

2. Saving heat energy and providing sufficient ventilation.

- manual or automatic heat supply control system is used, as well as a temperature control system depending on a presence of employees in a premise;
- there is equipment for air purification in the offices;
- heat energy consumption metering devices (automatic heat control systems and heat metering systems) are installed.

As a result of the above measures, it was possible to reduce heat energy consumption in 2023 by 3.6% compared to 2022.

3. Minimization of pollution and waste management.

- selective collection of solid household waste and separate waste collection containers have been installed;
- waste paper collection point has been organized for subsequent transfer to specialized enterprises for processing and a person responsible for this event has been appointed. In 2023, 550 kilograms of waste paper were transferred to a specialized enterprise;
- measures have been taken to dispose of large-sized waste (furniture, office equipment) of the Company, 188 units have been transferred to a specialized organization, with a volume of about 10 tons of waste with further breaking down into components, waste sorting with subsequent recycling of secondary raw materials and disposal of hazardous waste.

4. Resource conservation and reduction of consumption.

- in order to optimize paper document flow, the use of EDS by employees was introduced into the EDM program for certain types of documents (external

outgoing letters, payment orders, purchase orders, orders). As a result, by the end of 2023, the volume of paper consumption was 19% less compared to 2022;

- BPM platform was implemented online.kaf.kz to accept online applications from clients;
- automatic hand dryers have been installed instead of paper towels;
- recycled paper towels are used.

5. Reduction of water consumption and sanitation.

- water-saving sensor-type faucets have been installed in the bathrooms of the office;
- toilet cisterns have a double drain system;
- water consumption meters have been installed.

In order to implement a policy of prudent use of resources, the Company analyzed the use of electricity, water consumption and solid waste generation from 2021 to 2023.



ENERGY CONSUMPTION

Type of energy	UoM	2021	2022	2023
Electricity (purchase)	Kwh	241,512	274,120	264,460
Gasoline (purchase)	liters	24,170	21,340	19,700
Heat power	Gcal	300.21	255.35	276.68

SOLID HOUSEHOLD WASTE

Type of waste	UoM	2021	2022	2023
Solid household waste	m ³	89.25	112.45	112.45

* – Solid waste is generated by the Company employees during their work activities in the premises of the company building. Hazardous IT waste is disposed of in accordance with the Company's IRD.

WATER CONSUMPTION

Type of consumption	UoM	2021	2022	2023
Water supply, disposal	m ³	1,284	1,380	1,590

* – Water is consumed and disposed by the company exclusively for household and drinking needs.

GROSS CO₂ EMISSIONS COMPANIES IN 2023

Scope 1	379.3 tons of CO ₂ (from the use of official vehicles to service employees and management);
Subtotal	379.3 metric tons CO ₂
Scope 2	116.5 tons of CO ₂ (from the purchased electricity);
	149.5 tons of CO ₂ (from the purchased heat energy);
	1.8 tons of CO ₂ (from waste disposal).
Subtotal	267.8 metric tons CO ₂
Scope 3	1. 16.02 tons of CO ₂ (from plane trips);
	4.24 tons of CO ₂ (from trips on railway transport);
	83.44 tons of CO ₂ (estimated gross emissions of employees from travel to work);
	1.55 tons of CO ₂ (from paper recycling);
	0.074 tons of CO ₂ (from courier services);
	0.0456 tons of CO ₂ (from translator/interpreter services).
Subtotal	105.3696 metric tons of CO ₂
Gross CO₂ emissions (total emissions of Scopes 1, 2 and 3)	752.4696 metric tons of CO₂

GLOSSARY

AIC – Agro-industrial complex

GDP – gross domestic product

FL – fuels and lubricants

Company – KazAgroFinance JSC

KPI – key performance Indicator

IFRS – International Financial Reporting Standards

AP – agricultural producers

AM – agricultural machinery

ROA – return on assets

ROE – return on equity

NPL – non-performing loans

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APPENDIX 1.

ABOUT THE REPORT

KazAgroFinance has been operating in the leasing market in agro-industrial complex for more than 24 years. During this time, the Company has become a recognized and reliable partner for many domestic farmers, suppliers of agricultural machinery, the state and the public. The Company has a wide range of stakeholders, and we strive to ensure effective disclosure of information for them in accordance with international standards and world best practices.

The Annual Report on the Company's Performance for 2023 has been prepared in accordance with the GRI Standards (main level of compliance), which ensures information transparency of the Company. Financial data are presented in the Report in accordance with the IFRS financial statements.

When preparing the document, we also followed requirements of the Kazakhstan Stock Exchange. This annual report has not been externally certified for non-financial information.

The Company's annual reports are annually prepared. This Annual Report reflects the Company's Performance from January 1 to December 31, 2023 and includes the Company's Report on Sustainable Development for the year 2023.

The report highlights the Company's Performance, achievements and successes, work on strategic objectives, reflects corporate governance issues and activities on sustainable development, as well as further development plans of the Company.

Defining the Report Content

In determining the content of this Annual Report and its quality, the Company was guided by the GRI Standards. In particular, content of this Annual Report was determined on the basis of compliance with the principle of materiality, as well as taking into account the results of interaction with stakeholders. When disclosing information, the principles of context of sustainable development and completeness were observed. The report quality is ensured by compliance with the principles of reliability, balance, clarity, comparability, completeness, context of sustainable development, timeliness, verifiability.

Information in this Annual Report was disclosed on the most significant aspects of the Company's activities. We consider essential those issues where, firstly, the Company's impact on the environment in the broad sense of term is great, and secondly, there is a significant impact on stakeholders and their interests.

- The first stage** is analysis of materiality and definition of a preliminary list of significant topics, internal assessment of the Company's impact in the economic, environmental and social spheres.
- The second stage** is to assess importance of significant topics, discuss and prioritize, and determine the final list of significant topics.
- The third stage** is approval of the final list of significant topics by the Board Chairman.

In accordance with analysis, the list of significant disclosure topics in the Company's Annual Report for 2023 was determined.

List of Significant Topics

Topics	GRI No.
Economy:	
Economic Performance	201
Indirect Economic Impacts	203
Procurement Practice	204
Anti-Corruption Activities	205
Obstacle to Competition	206
Taxes	207
Environment:	
Energy	302
Water and Discharges	303
Emissions	305
Wastes	306
Society:	
Employment	401
Relationship between Employees and Management	402
Occupational Health and Safety	403
Training and Education	404
Diversity and Equal Opportunities	405
Non-Discrimination	406
Client Privacy	418

APPENDIX 2.

GRI INDEX

Statement on the Use:

KazAgroFinance JSC has prepared a report in accordance with GRI Standards for 2023

Using GRI 1: GRI 1: Fundamentals 2021

Applicable industry standard: not approved

GRI Standard	Disclosure	Place	Exclusion			No. in the industry standard
			Indicator	Reason	Explanation	
General Disclosures						
GRI 2 General Disclosures 2021	2-1 Organization profile	About Company, contact information				
	2-2 Organizations included in the report	Financial statements for 2023				
	2-3 Reporting year	About the Report				
	2-4 Revision of information	Environmental protection (water consumption)				
	2-5 External confirmation	About the Report				
	2-6 Actions, value chain and other business relationships	Types of activities, Business model, Leasing process, Areas of activity, AIC industry analysis, Agricultural Equipment Fleet analysis, Leasing market analysis				
	2-7 Employees	Personnel Structure				
	2-8 Workers who are not employees		Information is not available	No category of temporary employees		
	2-9 Structure and composition of the management	Management Organisational Chart, Board of Directors, committees of the Board of Directors				
	2-10 Appointment and selection of the supreme governing body	Selection and Nomination				
	2-11 Chairman of the supreme governing body	Board of Directors				
	2-12 Role of the supreme governing body in the supervision of impact management	Sustainable Development Policy				
	2-13 Delegation of responsibility for impact management	Sustainable Development Policy				

2-14 Role of the supreme governing body in sustainable development reporting	Sustainable Development Policy				
2-15 Conflicts of interest	Conflict of interest Management and resolution of corporate conflict				
2-16 Reporting critical issues	Reporting Problems				
2-17 Collective knowledge of the supreme governing body	Training and professional development of members of the Board of Directors				
2-18 Assessment of performance of the supreme governing body	Assessment of performance of the Board of Directors				
2-19 Remuneration Policy	Remuneration of members of the Board of Directors, Remuneration of the Board members				
2-20 Remuneration determination process	Remuneration of members of the Board of Directors, Remuneration of the Board members				
2-21 Annual total remuneration ratio	Annual total compensation ratio				
2-22 Sustainable Development Strategy Statement	Development Strategy, Development Strategy implementation				
2-23 Political commitments	Corporate Ethics, Public Communications Policy	Information is partially unavailable	A human rights protection policy has not been developed		
2-24 Implementation of political commitments	Personnel Policy, Corporate ethics				
2-25 Processes of elimination of negative impacts	Complaint and Problem Reporting Mechanism				
2-26 Mechanisms for seeking advice and expressing concern	Complaint and Problem Reporting Mechanism				
2-27 Compliance with laws and regulations	Compliance with legal requirements				
2-28 Member Associations	Member Associations				
2-29 Interaction with stakeholders	Stakeholder Interaction Report				
2-30 Collective agreements		2-30 Collective agreements	Not applicable	The practice of collective agreements in the Company is not applied	

Significant Topics						
GRI 3 Significant Topics 2021	3-1 Identification of significant topics	Defining the report content				
	3-2 List of significant topics	List of significant topics				
Economy						
201 Economic performance	3-3 Topic management	Created economic value, PEST analysis, SWOT analysis, Risk analysis, Fi-nancial Reporting, Subsidy processes				
	201-1 Direct economic value created and distributed	Created Economic Value				
	201-2 Financial implications and other risks and opportunities related to climate change	PEST analysis, SWOT analysis, Risk analysis, Financial reporting				
	201-4 Financial assistance received from the State	Subsidy Processes				
203 Indirect economic impacts	3-3 Topic Management	Operating results, economic value created				
	203-1 Supported investments in infrastructure and services	Operating results				
	203-2 Significant indirect economic implications	Created economic value				
204 Procurement practices	3-3 Topic Management	Procurement Practice				
	204-1 Share of costs for local suppliers	Procurement practice				
205 Anti-corruption	3-3 Topic management	Anti-corruption activities				
	205-1 Operations assessed for corruption risks	Anti-corruption activities				
	205-2 Communication and training on anticorruption policies and procedures	Anti-corruption activities				
	205-3 Confirmed cases of corruption and measures taken	Anti-corruption activities				
206 Obstacle to competition	3-3 Topic management	Compliance with legal requirements				
	206-1 Lawsuits for anticompetitive behavior, antitrust and monopolistic practices	Compliance with legal requirements				
207 Taxes	3-3 Topic management	Created economic value				
	207-1 Approach to taxation	Created economic value				
	207-2 Tax administration, control and risk management	Created economic value				

	207-3 Involvement of stakeholders and solving problems related to taxation	Created economic value				
Environment						
302 Energy	3-3 Topic management	Environmental protection				
	302-1 Internal energy consumption	Environmental protection				
	302-4 Reducing energy consumption	Environmental protection				
303 Water and discharges	3-3 Topic management	Environmental protection				
	303-1 Interaction with water as a shared resource	Environmental protection				
	303-2 Management of impacts related to water discharge	Environmental protection				
	303-3 Water intake	Environmental protection				
305 Emissions	3-3 Topic management		3-3 Topic management	Information is not available	The Company is working on an accounting system of performance and expects its disclosure in subsequent reports	
	305-1 Direct (scope 1) greenhouse gas emissions	Environmental protection				
	305-2 Energy indirect (area 2) greenhouse gas emissions	Environmental protection				
	305-3 Other indirect (area 3) greenhouse gas emissions	Environmental protection				
	305-4 Intensity of greenhouse gas emissions	Environmental protection				
	305-5 Reduction of greenhouse gas emissions		305-5 Reduction of greenhouse gas emissions	Information is not available	The Company is working on an accounting system of performance and expects its disclosure in subsequent reports	
	306 Waste	3-3 Topic management	Environmental protection			
		306-1 Waste generation and significant wasterelated impacts	Environmental protection			

306-2 Management of significant waste-related impacts		306-2 Management of significant waste-related impacts	Not applicable	The Company does not generate waste that has a significant impact on the environment	
306-3 Waste generated	Environmental protection				
306-4 Waste rejected from disposal		306-4 Waste rejected from disposal	Information is not available	The Company is working on an accounting system of performance and expects its disclosure in subsequent reports	
306-5 Waste intended for disposal		306-5 Waste intended for disposal	Information is not available	The Company is working on an accounting system of performance and expects its disclosure in subsequent reports	
Society					
401 Employment	3-3 Topic management	Personnel structure, Social support			
	401-1 New employees and employee turnover	Personnel structure			
	401-3 Parental leave	Social support			
402 Relationship between Employees and Management	3-3 Topic management	Personnel policy			
	402-1 Minimum time for notification of operational changes	Personnel policy			
403 Occupational Health and Safety	3-3 Topic management	Occupational health and safety, Sports and recreational activities			
	403-1 Occupational Health and Industrial Safety Management System	Occupational Health and Safety			
	403-2 Hazard identification, risk assessment and incident investigation	Occupational Health and Safety			

403-3 Labor Protection Services	Occupational Health and Safety				
403-4 Employee participation, consultation and communication on occupational health and safety	Occupational Health and Safety				
403-5 Employee training on occupational health and safety	Occupational Health and Safety				
403-6 Promotion of the health of employees	Sports and recreation activities, Social support				
403-7 Prevention and mitigation of health and safety consequences at work directly related to business relations	Social support				
403-8 Employees covered by the occupational safety and industrial safety management system	Social support				
403-9 Work-related injuries	Occupational Health and Safety				
403-10 Poor health related to work	Occupational Health and Safety				
404 Education and Training	3-3 Topic management	Staff training and development, Creation of equal career opportunities			
	404-1 Average number of hours of training per year per employee	Personnel training and development			
	404-2 Employee development and transition assistance programs	Personnel training and development			
	404-3 Percentage of employees who regularly receive performance and career growth reviews	Creating equal career opportunities			
405 Diversity and Equal Opportunities	3-3 Topic management	Personnel structure, Creation of equal career opportunities			
	405-1 Diversity of management bodies and employees	Personnel structure			
	405-2 Ratio of basic salary and remuneration of women and men	Creating equal career opportunities			
406 Non-discrimination	3-3 Topic management	Creating equal career opportunities			
	406-1 Cases of discrimination and remedial measures taken	Creating equal career opportunities			
418 Client Privacy	3-3 Topic management	Public Communications Policy			
	418-1 Substantiated complaints concerning violations of client privacy and loss of client data	Public Communications Policy			

APPENDIX 3.

FINANCIAL STATEMENTS

for 2023 with Independent Auditors' Report

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Independent Auditors' Report

To the Shareholder and the Board of Directors of
KazAgroFinance JSC

Opinion

We have audited the financial statements of KazAgroFinance JSC (the "Company"), which comprise the statement of financial position as at 31 December 2023, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (*IESBA Code*) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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KazAgroFinance JSC
Independent Auditors' Report
Page 2

Expected credit losses (ECL) for loans to customers and finance lease receivables

Please refer to the Notes 7, 8 and 24 in the financial statements.

Key audit matter	How the matter was addressed in our audit
<p>Loans to customers and finance lease receivables represent 87% of total assets and are stated net of allowance for expected credit losses (ECL) that is estimated on a regular basis and is sensitive to assumptions used.</p> <p>The Company applies the ECL model, which requires management to apply professional judgement and to make assumptions related to the following key areas:</p> <ul style="list-style-type: none"> — timely identification of significant increase in credit risk and default events (allocation between stages 1, 2 and 3 in accordance with IFRS 9 Financial Instrument). — assessment of probability of default (PD) and loss given default (LGD). — expected cash flows forecast for loans to customers and finance lease receivables, which are credit-impaired. <p>Due to the significant volume of loans to customers and finance lease receivables and the related estimation uncertainty of expected credit losses thereon, this area is a key audit matter.</p>	<p>We analysed the key aspects of the Company's methodology and policies related to the ECL estimate for compliance with the requirements of IFRS 9, including involvement of financial risks management specialists. We tested the principle of operation of the respective models used by the Company.</p> <p>To analyse the adequacy of professional judgement and assumptions made by management in relation to the allowance for ECL estimate, our audit procedures included the following:</p> <ul style="list-style-type: none"> — We tested design and operating effectiveness of controls over timely reflection of delinquency events related to finance lease receivables. — For a sample of loans to customers and finance lease receivables, we tested the correctness of data inputs for PD, LGD and EAD calculations, and timely recording of overdue days and repayments by agreeing to underlying documents as well as by verifying the assessment of value of collateral and expected timing of its realisation used to estimate ECL based on our understanding of historical experience and publicly available market information. <p>We also assessed whether the financial statements disclosures appropriately reflect the Company's exposure to credit risk.</p>

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



KazAgroFinance JSC
Independent Auditors' Report
Page 3

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



KazAgroFinance JSC
Independent Auditors' Report
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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.


From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is:



Madina Mergomedova
Certified Auditor
of the Republic of Kazakhstan
Auditor's Qualification Certificate
№ МФ-0000594 of 24 May 2018

KPMG Audit LLC
State License to conduct audit #0000021 dated 6 December 2006 issued by the Ministry
of Finance of the Republic of Kazakhstan



Sergey Dementiyev
General Director of KPMG Audit LLC
acting on the basis of the Charter

29 February 2024

Statement of financial position as at 31 December 2023

KZT thousand	Note	31 December 2023	31 December 2022
Assets			
Cash and cash equivalents	6	43.800.988	64.764.023
Amounts due from credit institutions		–	61.833
Loans to customers	7	8.110.763	13.287.308
Finance lease receivables	8	448.423.563	381.874.141
Inventories		3.042.877	2.869.777
Current corporate income tax assets	16	134.115	134.115
Property, plant and equipment		872.477	972.822
Intangible assets		412.854	447.612
VAT and other taxes receivable		10.493.470	8.196.088
Advances paid	9	6.371.028	554.302
Investments in associates		434.037	–
Other assets	18	1.207.279	1.180.100
Total assets		523.303.451	474.342.121
Liabilities			
Amounts due to the Shareholder	10	17.640.752	22.062.088
Amounts due to NMH Baiterek JSC	11	12.423.531	11.584.240
Amounts due to credit institutions	12	34.080.723	30.638.480
Debt securities issued	13	210.268.288	206.717.109
Payables to suppliers	14	5.209.262	2.713.514
Government grants	15	43.518.065	27.025.951
Deferred corporate income tax liabilities	16	7.132.562	7.584.525
Advances received	17	5.013.679	6.900.816
Other liabilities	18	2.447.689	2.164.986
Total liabilities		337.734.551	317.391.709
Equity			
Share capital	19	102.837.204	82.837.204
Additional paid-in capital	19	57.791.144	57.791.144
Reserve capital	19	1.436.184	1.436.184
Retained earnings		23.504.368	14.885.880
Total equity		185.568.900	156.950.412
Total liabilities and equity		523.303.451	474.342.121
Book value per ordinary share (KZT)	19	1.800,48	1.889,28

Statement of profit or loss and other comprehensive income for the year ended 31 December 2023

KZT thousand	Note	2023	2022
Interest income calculated using the effective interest rate			
Cash and cash equivalents		6.786.477	6.738.036
Loans to customers		254.663	840.600
Amounts due from credit institutions		116.391	949.961
		7.157.531	8.528.597
Other interest income			
Finance lease receivables		64.329.244	49.602.034
		64.329.244	49.602.034
Total interest income		71.486.775	58.130.631
Interest expense			
Debt securities issued		(27.472.284)	(20.907.428)
Amounts due to credit institutions		(3.450.400)	(5.529.242)
Amounts due to the Shareholder		(2.228.583)	(1.745.951)
Amounts due to NMH Baiterek JSC		(1.349.291)	(652.041)
Total interest expense		(34.500.558)	(28.834.662)
Net interest income		36.986.217	29.295.969
Credit loss expenses	21	(12.075.773)	(3.053.870)
Net interest income after credit loss expense		24.910.444	26.242.099
Other income	22	1.210.161	838.104
Personnel expenses	23	(3.964.676)	(3.498.647)
Other operating expenses	23	(1.703.372)	(1.482.335)
Net loss from modification of loans to customers and finance lease receivables non-resulting in derecognition		(592.722)	(70.013)
Other impairment losses and provisioning expenses	21	(488.940)	(443.743)
Net foreign exchange loss		(440.772)	(553.372)
Non-interest expense		(5.980.321)	(5.210.006)
Profit before corporate income tax		18.930.123	21.032.093
Corporate income tax expense	16	(1.948)	(412.719)
Profit for the year		18.928.175	20.619.374
Other comprehensive income		–	–
Total comprehensive income for the year		18.928.175	20.619.374
Basic and diluted earnings per ordinary share (KZT)	19	207,62	248,91

Statement of changes in equity for the year ended 31 December 2023

KZT thousand	Share capital	Additional paid-in capital	Reserve capital	Retained earnings	Total
At 1 January 2022	82.837.204	56.818.898	1.436.184	6.377.728	147.470.014
Total comprehensive income for the year	-	-	-	20.619.374	20.619.374
Discount on initial recognition of bonds issued at below-market rates net of tax of KZT 189,110 thousand (Note 13)	-	756.439	-	-	756.439
Gain on initial recognition of loans received from the Shareholder at below-market rates net of tax of KZT 53,951 thousand.	-	215.807	-	-	215.807
Dividends declared (Note 19)	-	-	-	(12.111.222)	(12.111.222)
At 31 December 2022	82.837.204	57.791.144	1.436.184	14.885.880	156.950.412
Total comprehensive income for the year	-	-	-	18.928.175	18.928.175
Issue of own equity instruments (shares)	20.000.000	-	-	-	20.000.000
Dividends declared (Note 19)	-	-	-	(10.309.687)	(10.309.687)
At 31 December 2023	102.837.204	57.791.144	1.436.184	23.504.368	185.568.900

Statement of cash flows for the year ended 31 December 2023

KZT thousand	Note	2023	2022
Cash flow from operating activities			
Interest received		65.640.006	56.211.181
Interest paid		(30.212.765)	(23.936.576)
Realised income less realised (loss) on foreign exchange operations		173.589	123.697
Personnel expenses paid		(3.937.908)	(3.354.447)
Other operating expenses paid		(1.450.136)	(1.167.203)
Other income received		921.332	329.873
Cash flows from operating activities before changes in operating assets and liabilities		31.134.118	28.206.525
Net change in operating assets			
Amounts due from credit institutions		1.000	35.213.548
Loans to customers		2.208.596	4.117.738
Finance lease receivables		(73.679.642)	(79.754.429)
VAT and other taxes receivable		(3.129.099)	(2.957.175)
Advances paid		(6.209.990)	(342.997)
Other assets		3.616.591	3.401.006
Net change in operating liabilities			
Advances received		153.628	1.429.149
Other liabilities		(91.707)	(514.858)
Net cash used in operating activities before corporate income tax paid		(45.996.505)	(11.201.493)
Corporate income tax paid		(453.911)	(430.379)
Net cash used in operating activities		(46.450.416)	(11.631.872)

Statement of cash flows (continuation)
for the year ended 31 December 2023

KZT thousand	Note	2023	2022
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets		(141.876)	(295.806)
Proceeds from sales of property, plant and equipment		11.636	12.761
Net cash used in investing activities		(130.240)	(283.045)
Cash flows from financing activities			
Proceeds from loans due to the Shareholder	28	–	5.500.000
Repayment of loans due to the Shareholder	28	(4.802.194)	(3.941.071)
Repayment of loans due to NMH Baiterek JSC	28	–	(176.191)
Receipt of loans due to credit institutions	28	30.000.000	30.000.000
Repayment of loans due to credit institutions	28	(10.479.201)	(20.068.509)
Proceeds from debt securities issued	28	30.278.337	65.230.366
Repayment of debt securities issued	28	(28.952.250)	(17.990.000)
Proceeds from increase in share capital		20.000.000	–
Dividends paid to the Shareholder	28	(10.309.687)	(12.111.222)
Net cash flows from financing activities		25.735.005	46.443.373
Effect of changes in exchange rates on cash and cash equivalents		(119.434)	226.506
Effect of movements in expected credit losses on cash and cash equivalents	21	2.050	(2.121)
Net (decrease)/increase in cash and cash equivalents		(20.963.035)	34.752.841
Cash and cash equivalents at the beginning of the year	6	64.764.023	30.011.182
Cash and cash equivalents at the end of the year	6	43.800.988	64.764.023

Notes to the financial statements for 2023

(KZT thousand)

1. Corporate information

KazAgroFinance Joint Stock Company (the “Company”) was established by the Decree of the Government of the Republic of Kazakhstan No. 1777 dated 24 November 1999 “On Certain Agricultural Issues”, under Kazakhstan legislation. The Company carries out its activities based on the license No.16 of March 2006 issued by the National Bank of the Republic of Kazakhstan (the “NBRK”) for conducting operations provided for by the banking legislation of the RK. Besides, the Company has a status of a financial agency according to the Resolution of the NBRK No.195 dated 23 September 2006.

The Company’s principal activities are as follows:

- leasing activity in the agro-industrial complex;
- lending to the agro-industrial complex;
- participation in implementing of the programmes funded from the national budget and other programmes aimed at development of the agro-industrial complex.

The Company’s registered office is: 51 Kenesary Str., Nur-Sultan, Republic of Kazakhstan.

As at 31 December 2023 and 31 December 2022, the Company had 16 registered branches in the Republic of Kazakhstan.

Before 18 March 2021, KazAgro National Management Holding Joint Stock Company owned 100% of the Company’s shares. In accordance with section 52 of the National Action Plan for the Implementation of President of Kazakhstan’s State of the Nation Address of 1 September 2020 “Kazakhstan in a New Reality: Time for Action” approved by the Decree No. 413 of the President of the Republic of Kazakhstan of 14 September 2020, a single development institution has been established through the merger of National Managing Holding Baiterek Joint Stock Company and KazAgro National Management Holding Joint Stock Company. On 18 March 2021, 100% of the Company’s shares were transferred to National Managing Holding Baiterek Joint Stock Company.

On 15 July 2022, at the meeting of the Board of Directors of NMH Baiterek JSC a decision was made to transfer 100% of ordinary shares of KazAgroFinance JSC owned by NMH Baiterek JSC to Agrarian Credit Corporation JSC at a cost of KZT 147.470.014 thousand to pay for placement of ordinary shares of Agrarian Credit Corporation JSC. On 25 July 2022, 100% of the Company’s shares were transferred to Agrarian Credit Corporation JSC.

As at 31 December 2023 and 31 December 2022 the sole shareholder of the Company is Agrarian Credit Corporation JSC (the “Shareholder”). The Shareholder is a subsidiary of NMH Baiterek JSC. The Company’s ultimate owner is the Government of the Republic of Kazakhstan.

Kazakhstan business environment

The Company's operations are primarily located in Kazakhstan. Consequently, the Company is exposed to the economic and financial markets of Kazakhstan which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Kazakhstan. Depreciation of the Kazakhstan Tenge and volatility in the global price of oil also increases the level of uncertainty in the business environment.

In February 2022, because of the military conflict between the Russian Federation and Ukraine, a number of countries imposed sanctions against the Russian Federation. The conflict affects not only the economic activity of two countries but the global economy as well. As a result of sanctions, commodity and food prices have risen in many countries around the world, the established links between supply of resources have been disrupted, inflation also affects the prices, and analysts also forecast economic implications for the global industry.

The financial statements reflect management's assessment of the impact of the Kazakhstan business environment on the operations and the financial position of the Company. The actual future business environment may differ from management's assessment.

2. Basis of preparation

General

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

The financial statements have been prepared on the historical cost basis.

The functional currency of the Company is the Kazakhstani tenge (KZT) as, being the national currency of the Republic of Kazakhstan it reflects the economic substance of the majority of underlying events and circumstances relevant to them. The KZT is also the presentation currency for the purposes of these financial statements. The financial statements are presented in thousands of Kazakhstani tenge ('KZT thousand'), except per common share carrying amounts or unless otherwise indicated.

3. Material accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

In addition, the Company adopted the Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of "material", rather than "significant", accounting policies. Although the amendments did not result in any changes

to the accounting policies themselves, they impacted the accounting policy information disclosed in certain instances.

The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 3 Material Accounting Policies (2022: Significant accounting policies) in certain instances in line with the amendments.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** – Quoted (unadjusted) market prices in active markets for identical assets or liabilities (with no adjustments);
- **Level 2** – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- **Level 3** – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial assets and liabilities

Initial recognition

All regular way purchases and sales of financial assets and liabilities are recognised on the trade date i.e. the date that the Company commits to purchase the asset or liability. Regular way purchases or sales of financial assets and liabilities that require delivery of assets and liabilities within the period generally established by regulation or convention in the marketplace.

The classification of financial assets at initial recognition depends on the contractual terms and business model used for managing instruments. Financial instruments are initially measured at fair value plus transaction costs.

Initial measurement

Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- amortised cost;
- fair value through other comprehensive income (FVOCI);
- at fair value through profit or loss (FVTPL).

The Company classifies and measures its derivative and trading portfolio at FVTPL. The Company may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVTPL when they are held for trading, are derivative instruments or the fair value designation is applied.

Amounts due from credit institutions, loans to customers, investment securities measured at amortised cost

The Company only measures amounts due from credit institutions, loans to customers and other financial investments at amortised cost if both of the following conditions are met:

- a financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

These terms are detailed below.

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed at the level of individual instruments but at a higher level of aggregated portfolios and is based on observable factors, such as:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the business model and the financial assets held within that business model is evaluated and how this information is reported to the key management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the expected frequency, volume and timing of sales are also important aspects of the Company's business model assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

“Solely payments of principal and interest on the principal amount outstanding” test (SPPI test)

As a second step of its classification process, the Company assesses the contractual terms of the financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Debt instruments measured at FVOCI

The Company measures debt instruments at FVOCI, if both of the following conditions are met:

- ✦ the instrument is held within a business model which objective is achieved by both collecting contractual cash flows and selling financial assets;
- ✦ contractual terms of the financial assets comply with the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in other comprehensive income ('OCI'). Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

Expected credit losses (ECL) on debt instruments at FVOCI will not decrease the carrying amount of these financial assets in the statement of financial position that continue to be measured at fair value. Instead, the amount equal to the allowance for expected losses that would be created when measuring the asset at amortised cost is recognized in OCI as the cumulative amount of the impairment with the recognition of corresponding amounts in profit or loss. The cumulative amount of losses recognised in OCI is reclassified to profit or loss when the asset is derecognised.

The Company sometimes at initial recognition of some investments in equity instruments makes an irrevocable decision to classify investments in equity instruments at FVTPL if they meet the definition of an equity instrument according to IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as other income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal of such instruments, accumulated revaluation reserve is transferred to retained earnings.

Financial guarantees and credit related commitments

The Company issues financial guarantees and credit related commitments.

Financial guarantees are initially recognised in the financial statements at fair value, being the premium received.

Subsequent to initial recognition, the Company's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss and ECL allowance.

Credit related commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer.

The Company occasionally issues commitments to provide loans at below-market interest rates. Such commitments are initially recognised at fair value and subsequently measured at the higher of an ECL allowance and the amount initially recognised less cumulative income, where appropriate.

Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company changes the business model for managing financial assets. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets and liabilities in 2023 and 2022.

Borrowings

Issued financial instruments or their components are classified as liabilities, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity instruments. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the borrowings are derecognised as well as through the amortisation process.

If the Company purchases its own debt, it is removed from the statement of financial position and the difference between the carrying amount of the liability and the consideration paid is recognised in profit or loss.

Restructured loans

Where possible, the Company seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions.

The Company derecognises a financial asset, e.g. a loan to a customer, if the related contractual terms are renegotiated to the extent that it in fact becomes a new loan, and records the difference as gains or losses arising from derecognition before impairment loss is recognised. Upon initial recognition

the loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCL. When assessing, whether the loan to customer should be derecognised, the Company considers the following:

- change in currency of the loan;
- change in counterparty;
- if the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not imply a substantial change in cash flows, such modification does not result in a derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss that is presented within other income or losses in the statement of profit or loss and other comprehensive income, to the extent that an impairment loss has not already been recorded.

If the modification does not result in derecognition, the Company also reassesses the significant increase in credit risk or the need to classify assets as credit-impaired. After the designation of an asset as credit-impaired as a result of modification, it remains within Stage 3 for a probation period of at least 6 months. To transfer a restructured loan from Stage 3, regular payments of more than insignificant amounts of principal or interest are needed during at least half of the probation period in accordance with the modified amortisation schedule.

Modification of the terms of financial liabilities

The Company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

If a modification (or exchange) does not result in the derecognition of the financial liability the Company applies accounting policy consistent with the requirements for adjusting the gross carrying amount of a financial asset when a modification does not result in the derecognition of the financial asset, i.e. the Company recognises any adjustment to the amortised cost of the financial liability arising from such a modification (or exchange) in profit or loss at the date of the modification (or exchange).

Changes in cash flows on existing financial liabilities are not considered as modification, if they result from existing contractual terms.

The Company assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined effect of qualitative and quantitative factors. The Company concludes that the modification is substantial as a result of the following qualitative factors:

- change the currency of the financial liability;
- change in collateral or other credit enhancement;
- inclusion of conversion feature;
- change the subordination of the financial liability.

For the quantitative assessment the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised from the statement of financial position where:

- The rights to receive cash flows from the asset have expired;
- The Company has transferred its right to receive cash flows from the asset, or has assumed an obligation to transfer the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and
- The Company either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Write-off

Financial assets are written off in part or in full, only when the Company does not expect to recover their value. If the amount to be written off is higher than the accumulated impairment allowance, the difference is at first recorded as the increase in the allowance that is subsequently applied to the gross carrying amount. All the subsequent reversals are recognised as credit loss expenses. The write-off relates to the derecognition event.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Government grants

A government grant is recognised at fair value when there is reasonable assurance that the grant will be received and the Company will comply with any conditions attached to the grant. Government grants exclude assistance by government in the form of transfers of resources for subsequent transfer to third parties with no obligation for the Company for past or future compliance with certain conditions relating to its operating activities.

A government grant may take a form of benefit of the below-market rate of interest government loans. Such loans are recognised and measured in accordance with IFRS 9 Financial Instruments. The amount of benefit is measured as the difference between the initial fair value of a loan and the proceeds received from this loan.

In cases where the government acts as a Shareholder providing loans at a below market rate, the amount of benefit of the below-market rate of interest government loans is accounted for as the Shareholder's contribution.

Government grants are recognised as income on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

When funds are received to finance the finance lease transactions, the government grant is recognised as income on a systematic basis and compensates the negative effect of interest accrued at the market rate on a loan received at a below market rate. Such government grant income reduces the related interest expense in the statement of profit or loss and other comprehensive income.

Leases

Right-of-use asset

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment testing.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Company also applies the lease of low-value assets recognition exemption to office equipment leases wherein an underlying asset is considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgment in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Amounts recognised in the statement of financial position and statement of profit or loss and other comprehensive income

As at 31 December 2023 and 31 December 2022 the Company did not sign finance lease agreements for which the Company is a lessee. For the period ended 31 December 2023 and 31 December 2022, the Company recognised expenses on short-term leases in the amount of KZT 153.724 and KZT 129.137 thousand, respectively. The Company did not conclude leases for low-value assets.

Finance lease – Company as lessor

The Company recognises lease payment receivables in the amount equal to net investments in lease from commencement of the lease term. Finance income is calculated based on a pattern reflecting a constant periodic rate of return on the carrying amount of net investments. Initial direct costs are recorded within initial amount of lease payment receivables.

Leases which assume transfer of substantially all the risks and rewards of ownership are classified as finance leases (leasing).

Whether a lease is a finance lease depends on the substance of the transaction rather than the form. Examples of situations that individually or in combination would normally lead to a lease being classified as a finance lease are:

1. the lease transfers ownership of the asset to the lessee by the end of the lease term;
2. the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain at the inception of the lease, that the option will be exercised;
3. the lease term is for the major part of the economic life of the asset even if title is not transferred;
4. at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset; or
5. the leased assets are of such a specialised nature that only the lessee can use them without major modifications being made.

IFRS 16 also identifies characteristics that, individually or in combination, can lead to a lease being classified as a finance lease:

1. if the lessee is entitled to cancel the lease early, the lessor's losses associated with the cancellation are borne by the lessee;
2. gains or losses from fluctuations in the fair value of the residual fall to the lessee (for example, by means of a rebate of lease payments equal to the majority of the proceeds from the sale at the end of the lease term); and
3. the lessee has the ability to continue to lease for a secondary period at a rent that is substantially lower than market rent.

Initial measurement

Upon lease commencement, the Company shall recognise assets held under a finance lease as a receivable at an amount equal to the net investment in the lease.

Initial recognition is made on the date of signing of the act of transfer/acceptance of the leasing item with the lessee. The net investment in the lease is the gross investment in the lease discounted at the interest rate implicit in the lease.

Initial direct costs associated with the acquisition of the leasing item are included in the initial measurement of financial lease receivables.

Lease payments are made by lessees on a regular basis in accordance with finance lease agreements. Lease payments are allocated in accordance with the terms of concluded finance lease agreements.

The recognition of finance income should be based on a pattern reflecting a constant periodic rate of return on the lessor's net investment outstanding in respect of the finance lease. The accrual of interest begins at commencement of the lease term, unless otherwise is stipulated by the terms of the finance lease.

The commencement date of a lease is the date on which the lessor makes an asset available for use by a lessee. This is the date of initial recognition of the lease (i.e. recognition by the lessee of the relevant assets, liabilities, income or expenses arising from the lease).

Derecognition

Writing off the principal, fees and other receivables on finance lease at the expense of the established provisions is made in the following cases:

- declaring the debtor bankrupt and/or excluding the debtor from the national registers of identification numbers;
- the Company has received an act of the bailiff to terminate the enforcement proceedings and return the writ of execution to the claimant due to the debtor's lack of property that can be foreclosed. At the same time, debt cancellation is made only if the bankruptcy proceedings cannot be applied due to legal restrictions.

Fees may be charged under finance leases. If the fee is an integral part of the effective interest rate for a finance lease such fee is recognised as a discount to the principal amount of the finance lease and is credited to income using the effective interest method. The fee is payable within the terms stipulated by the contract.

The Company records a modification of finance lease as a lease if the following two conditions are met:

1. assets increase under the lease agreement; and
2. consideration for the lease is increased by an amount commensurate with the stand-alone selling price to increase the scope, and by appropriate adjustments to that stand-alone selling price to reflect the circumstances of the particular contract.

If the modification to a finance lease is not recorded as a separate lease agreement, the Company accounts for the modification under IFRS 9.

In the event of a finance lease in which the Company acts as a lessee, the Company, for recognition and measurement of transactions, will be guided by the relevant provisions of IFRS 16 Leases.

New standards and interpretations not yet adopted

A number of new standards and interpretations are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following new and amended standards are not expected to have a significant impact on the Company's financial statements:

- ✦ Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).
- ✦ Classification of Liabilities as Current or Non-current Liabilities and Non-current Liabilities with Covenants (Amendments to IAS 1).
- ✦ Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).
- ✦ Lack of Exchangeability – Amendments to IAS 21.

Amendments to the Standards effective from 1 January 2023 have not had an effect on the Company's financial statements.

4. Significant accounting judgments and estimates

Estimation uncertainty

In the process of applying the Company's accounting policies, management has used its judgments and made estimates in determining the amounts recognised in the financial statements. The most significant use of judgments and estimates are as follows:

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Additional details are provided in Notes 12 and 25.

Assessment of collateral

Management of the Company monitors collateral on a regular basis. Management uses its judgments based on experience or independent estimates to adjust the value of collateral to reflect current market conditions. Additional details are provided in Notes 7 and 8.

Expected credit losses / losses from impairment of financial assets

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining the ECL / impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies.

Elements of the ECL models that are considered accounting judgments and estimates include:

- ✦ The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- ✦ The grouping of financial assets when their ECL is assessed on a collective basis;
- ✦ Development of ECL models, including the various formula and the choice of inputs;
- ✦ Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on probabilities of default (PD), exposures at default (EAD) and losses given default (LGD);
- ✦ Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL assessment models.

Taxation

Tax, currency and customs legislation of the Republic of Kazakhstan is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Company may be challenged by the relevant local or state authorities. As such, significant additional taxes, penalties and interest may be assessed. Tax periods remain open to review by relevant authorities for 5 (five) calendar years preceding the year of tax review. Under certain circumstances reviews may cover longer periods.

As at 31 December 2023 and 31 December 2022, management believes that its interpretation of the legislation is appropriate and that the Company's tax, currency and customs positions will be sustained.

5. Changes in presentation

The Company changed its presentation of finance lease receivables in terms of exclusion thereof from value-added tax. As VAT is a tax levied on the lessor and collected by the lessee acting as a withholding agent, VAT is not a rental, or it is a non-lease component, irrespective of whether it is refundable or not. This is because the payment is made not in exchange for the right to use the underlying asset, nor in exchange for goods or services provided to the lessee.

In accordance with the tax legislation of the Republic of Kazakhstan, the value added tax amounts are declared as the lease payments are due; therefore, the Company has excluded deferred value added tax liabilities on finance leases from the statement of financial position. Value added tax on payments not made by lessees is included in other assets as a non-financial asset.

The following table summarises the impacts on the Company's financial statements:

	As previously reported	Adjustments	As restated
Statement of Financial Position as at 31 December 2022			
Assets			
Finance lease receivables	393.664.193	(11.790.052)	381.874.141
Other assets	307.421	872.679	1.180.100
Liabilities			
Deferred value added tax liabilities	10.917.373	(10.917.373)	-
Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2022			
Expenses on credit losses	(3.323.367)	269.497	(3.053.870)
Net interest income after credit loss ex-penses	25.972.602	269.497	26.242.099
Other impairment losses and provisioning expenses	(174.246)	(269.497)	(443.743)
Non-interest expense	(4.940.509)	(269.497)	(5.210.006)
Statement of Cash Flows for the year ended 31 December 2022			
Net change in operating assets			
Finance lease receivables	(76.416.128)	(3.338.301)	(79.754.429)
Other assets	62.705	3.338.301	3.401.006

6. Cash and cash equivalents

As at 31 December 2023 and 31 December 2022 cash comprises:

	31 December 2023	31 December 2022
Cash on current bank accounts:		
+ with the National Bank of the Republic of Kazakhstan	5.000.000	1.800.000
+ rated from BBB- to BBB+	29.778.065	19.476.020
+ rated from BB- to BB+	825.802	8.803.664
+ rated from B- to B+	-	5
Total cash on current bank accounts	35.603.867	30.079.689
Reverse repurchase agreements for securities (bonds) with original maturities of less than three months	-	5.120.768
Total reverse repurchase agreements for securities (bonds) with original maturities of less than three months	-	5.120.768
NBRK notes with maturity less than 90 days	-	29.566.366
Total NBRK notes with maturity less than 90 days	-	29.566.366
Deposits with the original maturity of less than twelve months		
+ rated from BBB- to BBB+	2.060.634	-
+ rated from BB- to BB+	6.137.237	-
Total deposits with the original maturity of less than twelve months	8.197.871	-
Total cash and cash equivalents before loss allowances for expected credit losses	43.801.738	64.766.823
ECL allowance	(750)	(2.800)
Total cash and cash equivalents net of loss allowances for expected credit losses	43.800.988	64.764.023

As at 31 December 2023 the Company has accounts with one bank, whose total balances of cash and cash equivalents exceed 10% of the Company's equity. The gross value of these balances with the above bank as at 31 December 2023 is KZT 29.778.065 thousand or 67,98% of total cash and cash equivalents (31 December 2022: held with one bank KZT 19.476.020 thousand or 30,07%).

The above table is based on the credit ratings assigned by Standard & Poor's or other agencies converted into Standard & Poor's scale. None of cash and cash equivalents are past due and categorised into Stage 1 of credit risk grading.

Credit quality analysis

Cash is mainly comprised of instruments with a high credit rating and low risk. As at 31 December 2023 and 31 December 2022 the Company recognised allowance for expected credit losses on cash and cash equivalents at an amount equal to 12-month ECL.

7. Loans to customers

As at 31 December 2023 and 31 December 2022 loans to customers comprise:

	31 December 2023	31 December 2022
Loans to legal entities	25.183.792	27.447.542
Loans to individuals	2.667.923	3.399.132
Total loans to customers before ECL allowance	27.851.715	30.846.674
ECL allowance	(19.740.952)	(17.559.366)
Loans to customers	8.110.763	13.287.308

ECL allowance for loans to customers measured at amortised cost

An analysis of changes in the ECL allowance for 2023 in respect of legal entities is as follows:

Legal entities	2023			
	Stage 1 12-month expected credit losses	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit- impaired	Total
ECL allowance at 1 January 2023	141.624	-	15.443.712	15.585.336
New assets originated or pur-chased	-	-	-	-
Transfers to Stage 1	7.216	-	(7.216)	-
Transfers to Stage 2	(141.287)	187.744	(46.457)	-
Transfers to Stage 3	-	(627.206)	627.206	-
Net (reversal)/charge for the year	(6.790)	453.553	2.072.872	2.519.635
Unwinding of discount on pre-sent value of ECLs	-	-	213.339	213.339
Amounts written off	-	-	(448.285)	(448.285)
At 31 December 2023	763	14.091	17.855.171	17.870.025

An analysis of changes in the ECL allowance for 2023 in respect of individuals is as follows:

Individuals	2023			
	Stage 1 12-month expected credit losses	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit- impaired	Total
ECL allowance at 1 January 2023	-	-	1.974.030	1.974.030
New assets originated or pur-chased	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	619.171	(619.171)	-
Transfers to Stage 3	-	-	-	-
Net charge of loss allowance	-	(129.512)	165.257	35.745
Unwinding of discount on present value of ECLs	-	-	49.868	49.868
Amounts written off	-	-	(188.716)	(188.716)
At 31 December 2023	-	489.659	1.381.268	1.870.927

An analysis of changes in the ECL allowance for 2022 in respect of legal entities is as follows:

Legal entities	2022			
	Stage 1 12-month expected credit losses	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit- impaired	Total
ECL allowance at 1 January 2022	121.019	14.844	12.295.220	12.431.083
New assets originated or purchased	-	-	-	-
Transfers to Stage 1	281.755	(281.755)	-	-
Transfers to Stage 2	-	468.783	(468.783)	-
Transfers to Stage 3	(103.152)	(16.195)	119.347	-
Net recovery of loss allowance	(157.998)	(185.677)	3.415.348	3.071.673
Unwinding of discount on present value of expected credit losses	-	-	256.257	256.257
Amounts written off	-	-	(173.677)	(173.677)
At 31 December 2022	141.624	-	15.443.712	15.585.336

An analysis of changes in the ECL allowance for 2022 in respect of individuals is as follows:

	2022			
	Stage 1 12-month expected credit losses	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit- impaired	Total
Individuals				
ECL allowance at 1 January 2022	–	–	1,054,081	1,054,081
New assets originated or purchased	–	–	–	–
Transfers to Stage 1	–	–	–	–
Transfers to Stage 2	–	–	–	–
Transfers to Stage 3	–	–	–	–
Net charge of loss allowance	–	–	912,977	912,977
Unwinding of discount on present value of expected credit losses	–	–	6,972	6,972
Amounts written off	–	–	–	–
At 31 December 2022	–	–	1,974,030	1,974,030

In determining the ECL allowance for loans to customers at 31 December 2023, management used the following key assumptions:

- the PD on loans categorised into Stage 1 credit exposures was estimated at 4.43%-22.78% and for loans categorised into Stage 2 credit exposures – at 31,3%-52,2%, depending on a borrower's segment and remaining maturities;
- the LGD parameter for loans categorised into Stage 1 credit exposures was estimated at 20%; for loans categorised into Stage 2 – at 25%; and for loans categorised into Stage 3 – at 49,6%.

In determining the ECL allowance for loans to customers at 31 December 2022, management used the following key assumptions:

- the PD on loans categorised into Stage 1 credit exposures was estimated at 4,48%-25,92% and for loans categorised into Stage 2 credit exposures – at 54,92%, depending on a borrower's segment and remaining maturities;
- the LGD parameter for loans categorised into Stage 1 credit exposures was estimated at 7%; for loans categorised into Stage 2 was not available; and for loans categorised into Stage 3 – at 55%.

Changes in the above estimates could affect the ECL allowance for loans issued. For example, to the extent that the net present value of the estimated cash flows differs by plus one percent, allowance for expected credit losses on loans issued as at 31 December 2023 would be KZT 67.329 thousand lower (31 December 2022: KZT 91.430 thousand).

The following table provides information on the credit quality of loans to customers as at 31 December 2023 and 31 December 2022:

	31 December 2023			
	Stage 1 12-month expected credit losses	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit- impaired	Total
Legal entities				
not overdue	101.650	99.562	5.528.190	5.729.402
overdue less than 30 days	–	–	454.670	454.670
overdue more than 31 days and less than 90 days	–	38.818	30.085	68.903
overdue more than 91 days and less than 180 days	–	–	145.709	145.709
overdue more than 181 days and less than 1 year	–	–	64.203	64.203
overdue more than 1 year	–	–	18.720.905	18.720.905
	101.650	138.380	24.943.762	25.183.792
Loss allowance	(763)	(14.091)	(17.855.171)	(17.870.025)
Total loans to customers	100.887	124.289	7.088.591	7.313.767

	31 December 2023			
	Stage 1 12-month expected credit losses	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit- impaired	Total
Individuals				
not overdue	4.956	804.776	–	809.732
overdue less than 30 days	–	–	–	–
overdue more than 31 days and less than 90 days	–	–	–	–
overdue more than 91 days and less than 180 days	–	–	8.431	8.431
overdue more than 181 days and less than 1 year	–	–	129.465	129.465
overdue more than 1 year	–	–	1.720.295	1.720.295
	4.956	804.776	1.858.191	2.667.923
Loss allowance	–	(489.659)	(1.381.268)	(1.870.927)
Total loans to customers	4.956	315.117	476.923	796.996

	31 December 2022			
	Stage 1 12-month expected credit losses	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit- impaired	Total
Legal entities				
not overdue	771.997	36.847	3.275.114	4.083.958
overdue less than 30 days	1.263.060	–	2.388.443	3.651.503
overdue more than 31 days and less than 90 days	–	–	3.445.523	3.445.523
overdue more than 91 days and less than 180 days	–	–	86.282	86.282
overdue more than 181 days and less than 1 year	–	–	589.570	589.570
overdue more than 1 year	–	–	15.590.706	15.590.706
	2.035.057	36.847	25.375.638	27.447.542
Loss allowance	(141.624)	–	(15.443.712)	(15.585.336)
Total loans to customers	1.893.433	36.847	9.931.926	11.862.206

	31 December 2022			
	Stage 1 12-month expected credit losses	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL – credit- impaired	Total
Individuals				
not overdue	175.667	–	948.645	1.124.312
overdue less than 30 days	–	–	–	–
overdue more than 31 days and less than 90 days	–	–	–	–
overdue more than 91 days and less than 180 days	–	–	–	–
overdue more than 181 days and less than 1 year	–	–	–	–
overdue more than 1 year	–	–	2.274.820	2.274.820
	175.667	–	3.223.465	3.399.132
Loss allowance	–	–	(1.974.030)	(1.974.030)
Total loans to customers	175.667	–	1.249.435	1.425.102

Analysis of movements in the gross carrying amounts

The note further explains how significant movements in the gross carrying amounts of loans to customers have contributed to changes in loss allowances for expected credit losses.

During 2023, repayments of loans to customers designated to Stage 3 of KZT 2.104.222 thousand (31 December 2022: KZT 2.464.108 thousand) resulted in a decrease in the allowance for expected credit losses in the amount of KZT 653.007 thousand on loans to customers designated to Stage 3 (31 December 2022: KZT 1.195.079 thousand). During 2023, repayments of loans to customers designated to Stage 2 of KZT 81.698 thousand resulted in a decrease in the allowance for expected credit losses in the amount of KZT 26.718 thousand on loans to customers designated to Stage 2 (2022: repayments of loans to customers designated to Stage 2 of KZT 2.826 thousand resulted in a decrease in the allowance for expected credit losses in the amount of KZT 533 thousand on loans to customers designated to Stage 2).

Collateral and other instruments that reduce credit risk

The amount and type of collateral required by the Company depend on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of commercial lending collateral include real estate, land and agricultural machinery.

The following table provides information on collateral and other credit enhancements related to loans to customers (net of loss allowance) as at 31 December 2023, by types of collateral:

	Loans to customers, carrying amount	Fair value of collateral – for collateral assessed during the reporting period
Loans to customers, under which the ECL are within 12 months:		
Real estate	105.843	105.843
Total loans to customers, under which the ECL are within 12 months	105.843	105.843
Loans to customers with lifetime ECL of assets not credit-impaired:		
Real estate	439.406	439.406
Total loans to customers with lifetime ECL of assets not credit-impaired	439.406	439.406
Loans to customers with lifetime ECL of assets credit-impaired:		
Real estate	7.441.591	7.441.591
Vehicles	19.591	19.591
Equipment	249	249
Land plots	5.404	5.404
Other collateral	66.386	66.386
No collateral or other credit enhancement	32.293	–
Total loans to customers with lifetime ECL of assets credit-impaired	7.565.514	7.533.221
Total loans to customers	8.110.763	8.078.470

The following table provides information on collateral and other credit enhancements related to loans to customers (net of impairment allowance) as at 31 December 2022, by types of collateral:

	Loans to customers, carrying amount	Fair value of collateral – for collateral assessed during the reporting period
Loans to customers, under which the ECL are within 12 months:		
Real estate	2.069.100	2.069.100
Total loans to customers, under which the ECL are within 12 months	2.069.100	2.069.100
Loans to customers with lifetime ECL of assets not credit-impaired:		
Real estate	36.847	36.847
Total loans to customers with lifetime ECL of assets not credit-impaired	36.847	36.847
Loans to customers with lifetime ECL of assets credit-impaired:		
Real estate	10.976.795	10.976.795
Vehicles	97.754	97.754
Other collateral	5.977	5.977
No collateral or other credit enhancement	100.835	100.835
Total loans to customers with lifetime ECL of assets credit-impaired	11.181.361	11.181.361
Total loans to customers	13.287.308	13.287.308

Management monitors the market value of collateral, requests additional collateral under the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment.

Concentration of loans to customers

As at 31 December 2023, the Company had a concentration of loans represented by KZT 14.084.507 thousand issued by the Company to ten largest unrelated parties or 50,57% of the gross loan portfolio (31 December 2022: KZT 14.428.921 thousand or 46,78% of gross loan portfolio). As at 31 December 2023 the ECL allowance of KZT 10.042.753 thousand was formed against these loans (31 December 2022: KZT 7.803.939 thousand).

Loans are issued to customers within the Republic of Kazakhstan carrying out activities in the agricultural sector of the economy.

8. Finance lease receivables

The analysis of finance lease receivables at 31 December 2023 and 31 December 2022 is as follows:

	31 December 2023	31 December 2022 (as restated)
Less than 1 year	127.053.750	105.477.503
From 1 to 2 years	88.612.504	72.392.207
From 2 to 3 years	94.683.014	77.411.947
From 3 to 4 years	95.269.268	80.110.382
From 4 to 5 years	94.361.782	74.636.875
More than 5 years	284.657.366	226.963.751
Minimum lease payments	784.637.684	636.992.665
Less unearned finance income		
Less than 1 year	(7.195.510)	(5.347.655)
From 1 to 5 years	(128.466.182)	(98.467.965)
More than 5 years	(162.926.309)	(122.226.820)
Less unearned finance income, total	(298.588.001)	(226.042.440)
Allowance for expected credit losses	(37.626.120)	(29.076.084)
Finance lease receivables	448.423.563	381.874.141

In determining the ECL allowance for finance lease receivables as at 31 December 2023, management used the following key assumptions:

- the PD on finance lease receivables categorised into Stage 1 credit exposures was estimated at 4.42%-22.7% and for finance lease receivables categorised into Stage 2 credit exposures – from 24.7%-65%, depending on a borrower's segment and remaining maturities;
- the LGD parameter for finance lease receivables categorised into Stage 1 credit exposures averaged 10%; for finance lease receivables categorised into Stage 2 averaged 9.5%; and for finance lease receivables categorised into Stage 3 – 25.45%.

In determining the ECL allowance for finance lease receivables as at 31 December 2022, management used the following key assumptions:

- the PD on finance lease receivables categorised into Stage 1 credit exposures was estimated at 4.48%-25.92% and for finance lease receivables categorised into Stage 2 credit exposures – from 24.62%-74.1%, depending on a borrower's segment and remaining maturities;
- the LGD parameter for finance lease receivables categorised into Stage 1 credit exposures averaged 13%; for finance lease receivables categorised into Stage 2 averaged 14%; and for finance lease receivables categorised into Stage 3 – 41%.

Changes in the above estimates could affect the ECL allowance for finance lease receivables. For example, to the extent that the net present value of the estimated cash flows differs by plus one percent, allowance for expected credit losses on finance lease receivables as at 31 December 2023 would be KZT 1.804.366 thousand lower (31 December 2022: KZT 436.462 thousand).

The above facts affected the quality of the loan portfolio as the borrowers were provided the restructuring and extension with deferred payment of principal and interest.

It should be noted that the Company holds ongoing activities to reduce the risk of deterioration of asset quality, including monitoring the financial position of the borrowers/lessees, monitoring and insuring the leased items and collateral, and improving the methodology for asset impairment.

An analysis of changes in the ECL allowance for the year ended 31 December 2023 is as follows:

	2023				
	Stage 1 12-month expected credit losses	Stage 2 Lifetime ECL – not credit- impaired	Stage 3 Lifetime ECL – credit- impaired	POCI Purchased or originated credit- impaired assets	Total
ECL allowance at 1 January 2023	4,096.307	593.544	24,375.258	10.975	29,076.084
New assets originated or purchased	1,847.904	–	–	–	1,847.904
Transfers to Stage 1	1,456.926	(1,276.564)	(180.362)	–	–
Transfers to Stage 2	(988.716)	4,575.361	(3,586.645)	–	–
Transfers to Stage 3	(322.883)	(3,668.350)	3,991.233	–	–
Net (reversal)/charge for the year	(3,036.079)	3,198.787	7,466.444	(2,768)	7,626.384
Amounts written off	–	–	(924.252)	–	(924.252)
At 31 December 2023	3,053.459	3,422.778	31,141.676	8.207	37,626.120

An analysis of changes in the ECL allowance for the year ended 31 December 2022 is as follows:

	2022				
	Stage 1 12-month expected credit losses	Stage 2 Lifetime ECL – not credit- impaired	Stage 3 Lifetime ECL – credit- impaired	POCI Purchased or originated credit- impaired assets	Total
ECL allowance at 1 January 2022 (as restated)	5,026.184	983.949	24,358.330	–	30,368.463
New assets originated or purchased	2,541.505	–	–	10.240	2,551.745
Transfers to Stage 1	4,252.820	(3,745.373)	(507.447)	–	–
Transfers to Stage 2	(519.947)	4,076.702	(3,556.755)	–	–
Transfers to Stage 3	(147.531)	(1,536.033)	1,683.564	–	–
Net (reversal)/charge for the year	(7,056.724)	814.299	2,799.812	735	(3,441.878)
Amounts written off	–	–	(402.246)	–	(402.246)
At 31 December 2022 (as restated)	4,096.307	593.544	24,375.258	10.975	29,076.084

Credit quality of finance lease portfolio

The following table sets out information about the credit quality of the finance lease portfolio as at 31 December 2023 and 31 December 2022:

	31 December 2023				
	Stage 1 12-month expected credit losses	Stage 2 Lifetime ECL – not credit- impaired	Stage 3 Lifetime ECL – credit- impaired	POCI Purchased or originated credit- impaired assets	Total
not overdue	342.524.781	8.286.561	37.875.095	23.627	388.710.064
overdue less than 30 days	23.390.742	3.791.002	12.523.585	–	39.705.329
overdue more than 31 days and less than 90 days	–	14.301.047	7.258.120	–	21.559.167
overdue more than 91 days and less than 180 days	–	–	5.749.024	–	5.749.024
overdue more than 181 days and less than 1 year	–	–	3.967.786	–	3.967.786
overdue more than 1 year	–	–	26.358.313	–	26.358.313
	365.915.523	26.378.610	93.731.923	23.627	486.049.683
Loss allowance	(3.053.459)	(3.422.778)	(31.141.676)	(8.207)	(37.626.120)
Total finance lease receiv-ables	362.862.064	22.955.832	62.590.247	15.420	448.423.563

	31 December 2022 (пересчитано)				
	Stage 1 12-month expected credit losses	Stage 2 Lifetime ECL – not credit- impaired	Stage 3 Lifetime ECL – credit- impaired	POCI Purchased or originated credit- impaired assets	Total
not overdue	346.580.467	3.312.635	15.209.373	26.536	365.129.011
overdue less than 30 days	8.169.644	876.285	2.419.642	–	11.465.571
overdue more than 31 days and less than 90 days	–	2.070.960	1.163.320	–	3.234.280
overdue more than 91 days and less than 180 days	–	–	2.145.534	–	2.145.534
overdue more than 181 days and less than 1 year	–	–	3.378.714	–	3.378.714
overdue more than 1 year	–	–	25.597.115	–	25.597.115
	354.750.111	6.259.880	49.913.698	26.536	410.950.225
Loss allowance	(4.096.307)	(593.544)	(24.375.258)	(10.975)	(29.076.084)
Total finance lease receiv-ables	350.653.804	5.666.336	25.538.440	15.561	381.874.141

Analysis of movements in gross carrying amounts

Increased funding secured for leases in 2023 caused the gross carrying value of the portfolio to grow by KZT 140.575.098 thousand (31 December 2022: KZT 142.197.592 thousand) and resulted in related increase in the portfolio loss allowance totalling KZT 1.847.904 thousand (31 December 2022: KZT 2.551.745 thousand).

Repayment of finance lease receivables classified into Stage 3 totalling KZT 4.863.286 thousand (31 December 2022: KZT 4.648.523 thousand) resulted in a decrease in ECL allowance of KZT 1.308.660 thousand (31 December 2022: KZT 2.224.840 thousand).

Transfer of finance lease receivables to Stage 3 totalling KZT 62.339.896 thousand (31 December 2022: KZT 8.626.791 thousand) resulted in an increase in ECL allowance of KZT 6.727.300 thousand (31 December 2022: KZT 1.618.032 thousand).

Transfer of finance lease receivables classified into Stage 3 to Stage 2 totalling KZT 12.060.094 thousand (31 December 2022: KZT 1.491.094 thousand) resulted in a decrease in ECL allowance of KZT 1.489.955 thousand (31 December 2022: KZT 380.619 thousand).

Transfer of finance lease receivables classified into Stage 1 to Stage 2 totalling KZT 49.009.423 thousand (31 December 2022: KZT 3.150.900 thousand) resulted in an increase in ECL allowance of KZT 2.291.324 thousand (31 December 2022: KZT 149.772 thousand).

Analysis of collateral

The following table provides information on collateral, leased assets and other credit enhancements securing finance lease receivables, net of loss allowance, as at 31 December 2023 and 31 December 2022, by types of collateral:

	31 December 2023		31 December 2022	
	Finance lease receivables, carrying amount	Fair value of collateral: for collateral assessed during the reporting period	Finance lease receivables, carrying amount	Fair value of collateral: for collateral assessed during the reporting period
Leases for which ECL are measured as 12-month ECL:				
Vehicles	355.775.945	355.775.945	339.425.002	339.425.002
Equipment	5.847.298	5.847.298	9.369.092	9.369.092
Real estate	951.952	951.952	1.485.284	1.485.284
Other assets	286.869	286.869	374.426	374.426
Total leases for which ECL are measured as 12-month ECL	362.862.064	362.862.064	350.653.804	350.653.804
Leases for which ECL are measured as lifetime ECL for assets that are not credit-impaired:				
Vehicles	19.899.183	19.899.183	5.384.913	5.384.913
Equipment	1.683.213	1.683.213	150.247	150.247
Real estate	1.373.436	1.225.824	-	-
Other assets	-	-	131.176	131.176
Total leases for which ECL are measured as lifetime ECL for assets that are not credit-impaired	22.955.832	22.808.220	5.666.336	5.666.336
Leases for which ECL are measured as lifetime ECL for assets that are credit-impaired:				
Vehicles	53.350.433	53.350.433	13.555.655	13.555.655
Equipment	6.959.977	6.959.977	8.442.870	8.442.870
Real estate	373.170	373.170	976.879	976.879
Other assets	1.906.667	1.906.667	2.563.036	2.563.036
Total leases for which ECL are measured as lifetime ECL for assets that are credit-impaired	62.590.247	62.590.247	25.538.440	25.538.440
POCI-assets				
Vehicles	15.420	15.420	15.561	15.561
Total POCI-assets	15.420	15.420	15.561	15.561
Total finance lease receivables	448.423.563	448.275.951	381.874.141	381.874.141

The table above excludes overcollateralisation.

Foreclosed leased assets

During the year ended 31 December 2023 the Company obtained foreclosed leased items for a total of KZT 1.293.857 thousand (2022: KZT 1.174.387 thousand).

Concentration of finance lease receivables

As at 31 December 2023, the Company has ten major independent parties, whose finance lease receivables balances totalled KZT 26.334.604 thousand or 5.44% of gross finance lease receivables (31 December 2022: KZT 27.534.920 thousand or 6.71%). At 31 December 2023, an ECL allowance for these receivables recognised by the Company amounted to KZT 3.799.235 thousand (31 December 2022: KZT 3.866.064 thousand).

9. Advances paid

As at 31 December 2023 and 31 December 2022, advances paid comprised the following:

	31 December 2023	31 December 2022
Advances paid for agricultural machinery	6.371.174	553.252
Advances paid for equipment	10.770	10.770
Other advances paid	367	1.563
	6.382.311	565.585
Impairment allowance (Note 21)	(11.283)	(11.283)
Advances paid	6.371.028	554.302

As at 31 December 2023 and 31 December 2022, advances comprised prepayments for supply of agricultural machinery, equipment and cattle to be subsequently leased out under a finance lease.

10. Amounts due to the Shareholder

As at 31 December 2023 and 31 December 2022, amounts due to the Shareholder comprised the following:

	Contract	Currency	Maturity date	31 December 2023	31 December 2022
Agrarian Credit Corporation JSC	A loan agreement No. 20-076451-01-КЛ/2 of 16 July 2021	KZT	2026	4.937.227	6.442.150
Agrarian Credit Corporation JSC	A loan agreement No. 1669-ЦА-АБ/1 of 03 October 2022	KZT	2032	4.483.395	4.903.034
Agrarian Credit Corporation JSC	A loan agreement No.1595-ЦА-АБ/2 of 10 December 2019	KZT	2029	4.340.168	4.980.954
Agrarian Credit Corporation JSC	A loan agreement No. 1564-ЦА-АТ/1 of 28 December 2018	KZT	2025	3.879.962	5.735.950
Amounts due to the Shareholder				17.640.752	22.062.088

On 25 July 2022, a 100% shareholding in the Company was transferred to Agrarian Credit Corporation JSC.

Due to the transfer of shares, the Company's outstanding debt owed to Baiterek NMH JSC as of the transfer date was reclassified from 'amounts due to the Shareholder' to 'amounts due to Baiterek NMH JSC'; the Company's outstanding debt to Agrarian Credit Corporation JSC as of the transfer date was reclassified from 'amounts due to credit institutions' to 'amounts due to the Shareholder'. As at 31 December 2022 and 31 December 2023, outstanding amounts are recorded in accordance with their classification as of the transfer date.

On 3 October 2022, the Company concluded with the Shareholder a Supplement Agreement No.1 to the contract ИДЗ №1669-ЦА-АБ-1, whereby the Company received the borrowed funds of KZT 5.500.000 thousand.

A discount on initial recognition of the loan, calculated using the interest rate of 14.97% p.a., for a total of KZT 269.758 thousand (net of tax effect of KZT 53.951 thousand) was recorded directly in equity in 'additional paid-in capital' as an effect of the transaction with the Shareholder.

The Company used the following assumptions to determine market interest rates on the dates of initial recognition of loans from the Shareholder:

- ♦ risk-free interest rates were determined based on the yield of long-term bonds issued by the Ministry of Finance of the Republic of Kazakhstan;
- ♦ the Company's premium paid for credit risk.

As at 31 December 2023 and 31 December 2022, the Company was in compliance with restrictive financial covenants under the loan agreements with the Shareholder. The amount due to the Shareholder is not secured by collateral.

11. Amounts due to Baiterek NMH JSC

As at 31 December 2023 and 31 December 2022, amounts due to Baiterek NMH JSC comprised the following:

	Contract	Currency	Maturity date	31 December 2023	31 December 2022
Baiterek NMH JSC	A loan agreement № 25	KZT	2041	12.423.531	11.584.240
Amounts due to Baiterek NMH JSC				12.423.531	11.584.240

Due to the transfer by Baiterek NMH JSC of 100% of the Company's shares to the ownership of Agrarian Credit Corporation JSC, amounts owed by the Company to Baiterek NMH JSC were reclassified from 'amounts due the Shareholder' and as at 31 December 2022 and 31 December 2023 it was recognised in 'amounts due to Baiterek NMH JSC' (Note 10).

As part of optimisation of the structure of the loan previously provided by KazAgro National Managing Holding JSC to the Company from the funds of the National Fund of the Republic of Kazakhstan, by pooling amounts due under the agreements previously concluded, a Loan Agreement No. 25 was signed on 16 June 2021. The loan amount is KZT 50.000.000 thousand, the loan matures on 10 February 2041 and bears an interest rate of 1.02 % p.a., the effective interest rate is 11.98 % p.a. The purpose of the loan is the purchase of locally manufactured and/or assembled agricultural machinery, including self-propelled, trailing and mounted equipment, as well as locally manufactured and/or assembled vehicles for the transportation of agricultural products, processed agricultural products and biological assets for further transfer of the assets under a finance lease to entities operating in the agro-industry. The conclusion of this agreement resulted in derecognition of the previous agreements funded by the money of the National Fund of the Republic of Kazakhstan and recognition of a new liability under the Loan Agreement No. 25 dated 16 June 2021. The difference between the carrying amount of old financial liabilities and fair value of new financial instruments of KZT 31.514.405 thousand (net of tax effect of KZT 6.302.881 thousand) was recognised directly in equity in the additional paid-in capital reserve as the effect of the new terms negotiated with the ultimate controlling party.

As at 31 December 2023 and 31 December 2022, the Company was in compliance with restrictive financial covenants under the agreements with Baiterek NMH JSC. The amount due to the Baiterek NMH JSC is not secured by collateral.

12. Amounts due to credit institutions

As at 31 December 2023 and 31 December 2022, amounts due to credit institutions comprised the following:

	Currency	Maturity date	31 December 2023	31 December 2022
Halyk Bank JSC	KZT	2024-2025	27.549.404	27.637.582
Industrial Development Fund JSC	KZT	2038-2042	6.531.319	3.000.898
Amounts due to credit institutions				34.080.723

As part of providing the financing for projects implemented in processing and agro-industrial sector, aimed at improving the environment, in a manner and under the terms established by the Decree of the Government of the Republic of Kazakhstan of 2 September 2021 No. 604, on the Company signed the following agreements with Industrial Development Fund JSC. On 13 August 2022, a loan agreement No.5-Д3 was signed. The loan amount is KZT 30.000.000 thousand; the loan term is until 7 August 2042, and a nominal interest rate is 0.35% p.a. Market interest rates used to calculate the fair value of the loan at initial recognition ranged from 13.8% to 14.19% p.a. Income from the loan received at the below-market interest rate was recognised as government grant, which at the loan recognition date amounted to KZT 27.097.318 thousand (Note 15).

On 1 November 2023, a loan agreement No.9-Д3 was signed with Industrial Development Fund JSC. The loan amount is KZT 20.000.000 thousand; the loan term is until 25 October 2038, and a nominal interest rate is 0.35% p.a. The market interest rate used to calculate the fair value of the loan at initial recognition was 14.25% p.a. Income from the loan received at the below-market interest rate was recognised as government grant, which at the loan recognition date totalled KZT 16.846.775 thousand (Note 15).

The purpose of the loan is purchase of locally manufactured self-propelled agricultural machinery, for its further transfer under a finance lease.

The Company used the following assumptions to determine market interest rates on the dates of initial recognition of loans from Industrial Development Fund JSC:

- risk-free interest rates were determined based on the yield of long-term bonds issued by the Ministry of Finance of the Republic of Kazakhstan;
- the Company's premium paid for credit risk.

Financial covenants

Under the terms of loan agreements with credit institutions, the Company is obliged to comply with certain financial covenants, including prudential standards established by the NBRK for organisations, in which 100% of the voting shares are owned, directly or indirectly, by the national managing holding. As at 31 December 2023 and 31 December 2022 the Company was in compliance with the restrictive covenants under the agreements with the creditors.

13. Debt securities issued

As at 31 December 2023 and 31 December 2022, debt securities issued comprised the following:

	Maturity	Rate, %	Currency	31 December 2023	31 December 2022
The issue of coupon bonds	28 July 2029	16.85%	KZT	52.514.871	42.679.970
The issue of coupon bonds	20 August 2028	11.9%	KZT	41.594.821	41.573.931
The issue of coupon bonds	21 December 2031	11.5%	KZT	25.079.159	25.079.108
The second bond issue as part of the third bond programme	12 July 2030	19.25%	KZT	21.774.763	-
The fourth bond issue as part of the second bond programme	24 December 2024	12.0%	KZT	19.868.067	19.673.924
The third issue of coupon bonds as part of the second bond programme	24 December 2024	12.0%	KZT	19.789.366	19.606.415
The issue of coupon bonds	30 April 2025	13.0%	KZT	15.550.084	14.239.833
The issue of coupon bonds	30 April 2025	14.5%	KZT	10.131.260	10.130.207
The first issue of coupon bonds	12 June 2024	8.5%	KZT	3.965.897	3.962.052
The third bond issue as part of the first bond programme	16 January 2023	8.0%	KZT	-	17.567.283
The first issue of coupon bonds as part of the second bond programme	8 November 2023	12.0%	KZT	-	12.204.386
Debt securities issued				210.268.288	206.717.109

On 12 July 2023, the Company issued coupon bonds KZ2C00009843 (KAFIb13), with a par value of KZT 20.000.000 thousand, and with maturity before 12 July 2030. Debt securities were issued to provide financing to do the harvesting, under the signed finance lease agreements.

To meet the financing requirement, on 16 June 2023 the Company additionally issued bonds KZ2C00008514 (KAFIb12) to offer to various types of investors in the market, with the nominal value of KZT 9.832.756 thousand.

Due to that bonds reached maturity, the Company redeemed the following bonds:

- On 24 January 2023 – bonds redeemed under KZ2C00002749 (KAFIb3) amounted to KZT 17.630.340 thousand, including the nominal value of KZT 16.952.250 thousand and coupon value of KZT 678.090 thousand;
- On 13 November 2023 – bonds redeemed under KZ2C00003747 (KAFIb7) amounted to KZT 12.720.000 thousand, including the nominal value of KZT 12.000.000 thousand and coupon value of KZT 720.000 thousand.

On 27 June 2022, the Company issued coupon bonds with a par value of KZT 15.000.000 thousand, with maturity before 30 April 2025. Debt securities were issued to further provide lease financing, and on initial recognition it were recognised at fair value, calculated by discounting the contractual cash flows from debt securities issued, using the market interest rate of 16.47 % p.a. A discount of

KZT 945.549 thousand was recognised as additional paid-in capital (net of respective income tax of KZT 189.110 thousand) as management determined that Baiterek NMH JSC acted as a shareholder when provided to the Company the above financing instruments at the below-market interest rates, without attaching any additional conditions. The Company used the following assumptions to determine market interest rates on the dates of initial recognition of debt securities:

- risk-free interest rates were determined based on the yield of long-term bonds issued by the Ministry of Finance of the Republic of Kazakhstan;
- the Company's premium paid for credit risk.

As at 31 December 2023 and 31 December 2022, the Company complied with the restrictive covenants related to the debt securities issued.

14. Payables to suppliers

As at 31 December 2023 and 31 December 2022, accounts payable to suppliers comprise the Company's payables to suppliers for property to be subsequently transferred under a finance lease, as follows:

	31 December 2023	31 December 2022
Agricultural machinery	3.295.074	2.354.428
Equipment	1.674.452	133.401
Cattle	761	746
Other	238.975	224.939
Payables to suppliers	5.209.262	2.713.514

15. Government grants

	2023	2022
Government grants at 1 January	27.025.951	-
Government grants for loans from Industrial Development Fund JSC	16.846.775	27.097.318
Depreciation for the year	(354.661)	(71.367)
Government grants at 31 December	43.518.065	27.025.951

In 2022, the Company recognised as government grants the benefit of KZT 27.097.318 thousand, received as the result of receiving loans from Industrial Development Fund JSC at a low interest rate (the contractual interest rate of 0.35%) for the purpose of financing the preferential leasing programme for locally manufactured self-propelled agricultural equipment.

In 2023, the Company recognised as government grants the benefit of KZT 16.846.775 thousand, received as the result of receiving loans from Industrial Development Fund JSC at a low interest rate

(the contractual interest rate of 0.35%) for the purpose of financing the preferential leasing programme for locally manufactured self-propelled agricultural equipment.

The benefits are to be allocated further to the Company's lessees by providing finance leases at favourable rates.

16. Taxation

The corporate income tax benefit comprises:

	2023	2022
Current corporate income tax expense	453.911	430.379
Deferred corporate income tax expense – origination and reversal of temporary differences	(451.963)	225.401
Net of deferred tax recognised in equity	-	(243.061)
Corporate income tax expense	1.948	412.719

As at 31 December 2023, the Company's current corporate income tax assets amounted to KZT 134.115 thousand (31 December 2022: KZT 134.115 thousand).

The corporate income tax rate for the Company was 20.0% in 2023 and 2022.

The effective CIT rate differs from the statutory CIT rates. Below is the reconciliation of corporate income tax expense based on the statutory rate with corporate income tax benefit recorded in the financial statements:

Reconciliation of effective tax rate:

	2023	%	2022 (restated)	%
Profit before income tax	18.930.123	100	21.032.093	100
Income tax at the applicable tax rate	3.786.025	20	4.206.419	20
Non-taxable interest income on finance lease receivables	(6.822.955)	(36)	(4.970.620)	(24)
Expenses for corporate income tax withheld at the source of payment of income	453.911	2	430.379	2
Non-deductible credit loss expenses	2.415.154	13	610.774	3
Other non-deductible expenses	169.813	1	135.767	1
Corporate income tax expense	1.948	-	412.719	2

Deferred corporate income tax assets and liabilities, and their movement for the respective years comprised the following at 31 December:

	2021	Origination and reversal of temporary differences		2022	Origination and reversal of temporary differences		2023
		In the statement of profit or loss	In equity		In the statement of profit or loss	In equity	
Tax effect of deduct-ible temporary differences							
Loans to customers	76.214	(76.214)	-	-	8.536	-	8.536
Finance lease receivables	85.081	4.290	-	89.371	62.089	-	151.460
Amounts due to credit institutions	153.394	(153.394)	-	-	-	-	-
Government grants	-	5.405.190	-	5.405.190	3.298.423	-	8.703.613
Accrued expenses for unused vacation time	61.441	28.541	-	89.982	6.611	-	96.593
Forfeits recognised in accordance with the court ruling	471.964	(119.550)	-	352.414	(21.014)	-	331.400
Deferred corporate income tax assets	848.094	5.088.863	-	5.936.957	3.354.645	-	9.291.602
Tax effect of taxable temporary differences							
Loans to customers	-	(194)	-	(194)	194	-	-
Amounts due to the Shareholder	(7.872.721)	7.654.251	(53.951)	(272.421)	75.146	-	(197.275)
Amounts due to Baiterek NMH JSC	-	(7.722.819)	-	(7.722.819)	167.858	-	(7.554.961)
Debt securities issued	-	34.013	(189.110)	(155.097)	66.549	-	(88.548)
Amounts due to credit institutions	(299.385)	(5.038.779)	-	(5.338.164)	(3.236.367)	-	(8.574.531)
Property, plant and equipment and intangible assets	(35.112)	2.325	-	(32.787)	23.938	-	(8.849)
Deferred corporate income tax liabilities	(8.207.218)	(5.071.203)	(243.061)	(13.521.482)	(2.902.682)	-	(16.424.164)
Net deferred corpo-rate income tax liability	(7.359.124)	17.660	(243.061)	(7.584.525)	451.963	-	(7.132.562)

Reconciliation of effective tax rate:

Deferred corporate income tax assets are recognised only to the extent that it is probable that the future taxable profit will be available against which an asset can be utilised. Deferred corporate income tax assets are decreased to the extent that it is no longer probable that a respective tax benefit will be realised.

17. Advances received

As at 31 December 2023, advance received in the amount of KZT 5.013.679 thousand (31 December 2022: KZT 6.900.816 thousand) comprised prepayments from clients for property held for leasing out under a finance lease, that was acquired under finance lease agreements but not yet transferred to lessees, as well as prepayments made under finance lease agreements.

18. Other assets and liabilities

As at 31 December 2023 and 31 December 2022, other assets comprised the following:

	31 December 2023	31 December 2022
Other financial assets		
Receivables for reimbursement of lost leasing items	61.139	61.139
Other receivables	825.990	791.243
	852.382	887.129
Allowance for ECL	(823.894)	(812.887)
Total other financial assets	63.235	39.495
Other non-financial assets		
Other current assets (VAT receivable on lease payments)	1.321.015	1.258.146
Deferred expenses	171.313	267.620
Settlements with employees	731	306
	1.493.059	1.526.072
Provision (Note 21)	(349.015)	(385.467)
Total other non-financial assets	1.144.044	1.140.605
Other assets	1.207.279	1.180.100

As at 31 December 2023 and 31 December 2022, other liabilities comprised the following:

	31 December 2023	31 December 2022
Other financial liabilities		
Employee benefit expenses accrued	484.131	449.996
ECL allowance for credit-related commitments (Note 20)	124.950	176.215
Taxes other than corporate income tax, payable	38.862	47.163
Mandatory payments payable and payables to employees	41.690	43.697
Other current liabilities	236.412	73.030
Other financial liabilities	926.045	790.101
Other non-financial liabilities		
Deferred interest income	1.521.644	1.374.885
Other non-financial liabilities	1.521.644	1.374.885
Other liabilities	2.447.689	2.164.986

19. Equity

During 2023, the Company's share capital was increased through the issue of ordinary shares, with par value of KZT 20.000.000 thousand.

As at 31 December 2023, the authorised and paid share capital comprised 102.837.204 ordinary shares (at 31 December 2022: 82.837.204 ordinary shares) at the offering price of KZT 1.000 per share. The owner of an ordinary share has the right to one vote and an equal right for dividends. Distributable income is determined based on income recorded in the Company's financial statements.

In accordance with the decision of the Shareholder of 30 May 2023, the Company declared dividends for 2022 in the amount of KZT 10.309.687 thousand or KZT 124,46 per an ordinary share. During the reporting period, the dividends were fully paid. In accordance with the decision of the Shareholder of 26 May 2022, the Company declared dividends for 2021 in the amount of KZT 12.111.222 thousand or KZT 146,21 per an ordinary share. As at 31 December 2022, the dividends were paid in full.

Under the Company's policy, reserve capital is formed to cover general risks, including deferred losses and other contingent risks and liabilities. The reserve capital is subject to distribution based on the Shareholder's decision made at the general meeting of shareholders. During the twelve months of 2023 and 2022, reserve capital remained unchanged. As at 31 December 2023 and December 2022, the reserve fund amounted to KZT 1.436.184 thousand.

As of 31 December 2023, the book value per ordinary share calculated as per the Kazakhstan Stock Exchange methodology is KZT 1.800,48 (31 December 2022: KZT 1.889,28). The book value per ordinary share as at 31 December 2023 and 31 December 2022 was calculated as follows:

	31 December 2023	31 December 2022 (restated)
Assets	523.303.451	474.342.121
Intangible assets	(412.854)	(447.612)
Liabilities	(337.734.551)	(317.391.709)
Net assets	185.156.046	156.502.800
The number of ordinary shares at the calculations date	102.837.204	82.837.204
The book value per share in KZT	1.800,48	1.889,28

The following table shows the profit and number of shares used to calculate basic and diluted earnings per share:

	2023	2022
Net profit for the year	18.928.175	20.619.374
A weighted average number of ordinary shares for the year ended 31 December	91.165.971	82.837.204
Basic and diluted earnings ordinary share (in KZT)	207,62	248,91

As at 31 December 2022 and 2023, the Company has no financial instruments, which dilute earnings per share.

20. Commitments and contingencies

Litigation

In the ordinary course of business, the Company is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints, will not have a material adverse effect on the Company's operations and financial position.

Management is unaware of any significant or pending and threatened claims against the Company.

Taxation

Kazakhstani commercial, and in particular, tax legislation contains regulations, interpretation of which could vary, and in certain cases, the legislation could be amended with indirect retrospective impact. Also, the Company's management's interpretation of the legislation may differ from that of tax authorities, and as a result, transactions carried out by the Company could be estimated by tax authorities in another way, and this could result in an additional charge of taxes, fines and penalties. The Company's management believes that all necessary tax accruals were fulfilled and, correspondingly, there were no allowances charged in the statements. Tax periods remain open for 5 (five) years.

Credit related commitments

As at 31 December 2023 and 31 December 2022, the Company's commitments and contingencies comprised the following:

	31 December 2023	31 December 2022
Credit related commitments		
Finance lease commitments	14.621.791	18.254.310
Credit related commitments before ECL allowance	14.621.791	18.254.310
ECL allowance	(124.950)	(176.215)
Total	14.496.841	18.078.095

The analysis of movements in ECL allowance for finance lease commitments for the years ended 31 December 2023 and 31 December 2022 is as follows: As at 31 December 2023 and 31 December 2022, the Company recognised an ECL allowance for undrawn credit lines at an amount equal to 12-month ECL.

	Undrawn credit lines	Total
ECL allowance at 1 January 2022	233.258	173.104
Changes in ECL for the year	(57.043)	60.154
At 31 December 2022	176.215	233.258
Changes in ECL for the year	(51.265)	(57.043)
At 31 December 2023	124.950	176.215

21. Credit loss expenses

The table below presents the ECL expense on financial instruments recognised in profit or loss for the years ended 31 December 2023 and 31 December 2022:

	Note	2023	2022
Loans to customers	7	(2.555.380)	(3.984.650)
Cash and cash equivalents		2.050	(2.121)
Amounts due from credit institutions		3	893
Credit related commitments	23	51.265	57.043
Finance lease receivables	8	(9.474.288)	890.133
Other financial assets		(99.423)	(15.168)
Total		(12.075.773)	(3.053.870)

The movement in the impairment allowance and other provisions was as follows:

	Inventories	Advance paid	Other assets	Total
At 1 January 2022	(838.991)	(11.283)	(115.970)	(966.244)
Charge for the year	(174.246)	-	(269.497)	(443.743)
Write-off of assets	340.531	-	-	340.531
At 31 December 2022 (restated)	(672.706)	(11.283)	(385.467)	(1.069.456)
Charge for the year	(524.764)	-	35.824	(488.940)
Write-off of assets	769.915	-	628	770.543
At 31 December 2023 (restated)	(427.555)	(11.283)	(349.015)	(787.853)

Impairment allowance for assets is deducted from the value of respective assets.

22. Other income

Other income comprises the following:

	2023	2022
Income from reimbursement of expenses	759.530	271.584
Fines and penalties received	96.418	47.133
Income from reversal of provisions for inventories	31.660	127.953
Other	322.553	391.434
Other income	1.210.161	838.104

Fines and penalties were obtained by the Company from suppliers for untimely delivery of equipment held for a finance lease.

23. Personnel and other operating expenses

Personnel and other operating expenses comprise:

	2023	2022
Personnel expenses	(3.603.667)	(3.191.980)
Social expenses	(361.009)	(306.667)
Personnel expenses	(3.964.676)	(3.498.647)
Repair and maintenance of PPE and IA	(394.815)	(219.431)
Outsourcing costs	(160.728)	(139.034)
Operating lease expense	(153.724)	(129.137)
Depreciation of property, plant and equipment	(150.336)	(143.679)
Amortisation of software and other intangible assets	(126.458)	(125.962)
Consulting services/professional services	(93.351)	(133.595)
Other taxes other than corporate income tax	(88.890)	(98.566)
Business travel expenses	(82.093)	(59.569)
Marketing and advertising services	(48.813)	(39.314)
Materials	(46.602)	(43.672)
Communication services	(39.313)	(37.543)
Transportation services	(36.857)	(35.854)
Information services	(25.810)	(22.634)
Stationary and printing services	(20.969)	(12.504)
Employee training programmes	(15.883)	(15.545)
Costs of assigning/watching/maintaining ratings services	(15.174)	(14.812)
The Board of Directors administrative expenses	(9.176)	(8.774)
Insurance	(4.445)	(2.566)
Charity and sponsorship	(2.205)	(2.100)
Representation expenses	-	(32)
Other	(187.730)	(198.012)
Other operating expenses	(1.703.372)	(1.482.335)

The fee for the services of the audit (including the review) of the Company's financial statements prepared in accordance with IFRS Accounting Standards as at and for the year ended 31 December 2023 amounted to KZT 82,100 thousand, inclusive of VAT. The fee for non-audit services for translating the financial statements into English, and formatting and proofreading, amounted to KZT 1,676 thousand, inclusive of VAT.

24. Risk management

Introduction

Risk is inherent in the Company's activities. The Company manages these risks through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit risk, liquidity risk and market risk, the latter being subdivided into trading and non-trading risks. The Company is also exposed to operational risks.

The independent risk control process does not include business risks such as changes in the economic environment, technology and industry. They are monitored through the Company's strategic planning process.

Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risks; however, there are separate independent bodies responsible for managing and monitoring risks.

The Board of Directors

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies and principles.

The Management Board

The Management Board has the responsibility to monitor the overall risk process within the Company.

Risk Management

The risk management unit is responsible for implementing and maintaining risk related procedures to ensure an independent control process.

Risk control

The risk control unit is responsible for monitoring compliance with risk principles, policies and limits, across the Company. The Company's structure comprises a separate unit that is directly subordinate to the Board of Directors and which is responsible for the independent control of risks, including monitoring the risk of exposures against limits and the assessment of risks of new products and structured transactions. This department also ensures the complete capture of the risks in risk measurement and reporting systems. There are risk managers for risk controlling in the branches of the Company.

Treasury

The Company's Treasury is responsible for managing the Company's assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Company.

Internal audit

The objective of an internal audit is to provide the Board of Directors with an independent, objective and unbiased information based on annual audits, both of adequacy of procedures and compliance with these procedures by the Company. Internal Audit discusses the results of all assessments with management and reports its findings and recommendations directly to the Boards of Directors.

Risk measurement and reporting systems

The Company's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The Company also runs worst-case scenarios that would arise if extreme events which are unlikely to occur do occur.

Monitoring and controlling risks is primarily performed based on limits established by the Company. These limits reflect the business strategy and market environment of the Company as well as the level of risk that the Company is willing to accept, with additional emphasis on selected industries. Also, the Company monitors and measures the overall risk-bearing capacity about the aggregate risk exposure across all risk types and activities.

Information compiled from all the businesses is examined and processed to analyse, control and early identify risks. This information is presented to the Board of Directors, the Management Board, Credit Committee and the heads of departments. The report includes aggregate credit exposure, credit metric forecasts, hold limit exceptions, VaR, liquidity ratios, interest risk ratios and risk profile changes.

For all levels throughout the Company, specifically tailored risk reports are prepared and distributed to ensure that all business divisions have access to extensive, necessary and up-to-date information.

The Company's Management Board and other relevant employees meetings are regularly held to discuss maintenance of established limits and analyse value allowing for risk, investments, liquidity, and risk developments.

Risk mitigation

As part of its overall risk management, the Company uses derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies exchange rates, and share prices, credit risk and exposures arising from forecast transactions.

The Company actively uses collateral to reduce its credit risks.

Credit risk

Credit risk is the risk that the Company will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and geographical and industry concentrations, and by monitoring exposures for such limits.

The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Credit risk is reviewed on an ongoing basis. The credit quality review process allows the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

The maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets in the statement of financial position. The maximum exposure to credit risk from financial assets at the reporting date is as follows:

	31 December 2023	31 December 2022
Assets		
Cash and cash equivalents	43.800.988	64.764.023
Amounts due from credit institutions	–	61.833
Loans to customers	8.110.763	13.287.308
Finance lease receivables	448.423.563	381.874.141
Other financial assets	63.235	39.495
Total maximum credit risk exposure	500.398.549	460.026.800

Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the statement of financial position.

Credit-related commitments risks

The Company makes available to its customers the guarantees which may require that the Company make payments on their behalf. Such payments are collected from customers based on the terms of the letter of credit. They expose the Company to similar risks to loans and these are mitigated by the same control processes and policies.

The maximum exposure to credit risk from unrecognised contractual commitments at the reporting date is presented in Note 20.

Impairment assessment

The Company calculates ECL based on several probability-weighted scenarios to measure the expected cash shortfalls, discounted at, and at an approximation to, the EIR. A cash shortfall is a difference between the cash flows that are due to an entity following the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

Probability of Default (PD)	The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period if the facility has not been previously derecognised and is still in the portfolio.
Exposure at Default (EAD)	The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in (EAD) the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected draw-downs on committed facilities and accrued interest from missed payments.
Loss Given Default (LGD)	The Loss Given Default is an estimate of the loss arising in the case where default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The allowance for ECL is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECL that represents the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECL and 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of a default occurring over the remaining life of the financial instrument. Based on the above process, the Company groups its financial assets as described below:

Stage 1:	When assets are first recognised, the Company recognises an allowance based on 12mECL. Stage 1 also includes loans, finance lease receivables and other credit lines, where the credit risk has improved and the loan has been reclassified from Stage 2.
Stage 2:	When an asset has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECL. Stage 2 also includes loans, finance lease receivables and other credit lines, where the credit risk has improved and the loan has been reclassified from Stage 3.
Stage 3:	Assets considered credit-impaired. The Company recognises an allowance for the LTECL.
POCI:	Purchased or originated credit-impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest revenue is subsequently recognised based on a credit-adjusted EIR. ECL is only recognised or released to the extent that there is a subsequent change in the lifetime expected credit losses.

In estimating the ECL, the Company considers three scenarios: basic, optimistic, and pessimistic. Each of them has its PD, EAD and LGD indicators. In its ECL models, the Company relies on a broad range of forward-looking information as economic inputs. Impairment losses and consideration are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. The Company considers treasury and interbank transactions defaulted and takes immediate action when the required intraday payments are not settled by the close of business as outlined in the individual agreements. The expected credit loss on securities, deposits, current account funds is calculated based on external credit ratings assigned by international rating agencies – Fitch Ratings, Moody's Investors Service, S&P GlobalRatings. In determining the impairment allowance for the rights, management makes the following key assumptions:

- PDs for treasury assets classified as Stage 1 instruments were 0.1%-0.734%, depending on the counterparty's rating.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- Availability of the Company's information on force majeure, as well as other circumstances that caused substantial material damage to the borrower (co-borrower) and do not allow the borrower to continue its business activities, including the information on revocation/suspension of a licence for activities, as well as the information on the borrower's (co-borrowers) unemployment or absence of commercial activities;
- Objectively supportable information about the high probability of bankruptcy or reorganisation, as well as the involvement of the borrower (co-borrower) in legal proceedings, which may worsen its financial condition. The Company considers the following events as this information;
 - Availability of information about the death of the borrower-individual (co-borrower individual);
 - Cross-default for more than 60 calendar days inclusive (if the information is available);
 - Downgrading the external credit rating of the counterparty to "CC" and lower assigned by Standard & Poor's, Moody's Investors Service and Fitch rating agencies;
 - Absence of an active market for that financial asset because of financial difficulties.

Treasury and interbank relationships

The treasury and interbank relationships and counterparties comprise financial services institutions, banks, broker-dealers. For these relationships, the Company's Finance Department and Risk Management Department analyse publicly available information such as financial statements and other external data, e.g., the external ratings.

Loss given default

The credit risk assessment is based on a standardised LGD assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held. The Company segments its lending products into homogeneous portfolios, based on key characteristics of credit risk that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., collateral types) as well as borrower characteristics.

Where appropriate, further recent data and forward-looking economic scenarios are used in order to determine the IFRS 9 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in collateral values and payment status.

LGD rates are estimated for the Stage 1, Stage 2, Stage 3 and POCI segment of each asset class. Baseline data for such LGD levels are evaluated and, where possible, adjusted through testing based on historical data, taking into account recent recoveries. If necessary, such data is determined for each economic scenario.

Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. To determine whether an instrument or a portfolio of instruments is subject to 12-month ECL or lifetime ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company believes that the credit risk on a financial instrument has increased significantly since its initial recognition if the following indicators of a significant increase in credit risk were identified:

- ✦ Delay of 30 (thirty) calendar days or more;
- ✦ The Company has information about the outstanding principal and/or interest of the borrower (co-borrower) from 31 to 60 calendar days including other credit institutions (if the Company has information);
- ✦ Assets from the moment of restructuring and/or prolongation of which more than 12 months have passed, but less than 24 months inclusively, for which there is no delay or a delay of no more than 60 days as at the reporting date;
- ✦ Assets from the moment of restructuring and/or prolongation of which more than 24 months have passed, and for which there is a delay of more than 30 days, but less than 60 days as at the reporting date;

- ✦ Actual or expected (based on reasonable and supportable information) downgrading the external credit rating of the borrower;
- ✦ A significant change in the quality of the guarantee provided by second-tier banks, namely a change in the second-tier banks' rating (downgrade by two notches or more), resulting in a significant increase in credit risk, under the approach used for treasury assets (if a guarantee is available);
- ✦ Deterioration of financial condition.

The Company also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/asset to the watch list, or the account becoming restructured due to a credit event. In certain cases, the Company may also consider that events explained in "Definition of default" section above are a significant increase in credit risk as opposed to a default. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

When estimating ECLs on a collective basis for a group of similar assets, the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

For cash and cash equivalents and amounts due from credit institutions, the Company considers credit risk of a particular exposure is deemed to have increased significantly since initial recognition, if the issuer's credit rating decreased by 2 points or more since initial recognition.

Forward-looking information and multiple economic scenarios

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as:

- ✦ GDP growth;
- ✦ Unemployment rates;
- ✦ Inflation rates;
- ✦ Export volume.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The Company obtains the forward-looking information from third party sources (external rating agencies, governmental bodies e.g., international financial institutions). The Company determines the weights attributable to the multiple scenarios.

Liquidity risk and funding management

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources. Management manages assets with liquidity in mind, and monitors future

cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Company's payments that comprise of the principle and interest/coupon on financial liabilities at 31 December based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Company expects that many creditors will not request repayment on the earliest date the Company could be required to pay.

31 December 2023	Less than 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	Total
Amounts due to the Shareholder	1.259.923	5.195.239	13.345.022	3.597.764	23.397.948
Amounts due to NMH Baiterek JSC	255.000	255.000	2.040.000	55.763.000	58.313.000
Amounts due to credit institutions	11.133.582	11.807.012	7.590.097	52.166.789	82.697.480
Debt securities issued	8.517.500	63.738.002	145.918.472	119.750.000	337.923.974
Total undiscounted financial liabilities	21.166.005	80.995.253	168.893.591	231.277.553	502.332.402

31 December 2022	Less than 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	Total
Amounts due to the Shareholder	1.140.564	5.509.355	18.050.639	5.347.309	30.047.867
Amounts due to NMH Baiterek JSC	255.000	255.000	2.040.000	56.273.000	58.823.000
Amounts due to credit institutions	835.445	12.680.598	19.463.425	31.573.273	64.552.741
Debt securities issued	23.394.430	30.612.801	137.924.748	134.963.606	326.895.585
Total undiscounted financial liabilities	25.625.439	49.057.754	177.478.812	228.157.188	480.319.193

The table below shows the contractual expiry by maturity of the Company's contractual commitments and contingencies. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down.

	Less than 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	Total
2023	14.621.791	–	–	–	14.621.791
2022	18.254.310	–	–	–	18.254.310

The Company expects that not all of the contingent liabilities or commitments will be drawn before the expiry of the commitments.

The Company's capability to meet its liabilities depends upon its ability to realise an equivalent amount of assets within the certain period of time.

The Company has received significant funds from the Shareholder and NMH Baiterek JSC. Management believes that this level of funding will remain with the Company for the foreseeable future and that in the event of withdrawal of funds, the Company would be given sufficient notice so as to realise its liquid assets to enable repayment.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchanges, and equity prices. The market risk for the trading portfolio is monitored using sensitivity analysis. Except for the concentrations within a foreign currency, the Company has no significant concentration of market risk.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The interest rate for assets and liabilities of the Company is fixed.

Interest rate risk arises when the actual or forecasted assets of a given maturity period are either greater or less than the actual or forecasted liabilities in that maturity period.

Interest rate gap analysis

Interest rate risk is managed principally through monitoring interest rate gaps. A summary of the interest gap position for major financial instruments is as follows:

								31 December 2023	
	Demand and less than 3 months	3-6 months		6-12 months	1-5 years	More than 5 years	Non-interest bearing	Total	
Assets									
Cash and cash equivalents	38.801.050	-		-	-	-	4.999.938	43.800.988	
Loans to customers	4.921.515	222.836		1.622.964	1.276.288	67.160	-	8.110.763	
Finance lease receivables	47.458.492	13.859.353		38.766.329	232.571.002	115.768.387	-	448.423.563	
Other financial assets	-	-		-	-	-	63.235	63.235	
Total financial assets	91.181.057	14.082.189		40.389.293	233.847.290	115.835.547	5.063.173	500.398.549	
Liabilities									
Amounts due to the Shareholder	1.132.847	984.469		2.984.060	9.922.291	2.617.085	-	17.640.752	
Amounts due to NMH Baiterek JSC	198.333	-		-	-	12.225.198	-	12.423.531	
Amounts due to credit institutions	10.645.415	3.577.351		6.920.058	6.455.964	6.481.935	-	34.080.723	
Debt securities issued	7.054.108	5.315.302		39.517.473	64.414.471	93.966.934	-	210.268.288	
Payables to suppliers	-	-		-	-	-	5.209.262	5.209.262	
Other financial liabilities	-	-		-	-	-	926.045	926.045	
Total financial liabilities	19.030.703	9.877.122		49.421.591	80.792.726	115.291.152	6.135.307	280.548.601	
Net position	72.150.354	4.205.067		(9.032.298)	153.054.564	544.395	(1.072.134)	219.849.948	

								31 December 2022	
	Demand and less than 3 months	3-6 months		6-12 months	1-5 years	More than 5 years	Non-interest bearing	Total	
Assets									
Cash and cash equivalents	62.957.820	-		-	-	-	1.806.203	64.764.023	
Amounts due from credit institutions	60.833	-		1.000	-	-	-	61.833	
Loans to customers	530.198	471.071		10.589.371	1.625.204	71.464	-	13.287.308	
Finance lease receivables	37.043.075	12.210.568		33.793.954	197.482.951	101.343.593	-	381.874.141	
Other financial assets	-	-		-	-	-	39.495	39.495	
Total financial assets	100.591.926	12.681.639		44.384.325	199.108.155	101.415.057	1.845.698	460.026.800	
Liabilities									
Amounts due to the Shareholder	992.988	979.024		2.959.770	13.348.942	3.781.364	-	22.062.088	
Amounts due to NMH Baiterek JSC	198.333	-		-	-	11.385.907	-	11.584.240	
Amounts due to credit institutions	335.133	3.575.617		6.880.301	16.873.380	2.974.049	-	30.638.480	
Debt securities issued	22.175.871	604.125		11.992.387	67.300.168	104.644.558	-	206.717.109	
Payables to suppliers	-	-		-	-	-	2.713.514	2.713.514	
Other financial liabilities	-	-		-	-	-	790.101	790.101	
Total financial liabilities	23.702.325	5.158.766		21.832.458	97.522.490	122.785.878	3.503.615	274.505.532	
Net position	76.889.601	7.522.873		22.551.867	101.585.665	(21.370.821)	(1.657.917)	185.521.268	

The table below displays the Company's interest-bearing assets and liabilities as at 31 December 2023 and 31 December 2022 and their corresponding average effective interest rates as at that date. These interest rates are an approximation of the yields to maturity of these assets and liabilities.

	31 December 2023		31 December 2022	
	Carrying amount '000 KZT	Average effective interest rate	Carrying amount '000 KZT	Average effective interest rate
Interest-bearing assets				
Cash and cash equivalents				
in Tenge	35.293.342	16,04%	57.023.800	13,37%
in US dollars	3.507.708	1,26%	5.934.020	1,00%
Amounts due from credit institutions				
in Tenge	–	–	61.833	10,99%
Loans to customers				
in Tenge	8.110.763	2,31%	13.287.308	4,76%
Finance lease receivables				
in Tenge	448.423.563	15,5%	381.874.141	14,45%
Interest-bearing liabilities				
Amounts due to the Shareholder				
in Tenge	17.640.752	11,29%	22.062.088	11,29%
Amounts due to NMH Baiterek JSC				
in Tenge	12.423.531	11,98%	11.584.240	11,98%
Amounts due to credit institutions				
in Tenge	34.080.723	15,29%	30.638.480	13,29%
Debt securities issued				
in Tenge	210.268.288	14,27%	206.717.109	12,94%

Cash flow interest rate sensitivity analysis

An analysis of the sensitivity of the Company's net income for the year and equity to changes in the market interest rate based on a simplified scenario of a 100 basis point (bp) symmetrical fall or rise in all yield curves and positions of interest-bearing assets and liabilities existing as at 31 December 2023 and 31 December 2022 is as follows:

	2023		2022 (restated)	
	Profit	Equity	Profit	Equity
100 bp parallel rise	(425.238)	(425.238)	(808.592)	(808.592)
100 bp parallel fall	425.238	425.238	808.592	808.592

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Management Board has set limits on positions by currency based on the NBRK recommendations. Positions are monitored daily.

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2023:

	31 December 2023				
	Tenge	US Dollar	Euro	Russian rouble	Total
Assets					
Cash and cash equivalents	40.293.280	3.507.708	–	–	43.800.988
Loans to customers	8.110.763	–	–	–	8.110.763
Finance lease receivables	448.423.563	–	–	–	448.423.563
Other financial assets	58.742	2.202	2.291	–	63.235
Total assets	496.886.348	3.509.910	2.291	–	500.398.549
Liabilities					
Amounts due to the Shareholder	17.640.752	–	–	–	17.640.752
Amounts due to NMH Baiterek JSC	12.423.531	–	–	–	12.423.531
Amounts due to credit institutions	34.080.723	–	–	–	34.080.723
Debt securities issued	210.268.288	–	–	–	210.268.288
Payables to suppliers	2.378.642	1.651.742	1.178.878	–	5.209.262
Other financial liabilities	926.045	–	–	–	926.045
Total liabilities	277.717.981	1.651.742	1.178.878	–	280.548.601
Net position	219.168.367	1.858.168	(1.176.587)	–	219.849.948

	31 December 2022				
	Tenge	US Dollar	Euro	Russian rouble	Total
Assets					
Cash and cash equivalents	58.830.003	5.934.020	-	-	64.764.023
Amounts due from credit institutions	61.833	-	-	-	61.833
Loans to customers	13.287.308	-	-	-	13.287.308
Finance lease receivables	381.874.141	-	-	-	381.874.141
Other financial assets	39.495	-	-	-	39.495
Total assets	454.092.780	5.934.020	-	-	460.026.800
Liabilities					
Amounts due to the Shareholder	22.062.088	-	-	-	22.062.088
Amounts due to NMH Baiterek JSC	11.584.240	-	-	-	11.584.240
Amounts due to credit institutions	30.638.480	-	-	-	30.638.480
Debt securities issued	206.717.109	-	-	-	206.717.109
Payables to suppliers	900.262	1.233.532	554.514	25.206	2.713.514
Other financial liabilities	790.101	-	-	-	790.101
Total liabilities	272.692.280	1.233.532	554.514	25.206	274.505.532
Net position	181.400.500	4.700.488	(554.514)	(25.206)	185.521.268

The tables below indicate the currencies to which the Company had significant exposure on 31 December on its non-trading monetary assets and liabilities and its forecast cash flows. The analysis calculates the currency rate against tenge, with all other variables held constant on the statement of profit or loss and other comprehensive income (due to the fair value of currency sensitive trading monetary assets and liabilities). The effect on equity does not differ from the effect on the statement of profit or loss and other comprehensive income. All other parameters are held as constant. The negative amount in the table reflects a potential net reduction in the statement of profit or loss and other comprehensive income or equity, while a positive amount reflects a net potential increase.

Currency	2023		2022	
	Exchange rate change, %	Effect on pre-tax profit	Exchange rate change, %	Effect on pre-tax profit
US Dollar	-10%	(148.653)	-10%	(376.039)
Euro	10%	148.653	10%	376.039
Euro	-20%	188.254	-20%	88.722
Russian rouble	20%	(188.254)	20%	(88.722)
Russian rouble	-8%	-	-8%	1.613
Российский рубль	8%	-	8%	(1.613)

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but a control framework and monitoring and responding to potential risks could be effective tools to manage the risks. Controls should include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

25. Fair value measurement

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- **Level 1:** quoted (unadjusted) prices in active markets for identical assets or liabilities;
- **Level 2:** techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- **Level 3:** techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The following table provides an analysis of financial instruments recorded by the level of the fair value hierarchy as of 31 December 2023:

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
31 December 2023				
Assets with a disclosed fair value				
Cash and cash equivalents	-	43.800.988	-	43.800.988
Loans to customers	-	729.632	4.506.681	5.236.313
Finance lease receivables	-	357.177.179	51.391.458	408.568.637
Other financial assets	-	63.235	-	63.235
Total financial assets with a disclosed fair value	-	401.771.034	55.898.139	457.669.173
Financial liabilities with a disclosed fair value				
Amounts due to the Shareholder	-	16.834.026	-	16.834.026
Amounts due to NMH Baiterek JSC	-	10.111.675	-	10.111.675
Amounts due to credit institutions	-	34.030.860	-	34.030.860
Debt securities issued	-	203.587.505	-	203.587.505
Accounts payable	-	5.209.262	-	5.209.262
Other financial liabilities	-	926.045	-	926.045
Total financial liabilities with a disclosed fair value	-	270.699.373	-	270.699.373

The following table provides an analysis of financial instruments recorded by the level of the fair value hierarchy as of 31 December 2022:

31 December 2022	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets with a disclosed fair value				
Cash and cash equivalents	-	64.764.023	-	64.764.023
Amounts due from credit institutions	-	61.833	-	61.833
Loans to customers	-	1.760.181	3.228.362	4.988.543
Finance lease receivables	-	318.191.847	13.302.018	331.493.865
Other financial assets	-	39.495	-	39.495
Total financial assets with a disclosed fair value	-	384.817.379	16.530.380	401.347.759
Financial liabilities with a disclosed fair value				
Amounts due to the Shareholder	-	20.872.491	-	20.872.491
Amounts due to NMH Baiterek JSC	-	10.211.120	-	10.211.120
Amounts due to credit institutions	-	30.253.012	-	30.253.012
Debt securities issued	137.092.927	66.560.953	-	203.653.880
Payables to suppliers	-	2.713.514	-	2.713.514
Other financial liabilities	-	790.101	-	790.101
Total financial liabilities with a disclosed fair value	137.092.927	131.401.191	-	268.494.118

Set out below is a comparison by a class of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the statement of financial position. The table does not include the fair values of non-financial assets and non-financial liabilities.

	31 December 2023		31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	43.800.988	43.800.988	64.764.023	64.764.023
Amounts due from credit institutions	-	-	61.833	61.833
Loans to customers	8.110.763	5.236.313	13.287.308	4.988.543
Finance lease receivables	448.423.563	408.568.637	381.874.141	331.493.865
Other financial assets	63.235	63.235	39.495	39.495
	500.398.549	457.669.173	460.026.800	401.347.759
Financial liabilities				
Amounts due to the Shareholder	17.640.752	16.834.026	22.062.088	20.872.491
Amounts due to NMH Baiterek JSC	12.423.531	10.111.675	11.584.240	10.211.120
Amounts due to credit institutions	34.080.723	34.030.860	30.638.480	30.253.012
Debt securities issued	210.268.288	203.587.505	206.717.109	203.653.880
Payables to suppliers	5.209.262	5.209.262	2.713.514	2.713.514
Other financial liabilities	926.045	926.045	790.101	790.101
	280.548.601	270.699.373	274.505.532	268.494.118

Valuation techniques and assumptions

The following describes the methodologies and assumptions used to determine fair values for assets and liabilities recorded at fair value in the financial statements and those items that are not measured at fair value in the statement of financial position, but whose fair value is disclosed.

Assets for which fair value approximates carrying amount

For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

Fixed and variable rate financial instruments

The fair values of unquoted financial instruments are estimated by discounting future cash flows using rates currently available for financial instruments on similar terms, credit risk and remaining maturities.

For assets whose fair value is disclosed in the condensed financial statements, future cash flows are discounted using the average market rate of financial instruments with similar maturities based on

statistics published by the NBRK. The indicated approach is used in determining the fair value of loans to clients and finance lease receivables. As at 31 December 2023, the average market rate was 22.38% (31 December 2022: 21.9%).

In the case of liabilities with fair values disclosed in the financial statements, future cash flows are discounted at the average market rate of financial instruments with similar maturities and credit rating.

As at 31 December 2023, market rates used to measure fair value ranged from 11.91% to 15.67% per annum on tenge-denominated loans and debt securities issued (31 December 2022: from 10.69% to 16.08% per annum).

The future cash flows comprise repayment of principal and interest calculated at the interest rate stipulated by the agreement to the amount of principal.

26. Maturity analysis of assets and liabilities

The following table shows assets and liabilities by expected maturities. See Note 24 Risk management for the Company's contractual undiscounted repayment obligations.

	31 December 2023									
	On demand	Less than 1 month		From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	No maturity	Overdue	Total
Assets										
Cash and cash equivalents	43.800.988	-		-	-	-	-	-	-	43.800.988
Loans to customers	-	94		683.075	1.845.800	1.276.288	67.160	-	4.238.346	8.110.763
Finance lease receivables	-	4.192.056		28.811.281	52.625.682	232.571.002	115.768.387	-	14.455.155	448.423.563
Inventories	-	-		-	-	-	-	3.042.877	-	3.042.877
Current corporate income tax assets	-	-		-	134.115	-	-	-	-	134.115
Property, plant and equipment	-	-		-	-	-	-	872.477	-	872.477
Intangible assets	-	-		-	-	-	-	412.854	-	412.854
VAT and other taxes recoverable	-	187.816		901.845	2.252.303	7.151.506	-	-	-	10.493.470
Advances paid	-	-		161.219	-	6.209.809	-	-	-	6.371.028
Investments in associates	-	-		-	-	-	-	434.037	-	434.037
Other assets	-	731		-	171.313	-	-	-	1.035.235	1.207.279
Total assets	43.800.988	4.380.697		30.557.420	57.029.213	247.208.605	115.835.547	4.762.245	19.728.736	523.303.451
Liabilities										
Amounts due to the Shareholder	-	114.354		1.018.493	3.968.529	9.922.291	2.617.085	-	-	17.640.752
Amounts due to NMH Baiterek JSC	-	-		198.333	-	-	12.225.198	-	-	12.423.531
Amounts due to credit institutions	-	68.340		10.577.075	10.497.409	6.455.964	6.481.935	-	-	34.080.723
Debt securities issued	-	5.321.997		1.732.111	44.832.775	64.414.471	93.966.934	-	-	210.268.288
Payables to suppliers	-	1.160.689		3.849.398	199.175	-	-	-	-	5.209.262
Deferred corporate income tax liabilities	-	-		-	-	-	7.132.562	-	-	7.132.562
Advances received	-	-		-	5.013.679	-	-	-	-	5.013.679
Government grants	-	58.941		116.457	569.032	4.181.675	38.591.960	-	-	43.518.065
Other liabilities	-	80.552		-	2.367.137	-	-	-	-	2.447.689
Total liabilities	-	6.804.873		17.491.867	67.447.736	84.974.401	161.015.674	-	-	337.734.551
Net position as at 31 December 2023	43.800.988	(2.424.176)		13.065.553	(10.418.523)	162.234.204	(45.180.127)	4.762.245	19.728.736	185.568.900

	31 December 2022									
	On demand	Less than 1 month		From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	No maturity	Overdue	Total
Assets										
Cash and cash equivalents	30.079.077	5.120.667		29.564.279	-	-	-	-	-	64.764.023
Amounts due from credit institutions	-	60.833		-	1.000	-	-	-	-	61.833
Loans to customers	-	50.506		479.692	5.080.491	1.625.204	71.464	-	5.979.951	13.287.308
Finance lease receivables	-	4.169.666		24.299.546	46.004.522	197.482.951	101.343.593	-	8.573.863	381.874.141
Inventories	-	-		-	-	-	-	2.869.777	-	2.869.777
Current corporate income tax assets	-	-		-	134.115	-	-	-	-	134.115
Property, plant and equipment	-	-		-	-	-	-	972.822	-	972.822
Intangible assets	-	-		-	-	-	-	447.612	-	447.612
VAT and other taxes recoverable	-	156.068		712.453	1.329.266	5.998.301	-	-	-	8.196.088
Advances paid	-	1.215		397	552.690	-	-	-	-	554.302
Other assets	-	306		-	267.620	-	-	-	912.174	1.180.100
Total assets	30.079.077	9.559.261		55.056.367	53.369.704	205.106.456	101.415.057	4.290.211	15.465.988	474.342.121
Liabilities										
Amounts due to the Shareholder	-	148.381		844.607	3.938.794	13.348.942	3.781.364	-	-	22.062.088
Amounts due to NMH Baiterek JSC	-	-		198.333	-	-	11.385.907	-	-	11.584.240
Amounts due to credit institutions	-	102.974		232.159	10.455.918	16.873.380	2.974.049	-	-	30.638.480
Debt securities issued	-	20.443.759		1.732.112	12.596.512	67.300.168	104.644.558	-	-	206.717.109
Payables to suppliers	-	111.671		2.601.843	-	-	-	-	-	2.713.514
Deferred corporate income tax liabilities	-	-		-	-	-	7.584.525	-	-	7.584.525
Advances received	-	-		-	6.900.816	-	-	-	-	6.900.816
Government grants	-	24.729		48.108	238.718	1.755.503	24.958.893	-	-	27.025.951
Other liabilities	-	90.542		26.011	2.048.433	-	-	-	-	2.164.986
Total liabilities	-	20.922.056		5.683.173	36.179.191	99.277.993	155.329.296	-	-	317.391.709
Net position as at 31 December 2022	30.079.077	(11.362.795)		49.373.194	17.190.513	105.828.463	(53.914.239)	4.290.211	15.465.988	156.950.412

27. Related party transactions

In accordance with IAS 24 Related Party Disclosures, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Related parties may enter into transactions which unrelated parties might not. Prices and terms of such transactions may differ from prices and terms of transactions between unrelated parties.

The Republic of Kazakhstan, acting through the State Property Committee within the Ministry of Finance, controls the Company and has a significant impact on its activities.

The Republic of Kazakhstan directly and indirectly controls and has significant influence over a significant number of entities through its government agencies and other organisations (together referred to as "government-related entities"). The Company executes bank transactions with these entities such as raising of loans and placement of cash.

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

	Associates	Shareholder	NMH Baiterek JSC group	Companies of NMH Baiterek JSC group	Transactions with state owned entities
ASSETS					
Cash and cash equivalents (nominal interest rates: 1.5%–15%)	-	-	-	3.645.835	4.999.925
Current corporate income tax assets	-	-	-	-	134.115
VAT and other taxes recoverable	-	-	-	-	10.493.470
Investments in associates	434.037	-	-	-	-
LIABILITIES					
Amounts due to the Shareholder (nominal interest rates: 5%–13%)	-	17.640.752	-	-	-
Amounts due to NMH Baiterek JSC (nominal interest rate 1.02%)	-	-	12.423.531	-	-
Debt securities issued (nominal interest rates: 8.50%–19.25%)	-	-	62.745.135	65.527.374	48.846.094
Amounts due to credit institutions (nominal interest rate: 0.35%)	-	-	-	6.531.319	-
Government grants	-	-	-	-	43.518.065
Advances received (grants for customers)	-	-	-	-	1.494.837
Deferred corporate income tax liabilities	-	-	-	-	7.132.562

The balances as at 31 December 2022 for transactions with related parties are as follows:

	Shareholder	NMH Baiterek JSC group	Companies of NMH Baiterek JSC group	Transactions with state owned entities
ASSETS				
Current corporate income tax assets	-	-	-	134.115
VAT and other taxes recoverable	-	-	-	8.196.088
Cash and cash equivalents (nominal interest rates: 0.1%–16.5%)	-	-	-	36.484.031
LIABILITIES				
Amounts due to the Shareholder (nominal interest rates: 5%–13%)	22.062.088	-	-	-
Amounts due to NMH Baiterek JSC (nominal interest rate 1.02%)	-	11.584.240	-	-
Debt securities issued (nominal interest rates: 8.50%–16.85%)	588.495	75.747.147	22.727.882	16.175.483
Amounts due to credit institutions (nominal interest rate: 0.35%)	-	-	3.000.898	-
Advances received (grants for customers)	-	-	-	1.324.751
Deferred corporate income tax liabilities	-	-	-	7.584.525
Government grants	-	-	-	27.025.951

The income and expense items with related parties for the year ended 31 June 2023 were as follows:

	Shareholder	NMH Baiterek JSC group	Companies of NMH Baiterek JSC group	Transactions with state owned entities
Interest expense	(2.372.208)	(9.397.693)	(4.817.133)	(9.407.045)
Interest income	-	-	6.748	3.823.506
Expenses on credit losses	-	-	(217)	2.149
Foreign exchange differences	-	-	(10.916)	-
Government grant income	-	-	-	354.661
Corporate income tax expense	-	-	-	(1.948)

The income and expense items with related parties for the year ended 31 June 2022 were as follows:

	Shareholder	NMH Baiterek JSC group	Companies of NMH Baiterek JSC group	Transactions with state owned entities
Interest expense	(5.222.169)	(4.695.652)	(2.468.873)	(4.478.542)
Interest income	-	-	-	4.683.710
Expenses on credit losses	-	-	-	(2.088)
Corporate income tax expense	-	-	-	(412.719)

Information about the terms and conditions of loans from the Shareholder, NMH Baiterek JSC and the company under common control is provided in Notes 10, 11 and 12, respectively.

Remuneration to the key management personnel was as follows:

	2023	2022
Salaries and other short-term benefits	166.829	125.357
Remuneration of the Board of Directors	7.983	7.959
Social security taxes and costs	16.620	12.760
Total key management personnel remuneration	191.432	146.076

28. Changes in liabilities arising from financing activities

	Debt securities issued	Amounts due to credit institutions	Amounts due to the Shareholder	Amounts due to NMH Baiterek JSC	Total liabilities arising from financing activities
Carrying amount at 1 January 2022	157.204.186	66.310.724	12.087.335	-	235.602.245
Additions	65.230.366	30.000.000	5.500.000	-	100.730.366
Redemption	(17.990.000)	(20.068.509)	(3.941.071)	(176.191)	(42.175.771)
Foreign exchange differences	-	663.432	-	-	663.432
Non-cash transactions	(677.798)	(26.241.671)	111.370	190.565	(26.617.534)
Reclassification	-	(19.553.956)	8.182.423	11.371.533	-
Dividends declared	-	-	12.111.222	-	12.111.222
Dividends paid	-	-	(12.111.222)	-	(12.111.222)
Other	2.950.355	(471.540)	122.031	198.333	2.799.179
Carrying amount at 31 December 2022	206.717.109	30.638.480	22.062.088	11.584.240	271.001.917
Additions	30.278.337	30.000.000	-	-	60.278.337
Redemption	(28.952.250)	(10.479.201)	(4.802.194)	-	(44.233.645)
Non-cash transactions	493.599	(16.411.372)	384.528	839.291	(14.693.954)
Dividends declared	-	-	10.309.687	-	10.309.687
Dividends paid	-	-	(10.309.687)	-	(10.309.687)
Other	1.731.493	332.816	(3.670)	-	2.060.639
Carrying amount at 31 December 2023	210.268.288	34.080.723	17.640.752	12.423.531	274.413.294

Non-cash transactions include changes in the discount on debt securities issued, other borrowed funds and loans received from the Shareholder and NMH Baiterek JSC during the reporting period as well as offset of advances.

The “Other” item includes the effect of accrued but not yet paid interest on debt securities issued, other loans and borrowings from the Shareholder and NMH Baiterek JSC. The Company classifies the interest paid as cash flows from operating activities.

29. Capital adequacy

The Company maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Company’s capital is monitored using, among other measures, the ratios established by the NBRK and 1988 Basel Agreement in supervising the Company.

As of 31 December 2023 and 31 December 2022, the Company complied in full with all its externally imposed capital requirements.

The primary objectives of the Company’s capital management are to ensure that the Company complies with externally imposed capital requirements and that the Company maintains strong credit ratings and healthy capital ratios to support its business and to maximise shareholders’ value.

The NBRK requires companies engaged in certain types of banking activities to maintain a minimum Tier 1 capital adequacy ratio of 6.0% of assets and Tier 2 capital adequacy ratio of 6.0% of assets and minimum general total capital adequacy ratio of 12.0% of risk-weighted assets. On 31 December, the Company’s capital adequacy ratio on this basis was as follows:

	2023	2022
Tier 1 capital	166.600.027	136.280.751
Tier 2 capital	18.928.175	20.619.374
Total equity	185.528.202	156.900.125
Total assets	523.303.451	474.342.121
Risk-weighted assets and contingent and potential liabilities	526.454.152	448.079.024
Operational risk	25.288.297	19.610.906
Capital adequacy ratio (k1) – not less than 6.0%	31,84%	28,73%
Capital adequacy ratio (k1 -2) – not less than 6.0%	31,65%	30,41%
Capital adequacy ratio (k1 -3) – not less than 12.0%	33,55%	33,55%

Capital adequacy ratio under Basel Capital Accord 1988

As at 31 December, the Company’s capital adequacy ratio calculated with requirements of the 1988 Basel Accord, inclusive of consequential amendments to incorporate market risks, was:

	2023	2022
Tier 1 capital	166.600.027	136.280.751
Tier 2 capital	18.928.175	20.619.374
Total equity	185.528.202	156.900.125
Risk-weighted assets	515.145.586	432.928.178
Tier 1 capital adequacy ratio	32,34%	31,48%
Total capital adequacy ratio	31,84%	28,73%

30. Segment reporting

The Company’s operations are highly integrated and constitute a single business segment for the purposes of IFRS 8 Segment Reporting. The Company’s assets are concentrated in the Republic of Kazakhstan, and the Company’s revenues are derived from operations in, and connected with, the Republic of Kazakhstan. The chief operating decision maker, in the case of the Company, the Chairman of the Management Board, only receives and reviews the information on the Company as a whole.

31. Subsequent events

In January 2024 the Company issued bonds KZ2C00010841 (KAFIpp4) with nominal value of KZT 15.000.000 thousand and bonds KZ2C00010908 (KAFIpp5) with nominal value of KZT 10.000.000 thousand, maturing on 30 January 2028, and bearing a coupon rate of 15.75% per annum. The funds are intended for the Company’s operating activities and procurement of agricultural machinery for subsequent lease out.

APPENDIX 4.

REPORT ON COMPLIANCE WITH THE PRINCIPLES AND

PROVISIONS OF THE CORPORATE GOVERNANCE CODE

OF KAZAGROFINANCE JSC

General Provisions

The Corporate Governance Code (the Code) of KazAgroFinance Joint Stock Company (the Company) is a set of rules and recommendations that the Company follows during its activities to ensure efficiency, transparency, accountability, and high level of business ethics in relations within the Company and with other stakeholders.

The Code was developed to ensure compliance of the Company's corporate governance with the relevant standards of the Organization for Economic Cooperation and Development.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

The Corporate Governance Code of KazAgroFinance Joint Stock Company, approved by Decision of the Board of Baiterek National Managing Holding dated December 22, 2021 (Minutes No. 68/21).

The objectives of this Code are to improve corporate governance in the Company, ensure transparency and efficiency of management, and confirm the Company's commitment to follow the standards of good corporate governance.

In particular:

1. the Company is managed in compliance with the principle of legality and an appropriate level of responsibility, a clear separation of powers, accountability and efficiency in order to maximize the value of the Company and other benefits for the Sole Shareholder;
2. information disclosure and transparency are ensured, including careful assessment, disclosure and periodic review of goals that justify the participation of the Sole Shareholder in the Company;
3. risk management and internal control systems are functioning properly;
4. minimizing the risk of a conflict of interest that may lead to decisions other than those based in the best interests of the Company and the general public.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

The Company's corporate governance system complies with OECD standards and is implemented in compliance with the principle of legality and an appropriate level of responsibility, a clear separation of powers, accountability and efficiency.

This Code has been developed in accordance with the legislation, taking into account the developing corporate governance practices in Kazakhstan and the world.

The OECD Guidelines on Corporate Governance of State-owned Enterprises dated July 8, 2015. G20/OECD Principles of Corporate Governance.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

The Corporate Governance Code (approved by the decision of the Sole Shareholder dated December 22, 2021 No. 68/21), (as amended on August 22, 2023, Minutes of the Meeting of the Board of Directors of Agrarian Credit Corporation JSC No. 10).

The Company shall strictly comply with the Code in its activities. In case of failure to comply, specify explanations in the Annual Report on the reasons of failure to comply with each of the provisions, periodically (at least once every two years) assess (if necessary, an independent assessment) the corporate

governance and place the corresponding results on the Company's Internet resource.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

Internal assessment of performance of the corporate governance system is carried out by the Company's internal audit service at least once every two years in accordance with the Company's internal regulatory documents.

External assessment of the level of corporate governance will be carried out once every three years by an independent organization if there are funds necessary for an external assessment in the Company's Budget (according to the results of assessment of the corporate governance level, an appropriate rating is assigned).

The corporate governance level was diagnosed by the internal audit service in 2021, the audit covered the period from January 01, 2018 to July 01, 2021. According to the audit results, the corporate governance level of the Company was 87.6%.

At the end of 2023, an independent assessment of the Company's corporate governance system was conducted, according to the results of which an assessment was assigned – "95.2%", compliance of the corporate governance level with the best practice requirements. The report on the results of an independent assessment of the Company's corporate governance system was reviewed and approved by the decision of the Company's Board of Directors dated January 31, 2024 (Minutes No. 1).

The results of assessments of the corporate governance system are posted on the Company's Internet resource.

The Company's officials and employees assume obligations stipulated by this Code, including on the basis of relevant contracts with the Company, and undertake to comply with its provisions in the Company.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

The Company's officials and employees strive to comply with the Code in the Company and in relations with the Sole Shareholder.

Control over the Company's implementation of this Code is assigned to the Company's Board of Directors. The Corporate Secretary monitors and advises the Board of Directors and the executive body of the Company on proper compliance with this Code, as well as prepares an Annual Report on compliance/non-compliance with its principles and provisions. Subsequently, this Report is submitted for consideration by the relevant committee of the Board of Directors, approved by the Board of Directors and included in the Company's Annual Report.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

The Company's Board of Directors monitors compliance with the principles and provisions of the Code through annual review of the report. The Company Corporate Secretary monitors proper compliance with the Code and prepares the Annual Report. Advises the Company's Board of Directors and the executive body on proper compliance with this

Code and ensures effective implementation of the functions assigned to the Company Corporate Secretary, constantly identifies and eliminates facts of failure to comply with the provisions and principles of the Code in the Company.

The Corporate Secretary provides the Board of Directors with a report on compliance/non-compliance with its principles and regulations on an annual basis.

Cases of failure to comply with this Code are considered at meetings of the relevant committee of the Board of Directors and the Board of Directors with adoption of appropriate decisions aimed at further improving corporate governance in the Company.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

There are no precedents registered.

The Company conducts an independent assessment of corporate governance at least once every three years, which results are placed on the Company's Internet resource.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

At the end of 2023, an independent assessment of the Company's corporate governance system was conducted, according to the results of which an assessment was

assigned – "95.2%", compliance of the corporate governance level with the best practice requirements. The report on the results of an independent assessment of the Company's corporate governance system was reviewed and approved by the decision of the Company's Board of Directors dated January 31, 2024 (Minutes No. 1).

The results of the assessment of the corporate governance system are posted on the Company's Internet resource.

1. Principle of Separation of Powers

The rights, duties and competencies of the Sole Shareholder, the Board of Directors and the Board are determined in accordance with the Kazakhstan current legislation, constituent documents and are fixed in them.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

In 2022, the Sole Shareholder was changed from Baiterek NMH JSC to Agrarian Credit Corporation JSC.

(Decision of the Board of Directors of Baiterek NMH JSC dated July 15, 2022 No. 05/22 on alienation of 100% of common shares owned by Baiterek NMH JSC to KazAgroFinance in payment for the outstanding common shares of Agrarian Credit Corporation JSC, through the exercise by Baiterek NMH JSC, as the Sole Shareholder of Agrarian Credit Corporation JSC, of its preemptive right of purchase of shares of Agrarian Credit Corporation JSC).

Placed shares were paid by transferring 100% of common shares owned by Baiterek NMH JSC to KazAgroFinance (report on execution/non-execution of the order of Central Securities Depository JSC dated July 25, 2022 No. 5422681), followed by placement of information on Kazakhstan Stock Exchange JSC and DFO.

The Company's corporate governance system provides for a clear separation of powers and responsibilities between the Company's bodies, ensuring the consistency of corporate governance processes.

Activities of the Sole Shareholder, the Board of Directors, the Board of the Company, as well as distribution of powers between the Sole Shareholder, the Board of Directors and the Board of the Company are optimally and fully reflected and regulated by the Kazakhstan Law "On Joint Stock Companies", the Kazakhstan Law "On State Property", the Company's Charter, the Regulations on the Company's Board of Directors, and other internal documents of the Company.

The Sole Shareholder delimits its powers to prevent a conflict of interests that does not contribute to both the interests of the Company and the interests of the Sole Shareholder. Functions of the Sole Shareholder of the Company are performed to ensure profitability of the Company's activities and implementation of state and government programs for development of the agro-industrial complex in which the Company participates.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

Paragraph 27 of the Company's Charter defines the exclusive competence of the Sole Shareholder.

In connection with a change of the shareholder, amendments were made to the Charter of the KazAgroFinance Joint Stock Company. (Decision of the Sole Shareholder No. 16 dated 03.10.2022).

The Company operates within the framework of its core activities.

The implementation of new types of activities is regulated by the Kazakhstan Entrepreneurial Code.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

The Company operates within the framework of its core activities in accordance with the Kazakhstan Constitution, the Kazakhstan Civil Code, the Kazakhstan laws "On State Property", "On Financial Leasing", "On Banks and Banking Activities in Kazakhstan", "On Joint Stock Companies" and other regulatory legal acts of Kazakhstan, as well as the Charter.

The Company should build an optimal asset structure, it should strive to simplify the structure of its assets as much as possible.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

According to the Law "On Joint Stock Companies", the Company is established in the form of a joint stock company.

The Company's activities are carried out in accordance with the Company's strategy and are aimed at increasing value and optimal asset structure. Net income is distributed to the Sole Shareholder in the form of dividends based on a formalized and transparent dividend policy.

The Sole Shareholder participates in the management of the Company solely through the exercise of powers of the Sole Shareholder, provided for in the Kazakhstan legislative acts and representation on the Company's Board of Directors.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

The Company is a subsidiary of Agrarian Credit Corporation JSC, which is a subsidiary of Baiterek NMH JSC. In turn, the Sole Shareholder of Baiterek NMH JSC is the Kazakhstan Government.

According to paragraph 46 of the Code, quantitative composition of the Board of Directors is determined by the Sole Shareholder. Composition of the Board of Directors is determined individually, taking into account the scope of activities, current tasks, development strategy and/or development plan and financial capabilities.

Composition of the Board of Directors is balanced, which means a combination of the Board of Directors members (representatives of the Sole Shareholder, independent directors,

Chairman of the Company's Board), ensuring decision-making in the interests of the Company and economic development tasks assigned.

At least one third of the members of the Company's Board of Directors are Independent Directors.

The Board of Directors has established committees whose competence includes consideration of issues related to audit, risk management, strategic planning, personnel, remuneration and social issues.

Committees are established to conduct a detailed analysis and develop recommendations on a range of the most important issues before they are considered at a meeting of the Board of Directors. A final decision on the issues considered by the committees is made by the Board of Directors.

The Sole Shareholder of the Company provides the Company with full operational independence and does not interfere in the operational (current) and investment activities of the Company, except in cases provided for by the Kazakhstan legislation, acts and instructions of the President of the Republic of Kazakhstan and the Kazakhstan Government.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

All decisions on strategic and operational issues were made by the Board of Directors and the Board of the Company independently.

Purpose of the Company establishment is technological renewal of the agro-industrial

complex by providing agricultural producers with affordable financial resources, as well as agricultural and special machinery, processing and technological equipment and biological assets on a leasing basis.

In its activities, the Company is guided by decisions of the Sole Shareholder and the Board of Directors of the Company.

Transactions and relations between the Company, the Sole Shareholder and stakeholders are carried out on an ordinary commercial basis within the framework of the Kazakhstan current legislation, except in cases when one of the main tasks of the Company is to implement or assist in the implementation of state policy on the development of certain sectors of Kazakhstan.

The Company is not exempt from the application of general laws, tax rules and regulations, except in cases provided for by the Kazakhstan legislation.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

Transactions and relations between the Sole Shareholder and the Company and stakeholders are carried out within the framework of the Kazakhstan current legislation.

The relationship (interaction) between the Sole Shareholder and the Company is carried out through the Board of Directors and/or the Board of the Company in accordance with

the principles of good corporate governance. The role and functions of the Chairman of the Board of Directors and the Chairman of the Board of the Company are clearly delineated and fixed in the Company's documents.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

The relationship (interaction) between the Sole Shareholder and the Company is carried out through the Company's Board of Directors and the Company's Board in accordance with the principles of good corporate governance.

The role and functions of the Chairman of the Board of Directors and the Chairman of the Board of the Company are clearly delineated and fixed by the Company's Charter, as well as internal regulatory documents of the Company, including the regulations on the Company's Board of Directors and the regulations on the Company's Board.

The Company's corporate governance system provides for the relationship between:

1. the Sole Shareholder;
2. the Board of Directors;
3. the Board;
4. stakeholders;
5. other bodies determined in accordance with the Charter.

The corporate governance system provides, among other things:

1. compliance with the hierarchy of the order of consideration of issues and decision-making;
2. a clear division of powers and responsibilities between bodies, officials and employees;

3. timely and high-quality decision-making by the Company's bodies;
4. efficiency of processes in the Company's activities;
5. compliance with the legislation, this Code and internal documents of the Company.

The Company approves regulations on bodies (if such provisions are not provided for by the Company's charter) and structural units, as well as job descriptions for the relevant positions. Compliance with the provisions of these documents ensures the consistency and coherence of corporate governance processes.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

The Company's corporate governance structure complies with the Kazakhstan legislation and clearly defines the division of powers between the Company's bodies.

The Charter, the regulations on the Company's Board of Directors and the regulations on the Company's Board, the list of documents regulating the internal activities of KazAgroFinance JSC, subject to approval by the Board of Directors of KazAgroFinance JSC, determined by Decision No. 7 of the Board of Directors of KazAgroFinance JSC dated June 30, 2021, provide for the separation of powers of the Board of Directors and the Board of the Company.

In order to ensure sustainable development, the Holding develops and approves uniform policies, guidelines and corporate standards for the Company.

Decision on application of corporate standards approved by the Holding in the field of risk

management, internal control and internal audit in the Company is made by the Company's Board of Directors, taking into account compliance of these standards with specifics of the Company's activities.

The Company's Board ensures implementation of the Company's strategy and development plan approved by the Company's Board of Directors.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

In accordance with the Order of Baiterek NMH JSC dated April 19, 2021 (letter No. 04-1-1/1838) on implementation and updating of internal regulatory documents (IRD), the Company on the basis of IRD of Baiterek NMH JSC approved a number of IRDs. Including:

- the Corporate Governance Code (approved by decision of the Sole Shareholder dated December 22, 2021 No. 68/21);
- KazAgroFinance Sustainable Development Policy (approved by decision of the Company's Board of Directors No. 7 dated June 30, 2021).
- Risk Management Policy (approved by decision of the Company's Board of Directors No. 10 dated August 31, 2021);
- Rules on Internal Audit in KazAgroFinance (approved by decision of the Company's Board of Directors dated May 31, 2021 No. 5);

The Report on Implementation of the KazAgroFinance Development Strategy for 2020-2029 based on the results of 2021 was approved by decision of the Company's Board of Directors dated July 25, 2022 (Minutes No. 10).

The Board of Directors of the Company ensures management efficiency, sustainable development and profitability of the Company's activities. The results of effective management in the Company's group are the improved performance, enhanced reporting quality and standards of corporate culture and ethics, openness and transparency, risk reduction, and an appropriate internal control system.

The corporate governance system in the Company provides:

1. a clear management system in the group, delimited powers and decision-making process, no duplication of functions and processes;
2. common standards, policies and processes, including definition of common approaches to planning, monitoring and control, performance assessment and corrective actions;
3. access to quality information regarding the group's activities;
4. proper risk management of the group.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

In the Company, decisions of the Sole Shareholder approved: the Regulations on the Company's Board of Directors, the Corporate governance Code of the Company, the Company's Charter, which regulates processes that ensure a clear management system in the Company, separation of powers and independence of the decision-making process by the Board of Directors, the Board, other collegial bodies and executives of the Company, no duplication of functions and processes.

In the Company, decisions of the Board of Directors approved internal regulatory

documents on priorities (development), strategic goals (development strategy) of the Company, documents on planning and budgeting, internal documents on internal control, internal and external audit.

The Company provides access to high-quality information on the Company's activities on the Company's Corporate Internet resource.

The Company discloses information about corporate events, financial statements and audit reports, information about affiliates, as well as other information to be disclosed on the Internet resources of the financial reporting depository in accordance with the requirements approved by Resolution of the Board of the National Bank of Kazakhstan No. 189 dated August 27, 2018.

Structure of the risk management system in the Company is represented by risk management at several levels, involving the following bodies and units of the Company: the Board of Directors, the Board, the structural unit responsible for risk management, the Internal Audit Service, and other structural units. Separation of powers of the Board of Directors, the Board, and other collegial bodies of the Company, as well as the risk management structure, main components of the risk management system, are reflected in the Company's Risk Management Policy.

2. Principle of Protecting the Rights and Interests of the Sole Shareholder

Compliance with the rights of the Sole Shareholder is a key condition for attracting investments in the Company. In this regard, corporate governance in the company is based on ensuring the protection, respect for the

rights and legitimate interests of the Sole Shareholder and is aimed at contributing to the Company performance and achieving profitability.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

The Company was established on December 28, 1999 in accordance with the Decree of the Kazakhstan Government dated November 24, 1999 No. 1777 "On Certain Issues of Agriculture".

The Company's mission is defined as the technical and technological modernization of the business of the Kazakhstan AIC entities.

The Sole Shareholder of the Company is Agrarian Credit Corporation Joint Stock Company.

The Company ensures exercise of the rights of the Sole Shareholder and protection of its interests within the framework of the principles of corporate governance, expressed in participation in the management of the Company, in accordance with the Kazakhstan Law "On Joint Stock Companies" and the Company's Charter, approved by Decision of the Sole Shareholder of the Company (Minutes of the Board of the Holding dated March 31, 2021 No. 15/21), making key decisions on approval of the Charter, the Corporate governance Code, determination of the composition and term of office of the Board of Directors, election of the Board Chairman, approval of the external auditor, annual financial statements, etc.

Information about the Company's activities is provided to the Sole Shareholder in full and allows making balanced and fair decisions.

The Company, in accordance with the established procedure, ensures exercise of the rights of the Sole Shareholder, including:

- right to own, use and dispose of shares;
- right to participate in the management of the Company and election of the Board of Directors in the manner prescribed by the Kazakhstan Laws "On Joint Stock Companies", "On State Property" and/or the Company's Charter;
- right to receive a share of the Company's profits (dividends);
- right to receive a share in the Company's assets upon its liquidation;
- right to receive information about the Company's activities, including to get acquainted with the Company's financial statements, in accordance with the procedure determined by the Sole Shareholder or the Company's Charter;
- right to apply to the Company with written requests regarding its activities and to receive motivated and exhaustive answers within the time limits established by the Company's Charter;
- right to receive an extract from the registrar of the Company or a nominee holder confirming its ownership of securities;
- right to challenge decisions taken by the Company's bodies in court;
- right to apply to the judicial authorities on their own behalf in cases provided for in Articles 63 and 74 of the Kazakhstan Law "On Joint Stock Companies", with a claim for compensation of losses caused to the Company by the Company's officials and the return to the Company by the Company's officials and/or their affiliates of the profit (income) they received as a result of making decisions on conclusion (proposals for conclusion) of large transactions and/or related-party transactions;
- right to pre-emptive purchase of the Company shares or other securities

convertible into its shares, in accordance with the Kazakhstan Law "On Joint Stock Companies", except for cases provided for by Kazakhstan legislative acts;

- right to make a decision on changing the number of the Company shares or changing their type in accordance with the Kazakhstan Law "On Joint Stock Companies".

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

In accordance with paragraph 17 of Article 5 of the Company's Charter, the Sole Shareholder has the right to:

1. participate in the management of the Company in the manner prescribed by Law and/or this Charter;
2. receive dividends;
3. receive information about the Company's activities, including getting acquainted with the Company's financial statements, in accordance with the procedure defined by this Charter;
4. receive extracts from the central depository or nominee holder confirming its ownership of securities;
5. challenge in court the decisions taken by the Company's bodies;
6. apply to the judicial authorities on their own behalf in cases provided for by Law, with a claim for compensation to the Company by the Company's officials for losses caused to the Company, and the return to the Company by the Company's officials and/or their affiliates of the profit (income) they received as a result of making decisions on conclusion (proposals for conclusion) of large transactions and/or related-party transactions;
7. apply to the Company with written requests about its activities and receive

motivated responses within thirty calendar days from date of receipt of request to the Company;

8. a part of the property in case of liquidation of the Company;
9. pre-emptive purchase of the Company shares or other securities convertible into its shares, in accordance with the Law, except for cases provided for by Kazakhstan legislative acts;
10. make decisions on changing the number of shares of the Company or changing their type in the manner prescribed by Law.
11. propose to the Board of Directors to include additional issues in the agenda of the meeting of the Sole Shareholder in accordance with the Law;
12. demand convocation of a meeting of the Board of Directors;
13. require the audit organization to audit the Company at its own expense.

The Sole Shareholder's rights enshrined in the Company's Charter are respected by the Company and the Company's bodies.

Amount of dividends is calculated based on the amount of the Company's net income reflected in the Company's annual audited financial statements prepared in accordance with the Kazakhstan legislation on accounting and financial reporting and international financial reporting standards. At the same time, amount of dividend payment is determined taking into account the Kazakhstan legislation.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

Conditions and procedure for payment of dividends to the Sole Shareholder of the

Company are regulated by the Kazakhstan legislation, the Company's Charter, as well as the corresponding decision of the Sole Shareholder of the Company.

In accordance with the decision of the Sole Shareholder of the Company (extract from the Minutes of the In-Person Meeting of the Board of Directors of Agrarian Credit Corporation JSC dated May 30, 2023 No. 5), dividends were paid for 2022 in the amount of 10,309,686,954.27 (ten billion three hundred nine million six hundred eighty six thousand nine hundred fifty four) tenge 27 tiyn (Payment Order No. 37473 dated June 14, 2023).

3. Principle of the Company Effective Management by the Board of Directors and the Board

The Board of Directors is a management body that provides strategic management of the Company and controls the activities of the Board.

The Board of Directors ensures full transparency of its activities to the Sole Shareholder, as well as the implementation of all provisions of this Code.

The Board of Directors performs its functions in accordance with the Kazakhstan legislation, the Company's Charter, this Code, the Regulations on the Board of Directors and other internal documents of the Company. At the same time, the Board of Directors pays special attention to:

1. determination of the Company Development Strategy (directions and results);
2. setting and monitoring the KPIs set in the development strategy and/or development plan;

3. organizing and supervising the effective functioning of the risk management system, internal control and internal audit;
4. approval and monitoring of the effective implementation of major investment projects and other key strategic projects within the competence of the Board of Directors;
5. election (re-election), remuneration, succession planning and supervision of performance of the head and members of the executive body;
6. corporate governance;
7. compliance in the Company with this Code and the Company's corporate standards on business ethics (Code of Business Ethics).

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

Activities of the Board of Directors of the Company are regulated by the Regulations on the Board of Directors of the Company, approved by Decision of the Sole Shareholder of the Company (Minutes of the Board of the Holding dated November 17, 2021 No. 62/21).

Activities of the Company's Board of Directors are based on the principles of efficiency and responsibility, maximum compliance with and realization of interests of the Sole Shareholder. This principle is observed in practice by the Company's Board of Directors.

The Board of Directors exercises general management of the Company's activities, with exception of issues falling within the exclusive competence of the Sole Shareholder and the Company's Board.

The Development Strategy of KazAgroFinance JSC for 2024 – 2033 was approved by Decision

of the Company's Board of Directors No. 13 dated December 28, 2023, which defines key performance indicators (KPIs) corresponding to the Company's mission, goals and objectives.

The Board of Directors continuously monitors the Development Strategy implementation.

The Report on Implementation of the KazAgroFinance Development Strategy for 2019-2023 based on the results of 2022 was approved by Decision of the Company's Board of Directors dated July 26, 2023 (Minutes No. 6).

Members of the Board of Directors should perform their functional duties in good faith and adhere to the following principles in their activities:

1. act within their powers – members of the Board of Directors make decisions and act within their powers stipulated in the Kazakhstan Laws "On Joint Stock Companies" and "On State Property", as well as in the Company's Charter;
2. devote sufficient time to attend and prepare for meetings of the Board of Directors and its committees;
3. contribute to the achievement of profitability and sustainable development of the Company – the members of the Board of Directors act in the interests of the Company. Impact of the decisions and actions of the members of the Board of Directors can be determined through the following questions: what are the consequences of the decision/action in the long term; what is the impact of the organization's activities on society and the environment; the impact on the Company's reputation and high standards of business ethics; the impact on the interests of stakeholders (this list of issues is minimally necessary, but not exhaustive);

4. maintain high standards of business ethics – members of the Board of Directors must comply with high standards of business ethics in their actions, decisions and behavior and be an example for the Company's employees;
5. avoid conflicts of interest – members of the Board of Directors do not allow situations in which their personal interest may affect the proper performance of their duties as a member of the Board of Directors. In case of situations with conflicts of interest that affect or potentially affect the impartial decision-making, members of the Board of Directors should notify the Chairman of the Board of Directors in advance and not participate in the discussion and adoption of such decisions. This requirement also applies to other actions of a member of the Board of Directors that may directly or indirectly affect the proper performance of duties of a member of the Board of Directors;
6. act with due reasonableness, skill and prudence – members of the Board of Directors are recommended to continuously improve their knowledge of the competencies of the Board of Directors and the performance of their duties on the Board of Directors and committees, including areas such as legislation, corporate governance, risk management, finance and audit, sustainable development, industry knowledge and business specifics of the Company. In order to understand the current issues of the Company's activities, members of the Board of Directors regularly visit key Company facilities and hold meetings with employees.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

Members of the Board of Directors perform their functional duties in good faith and adhere to the following principles in their activities:

1. act within their powers;
2. devote sufficient time to attend and prepare for meetings of the Board of Directors and its committees;
3. contribute to the achievement of profitability and sustainable development of the Company;
4. maintain high standards of business ethics;
5. do not allow conflicts of interest;
6. act with due reasonableness, skill and prudence.

The Board of Directors and its committees should maintain a balance of skills, experience and knowledge that ensures making independent, objective and effective decisions in the interests of the Company and taking into account the interests of the Sole Shareholder and the principles of sustainable development.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

When electing a member of the Board of Directors of the Company, as well as the Chairman and members of the Committees of the Board of Directors of the Company, the Sole Shareholder and the Board of Directors of the Company are guided by the legislation and other internal regulations.

The Sole Shareholder elects the members of the Board of Directors on the basis of clear and transparent procedures, taking into account the competencies, skills, achievements,

business reputation and professional experience of the candidates. When re-electing individual members of the Board of Directors or its full composition for a new term, their contribution to the effectiveness of the Company's Board of Directors is taken into account.

The term of office of the Board of Directors shall be set by the Sole Shareholder. The term of office of the members of the Board of Directors coincides with the term of office of the entire Board of Directors and expires at the time when the Sole Shareholder decides to elect a new Board of Directors. The Sole Shareholder has the right to terminate the powers of all or individual members of the Board of Directors ahead of time.

No person should participate in making decisions related to their own appointment, election and re-election.

When selecting candidates for the Board of Directors, the following conditions shall be taken into account:

1. work experience in executive positions;
2. work experience as a member of the Board of Directors;
3. work experience;
4. education, specialization, including availability of international certificates;
5. competencies in areas and industries (industries may vary depending on the asset portfolio);
6. business reputation;
7. existence of a direct or potential conflict of interest.

Quantitative composition of the Board of Directors shall be determined by the Sole Shareholder. Composition of the Board of Directors is determined individually, taking into account the scope of activities, current tasks, development strategy and/or development plan and financial capabilities.

Composition of the Board of Directors should be balanced, which means a combination of the Board of Directors members (representatives of the Sole Shareholder, independent directors, Chairman of the Company's Board), ensuring decision-making in the interests of the Company and economic development tasks assigned.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

The Sole Shareholder, when electing members of the Company's Board of Directors, shall necessarily approve the quantitative composition of the Company's Board of Directors. The composition of the Board of Directors is set individually, taking into account the scope of activities, current tasks, development strategy and/or development plan and financial capabilities, as well as a balanced composition of the Board of Directors, which means a combination of members of the Board of Directors (representatives of the Sole Shareholder, independent directors, head of the executive body), ensuring decision-making in the interests of the Company and its economic development tasks.

Presence and participation of Independent Directors on the Board of Directors is mandatory. The number of members of the Board of Directors shall be at least 3 (three) people. At least one third of the members of the Company's Board of Directors shall be Independent Directors. At the same time, the number of independent directors should be sufficient to ensure independence of the decisions taken. The recommended number of independent directors on the Company's Board

of Directors is up to fifty (50) percent of total number of members of the Board of Directors.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

The Board of Directors includes independent directors.

At least one third of the members of the Company's Board of Directors shall be independent directors, and the Company's Board of Directors consists of 2 independent directors.

Quantitative composition of the Company's Board of Directors was determined (6 people) by decision of the Board of Directors of Agrarian Credit Corporation JSC dated January 23, 2023 (Minutes No. 1).

Relations between independent directors and the Company are formalized by contracts taking into account the Kazakhstan legislation, this Code and internal documents of the Company.

The contracts shall specify the rights, obligations, responsibilities of the parties and other essential conditions, as well as the obligations of independent directors of the Board of Directors to comply with this Code, including to devote sufficient time to perform the functions assigned to them, non-disclosure of internal information about the Company after termination of its activities for a period established by the Board of Directors and additional obligations arising from requirements for the status and functions of independent directors (in terms of timely declaration of loss of independence and others).

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

Relevant Contracts have been concluded with the Independent Directors of the Company.

The Chairman of the Board of Directors is responsible for the overall management of the Board of Directors, ensures the full and effective implementation of its main functions by the Board of Directors and the establishment of a constructive dialogue between the members of the Board of Directors, the Sole Shareholder and the Board of the Company.

The Chairman of the Board of Directors should strive to create a unified team of professionals to achieve profitability and sustainable development of the Company, who are able to respond to internal and external challenges in a timely and professional manner.

The roles and functions of the Chairman of the Board of Directors and the Chairman of the Board of the Company should be clearly separated and fixed in the Company's internal documents. The Chairman of the Board cannot be elected Chairman of the Board of Directors of the Company.

The key functions of the Chairman of the Board of Directors include:

1. planning meetings of the Board of Directors and setting the agenda;
2. ensuring timely receipt by members of the Board of Directors of complete and up-to-date information for decision-making;
3. ensuring that the Board of Directors focuses on strategic issues and minimizes

the current (operational) issues to be considered by the Board of Directors;

4. ensuring maximum effectiveness of meetings of the Board of Directors by allocating sufficient time for discussions, comprehensive and in-depth consideration of issues on the agenda, stimulating open discussions, and reaching agreed decisions;
5. monitoring and supervision of the proper execution of the decisions taken by the Board of Directors and the Sole Shareholder;
6. in case of corporate conflicts, taking measures to resolve them and minimize the negative impact on the Company's activities, and timely informing the Sole Shareholder if it is impossible to resolve such situations on their own;
7. building proper communication and interactions with the Sole Shareholder, including the organization of consultations when making key strategic decisions.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

The Chairman of the Board of Directors is elected from among its members by a majority vote of the total number of members of the Board of Directors by open voting. The Board of Directors has the right to re-elect the Chairman at any time.

The Chairman of the Board of Directors organizes the work of the Board of Directors, conducts its meetings, and also performs other functions defined by the Company's charter, the Kazakhstan legislation, the regulations on the Board of Directors of the Company and other regulatory documents.

The Chairman of the Board of Directors adheres to the principles of freedom of

expression by the members of the Company's Board of Directors on the issues discussed, promotes the search for an agreed solution, decision-making in the interests of the Sole Shareholder.

It is recommended that the remuneration level of the members of the Board of Directors be set in an amount sufficient to attract and motivate each member of the Board of Directors to the level required for successful management of the Company. The HR, Remuneration and Social Affairs Committee of the Company's Board of Directors makes proposals on the amount of remuneration for candidates for independent directors.

No person should be involved in making decisions related to their own remuneration.

Remuneration should fairly reflect the expected contribution of a member of the Board of Directors to improving the effectiveness of the entire Board of Directors and the Company's activities.

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

Members of the Board of Directors are paid a fixed annual remuneration, as well as additional remuneration for participation and chairmanship of committees of the Board of Directors. Remuneration of a member of the Board of Directors shall not include options

or other elements related to the Company's performance.

At the same time, members of the Company's Board of Directors who are civil servants and/or representatives of the shareholder, as well as the Chairman of the Board (in case of his membership in the Board of Directors), remuneration for membership in the Board of Directors is not paid.

The Sole Shareholder of the Company determines the amount and conditions of remuneration and compensation of expenses to the members of the Company's Board of Directors. At the same time, the terms of remuneration of directors are reflected in contracts concluded with them and/or, if necessary, in an internal document of the Company.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

The remuneration level of the Company's independent directors is set by the Sole Shareholder and is reflected in contracts concluded with independent directors.

Members of the Company's Board of Directors who are representatives of the shareholder, as well as the Chairman of the Board, are not paid remuneration for membership in the Board of Directors.

The Company's Board of Directors has established committees whose competence includes consideration of issues related to audit and risk management, strategic planning and corporate development, human resources, remuneration and social issues.

The existence of committees does not exempt members of the Board of Directors from responsibility for decisions taken within the competence of the Board of Directors.

The Committees are established to conduct a detailed analysis and develop recommendations on a range of the most important issues before they are considered at a meeting of the Board of Directors. A final decision on the issues considered by the committees is made by the Board of Directors.

Activities of the committees are regulated by internal documents approved by the Board of Directors, containing provisions on composition, competence, procedure for electing committee members, procedure for work of committees, as well as rights and obligations of their members. The Sole Shareholder has the right, upon request, to familiarize itself with the provisions on committees.

A Corporate Secretary is appointed by the committee or the Board of Directors, the Secretary of the committee to arrange work of the committee. The Secretary of the committee prepares committee meetings, collects and systematizes materials for meetings, timely notifies the committee members and invited persons of committee meetings, the agenda of meetings, materials on agenda items, records meetings, prepares draft decisions of the committee, as well as subsequent keeps all relevant materials.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

3 committees have been established under the Company's Board of Directors:

1. Audit and Risk Committee;

2. Strategic Planning and Corporate Development Committee;
3. Social Affairs, Human Resources and Remuneration Committee.

The Secretary of the Committees of the Company's Board of Directors is the Corporate Secretary of the Company.

The Chairman of the Strategic Planning and Corporate Development Committee is elected from among the independent members of the Board of Directors for the term of office of the Board of Directors at one of the first meetings of the Board of Directors. The decision on election is made by a simple majority vote of the total number of members of the Board of Directors.

If necessary, experts with relevant experience and competence may be involved in the composition of the Strategic Planning and Corporate Development Committee. Members of the Committee who are not members of the Board of Directors are appointed by the Board of Directors on the proposal of the Chairman of the Committee.

Main functions of the Strategic Planning and Corporate Development Committee are to develop and submit recommendations to the Company's Board of Directors on the development of the Company business priorities and its development strategy, including development of measures to improve the Company performance its profitable activities and sustainable development. The detailed goals and objectives of the committee are provided for in the regulations on the committee.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

The requirements of the Code are provided for in the Regulation on the Strategic Planning and Corporate Development Committee of the Board of Directors of the Company, approved by the decision of the Board of Directors dated September 30, 2021 No. 11.

The Audit and Risk Committee consists of independent directors with the necessary knowledge and practical experience in accounting and auditing, risk management, and internal control. The Chairman of the Audit and Risk Committee is an independent director. Main functions of the Audit and Risk Committee include internal and external audit, financial reporting, internal control and risk management, compliance with the Kazakhstan legislation, internal documents and other issues on behalf of the Board of Directors.

In addition, the Audit and Risk Committee evaluates candidates for external auditors of the Company, as well as pre-analyzes the conclusion of the audit organization before submitting it to the Board of Directors and the Sole Shareholder.

A member of the Board of Directors who is not independent may be elected to the committee if the Board of Directors exceptionally decides that the membership of this person in the Audit and Risk Committee is necessary in the interests of the Sole Shareholder and the Company. When this appointment occurs, the Board of Directors should disclose the nature of the dependence of this person and justify such a decision.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

The requirements of the Code are provided for by the Regulation on the Audit and Risk Committee of the Board of Directors of the Company, approved by the decision of the Board of Directors dated September 30, 2021 No. 11.

The HR, Remuneration and Social Affairs Committee consists of a majority of independent directors in order to develop objective and independent decisions and prevent interested parties (representatives of the Sole Shareholder, the head of the Board, employees and others) from influencing the judgments of the committee members.

Members of the Committee should have the necessary knowledge and practical experience in personnel management and evaluation of its activities, as well as in corporate governance. The Chairman of the committee is an independent director.

The HR, Remuneration and Social Affairs Committee determines the criteria for the selection of candidates for members of the Board of Directors, candidates for top managers, develops the Company's policy on remuneration of these persons, and regularly evaluates the activities of members of the Board of Directors and top managers.

Main functions of the Committee include appointment (election), setting motivational KPIs, performance assessment, remuneration and succession planning of the Chairman and members of the Board, appointment and remuneration of the Corporate Secretary, as well as participation in the consideration of these issues with respect to the composition of the Board of Directors itself, in cases where such powers are granted by the Sole Shareholder. In this case, members of the HR, Remuneration and Social Affairs committee are advised not to allow a conflict of interest situation to arise and not to participate in the consideration of their own appointment and/or remuneration.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

The requirements of the Code are provided for in the Regulation on the HR, Remuneration and Social Affairs Committee of the Company's Board of Directors, approved by the Board of Directors Decision No. 11 dated September 30, 2021.

Meetings of the Board of Directors are held in accordance with the work plan approved by the Board of Directors before the beginning of the calendar year, which includes a list of issues under consideration and a schedule of meetings with dates. Meetings of the Board of Directors and its committees are held by in-person or absentee voting, while a number of meetings with absentee voting should be minimized. Consideration and decision-making on important and strategic issues is carried out only at meetings of the Board of Directors with in-person voting.

If the members of the Board of Directors (no more than 30% of the total number of members of the Board of Directors) are unable to attend a meeting of the Board of Directors in person, a combination of both forms of a meeting of the Board of Directors and its committees is possible. At the same time, an absent member of the Board of Directors may participate in discussion of the issues under consideration using technical means of communication and provide his/her opinion in writing.

The recommended frequency of meetings of the Board of Directors is at least six meetings per year. It is recommended to evenly distribute a number of issues planned for consideration during the year to ensure

thorough and full discussion and timely and high-quality decisions.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

The Board of Directors holds regular meetings to effectively perform its functions. Meetings of the Board of Directors are held in accordance with the Work Plan for 2023 approved by Decision of the Board of Directors of the Company dated 21.12.2022 (Minutes No. 15). Meetings of the Board of Directors and its Committees are held by in-person and absentee voting.

In 2023, 13 in-person meetings of the Company's Board of Directors were held, 86 issues were considered and decisions were made.

The Board of Directors, committees and members of the Board of Directors are annually assessed. At the same time, at least once every three years, assessment is carried out with involvement of an independent professional organization.

Assessment makes it possible to determine contribution of the Board of Directors and each of its members in achieving the strategic objectives of the Company's development, as well as to identify areas and recommend measures for improvement. The assessment results are taken into account when re-electing or early termination of the powers of the members of the Board of Directors.

Assessment is one of the main tools for improving the professionalism of the Board of Directors and its individual members. Assessment is mandatory for both independent directors and representatives of the Sole Shareholder.

Assessment is carried out according to principles such as regularity, complexity, continuity, realism, confidentiality.

Process, timing and procedure to assess performance of the Board of Directors, its committees and members of the Board of Directors should be clearly regulated in the Company's internal documents.

PARTIALLY OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

In accordance with the best international corporate governance practices, the Company annually assesses performance of the Board of Directors, which determines further effective development of the Board of Directors.

In accordance with the Corporate governance Code, the Regulations on the Company's Board of Directors – the Board of Directors, committees and members of the Board of Directors are annually assessed until June 1 of the year following the reporting period.

Decision to assess the Board of Directors is made by the Company's Board of Directors.

Due to change of the Sole Shareholder of the Company in 2022 and change in the composition of the Company's Board of Directors, the Board of Directors decided on December 28, 2023 (Minutes No. 13) to assess the Company's Board of Directors for 2023 on its own. Assessment is carried out by the questionnaire method and its results will be included in the Company's Annual Report.

At the same time, the Company received commercial proposals from independent professional organizations, and the costs of assessing the work of the Company's

Board of Directors with the involvement of an independent professional organization (independent consultants) are included in the draft adjusted development plan for the Company for 2024-2028.

The Board of Directors appoints a Corporate Secretary to effectively arrange activities of the Board of Directors and interact of the Board with the Sole Shareholder.

The Board of Directors makes a decision on appointment of the Corporate Secretary, determines the term of his/her powers, functions and procedure of activity, amount of official salary and remuneration conditions, decides on establishment of the service (secretariat) of the Corporate Secretary (if necessary) and determines the budget of the specified service. The Corporate Secretary is accountable to the Company's Board of Directors and is independent of the Company's Board. Main duties of the Corporate Secretary include assistance in timely and high-quality corporate decision-making by the Board of Directors, the Sole Shareholder, acting as an adviser to the members of the Board of Directors on all issues of their activities and application of this Code, as well as monitoring implementation of this Code and participation in improving corporate governance in the Company. The Corporate Secretary also prepares a report on compliance with the principles and provisions of this Code, which is included in the Company's annual report. This report should reflect a list of principles and provisions of the Code that are not observed, with appropriate explanations.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

A Corporate Secretary was appointed in the Company by Decision of the Board of Directors dated March 10, 2021 (Minutes No. 2). The Corporate Secretary was reappointed for a new term by the decision of the Board of Directors dated January 31, 2024 (Minutes No. 1).

An Ombudsman is appointed to comply with the principles of business ethics, optimal regulation of social and labor disputes arising in the Company.

A candidate for the position of Ombudsman should have an impeccable business reputation, high authority, as well as the ability to make impartial decisions.

An Ombudsman is appointed by Decision of the Company's Board of Directors and shall be re-elected every two years. Role of the Ombudsman is to advise employees who have applied to him/her, participants in labor disputes, conflict and assist them in developing a mutually acceptable, constructive and implementable solution, taking into account compliance with the Kazakhstan legislation (including confidentiality, if necessary), assisting in solving problematic social and labor issues of both employees and the Company.

An Ombudsman submits problematic issues identified by him/her that are systemic in nature and require appropriate decisions (comprehensive measures) for consideration of the relevant bodies and officials of the Company, puts forward constructive proposals for their solution.

An Ombudsman submits a report on his/her performance at least once a year to the Social Affairs, Human Resources and Remuneration Committee and the Audit and Risk Committee

of the Company's Board of Directors, who assess his/her performance.

The Board of Directors of the Company assesses performance of the Ombudsman and decides on extension or termination of his/her powers as the Ombudsman.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

Dina Viktorovna Akrachkova, who holds position of Head of the Office of the Chairman of the Board of Baiterek NMH JSC, was appointed Ombudsman of the Company for a period of 2 years to comply with the principles of the Code of Business Ethics, optimal regulation of social and labor disputes arising in the Company, by Decision of the Board of Directors of the Company dated June 30, 2022 (Minutes No. 8).

The term of office of the Company's Ombudsman, D. V. Akrachkova, is until June 30, 2024.

Currently, the Company's Human Resources Management Department provided the relevant Company data for 2023 to make a report on the results of the Company's Ombudsman's activities for the reporting year and make a decision on extending her term of office.

An Internal Audit Service has been established and carries out internal audit as an activity to provide independent and objective guarantees and consultations aimed at improving the Company's performance. Internal audit helps to achieve the set goals by using a systematic and consistent approach to assessing and

improving performance of risk management, control and corporate governance.

The Board of Directors of the Company determines quantitative composition and term of office of the Internal Audit Service, appoints its head and employees, as well as prematurely terminates their powers, determines procedure for its work, amount and conditions of remuneration and bonuses for employees of the Internal Audit Service, as well as the budget of the Internal Audit Service.

Employees of the Internal Audit Service cannot be elected to the Board of Directors and the Board of the Company.

The Internal Audit Service reports directly to the Company's Board of Directors and is independent of the Company's Board. The tasks and functions of the Internal Audit Service, its rights and responsibilities are determined by the regulations on the Internal Audit Service approved by the Company's Board of Directors.

The key responsibilities of the Internal Audit Service include assessing quality of internal control, risk management and corporate governance systems in the Company and informing the Board of Directors about sufficiency and performance of these systems. Main task of the Internal Audit Service is to contribute to the improvement of the Company's performance.

Regulation on the Internal Audit Service defines and establishes the following:

1. adherence to the principles and regulations adopted by the International Institute of Internal Auditors;
2. status, goals and objectives of the Company's internal audit;
3. conditions for ensuring the independence, objectivity and professionalism of the Internal Audit Service in order to achieve

the goals and objectives of internal audit and effective performance by the Internal Audit Service of its functions and responsibilities;

4. qualification requirements for the head and employees of the Internal Audit Service;
5. scope and content of internal audit activities;
6. right of access to documentation, employees and tangible assets when performing relevant tasks;
7. procedure for interaction of the Internal Audit Service with the Board of Directors and the Board of the Company and reporting to the Audit and Risk Committee and the Board of Directors of the Company.

The Regulation on the Internal Audit Service also provides for the following tasks and functions:

1. assistance to the Board and employees of the Company in developing and monitoring implementation of procedures and measures to improve risk management systems, internal control and corporate governance;
2. coordination of activities with the Company's external auditor, as well as persons providing consulting services on risk management, internal control and corporate governance;
3. internal audit of the Company within the established procedure;
4. preparation and submission to the Board of Directors and the Audit and Risk Committee of periodic reports on performance of the Internal Audit Service and implementation of the (annual) audit plan (including information on significant risks, deficiencies, results and effectiveness of measures to eliminate identified deficiencies, results of assessment of the actual condition, reliability and performance of the system

risk management, internal control and corporate governance);

5. check of compliance by members of the Company's Board and its employees with the Kazakhstan legislation and internal documents related to insider information and anti-corruption, compliance with ethical requirements;
6. monitoring implementation of the recommendations of the external auditor;
7. providing consultations within the framework of the work plan approved by the Board of Directors on organization and improvement of internal control, risk management, corporate governance and internal audit, as well as on other issues within the competence of the Internal Audit Service.

Assessment of performance of the Internal Audit Service, its head and employees is carried out by the Board of Directors on the basis of consideration of reports of the Internal Audit Service, compliance with the deadlines for execution of the (annual) audit plan and reporting, assessment of compliance of reports with the standards and internal regulatory documents of the Internal Audit Service.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

The Company has an Internal Audit Service (IAS). Term of office of the Company's Internal Audit Service was determined until 30.07.2025 by Decision of the Board of Directors dated 30.06.2022 (Minutes No. 8). The functional accountability of the IAS to the Board of Directors is fixed and implemented in practice. The IAS head interacts directly with the Board of Directors. Individual objectivity is ensured (avoiding conflicts of interest). Internal

auditors do not perform operational functions that are subsequently subject to audit. In accordance with the IAS Regulations, IAS employees cannot be elected to the Board of Directors and the Board of the Company. The relevant methodologies for assessing corporate governance, risk management, and internal control systems were approved. The IAS regularly assesses these systems and the results are submitted to the Board of Directors for consideration. The IAS provides recommendations for improving the above systems. The Regulation on IAS has been approved, which meets the Standards and the Code of Ethics. Requirements for knowledge and skills of internal auditors were formalized. IAS employees have the necessary collective knowledge and skills. The IAS budget is approved annually, which provides for the costs of training IAS employees. Procedures for periodic reporting on the IAS performance were established and are implemented in practice, within the framework of these reports, information is provided on identified violations and shortcomings, as well as on the risks taken by the management. Monitoring of the measures taken based on results of the audit assignment is formalized and carried out in practice. As part of periodic reporting, monitoring results are provided to the Board of Directors. The requirements for formation of the audit assignment results are formalized and fulfilled in practice. Procedures for storing and accessing audit files are formalized and observed in practice. A Quality Assurance and Improvement Program was developed and approved. Criteria for assessing quality of work of IAS employees were developed and approved by the Board of Directors, the assessment results are submitted to the Board of Directors for consideration as part of the IAS performance assessment. The Quality Assurance and Improvement Program provides for an annual internal assessment of quality of IAS activities (self-assessment). Based on the results of annual self-assessment, the Board of

Directors approves an action plan to improve performance of the IAS. By the decision of the Board of Directors dated 15.03.2024, the report on the internal assessment of the quality of IAS activities for 2023 was reviewed and the action plan for the development and improvement of internal audit activities for 2024 was approved.

The Company's current activities are managed by the Board. The Chairman and members of the Board have high professional and personal characteristics, a good business reputation and adhere to ethical standards. The Chairman of the Board has high organizational skills, works in active interaction with the Sole Shareholder and constructively builds a dialogue with the Board of Directors, employees and other stakeholders.

The Board is accountable to the Board of Directors and manages the daily activities of the Company, is responsible for the implementation of the development strategy and/or development plan and decisions taken by the Board of Directors and the Sole Shareholder.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

The Company has a collegial executive body, the Board.

The Board's work is aimed at fulfilling the Company's objectives and implementing the Company's development strategy.

As of December 31, 2023, the actual personal composition of the Company's Board consists of the following members of the Board:

1. Chairman of the Board – Prashev Aydar Gilimovich (appointed by the decision of the Sole Shareholder of the Company of the Holding Board dated July 20, 2022 No. 30/22);
2. Deputy Chairman of the Board – Alish Mars Karaltaevich (appointed by the decision of the Board of Directors of the Company dated July 19, 2022 No. 9);
3. Deputy Chairman of the Board – Yerkebulan Yerlanovich Zhumzhaev (appointed by the decision of the Board of Directors of the Company dated July 19, 2022 No. 9);
4. Deputy Chairman of the Board – Orazbayev Zhanuzak Zhenisovich (appointed by the decision of the Board of Directors of the Company dated July 19, 2022 No. 9);
5. Deputy Chairman of the Board – Seitzhanov Aidos Bauyrzhanovich (appointed by the decision of the Board of Directors of the Company dated July 19, 2022 No. 9).

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

Chairman of the Board A. G. Prashev has high organizational skills, works in active interaction with the Sole Shareholder and constructively builds a dialogue with the Board of Directors, employees and other stakeholders.

The Board of Directors elects the Board members (with exception of the Board Chairman), determines terms of office, amount of official salary, terms of payment for their work and bonuses. The Social Affairs, Human Resources and Remuneration Committee of the Company's Board of Directors plays a key

role in searching and selecting candidates to the Board, determining their remuneration.

Proposals on candidates for election to the Board for consideration by the Social Affairs, Human Resources and Remuneration Committee of the Board of Directors are submitted by the Chairman of the Board. If the Board of Directors rejects a candidate proposed by the Head of the Board for the same vacant position in the Board for the second time, the right to make a proposal for a candidate for this vacant position passes to the Board of Directors.

The Board of Directors may terminate the powers of the Board members at any time (with exception of the Board Chairman).

It is recommended to elect members of the Company's Board for up to three years. The terms of office of the Chairman and members of the Board coincide with the term of office of the Board as a whole.

In order to increase transparency of the appointment and remuneration of members of the Company's Board, the Board of Directors is recommended to approve and strictly comply with the rules on appointments, remuneration, assessment and succession of members of the Company's Board.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

Electing members of the Company's Board is governed by the Regulation on the Board approved by Decision of the Company's Board of Directors dated March 30, 2022 (Minutes No. 3).

Composition of the Company's Board was determined in the number of 5 (five) members

with a term of office of the Board – 3 years from July 31, 2022 by the Decision of the Board of Directors of the Company dated July 19, 2022 No. 9.

Remuneration of the Company's Board members is governed by the Rules of Remuneration, Performance Assessment and Remuneration of the Company's Executives, approved by Decision of the Company's Board of Directors dated 30.09.2021 (Minutes No. 11).

The Board holds in-person meetings and discusses implementation of the Development Strategy and/or development plan, decisions of the Sole Shareholder, the Board of Directors and operational activities. Board meetings are regularly held. Cases of holding absentee meetings are limited and defined in the Charter and internal documents of the Company.

The Board develops a work plan for the coming year with a list of issues before the beginning of the calendar year. Members of the Board are provided with materials for consideration in advance, of proper quality. When considering issues such as development strategies and/or development plans, investment projects, risk management, several meetings are allowed.

When considering each issue, a separate discussion is devoted to the risks associated with making/not making a decision and their impact on the Company's profitability.

All issues submitted by the Board for consideration by the Board of Directors and the Sole Shareholder are pre-considered and approved by the Board.

The Chairman and members of the Board do not allow a conflict of interest situation to arise. If a conflict of interest arises, they notify the Board of Directors or the Chairman of the

Board in advance about the need to record it in writing and not participate in making a decision on the issue.

The Chairman and members of the Board may hold positions in other organizations only with the approval of the Board of Directors. The Board Chairman does not hold the position of the head of the Board of another legal entity.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

The Board's Work Plan for 2023 was approved by Decision of the Company's Board No. 40 dated December 23, 2022.

The list of issues proposed to be included in the Work Plan of the Company's Board for 2023 has been determined. The Work Plan reflects issues on approval of internal regulatory documents of the Company, initiation of convocation of the Board of Directors, write-off of fixed assets and other issues.

During 2023, 39 meetings of the Company's Board were held, all in person. Meetings were held on a regular basis.

According to the Regulations on the Board, draft decisions are necessarily approved by the head of the initiating department, the head of the legal department, for compliance of draft decision with the legislation, and their supervising managers, the head of a structural unit engaged in risk management, for compliance with the Company's risk management policy.

In addition, according to subparagraph 1) of paragraph 85 of the Company's Charter, the competence of the Board includes preliminary

consideration of issues submitted to the Sole Shareholder and the Board of Directors, with exception of issues of the internal audit service, Corporate Secretary, Compliance Service, Ombudsman.

The Company goals and objectives shall correspond to the Company mission and are consistent with the Company risk appetite. The Risk Management Department, when approving draft decision of the Board and other authorized bodies, ensures that decisions are weighted with the level of risk. When approving draft decision of the Authorized Body, the RMD checks for compliance/non-compliance of the draft decision with the approved level of risk appetite of the Company.

The Chairman and members of the Board are assessed by the Board of Directors. The main assessment criterion is achievement of the set KPIs.

Motivational KPIs of the Chairman and members of the Board are approved by the Company's Board of Directors. Proposals on motivational KPIs of the Board members are submitted to the Board of Directors by the Chairman of the Board.

Assessment results have an impact on the amount of remuneration, encouragement, re-election (appointment) or early termination of powers.

The remuneration of the Chairman and members of the Board consists of a constant and variable part. When setting an official salary, complexity of tasks performed, personal competencies of an employee and his/her competitiveness in the market, contribution made by this person to the Company development, level of official salaries

in similar companies, economic situation in the Company are taken into account.

In case of early termination of the employment contract, remuneration is paid in accordance with internal documents approved by the Board of Directors of the Company.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

In accordance with subparagraph 10) of paragraph 37 of the Company's Charter, the exclusive competence of the Company's Board of Directors includes determining an amount of official salary and conditions of remuneration, bonuses for the Board Chairman and members of the Company's Board.

The Chairman and members of the Company's Board are annually assessed by the Board of Directors. The main assessment criterion is achievement of the set key performance indicators of the Chairman and members of the Board, consisting of corporate and functional key performance indicators that take into account the specifics of the Company's performance and include key financial and non-financial indicators.

KPIs are developed by cascading the Company's strategic goals and based on the area of competence assigned to a certain position/ senior employee and are submitted for approval by the Company's Board of Directors in accordance with the established procedure.

The KPI Maps for 2023 were approved by Decision of the Company's Board of Directors dated December 21, 2022 (Minutes No. 15).

At the same time, changes were made to the KPI Maps of Executives for 2023 by Decision

of the Company's Board of Directors dated September 27, 2023.

The KPI Maps of Executives for 2024 have also been approved (Decision No. 13 of the Company's Board of Directors dated December 28, 2023).

4. Principle of Sustainable Development

The Company is aware of importance of its influence on the economy, environment and society to ensure sustainable development in the long term, while maintaining a balance of interests of stakeholders. An approach of responsible, thoughtful and rational interaction with stakeholders will contribute to the sustainable development of the Company.

The Company strives for profitability, ensures sustainable development, and maintains a balance of interests of stakeholders.

The Company, in the course of its activities, affects and is affected by stakeholders. Activities on sustainable development comply with the best international standards.

Stakeholders can have both positive and negative impacts on the Company's activities, namely on achieving profitability, sustainable development, reputation and image, create or reduce risks. The Company attaches great importance to proper interaction with stakeholders.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

In order to determine fundamental norms, principles, rules and approaches that the Company should follow in building management systems on sustainable development, the Company developed and the Board of Directors approved on June 30, 2021 (Minutes No. 7) the KazAgroFinance Sustainable Development Policy (the SD Policy).

Solving the sustainable development problems, the Company relies on its mission, the Company and Holding Development Strategy, and also uses international norms of behavior and principles enshrined in international standards on sustainable development. The Company considers the use of international standards on sustainable development as a necessary condition for ensuring compliance of its activities with the best international practices and achieving goals and objectives in sustainable development.

The Company's Board ensures development of a proper sustainable development management system and its implementation.

The Company is aware of importance of its influence on the economy, environment and society to ensure sustainable development in the long term, while maintaining a balance of interests of stakeholders. An approach of responsible, thoughtful and rational interaction with stakeholders contributes to the sustainable development of the Company. The principles in sustainable development are openness, accountability, transparency, ethical behavior, respect for the interests of stakeholders, legality, respect for human rights, intolerance to corruption, inadmissibility of conflict of interests. In general, these principles are applied and observed by the Company.

The Company pays due attention to interaction with stakeholders to implement successful and effective sustainable development policy.

The Company's Stakeholders Map has been updated by the Board Decision No. 34 dated September 30, 2022 to determine a list of stakeholders, extent of their influence and spheres of influence on the Company's interests.

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.

Interaction with stakeholders is based on the principle of involvement, which implies taking into account the interests of stakeholders at all stages of the Company's management process and involving stakeholders in the discussion of significant topics and important issues, potential risks and boundaries of responsibility.

The Company ensures consistency of its economic, environmental and social goals for sustainable development in the long term. Sustainable development in the Company consists of three components: economic, environmental and social.

The economic component directs the Company's activities to the profitability of their activities, ensuring the interests of the Sole Shareholder and investors, improving efficiency of processes, increasing investments in the agro-industrial complex of Kazakhstan.

The environmental component contributes to minimizing the impact on biological and physical natural systems, optimal use of limited resources, use of environmentally friendly, energy- and material-saving technologies.

The social component is focused on the principles of social responsibility, which, among

other things, include ensuring occupational safety and preserving the health of employees, fair remuneration and respect for the rights of employees, individual development of personnel, implementation of social programs for personnel, creation of new jobs, sponsorship and charity, environmental and educational campaigns.

The Company analyzes its activities and risks on these three aspects, and also strives to prevent or reduce negative impact of the results of its activities on stakeholders.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

Sustainable development in the Company is carried out in accordance with the SD Policy and consists of three constituent categories: economic, environmental and social.

The economic component of the Company's sustainable development contains the following goals:

1. Company's break-even performance;
2. ensuring the interests of the Sole Shareholder and investors;
3. improving the efficiency of processes;
4. growth of investments in agriculture;
5. creation of new jobs.

The environmental component of sustainable development contains the following goals:

1. minimizing the impact on biological and physical natural systems;
2. optimal use of limited resources;
3. use of eco-friendly, energy-efficient and material-saving technologies.

The social component of the Company's sustainable development contains the following goals:

1. transparent competitive procedures and equal employment opportunities;
2. fair remuneration and respect for the rights of employees;
3. ensuring occupational safety and preserving the health of employees;
4. training and professional development of employees;
5. implementation of internal and external social programs.

The Company is building a management system on sustainable development, which includes, but is not limited to, the following elements:

1. commitment to the principles of sustainable development at the level of the Board of Directors, Board and employees;
2. analysis of the internal and external situation on three components (economy, environment, social issues);
3. identification of the sustainable development risks in the social, economic and environmental spheres;
4. stakeholder mapping;
5. integration of sustainable development into key processes, including risk management, planning, human resource management, investments, reporting, operational activities and others, as well as into development strategy and decision-making processes;
6. definition of goals and KPIs on sustainable development, development of an action plan and identification of responsible persons;
7. professional development of officials and employees on sustainable development;
8. regular monitoring and assessment of sustainable development measures and achievement of goals and KPIs, adoption of corrective measures, introduction of a continuous improvement culture.

The Board of Directors and the Board of the Company ensure development of an appropriate system on sustainable development and its implementation.

All employees and officials at all levels contribute to sustainable development.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

Sustainable development in the Company is managed as part of the general management system of the Company performance and is an integral part of it.

The SD Policy defines fundamental principles and approaches in building a management system on sustainable development.

The Company's sustainable development objectives are:

1. consistent implementation of the sustainable development principles in key business processes and corporate decision-making system;
2. analysis of activities and risk control on sustainable development in the context of its three components;
3. improving quality of sustainable development management through the systematic work;
4. creation of mechanisms for effective interaction of the Company with stakeholders, including regular information on the sustainable development performance.

The Company's approach to sustainable development issues is based on harmonization of the Company's interests and strategic plans with the basic principles on sustainable development and compliance with the

principles of conscientious and responsible behavior towards all stakeholders.

The Company develops action plans on sustainable development through:

1. analysis of the current situation in three main areas: economic, environmental and social (when conducting this analysis, the reliability, timeliness and quality of information is important);
2. identification of the sustainable development risks (risks are distributed in accordance with the three directions of sustainable development, may also affect related areas and capture other risks). To determine the risks, an analysis of both internal and external factors affecting the Company is carried out;
3. identification of stakeholders and their impact on the activities;
4. defining goals, as well as, if possible, targets, measures to improve activities according to three components, responsible persons, necessary resources and deadlines;
5. regular monitoring and assessment of implementation of goals, measures to achieve targets;
6. systematic and constructive interaction with stakeholders, receiving feedback;
7. implementation of the developed plan;
8. continuous monitoring and regular reporting;
9. analyzing and assessing the plan performance, summarizing and taking corrective and improving measures.

Sustainable development is recommended to be integrated into:

1. management system;
2. development strategy;
3. key processes, including risk management, planning (long-term (strategy), medium-term (5-year development plan) and

short-term (annual budget) periods), reporting, risk management, human resource management, investments, operational activities and others, as well as decision-making processes at all levels starting from bodies (Sole Shareholder, Board of Directors, Board), and ending with ordinary employees.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

In the reporting year, the Company implemented the KazAgroFinance Sustainable Development Action Plan for 2023, approved by the Board's decision No. 3 dated February 15, 2023.

The report on implementation of the KazAgroFinance Sustainable Development Action Plan for 2023 was reviewed and approved by the Board on February 21, 2024 (Minutes No. 7).

The Plan reflects the Company's initiatives in an effort to follow international best practices on sustainable development.

The plan includes measures on three components of sustainable development (economic, environmental and social). As part of implementation of the Plan, such measures as improving the energy supply culture, reducing energy consumption, optimizing paper document flow, increasing the coverage of trained workers and a number of other measures are envisaged.

The management system on sustainable development defines and establishes the roles, competencies, responsibilities of each body

and all employees for the implementation of principles, standards and relevant policies and plans on sustainable development.

The Company's Board of Directors provides strategic guidance and controls implementation of sustainable development. The Company's Board develops and approves an appropriate action plan.

In order to prepare sustainable development issues, a committee is established, or these functions are delegated to the competence of one of the existing committees under the Company's Board of Directors on sustainable development issues.

The Company continuously conducts training and professional development programs. Training is a constant element in the implementation of sustainable development. The Company's officials promote the involvement of employees in sustainable development based on an understanding and commitment to the principles of sustainable development and a change in culture, behavior in conducting activities and fulfilling responsibilities. The Company annually conducts research on employee engagement and satisfaction.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

The Company's structural units implement measures on sustainable development. The heads of the relevant Company's structural units are personally responsible for the implementation of the sustainable development measures within their competencies.

The Company's structural units provide information on the results of implementation

of the sustainable development measures, as well as information for inclusion in the Company's annual report at the request of a department in charge of the Company's sustainable development activities, if necessary, make proposals to improve the Company's activities in this area.

The Company's Board of Directors has a Strategic Planning and Corporate Development Committee, whose competence includes reviewing and providing recommendations to the Company's Board of Directors on issues of preliminary consideration of acts in the field of sustainable development, monitoring compliance with principles on sustainable development, evaluating the achievement of goals and key performance indicators on sustainable development.

In order to ensure a high level of human resources potential of the Company, employees undergo training and advanced training.

The training is carried out in accordance with the professional development and professional training plan for KazAgroFinance employees, approved on December 19, 2022 No. 20/20/54 673.

In 2023, 284 employees were covered by the training and advanced training system.

During the reporting period, the sustainable development/ESG training was conducted for executives and employees of the Company.

TA team building/training in the form of a corporate event on the topic "Change Management" was held, aimed at:

- ♦ development of work skills in an environment where internal and external changes are taking place;
- ♦ motivation of employees to accept and participate in changes within

the framework of the upcoming reorganization;

- improving the knowledge of employees and achieving the Company's goals;
- creating a positive internal climate in the company and team building;
- improvement of the psychological climate in the team.

The study of the involvement and satisfaction of employees of Baiterek NMH JSC and its subsidiaries was conducted at the end of 2023 using the common assessment criteria.

The report on assessment of involvement of Baiterek NMH JSC for 2023 and the action plan of Baiterek NMH JSC for the implementation of the common personnel policy for 2023 was approved by the decision of the Board of Baiterek NMH JSC dated January 31, 2024 No. 05/24.

5. Principle of Risk Management, Internal Control and Internal Audit

The Company has an effective risk management and internal control system aimed at ensuring reasonable confidence in the Company's achievement of its strategic and operational goals, and representing a set of organizational policies, procedures, standards of conduct and actions, methods and management mechanisms created by the Board of Directors and the Board of the Company to ensure:

1. optimal balance between profitability of the Company's activities, strategic goals and risks associated with them;
2. efficiency of financial and economic activity and achievement of financial stability of the Company;
3. preservation of assets and efficient use of the Company's resources;

4. completeness, reliability and validity of financial and management reports;
5. compliance with the Kazakhstan legislation and internal documents of the Company;
6. proper internal control to prevent fraud and ensure effective support for the main and auxiliary business processes and analysis of performance.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

The Company 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 the Company's achievement of strategic and operational goals.

Risk management in the Company is a constant, dynamic and continuous process and consists of components according to the following scheme: identification, measurement, control, monitoring.

The Internal Audit Service periodically assesses performance of the risk management and internal control systems.

The corporate risk management system for 2021 was assessed by external consultants from KPMG. According to the assessment results, the final rating of the corporate risk management system was 82%. The 82% rating corresponds to the "Mature" level of efficiency and the elements of the risk management system correspond to the "best practice" and the risk management system is quite effective.

The Company is constantly improving its corporate risk management system.

The Company's internal control system is an integral part of the Company's corporate governance system, covers all levels of management, all internal processes and operations of the Company.

In order to implement internal control, the Company has built a three-line protection:

- first line of defense – internal controllers in the Company's structural units are appointed from among the Company's employees by order of the Board Chairman;
- second line of defense, the Company structural units performing control functions;
- third line of defense is provided by the Internal Audit Service by assessing performance of the Company's internal control system.

The Company approved a Plan on Improvement of the KazAgroFinance Internal Control System for 2022-2024 by decision of the Board of Directors No. 15 dated December 23, 2021 to ensure effective functioning of the Company's internal control system. The Plan includes five component activities: control environment, risk assessment, control procedures, information and communication channels, monitoring.

The report on implementation of the Plan for 2023 was approved by the decision of the Board of Directors dated 31.01.2024 No. 1.

The Company's Internal Audit Service assesses the effectiveness of the internal control system at regular intervals.

In addition, an external assessment of the effectiveness of the internal control system was carried out in November 2023. The assessment was carried out by the International Consulting Firm RUSSELL BEDFORD A+Partners LLP.

According to the results of the assessment, the effectiveness of the Company's internal control system amounted to 90.20%.

The Company's Board of Directors approves internal documents defining the principles and approaches to the risk management and internal control system based on the objectives of this system.

The effective risk management and internal control system in the Company is aimed at building a management system capable of ensuring that employees, management, and Company bodies understand reasonableness and acceptability of the risk level when making decisions, respond quickly to risks, control main and auxiliary business processes and daily operations, as well as immediately inform the relevant management of any significant drawbacks.

Principles and approaches to the effective risk management and internal control system include:

1. defining the goals and objectives of the risk management and internal control system;
2. Organisational Chart of the risk management and internal control system covering all levels of decision-making and taking into account a role of the appropriate level during developing, approving, applying and assessing the risk management and internal control system;
3. basic requirements for the risk management process (approaches to risk identification, procedure for identifying and assessing risks, determining response methods, monitoring, and others);
4. requirements for the internal control system and control procedures (characteristics of the key areas and main components of the internal

control system, procedure for assessing performance and reporting on internal control, and others).

The Company's internal regulatory documents establish responsibility of the Board of Directors and the Board of the Company to organize and ensure the effective functioning of the risk management and internal control system on a consolidated basis.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

The Company's Board of Directors approved the following internal documents:

1. Risk Management Policy (approved by Decision of the Company's Board of Directors No. 10 dated August 31, 2021 (Minutes No. 10);

Main objectives of the Risk Management Policy are:

- building an effective integrated system and creating an integrated risk management process, as well as continuous improvement of activities based on a unified standardized approach to risk management methods and procedures;
- ensuring that the Company accepts acceptable risks that are adequate to the scale of the Company's activities.

Risk management in the Company is a constant, continuous process and is carried out at all levels with involvement of collegial bodies, authorized bodies, structural units and employees of the Company.

2. Policy on Internal Control System of KazAgroFinance (approved by Decision

of the Board of Directors of the Company dated 06.09.2019, No. 9).

The Policy defines concepts, objectives and tasks of the Internal Control System, the principles of its functioning, key areas and main components of internal control procedures, as well as the competence and responsibility of internal control entities for implementation of procedures and assessment of the Company's internal control system.

Main objective of the Policy on Internal Control System is to achieve the objectives set in three key areas:

- operating activities;
- preparation of financial statements;
- compliance with the regulatory legal acts.

The Policy on Internal Control System applies to officials and employees at all levels of management and activities of the Company, structural units, as well as other participants in internal control and stakeholders.

In addition, the Company has approved the Rules for Implementing the Policy on the Company's Internal Control System to determine a procedure for ensuring the effective functioning of the internal control system.

The Company will keep developing the internal control system in the future and ensure its effective operation.

Each official of the Company ensures proper consideration of risks when making decisions.

The Company's Board ensures implementation of risk management procedures by employees with appropriate qualifications and experience.

The Board shall:

1. ensure development and implementation of internal documents approved by the Board of Directors on risk management and internal control;
2. ensure development and effective functioning of the risk management and internal control system through the practical and continuous implementation of the principles and procedures of risk management and internal control assigned;
3. be responsible for implementation of decisions of the Board of Directors and recommendations of the Audit and Risk Committee on risk management and internal control system organization;
4. monitor the risk management and internal control system in accordance with the internal documents;
5. ensure improvement of risk management and internal control processes and procedures, taking into account changes in the external and internal business environment.

In order to implement the principles of internal control and ensure the performance of risk management and internal control system, the Company's Board distributes powers, liabilities and responsibility for specific risk management and internal control procedures among the managers of the following level and/or heads of structural units.

The heads of structural units, in accordance with their functional responsibilities, are responsible for elaboration, documentation, implementation, monitoring and development of the risk management and internal control system within their entrusted functional areas of the Company.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

The regulations on structural units, job descriptions and the regulation of business processes regulate the roles and responsibilities for performance of official duties. The powers of decision-making at the level of the Management Body (Board of Directors) and the Executive Body (Board) were defined; powers at the level of committees or individual members of the Executive Body were additionally delegated.

When considering issues within the scope of powers, preliminary coordination with structural units-experts and/or mandatory structural units within the business process is provided. According to the approval results, if necessary, an expert opinion is prepared.

According to the job descriptions, the Company's employees are responsible for timely identification, assessment and risk management within their competence.

Description of the methods and procedures of the risk management, including a procedure for submitting and reporting forms on risk management, tasks, functions and responsibilities of participants during managing the main types of risks, risk management measures and other components of the risk management are presented in the Company's internal documents approved by the authorized bodies of the Company in accordance with their competence.

According to paragraph 10 of the Rules for Implementation of the Policy on Internal Control System, internal controllers were appointed from among the Company employees by order of the Chairman of the Board dated 29.09.2023 No. 170 to implement internal control on the first line of defense in the Company's structural units.

Based on the reports provided by internal controllers and structural units performing control functions, in accordance with

paragraph 33 of the Rules for Implementation of the Policy on Internal Control System, the Consolidated Report on Identified Violations and Shortcomings of Internal Control System for 2023 was approved by Decision of the Board dated 12.01.2024 No. 2.

The risk management and internal control system provides for identification, assessment and monitoring of all significant risks, as well as adoption of timely and adequate measures to reduce risk level.

Risk management procedures ensure rapid response to new risks, their clear identification and identification of risk owners. In case of any unforeseen changes in the competitive or economic environment of the Company, the risk map and its compliance with risk appetite are reassessed.

The Board of Directors approves the overall level of risk appetite and the level of tolerance in relation to key risks, which are fixed by the Company's internal documents.

Tolerance levels for key risks are reviewed in case of significant events. Limits are set that limit the risks in day-to-day activities.

For a holistic and clear understanding of the inherent risks, the Company identifies and assesses the risks at least annually, which are then reflected in the risk register, risk map, risk response plan (process improvement, minimization strategies) approved by the Board of Directors.

The Board of Directors, when reviewing the risk register and map, ensures that risks that can really affect implementation of strategic objectives are included in them, and when considering the risk response action plan, make sure that the measures are useful.

The Board of Directors and the Board of the Company regularly receive information about key risks and their analysis in terms of their impact on the Company's strategy and development plan.

Risk reports are submitted to the meetings of the Board of Directors at least once a quarter and are discussed properly in full.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

The Risk Management Policy (approved by Decision of the Company's Board of Directors dated August 31, 2021 (Minutes No. 10) defines the risk management structure, main components of the risk management system, provides a systematic and consistent approach to the risk management implementation.

The risk appetite for 2022 was approved by Decision of the Board of Directors of the Company dated December 23, 2021 No. 15.

The risk appetite for 2023 was approved by Decision of the Board of Directors of the Company dated 29.11.2022 No. 14.

Key risk indicators for 2022 were approved by Decision of the Company's Board of Directors dated December 23, 2021 No. 15.

The risk appetite for 2023 was approved by Decision of the Board of Directors of the Company dated 29.11.2022 No. 14.

Key risk indicators for 2024 were approved by Decision of the Company's Board of Directors dated December 25, 2023 No. 12.

The Matrix of Business Processes, Risks and Controls of KazAgroFinance was approved in a

new edition (Decision of the Board of Directors of the Company No. 12 dated December 25, 2023) as part of analysis and updating of business processes, inherent risks and controls.

To systematize the identified risks, the Company uses the Risk Register (the Risk Register), which is a list of risks that the Company faces in its activities and includes the possible consequences of risk realization, and a Risk Map (the Risk Map), which allows assessing the relative importance of each risk (compared to other risks), as well as highlight the risks that are critical and require development of measures to manage them. The Risk Register and Risk Map were updated during 2023 as new risks were identified, as the significance of risks changed or the strength of impact of risk on the Company's activities changed. Results of risk identification and assessment were periodically reviewed by the Board and approved by decisions of the Company's Board of Directors, respectively, No. 2 dated 07.03.2023, No. 8 dated 27.09.2023, No. 12 dated 25.12.2023.

The Critical Risk Management Action Plan (the Plan) is a list of identified risks affecting the business process with mandatory identification of measures aimed at minimizing risks. Based on the results of assessment of the most critical risks (red zone), after determining the risks that represent the maximum exposure to the risk of the Company's activities and requiring immediate actions to minimize the risk from the Company's structural units – risk owners, during 2023, the Board of Directors approved Plans dated 07.03.2023, No. 2, dated 29.11.2022, No. 14, respectively.

During 2023, the STB limits were approved by ALCO Decisions dated February 14, 2022 No. 06-2023, December 19, 2023 No. 34-2023.

The Company's Risk Management Rules regulating methods, tools and approaches for

identification, assessment, monitoring and risk management were approved by Decision of the Board No. 27 dated 20.10.2021.

The Development Strategy for KazAgroFinance Risk Management System for 2022-2025 was approved by Decision of the Company's Board No. 9 dated March 25, 2022, which includes an Action Plan for Improving the KazAgroFinance Corporate Risk Management System for 2022-2025.

The Company has established an Internal Audit Service for a systematic independent assessment of reliability and performance of the risk management system, internal control and corporate governance practices.

The Internal Audit Service (IAS) carries out its activities on the basis of a risk-oriented (annual) audit work plan approved by the Company's Board of Directors. The results of audit reports, key findings and relevant recommendations are submitted quarterly for consideration by the Board of Directors.

The Head of the Internal Audit Service takes into account the risk management concept adopted by the Company, and also applies his/her own risk judgment formed after consultations with the Company's Board and the Audit and Risk Committee.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

The IAS regularly assesses risk management and internal control systems, as well as corporate governance system. As part of each audit assignment, the IAS assesses the internal control and risk management system in the Company

based on the results of testing the control procedures of the business processes being audited and provides recommendations for their improvement. In addition, the IAS periodically assesses internal control, risk management and corporate governance systems in accordance with the methodology approved by the Board of Directors. The assessment results are submitted for consideration by the Board of Directors. The Head of the IAS draws up a risk-oriented plan that determines priorities of internal audit in accordance with the strategic goals of the Company. Procedures for periodic reporting on the IAS performance have been established, within the framework of these reports, information is provided on identified violations and shortcomings, as well as on the risks taken by management.

The Company conducts an annual audit of financial statements by engaging an independent auditor who provides an objective opinion to stakeholders on reliability of financial statements and their compliance with the International Financial Reporting Standard.

An external auditor is selected on the basis of a competition. The selection process takes into account the opinion of the Audit and Risk Committee of the Company's Board of Directors, which coordinates the qualification requirements and/or technical specifications developed for the competition.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

The Company conducts an annual audit of financial statements by engaging an independent and qualified auditor who, as an outside party, provides an objective opinion to stakeholders

on reliability of financial statements and their compliance with IFRS requirements.

6. Principle of Settlement of Corporate Conflicts and Conflicts of Interest

Members of the Board of Directors and the Board of the Company, employees of the Company, shall perform their professional duties in good faith and reasonably in the interests of shareholders and Company, avoiding conflicts.

In case of corporate conflicts, the participants seek ways to resolve them through negotiations to ensure effective protection of the interests of the Company and stakeholders. At the same time, Company officials promptly inform the Corporate Secretary and/or the Ombudsman about the presence (occurrence) of a conflict.

Effective prevention and resolution of corporate conflicts presupposes identification of such conflicts and coordination of actions of all Company bodies in full and quick manners.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

In 2023, there were no situations related to a conflict of interests in the Company.

A conflict of interest is defined as a situation in which the personal interest of an employee of the Company affects or may affect the impartial performance of official duties.

The Company's employees do not allow a situation in which a conflict of interests may arise, either in relation to themselves (or related persons), or in relation to others.

The Company implements mechanisms to prevent and regulate them to avoid conflicts of interest that prevent the Board of Directors from fulfilling its duties objectively and to limit political interference in the processes of the Company's Board of Directors.

The basic principles of preventing conflicts of interest, ways to identify, assess and resolve them are enshrined in the Company's Code of Business Ethics, approved by the Board of Directors.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

The Rules for Settlement of Corporate Conflicts and Conflicts of Interest in the Company were approved by decision of the Board of Directors of the Company dated November 04, 2015 (Minutes No. 17) to prevent and resolve corporate conflicts and conflicts of interest in the Company, as well as to coordinate the actions of all bodies and officials.

The decision of the Company's Board of Directors dated February 23, 2022 (Minutes No. 2.) approved:

1. The Company's Code of Business Ethics, which establishes fundamental values and principles of corporate (business) ethics;
2. The Regulation on the Company's Ombudsman, which defines the functions of the Ombudsman institution in resolving labor disputes, conflicts, social and labor problems, as well as in compliance with the principles of business ethics by the Company's employees.

7. Principles of Transparent and Objective Disclosure of Information about the Company's Performance

In order to comply with the interests of stakeholders, the Company promptly and reliably discloses information provided for by the Kazakhstan legislation and internal documents of the Company, as well as information on all important aspects of its activities, including financial condition, results of operations, ownership and management structure.

To ensure the systematic disclosure of information, the Company approves internal documents defining the principles and approaches to disclosure and protection of information, a list of information disclosed to stakeholders, deadlines, procedure, method, form of disclosure of information, responsible officials and employees with indicating their functions and responsibilities, as well as other provisions governing the disclosure processes.

The Company determines a procedure for classifying information into access categories, conditions for storing and using information in accordance with the Kazakhstan legislation in order to protect information constituting commercial and official secrets. The Company determines a circle of persons who have right of free access to information constituting commercial and official secrets, and takes measures to protect its confidentiality.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

In order to ensure transparency of its performance, the Company is guided by the Policy of Disclosure of Information on the KazAgroFinance Performance, approved by Decision of the Board of Directors No. 1 dated February 11, 2021, which defines the goals, principles, forms and methods of disclosure of information, a list of information constituting commercial, official or other legally protected secrets.

Procedure and terms of information disclosure on Internet resources of the depository of financial statements, the Kazakhstan Stock Exchange, the Company's corporate Internet resource are governed by the Instructions on Disclosure of Information on the KazAgroFinance Performance, updated by Decision of the Board dated March 15, 2023 No.5 (Instructions on Information Disclosure).

The Instructions on Information Disclosure provide for a list of information disclosed to stakeholders, timing, procedure, method, form of information disclosure, responsible officials and employees with indicating their functions and responsibilities, as well as other provisions on information disclosure.

In 2023, the Company, in accordance with the legislation and the Rules of Information Disclosure by initiators of admission of securities of the Kazakhstan Stock Exchange, disclosed information about corporate events, financial statements, information about affiliated persons and other information affecting the interests of the shareholder. In 2023, 54 placements were made on the Internet resource of the financial reporting depository, 85 publications were made on the Internet resource of the Kazakhstan Stock Exchange. There are no violations of the information disclosure deadlines for 2023.

Also, on the Company's corporate Internet resource www.kaf.kz, full information about

the Company's performance, Organisational Chart, financing products and other relevant information is placed.

The Company has an Information Security Policy of KazAgroFinance, approved by Decision of the Board of Directors of the Company dated October 27, 2023 No. 10.

Internet resource is structured, user-friendly and contains information sufficient for stakeholders to understand the Company's performance. It is recommended that the information be placed in separate thematic sections of the Internet resource.

Internet resource is updated as necessary, but at least once a week. The Company regularly monitors the completeness and relevance of information placed on the Internet resource, and also determines compliance of this information placed on the Kazakh, Russian, English versions of the Internet resource. For these purposes, responsible persons (structural unit) responsible for the completeness and relevance of information on the Internet resource are assigned.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

The Company's corporate website (www.kaf.kz) is structured and easy to use. It contains general information about the Company, management information, performance results and other information in accordance with the best corporate governance practices.

The Company's corporate website is permanently updated, based on requests from structural units and monitoring the

relevance of data, information is published in equal access in Russian, Kazakh, English (if necessary).

The Company's corporate website is improved and updated as necessary.

Procedure for maintaining the Company's corporate website is regulated by the Instructions on Information Disclosure (Appendix No. 3, 3-1) and defines the structural units responsible for timely filling and updating of the corporate website sections.

The Company prepares an Annual Report in accordance with this Code and the best practices of information disclosure. The Annual Report is approved by the Sole Shareholder.

The Annual Report is a structured document and is published in Kazakh, Russian and English (if necessary).

The Annual Report is prepared and, after approval by the Sole Shareholder of the Company, is placed on the Internet resource.

Requirements for the Annual Report content shall include at least:

1. address of a Chairman of the Board of Directors of the Company;
2. address of a Chairman of the Board;
3. about Company: general information; about structure of the authorized capital, including the following information: number and nominal value of the issued shares (participation shares), description of rights granted by the shares, number and nominal value of the declared but outstanding shares, information about the Sole Shareholder, number of ordinary shares owned by it, procedure for disposing of ownership rights; mission; development strategy, results of its

implementation; market overview and market position;

4. financial and operational performance for the reporting year: review and analysis of activities in relation to the objectives set; operational and financial performance indicators; key significant events and achievements; information on significant transactions; any financial support, including guarantees to be received/received from the state and any obligations to the state and society, assumed by the Company (if not disclosed in accordance with IFRS);
5. asset structure, overview, main results of their financial and production activities;
6. goals and plans for future periods;
7. main risk factors and risk management system;
8. corporate governance: corporate governance structure; composition of shareholders and ownership structure; composition of the Board of Directors, including qualifications, selection process, including independent directors with criteria for determining their independence; report on performance of the Board of Directors and its committees, which reflects the performance of the Board of Directors and its committees for the reporting period, significant events, issues considered, number of meetings, form of meetings, attendance; information on compliance of corporate governance practices with the principles of this Code, and the explanations on the reasons for failure to comply with each of the principles if fails to comply with; composition of the Company's Board; report on performance of the Board; remuneration policy of officials;
9. sustainable development;
10. auditor's report and financial statements with notes;
11. analytical indicators and data included in the annual report should reflect a comparative analysis and the progress achieved (regression) in relation to the

previous period (comparison with values of similar indicators from the last annual report). In order to compare indicators with international companies operating in a similar industry, it is recommended to publish performance indicators that will allow for an industry benchmarking analysis.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

The Company prepares an Annual Report on Performance on an annual basis, approved by the Sole Shareholder.

In 2023, the Company's Annual Report for 2022 was approved by Decision of the Sole Shareholder No. 8 dated July 21, 2023.

The Annual Report of KazAgroFinance for 2022 (the Annual Report) was developed in accordance with the structure defined by the Rules of Information Disclosure by the initiators of admission of securities of the Kazakhstan Stock Exchange, Instructions on Disclosure of Information about the KazAgroFinance performance, as well as the best practices for formation of annual reports (in accordance with GRI Standards (basic compliance level)).

Information presented in the Annual Report discloses reliable information, ensures transparency of the Company's performance and reflects the Company's commitment to corporate governance principles.

The Annual Report is placed on the Company's corporate website in the "Reporting" section https://www.kaf.kz/upload/iblock/d59/cbxsq7bohjdf9kvni2fzlinqlxajobr0/AR2022_KAF_rus_full_spreads_compressed.pdf.

The Company took part in the Annual Reports Competition for 2022.

According to the results of 2022, the Annual Report of KazAgroFinance JSC for 2022 received a diploma for the best disclosure of corporate governance issues following the annual reports competition held by PwC Kazakhstan, and also entered the top 50 best companies, taking the 24th position in terms of ESG information disclosure.

The Company interacts with business partners (clients, investors, rating agencies, consulting companies, etc.) on the basis of mutual benefit, respect, trust, honesty and fairness. The Company does business only with reliable business partners who are engaged in legitimate activities.

The Company selects suppliers of services/goods mainly on a competitive basis in accordance with the legislation and internal documents of the Company.

The Company faithfully fulfills its contractual obligations to business partners and demands the same from them.

Disputes arising in the course of the Company's activities are always resolved by legal means, negotiating and seeking to find mutually acceptable compromises.

OBSERVED

Activities carried out to implement the principles and provisions of the Corporate Governance Code:

In accordance with the SD Policy when interacting with investors and counterparties of the Company:

1. sufficiently discloses up-to-date information about financial condition, dividend policy and credit history, as well as development prospects;
2. financial and management reports are prepared and submitted in a timely manner in accordance with legislative and regulatory requirements, while the financial statements are reviewed by independent auditors;
3. information on influence of the Sole Shareholder and other stakeholders (state bodies), as well as on a procedure for monitoring and approving party-related transactions is known, transparent and accessible;
4. carries out proactive communication of approaches to strategic decision-making;
5. faithfully fulfills its contractual obligations to business partners;
6. ensures information transparency, openness, equality, fairness, no discrimination and unreasonable restrictions on competition in strict accordance with Kazakhstan the legislation;
7. adheres to the principles of corporate governance and improvement of the corporate governance system in accordance with the world's leading practice.

When interacting with clients and consumers, the Company:

1. provides services available to consumers;
2. ensures security of consumer data and commercial information in order to protect them from breach and misuse;
3. provides services of the same quality and the same level of service without discrimination to all groups of consumers;
4. contributes to improving quality of service and public service, which is expressed in improving client service standards;
5. regularly informs clients about new tools and principles of operation;

6. contributes to the improvement of financial literacy of consumers and clients to the best of their abilities and in accessible forms.

In the Company, goods, works and services are procured online and the participants are provided with access to an electronic format for making civil law transactions for the purchase of goods, works and services with the certification of legal actions with an electronic digital signature. The portal provides domestic suppliers with an opportunity to participate in the Company's competitive procurements. Procurements are made on the Eurasian electronic portal: eep.mitwork.kz.

The international Fitch Ratings agency annually conducts a rating assessment of the Company on assignment of a long-term credit rating, conducts a thorough analysis. Fitch Ratings has deep experience, more than 100 years, in more than 20,000 organizations around the world.

APPENDIX 5.

REPORT

ON INTERESTED-PARTY

TRANSACTIONS

FOR 2023

Counterparty name:

Industrial Development Fund JSC

Sign of interest:

In accordance with subpara. 3, para. 1, Art. 64 of the Kazakhstan Law "On Joint Stock Companies", an affiliated person of the company is an official of the company or a legal entity specified in subpara. 1, 4, 5, 6, 6-1, 7, 8, 9 and para. 10, except for the independent director.

According to the specified norm, Chairman of the Board of Directors of Industrial Development Fund JSC Sharlapayev Kanat Bisimbaevich is an affiliate of KazAgroFinance JSC, and Chairman of the Board of Directors of KazAgroFinance JSC Aйдapkelov Nurbolat Sergaliyevich is an affiliate of Industrial Development Fund JSC.

According to subpara. 2, para. 1, Art. 71 of the Law, the persons interested in a transaction by the company (interested parties) are recognized as affiliated persons of the company if they are affiliated persons of a legal entity that is a party to the transaction or participates in it as a representative or intermediary.

Type of commitment:

Non-revolving credit line in the amount of KZT 30,000,000,000.

Supplementary Agreement No. 6 dated 09.03.2023 to the loan agreement No. 5-DZ dated August 13, 2022.

Counterparty name:

Industrial Development Fund JSC

Sign of interest:

In accordance with subpara. 3, para. 1, Art. 64 of the Kazakhstan Law "On Joint Stock Companies", an affiliated person of the company is an official of the company or a legal entity specified in subpara. 1, 4, 5, 6, 6-1, 7, 8, 9 and para. 10, except for the independent director.

According to the specified norm, Chairman of the Board of Directors of Industrial Development Fund JSC Sharlapayev Kanat Bisimbaevich is an affiliate of KazAgroFinance JSC, and Chairman of the Board of Directors of KazAgroFinance JSC Aйдapkelov Nurbolat Sergaliyevich is an affiliate of Industrial Development Fund JSC.

According to subpara. 2, para. 1, Art. 71 of the Law, the persons interested in a transaction by the company (interested parties) are recognized as affiliated persons of the company if they are affiliated persons of a legal entity that is a party to the transaction

or participates in it as a representative or intermediary.

Type of commitment:

Non-revolving credit line in the amount of KZT 30,000,000,000.

Supplementary Agreement No. 7 dated 19.06.2023 to the loan agreement No. 5-DZ dated August 13, 2022.

Counterparty name:

Bereke Bank JSC

Sign of interest:

In accordance with subpara. 3, para. 1, Art. 64 of the Kazakhstan Law "On Joint Stock Companies" (hereinafter – the law), an affiliated person of the company is an official of the company or a legal entity specified in the subpara. 1, 4, 5, 6, 6-1, 7, 8, 9 and para. 10, with the exception of an independent director.

According to this provision of the law, Chairman of the Board of Directors of Bereke Bank JSC Sharlapayev Kanat Bisimbaevich and member of the Board of Directors of Bereke Bank JSC Khamitov Yersain Yerbulatovich are affiliated persons of the Company.

According to subpara. 2), para. 1, Art. 71 of the Law, the persons interested in a transaction by the company are recognized as affiliated persons of the company if they are affiliated persons of a legal entity that is a party to the transaction or participates in it as a representative or intermediary.

In this connection, it follows that there is an interest in making these transactions by these affiliated persons of the Company.

In accordance with para. 1, Art. 73 of the Law, the decision to conclude an interested-

party transaction by the company is made by a simple majority of votes of members of the Board of Directors who are not interested in making it, except in cases when the standard terms of such a transaction are approved by the Board of Directors of the company.

In this regard, a decision on this issue is made by a simple majority of votes of the members of the Board of Directors, namely independent directors, the Chairman of the Company's Board, representatives of the Sole Shareholder and Baiterek NMH JSC.

In accordance with subpara. 19, para. 2, Art. 53 of the Law, the exclusive competence of the Board of Directors includes making decisions on concluding large transactions and transactions in which the company has an interest, with the exception of large transactions, the decision on concluding which is made by the general meeting of shareholders of the company in accordance with subpara. 17-1, para. 1, Art. 36 and para. 3-1, Art. 73 of the law.

According to subpara. 23, para. 37 of the Company's Charter, the exclusive competence of the Company's Board of Directors includes making decisions on the conclusion of large transactions and transactions in which the Company has an interest, with the exception of large transactions, the decision on the conclusion of which is made by the Sole Shareholder of the Company in accordance with the law.

Type of commitment:

1. Opening a current account and joining the general terms of Digital banking services;
2. Opening a term deposit "Mobile" and joining the terms of placement of term and savings deposits with a maximum deposit amount of up to 20,000,000,000 KZT;
3. Contract for Brokerage Services with Securities with Nominal Holding.

4. Opening a current account in KZT and in USD by signing an application for opening a current account and joining the terms of opening and servicing a current account with Bereke Bank JSC dated 13.10.2023;
5. Opening a deposit in KZT by signing an application for opening a term deposit "Mobile" and joining the terms of placement of term and savings deposits in Bereke Bank JSC dated 27.12.2023;
6. Conclusion of a Contract for Brokerage Services with Securities with Nominal Holding No. 091 dated 13.12.2023.

Counterparty name:**Industrial Development Fund JSC**

In accordance with subpara. 3, para. 1, Art. 64 of the Kazakhstan Law "On Joint Stock Companies" (hereinafter – the law), an affiliated person of the company is an official of the company or a legal entity specified in the subpara. 1, 4, 5, 6, 6-1, 7, 8, 9 and para. 10, with the exception of an independent director.

According to subpara. 9, para. 1, Art. 64 of the Law, an affiliated person of the company is a person who, independently or in conjunction with its affiliated persons, owns, uses, disposes of ten or more percent of the voting shares specified in the subpara. 1, 4, 5, 6, 6-1, 7, 8 and para. 10 of this clause.

In accordance with subpara. 1, Art. 64 of the law, an affiliated person of the company is a major shareholder.

Thus, the affiliated persons of the Company are members of the Board of Directors of IDF Sharlapayev Kanat Bisimbaevich and Baybazarov Nurlan Serikovich, as they are also officials (a member of the Board of Directors and Chairman of the Board, respectively), which owns more than ten percent of the

voting shares of a major shareholder of the Company (Agrarian Credit Corporation JSC).

In addition, the Chairman of the Board of Directors of the Company, Nurbolat Sergaliyevich Aydapkelov, is an affiliate of the IDF, as he is also an official (Deputy Chairman of the Board, member of the Board) of Baiterek NMH JSC, which owns more than ten percent of the voting shares of a major shareholder of the IDF (Development Bank of Kazakhstan JSC).

According to subpara. 2, para. 1, Art. 71 of the law, the persons interested in a transaction by the company (interested parties) are recognized as affiliated persons of the company if they are affiliated persons of a legal entity that is a party to the transaction or participates in it as a representative or intermediary.

Type of commitment:

Non-revolving credit line in the amount of KZT 20,000,000,000.

Loan agreement No. 9-DZ dated 01.11.2023 was concluded.

Counterparty name:**Bereke Bank JSC****Sign of interest:**

In accordance with subpara. 3, para. 1, Art. 64 of the Kazakhstan Law "On Joint Stock Companies" (hereinafter – the law), an affiliated person of the company is an official of the company or a legal entity specified in the subpara. 1, 4, 5, 6, 6-1, 7, 8, 9 and 10, with the exception of an independent director.

According to subpara. 9, para. 1, Art. 64 of the law, an affiliated person of the company is a person who independently or in conjunction with his affiliated persons owns, uses, disposes

of ten or more percent of the voting shares of the company (participation interests of the organization) or legal entities specified in the subpara. 1, 4, 5, 6, 6-1, 7, 8, 9 and 10 of this clause.

In accordance with subpara. 1, para. 1, Art. 64 of the law, an affiliated person of the company is a major shareholder.

Thus, an affiliated person of the Company is a member of the Board of Directors of Bereke Bank JSC Khamitov Yersain Yerbulatovich, as he is also an official (Deputy Chairman of the Board, member of the Board) of a legal entity (Baiterek NMH JSC), which owns more than ten percent of the voting shares of a major shareholder of the Company (Agrarian Credit Corporation JSC).

According to subpara. 2, para. 1, Art. 71 of the Law, the persons interested in a transaction by the company are recognized as affiliated persons of the company if they are affiliated persons of a legal entity that is a party to the transaction or participates in it as a representative or intermediary.

In this connection, it follows that there is an interest in making this transaction by the specified affiliated person of the Company.

In accordance with para. 1, Art. 73 of the Law, the decision to conclude an interested-party transaction by the company is made by a simple majority of votes of members of the Board of Directors who are not interested in making it, except in cases when the standard terms of such a transaction are approved by the Board of Directors of the company.

In this regard, a decision on this issue is made by a simple majority of votes of the members of the Board of Directors, namely independent directors, the Chairman of the Company's Board, representatives of the Sole Shareholder and Baiterek NMH JSC.

In accordance with subpara. 19, para. 2, Art. 53 of the Law, the exclusive competence of the Board of Directors includes making decisions on concluding large transactions and transactions in which the company has an interest, with the exception of large transactions, the decision on concluding which is made by the general meeting of shareholders of the company in accordance with subpara. 17-1, para. 1, Art. 36 and para. 3-1, Art. 73 of the law.

According to subpara. 23, para. 37 of the Company's Charter, the exclusive competence of the Company's Board of Directors includes making decisions on the conclusion of large transactions and transactions in which the Company has an interest, with the exception of large transactions, the decision on the conclusion of which is made by the Sole Shareholder of the Company in accordance with the law.

Type of commitment:

Opening a term deposit "Mobile" and joining the terms of placement of term and savings deposits up to 10,000,000 USD by signing an application.

Deposit in USD was opened by signing an Application for opening a term deposit "Mobile" and joining the terms of placement of term and savings deposits in Bereke Bank JSC dated 20.12.2023.

Counterparty name:**Koptleuova Assemgul Meirkhankyzy****Sign of interest:**

In accordance with subpara. 6, para. 1, Art. 64 of the Kazakhstan Law "On Joint Stock Companies" (hereinafter – the law), an affiliated person of the company is a legal entity in relation to which the company is

a major shareholder or has the right to a corresponding share in the property;

According to subpara. 9, para. 1, Art. 64 of the law, an affiliated person of the company is a person who independently or in conjunction with his affiliated persons owns, uses, disposes of ten or more percent of the voting shares of the company (participation interests of the organization) or legal entities specified in the subpara. 1, 4, 5, 6, 6-1, 7, 8, 9 and 10 of this clause. According to the specified norm, KazAgroFinance JSC is an affiliate of Manufacturing-United Energy Qazaqstan LLP, and a participant of LLP Koptleuova A. M. is an affiliate of the Company.

According to subpara. 2, para. 1, Art. 71 of the law, the persons interested in a transaction by the company (interested parties) are recognized as affiliated persons of the company if they are affiliated persons of a legal entity that is a party to the transaction or participates in it as a representative or intermediary.

Type of commitment:

1. alienation of 49% of the share in the authorized capital of Manufacturing-United Energy Qazaqstan LLP owned by KazAgroFinance JSC (hereinafter referred to as LLP) at book value in the amount of KZT 1,146,969,600.00 to the participant LLP Koptleuova A. M. by exercising the right of pre-emptive purchase of a share;
2. conclusion with Koptleuova A. M. of transactions in which there is an interest on the following basic terms:
 - ✦ transaction amount – 1,146,969,600.00 KZT;
 - ✦ advance payment – 57,348,480.00 KZT;
 - ✦ transaction term – 10 years;
 - ✦ frequency of repayment of the principal debt: once a year, in

equal installments, after 12 months from the date of conclusion of the contract;

- ✦ term of the advance payment – before the contract conclusion.

3. introduction to the decision of the Board of Directors of KazAgroFinance JSC dated April 14, 2023 No. 3 on the first item of the agenda "On Acquisition of KazAgroFinance JSC of 49% Share in the Authorized Capital of Manufacturing-United Energy Qazaqstan LLP", by joining the constituent agreement" the following amendment:
4. paragraph 3 shall be amended as follows: "3. KazAgroFinance JSC will accept, as security for the fulfillment of A. M. Koptleuova's obligations under the concluded transaction to KazAgroFinance JSC, shares in the authorized capital of the LLP owned by M. Pauls, A. M. Koptleuova and M. A. Utepov (including in case of transfer of its share to M. Pauls)."

Decision of the BD is at the stage of execution.

Counterparty name:

Baiterek National Managing Holding JSC

Sign of interest:

In accordance with subpara. 3, para. 1, Art. 64 of the Kazakhstan Law "On Joint Stock Companies" (hereinafter – the law), an affiliated person of the company is an official of the company or a legal entity specified in the subpara. 1, 4, 5, 6, 6-1, 7, 8, 9 and 10, with the exception of an independent director.

According to this provision of the law, Nurbolat Sergaliyevich Aydapkelov is an affiliated person of the Company and the holding, as he is an official of the Company (Chairman of the

Board of Directors) and the holding (Deputy Chairman of the Board, member of the Board).

Niyaz Zhenisovich Koshkimbayev is an affiliate of the Company and the holding, as he is an official of the Company (a member of the Board of Directors).

Sapulatov Kayrat Kayertarovich is an affiliate of the Company and the holding, as he is an official of the Company (member of the Board of Directors) and Agrarian Credit Corporation JSC (Deputy Chairman of the Board, member of the Board).

Prashev Aidar Gilimovich is an affiliate of the Company and the holding, as he is an official of the Company (member of the Board of Directors, Chairman of the Board).

Based on the above-mentioned provisions of the law, all members of the Company's Board of Directors will be affiliated with the holding (as parties to the transaction in accordance with subpara. 2, para. 1, Art. 71 of the law, with the exception of independent directors.

Type of commitment:

Issue and purchase of bonds for a total amount of KZT 25,000,000,000.

Within the framework of this transaction, the conclusion of contracts and agreements is not provided, until the end of January 2024, placements and auctions on bonds will be held.

Counterparty name:

Industrial Development Fund JSC

Sign of interest:

In accordance with subpara. 3, para. 1, Art. 64 of the Kazakhstan Law "On Joint Stock Companies" (hereinafter – the law), an

affiliated person of the company is an official of the company or a legal entity specified in the subpara. 1, 4, 5, 6, 6-1, 7, 8, 9 and 10, with the exception of an independent director.

According to subpara. 9, para. 1, Art. 64 of the Law, an affiliated person of the company is a person who, independently or in conjunction with its affiliated persons, owns, uses, disposes of ten or more percent of the voting shares specified in the subpara. 1, 4, 5, 6, 6-1, 7, 8, 9 and 10 of this clause. In accordance with subpara. 1, Art. 64 of the law, an affiliated person of the company is a major shareholder.

Thus, the Chairman of the Board of Directors of the Company, Nurbolat Sergaliyevich Aydapkelov, is an affiliate of the IDF, as he is also an official (Deputy Chairman of the Board, member of the Board) of Baiterek NMH JSC, which owns more than ten percent of the voting shares of a major shareholder of the IDF (Development Bank of Kazakhstan JSC).

According to subpara. 2, para. 1, Art. 71 of the law, the persons interested in a transaction by the company (interested parties) are recognized as affiliated persons of the company if they are affiliated persons of a legal entity that is a party to the transaction or participates in it as a representative or intermediary.

Type of commitment:

Non-revolving credit line in the amount of KZT 30,000,000,000.

Supplementary Agreement No. 8 to the loan agreement No. 5-DZ dated August 13, 2022 is at the signing stage.