



KAZAGROFINANCE

ANNUAL REPORT



JOINT STOCK COMPANY
KAZAGROFINANCE

TABLE OF CONTENTS

Summary of the Company Profile	6
Dynamics of Key Indicators	8
Milestones for 2021	10
Address by the Chairman of the Board of Directors	12
Address by the Chairman of the Company	14
Corporate Strategy	16
1. Company Presentation	19
Ratings	21
Licences	21
Certification	21
Global Reach	21
Company Brief History	22
Business Design	24
Competitive Advantage	26
Leasing Process	27
Line of Activities	28
Subsidy Processes	30
Business Processes Optimisation	32
Supplier Management	32
2. Management Report	33
Macroeconomic Indicators	34
Analysis of AIC Sector	36
Leasing Market Analysis	49
PEST Analysis	55
SWOT Analysis	59
Development Strategy Implementation	60
Operating Result	65
Financial Result	72
Development Prospects	76
3. Corporate Governance	78
Management Organisational Chart	80
Corporate Governance Score	81
Report on Compliance with the Corporate Governance Code	82
Information on Securities and Composition of Participants	83
Key Decisions of the Sole Shareholder in 2021	83
Board of Directors	84

Changes in Composition of the Board of Directors within 2021	86
Composition of the Board	87
Activities of the Board of Directors	94
Committees of the Board of Directors	96
Selection and Nomination	100
Independence	102
Performance Appraisal of the Board of Directors	103
Training and Professional Development of Members of the Board of Directors	104
Management of Conflict of Interest and Resolution of Corporate Conflict	104
Informing about Issues	105
Remuneration of Members of the Board of Directors	105
Executive Body	106
Organisational Chart	114
Report on Related-Party Transactions for 2021	116
Remuneration of Board Members	116
Equity Capital Structure	117
Dividends	118
Anti-Corruption Management	119
Corporate Ethics	123
Internal Control System	126
Internal Audit Service	128
External Audit	129
4. Risk Management	130
Risk Management System	131
Risk Analysis	135
5. Marketing Activity	137
Public Communications Policy	138
Branding and PR Activities	141
6. Sustainable Development	143
Address by the Chairman of the Board on Sustainable Development	144
Sustainable Development Policy	146
Stakeholder Engagement Report	150
Economic Impact	156
Social Responsiveness	159
Sponsorship and Charity	169
Environmental Impact	169
7. Glossary	172
8. Contact Detail	173
9. Appendix 1: About the Report	175
10. Appendix 2: Report on Compliance with Principles and Provisions of the Corporate Governance Code of KazAgroFinance JSC	179
11. Appendix 3: Financial Statement	217
12. Appendix 4: GRI Index	311



KazAgroFinance JSC (hereinafter referred to as "KazAgroFinance", the "Company") is the largest financial institution that provides leasing services to agricultural producers for the purchase of agricultural machinery and equipment.

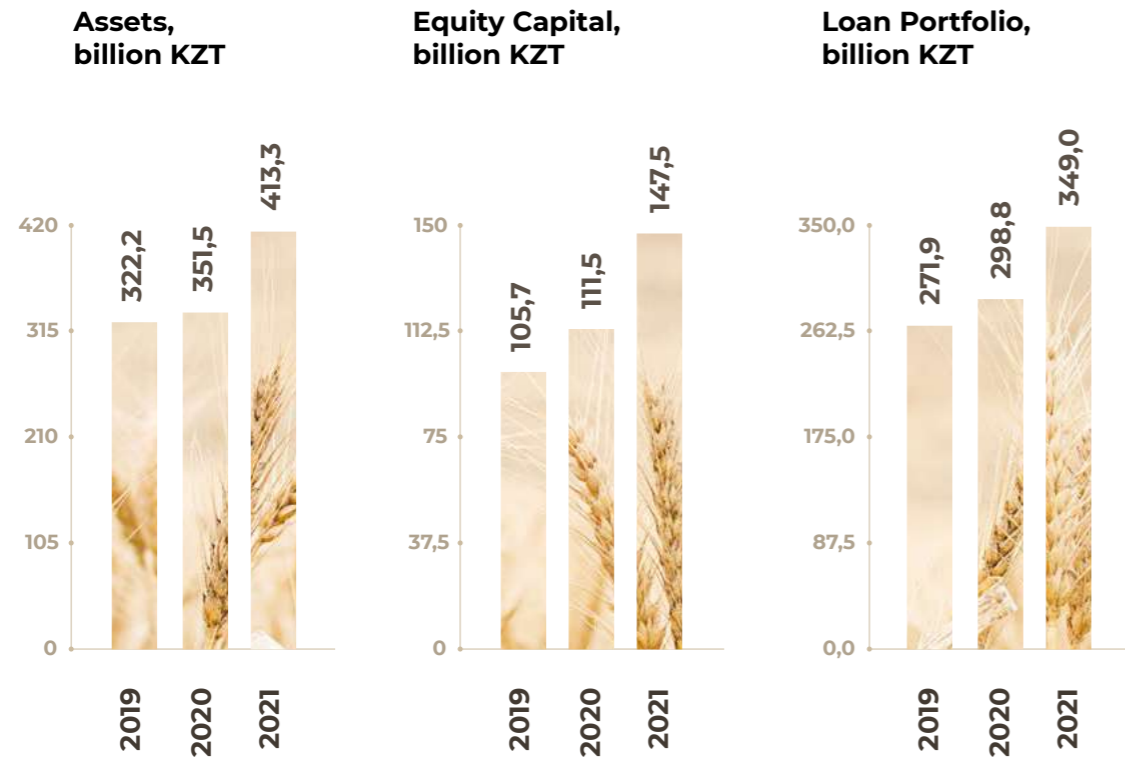
The Company has been successfully operating for more than twenty-two years, contributing to development of **technical facilities in the agricultural sector of the country.**

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

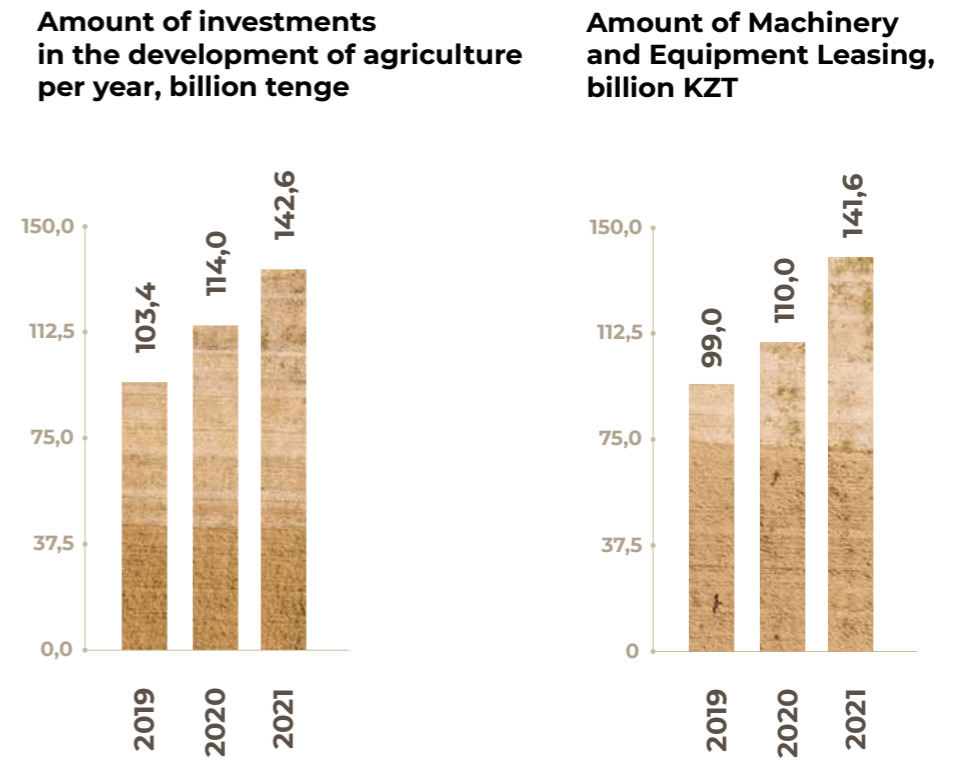
SUMMARY OF THE COMPANY PROFILE

DYNAMICS OF KEY INDICATORS

FINANCIAL PERFORMANCE



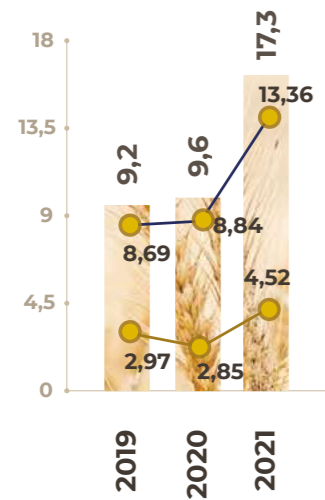
OPERATIONAL PERFORMANCE



NONFINANCIAL PERFORMANCE

Profit Performances

- net income, billion KZT
- ROA, %
- ROE, %



Corporate Governance Rating, %



Fitch Ratings



Amount of Investment in AIC Development per year, billion KZT



Number of Machinery and Equipment leased, units



Number of concluded financing agreements, units



MILESTONES FOR

2021

March 18

the Company's affiliation of "Baiterek" National Management Holding" JSC, implemented in fulfillment of the order of the Head of the State given during the address to the nation of the Republic of Kazakhstan on September 1, 2020 by joining "KazAgro" National Management Holding" JSC to "Baiterek" National Management Holding" JSC.

August 20

KazAgroFinance issued bonds for forty (40) billion KZT with a maturity of seven (7) years and placed in full among a wide range of investors.

November 11

Fitch Ratings changed the outlook on the Company's long-term IDRs in foreign and local currencies from a Stable to a Positive one and affirmed the ratings at BB+ level.

December 21

KazAgroFinance issued bonds for twenty-five (25) billion KZT with a maturity of ten (10) years and placed in full by private placement.

According to the
results of 2021

leasing of agricultural
machinery and equipment
amounted to

141,6

— billion KZT

ADDRESS BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear partners and colleagues!

Welcome by the Board of Directors of KazAgroFinance.

Technical equipment of agro-industrial complex (AIC) is one of priorities of the state within the framework of the Development Program in the field of AIC of the Republic of Kazakhstan. Leasing for today remains one of the main tools most suitable for replacement of fixed assets.

KazAgroFinance has been promoting replacement of agricultural machinery and equipment of AIC for more than twenty-two years through leasing services, and according to the results of last year bought about 42.4% of all agricultural machinery purchased across the country.

The Board of Directors of the Company greatly appreciates performance of KazAgroFinance in 2021. The Company fulfilled its financial performance and achieved significant growth in all areas defined by the Company's Development Strategy. The results achieved and accomplishment of goals demonstrate effectiveness of decisions made.

As of the end of 2021, the return on assets and equity indicators were fulfilled by more than 100%. Net income was at the level of 17.3 billion KZT. Total leasing in 2021 exceeded performance of 2020 by 28.7% and amounted to 141.6 billion KZT, due to improvement and development of leasing services provided with a focus on consumer demand.

The Board of Directors, respecting principles of efficiency and responsibility, will continue to work for ensuring the best interests of the Sole Shareholder and strategic management of the Company.



**KANYSH TEMIRTAYEVICH
IZBASTIN**

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

ADDRESS BY THE CHAIRMAN OF THE COMPANY



AYDAR GILIMOVICH
PRASHEV



**Chairman of the Board
of KazAgroFinance JSC**

Dear partners and colleagues!

Please welcome and let me present performance of KazAgroFinance for 2021.

KazAgroFinance continues to implement the Company's Development Strategy consistently and maintain its status as a leader in the leasing market. For the Company, 2021 was an effective and successful year, and it was possible to achieve stable growth in all key performance indicators. The Company's mission is to promote technical equipment of AIC by providing high-quality and competitive leasing services. KazAgroFinance makes a significant contribution to replacement of machine and tractor fleet of the country, which is confirmed by the annual increase in the share of equipment purchased through KazAgroFinance.

As of the end of 2021, 7.3 thousand units of agricultural machinery or 42.4% of all purchased machinery in the country were leased, and a number of customers in the Company's portfolio reached 9.5 thousand by the end of the year, which, therefore, was 16% higher compared to the same period of 2020 (8,263 customers).

A focus on customer needs is a priority in Company's activities. We work continuously to improve our services in order to create affordable financing conditions for farmers, ensure quality service and introduce new customer services. Agricultural producers are offered special financing offers with more favourable and flexible conditions, as well as accelerated application procedures.

The Company's strong performance in 2021 was possible as a result of trust of our customers, efficiency and diligence of the Company's entire team.

KazAgroFinance, which has many years of experience in the leasing market, a high credit rating, strong competition, as well as reliable and partner relationships with equipment suppliers, will continue to work on effective management of its assets, corporate development, introduction of automated lending processes in order to provide quality services to agricultural entities and ensure the Company's continuous operations.

CORPORATE STRATEGY

The Development Strategy of KazAgroFinance JSC for 2020 - 2029

was approved by Resolution of the Board of Directors No.3 on March 20

2020 and defines implementation of eleven objectives within two strategic directions and four goals, as well as achievement of results on ten strategic key performance indicators.

GOALS AND OBJECTIVES

Strategic Direction 1

Promoting Development of Competitiveness of AIC Through Technical and Technological Equipment

Goal 1:

Increase in technical equipment and export potential in agriculture.

Objective 1. Increase in the volume of investment in leasing of agricultural machinery and equipment.

Objective 2. Promoting export potential and labour efficiency in the AIC field.

Goal 2:

Improvement and development of leasing services.

Objective 1. Improvement of quality and level of availability of leasing services.

Objective 2. Development of a product line of KazAgroFinance, including by introducing new areas of financing.

Objective 3. Automation of the Company's business processes.

Strategic Direction 2

The Company's Performance

Goal 1:

Rise in profitability of the Company's activities.

Objective 1. Improvement of competence of management of equity capital and assets.

Objective 2. Improvement of quality of the loan portfolio.

Objective 3. Development of the system for monitoring projects financed.

Goal 2:

Corporate development of KazAgroFinance in line with the best practices.

Objective 1. Development of corporate governance and increase in transparency of the Company's activities.

Objective 2. Improvement of the Risk Management and Internal Control System.

Objective 3. Improvement of potential of human resources and development of result-oriented business culture.

One of the most important events of 2021 for KazAgroFinance was affiliation of "Baiterek" National Management Holding" JSC, implemented in fulfillment of the order of the Head of the State given during the address to the nation of the Republic of Kazakhstan on September 1, 2020 by joining "KazAgro" National Management Holding" JSC to "Baiterek" National Management Holding" JSC.

In view of the change of a shareholder, the

Company is taking actions on a new Development Strategy taking into account the policy and strategic directions of the Sole Shareholder and it is planned to revise certain key performance indicators of the Development Strategy. In addition, the Company's mission remains to contribute to the technical equipment of agro-industrial complex of the Republic of Kazakhstan. Until the new Development Strategy is adopted, the Company will continue to implement the Development Strategy for 2020 - 2029.



EXPECTED BENEFITS



KazAgroFinance:

- a stable break-even company with a strong position in the rating of Kazakhstani leasing companies; meeting the industry's needs for high-quality and competitive leasing services to the maximum extent possible.
- a leader in the market of leasing services in terms of the quality of customer service; Thus, comprehensive implementation of goals and objectives set will allow to continue strengthening the position as one of the leading and stable financial institutions for development of AIC of the Republic of Kazakhstan.
- a powerful financial instrument for development of agro-industrial complex,

As of the end of 2021

all key performance indicators of the Company's Development Strategy for 2020 - 2029 have been fully implemented;

details on work in the strategic areas are disclosed in the Development Strategy Implementation Section.



COMPANY PRESENTATION

Mission

is to promote technical equipment of agro-industrial complex of the Republic of Kazakhstan by providing high-quality and competitive leasing services.

Purpose of the industry

is technological replacement of agro-industrial complex by providing agricultural producers with affordable financial facilities for the purchase of agricultural machinery and equipment on a leasing basis.

Vision

KazAgroFinance is the leader in the leasing market of agro-industrial complex of the Republic of Kazakhstan, meeting needs of the industry for modern and high-tech equipment.



Ratings

On November 11, 2021 Fitch Ratings changed the outlook on KazAgroFinance long-term IDRs in foreign and local currencies from Stable to Positive one and affirmed the ratings at BB+ level.

Licenses

The Company has a license of the Agency of the Republic of Kazakhstan for Regulation and Supervision of Financial Market and Financial Organizations for carrying out bank loan operations in the national currency (obtained on March 31, 2006).

Certification

The Company has ISO 9001-2015 Quality Management System certification.

Global Reach

There are fourteen branches in all regions of the country. The Company cooperates with Kazakhstani equipment manufacturers as well as suppliers from near and far abroad.

COMPANY BRIEF HISTORY



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

1999

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

2000

The first experience of leasing foreign agricultural machinery took place.

2000-2003

The first machine and tractor stations were established.

2004

Special machinery and technological equipment was leased out.

2005

Processing equipment was leased out.

2006

KazAgroFinance became a member of newly established "KazAgro" National Managing Holding.

2007

Leasing of breeding animals was introduced.

2008

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

2009

Financing of large investment projects commenced.

2009

Assembly production was developed.

2010

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

2010

Leasing of reclamation equipment and secondary equipment was introduced.

2012

Purchase of machinery under Urozhay program was financed.

2013

Implementation of programs "Express Leasing" and "Master Leasing" commenced.

2013

KazAgroFinance became an official participant of the subsidy program.

2015

For the first time KazAgroFinance conducted a diagnosis of corporate governance and for the first time the Company was assigned the level of corporate governance.

2016

For the first time KazAgroFinance placed domestic market bonds among a wide range of investors in the amount of eight billion KZT with a maturity of five years.

2016

Implementation of the program "Made in Belarus" commenced.

2016

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

2017

Deal of KazAgroFinance on the issue and placement of five-years KZT bonds was recognized as the winner of EMEA Finance in the category "Best Local Currency Bond in EMEA".

2018

Implementation of programs "Own Feed" and "Reliable Farmer" commenced.

2018

The annual report of KazAgroFinance for 2017 according to the results of the Annual Reports Competition VIII was recognized as the best one in the financial sector, and took the 9th place among the reports of all participants of the competition.

2019

the Company was excluded from the list of entities subject to privatization.

2019

A Company's Branch was established in Nur-Sultan.

2019

It was the twentieth anniversary of the Company's activity.

2020

Development Strategy of KazAgroFinance for 2020 - 2029 was approved.

2020

New financing programs "Made in Kazakhstan" and "Leasing of Unmanned Air Vehicles for Agricultural Needs" were introduced. Financing product line was optimized.

2021

KazAgroFinance affiliation of "Baiterek" National Management Holding" JSC, implemented in fulfillment of the order of the Head of the State given during the address to the nation of the Republic of Kazakhstan on September 1, 2020 by joining "KazAgro" National Management Holding" JSC to "Baiterek" National Management Holding" JSC.

BUSINESS-DESIGN



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



COMPETITIVE ADVANTAGES

- more than twenty-two years of experience in the leasing industry;
- affordable terms of financing;
- client-oriented standards of services rendering;
- recognizable brand and goodwill;
- high credit rating;
- wide branch network;
- successful experience in raising funds using market instruments;
- high competence of the staff;
- availability of a large database of leading suppliers and manufacturers of agricultural machinery;
- listing on Kazakhstan Stock Exchange since 2008;
- a high level of operational transparency;
- continuous work to improve corporate governance, risk management and internal control systems.

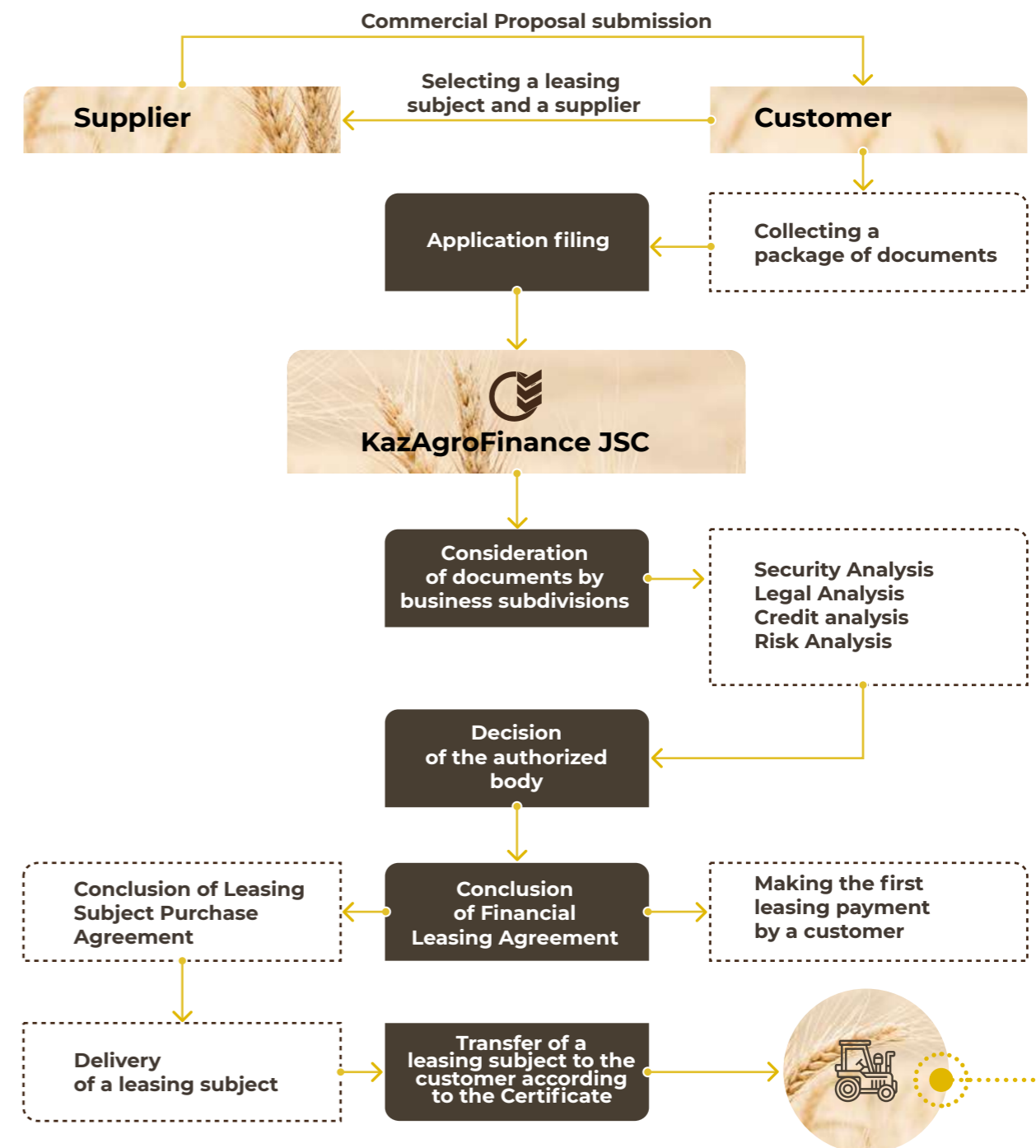
LEASING PROCESS

Leasing process shall begin with a customer selecting a leasing subject and a supplier. After receiving a commercial proposal from a supplier, a customer shall contact KazAgroFinance.

decision on financing of a project based on results of opinions and appraisals. A total period of project consideration shall be from five to twelve working days, excluding revision.

A manager of a credit office shall advise a customer on available financing programs and introduce a customer to a list of mandatory documents required for an application. Once a customer has submitted a complete set of documents, a customer's project shall be appraised by the Company's business subdivisions. The Company's authorized body (Credit Committee) shall make a

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



LINE OF ACTIVITIES

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

The Company's line of activities is leasing of agricultural machinery, special equipment, vehicles and equipment.

FINANCING PROGRAMS IN 2021

Standard Leasing Conditions	Term	Advance Payment	Rate
1 Agricultural machinery	Up to 10 years	Not less than 15%	17% (7% including subsidies)
2 Special machinery for land reclamation and agricultural works	Up to 7 years	Not less than 20%	17% (7% including subsidies)
Unmanned air vehicles for agricultural use	Up to 5 years	Not less than 30%	17% (not subsidised)
3 Vehicles (including draft vehicles and trailers) for transport of agricultural and fish products and processed products, biological assets	Up to 7 years	Not less than 15%	17% (7% including subsidies)
Freight wagons for transport of grain and other agricultural products	Up to 10 years	Not less than 15%	17% (not subsidised)
4 Equipment	Up to 10 years	Not less than 15%	17% (7% including subsidies)

Loan terms and conditions	Term	Advance Payment	Rate
5 Working capital loans	Up to 3 years	-	17% (10% including subsidies)

Terms and conditions of special funding programs	Term	Advance Payment	Rate
1 "Made in Kazakhstan" Agricultural machinery and vehicles manufactured/assembled in the RoK	Up to 10 years	Not less than 15%	6% (NF of RoK)

Terms and conditions of special funding services	Term	Advance Payment	Rate
2 "Reliable Farmer" Leasing without an advance payment	Up to 10 years	0	17% (7% including subsidies)
3 "Made in Belarus" Machinery and equipment manufactured in the Republic of Belarus (RB)	Up to 5 years	Not less than 15%	17 % (1% p.a. including subsidies from RB and RoK)
1 "Express Leasing" Self-certified	Up to 10 years	Not less than 20%	17% (7% including subsidies)
2 "Master Leasing" Leasing line for one year	Up to 10 years	Not less than 15%	17% (7% including subsidies)
			6% (NF of RoK)

Advantageous terms and conditions of financing in the form of leasing shall be provision of machinery without collateral, without payment of fees, with a grace period, long financing terms, without an advance payment (at the expense of investment subsidies of 25% of the value of machinery).

The interest rate shall be subsidised by the state up to 10%.

SUBSIDY PROCESSES

Subsidizing Part of Costs Incurred by an Entity of Agro-Industrial Complex in Case of Investment

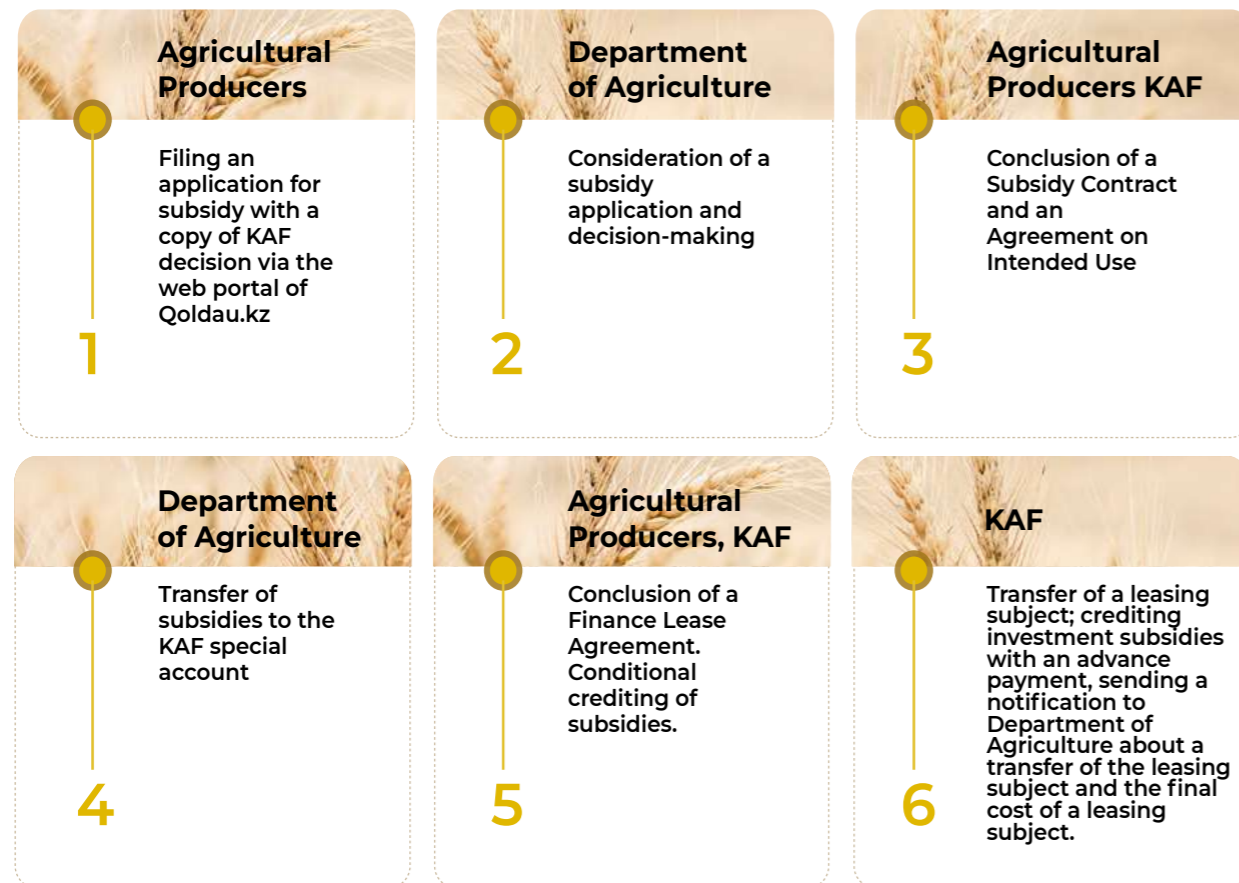
KazAgroFinance participates in a state subsidy program to reimburse part of costs incurred by an entity of agro-industrial complex in case of investment.


An application for subsidies can be submitted both in electronic format via Qoldau digital platform and in paper form.

Due to this measure of state support, agricultural producers of the Republic of Kazakhstan can provide an advance payment through investment subsidies when purchasing equipment on lease. The possibility of obtaining investment subsidies eases financial loading on customers significantly and increases the availability of equipment.

According to the results of 2021, under the investment subsidy program, investment subsidies for repayment of an advance payment totaling 6.8 billion KZT under 1,322 financial leasing agreements were received to the Company's special account.

PROVISION OF INVESTMENT SUBSIDIES BY ADVANCE PAYMENT



 Investment subsidies are used as an advance payment for leasing of equipment, the amount of investment subsidies is 25% of the value of the leasing subject.

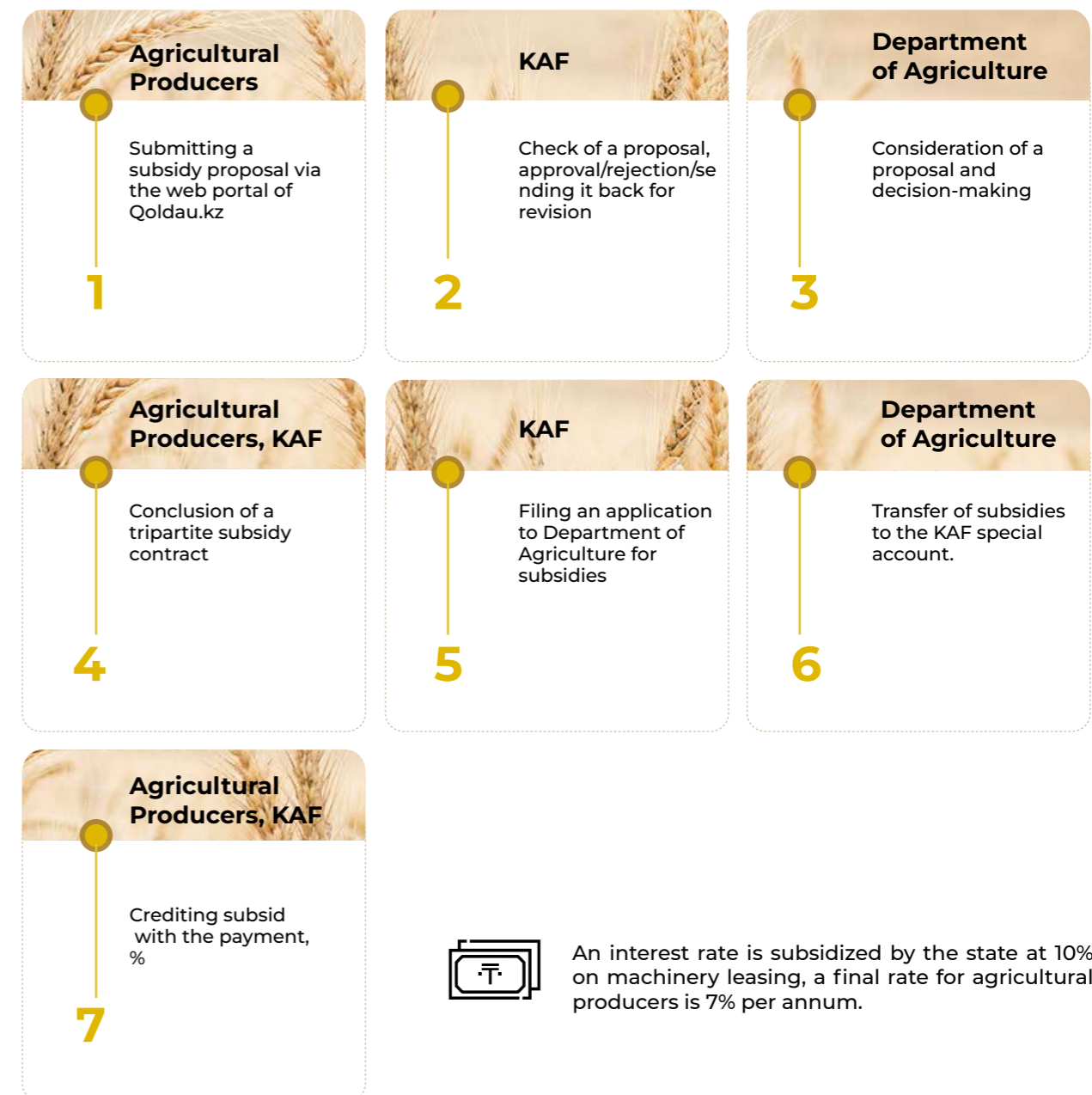
SUBSIDIZING AN INTEREST RATE

KazAgroFinance participates in the government program of subsidizing an interest rate on loans, as well as leasing of technological equipment and agricultural machinery. The program is aimed at increasing an availability of financial services for entities of agro-industrial complex. Subsidizing an interest rate allows agricultural producers to save of up to 10% per annum by subsidizing a rate.

According to the Program of Subsidizing an Interest Rate in 2021 through the system of Qoldau, kz 6,360 Financial Leasing and Loan Agreements for the total amount of the principal debt of 173.6 billion KZT were approved for subsidization. In total, in 2021, subsidies totaling 15.5 billion KZT were received to the Company's special account.

An application for subsidies can be filed both in electronic format via the digital platform of Qoldau and in paper form.

SUBSIDISING AN INTEREST RATE





BUSINESS PROCESSES OPTIMIZATION

In order to improve its lending and leasing activities, the Company is implementing a set of appropriate measures to improve conditions and quality of its services.

In the reporting year, the Company updated and improved conditions of the product line offered by the Company, namely, resumed a special financing program "Made in Belarus", allowing customers to purchase machinery, which provides for subsidizing an interest rate from the part of the Republic of Kazakhstan of 10% per annum and from the part of the Republic of Belarus of 6% per annum, resulting in a final rate for customers of 1%.

In 2021, as part of automation and optimization of core business processes, the Company implemented a functionality for online filing of funding applications through the portal of <https://online.kaf.kz/>. The project focuses on automated application filing by signing necessary documents by means of an electronic digital signature (EDS).

The project shall provide for an applicant to apply for financing after choosing a required product, selecting main parameters of a leasing subject with corresponding automatic checks on a customer's details. KazAgroFinance will continue to optimize its business processes and develop its product line for the benefit of its customers.

SUPPLIER MANAGEMENT

The choice of a leasing subject and a supplier of a leasing subject shall be carried out by a customer independently in accordance with the Law of the Republic of Kazakhstan "On Financial Leasing". The Company maintains a database of suppliers of agricultural machinery and equipment with which there is experience of cooperation. The information is publicly available to stakeholders on the Company's corporate website of www.kaf.kz.

Suppliers shall be subject to rigorous due diligence on negative information, compliance with legal requirements and a fair value of a leasing subject. The Company's requirements for leasing suppliers shall be uniform for all suppliers and are posted on the Company's website, making it easy for suppliers to interact with the Company.

Basic requirements for suppliers shall be as follows:

- professional qualification and at least six months experience in the market of a leasing subject to be supplied;
- absence of unfulfilled (overdue in accordance with terms and conditions of a leasing subject purchase agreement) obligations to the Company;
- availability of certificates, licenses necessary for realization of activity on delivery of a leasing subject;
- availability of warranty and post-warranty service;
- absence in a blacklist of suppliers of state procurement;
- absence of a status of unreliable supplier.

After conclusion of an agreement with a supplier for a purchase of a leasing subject and supply of equipment, the Company shall accept this leasing subject, make payment for it to the supplier and transfer it to a lessee subsequently. Logistics of a leasing subject, customs clearance and other actions related to delivery shall be carried out by the Company's employees, which will make a leasing process for lessees as simplified and accessible as possible.



MACROECONOMIC INDICATORS

According to National Statistics Bureau of Agency for Strategic Planning and Reforms of the Republic of Kazakhstan (hereinafter referred to as "National Statistics Bureau of ASPR of the RoK"), Kazakhstan's economy has reached a steady growth rate since 2017. While the economy was developing in the context of a gradual improvement in the foreign economic situation until 2019, according to the results of 2019 a real growth of gross domestic product (hereinafter referred to as "GDP") was 4.5%, 4.1% — in 2018, 4.1% — in 2017 and 1.1% — in 2016.

Such growth in Kazakhstan's economy was driven by a recovery in domestic demand, which was supported by an attraction of new investment into the economy, expansion of production in tradable sectors and balanced growth in almost all sectors of the economy. In general, the country's economic development remained stable in 2019, driven by

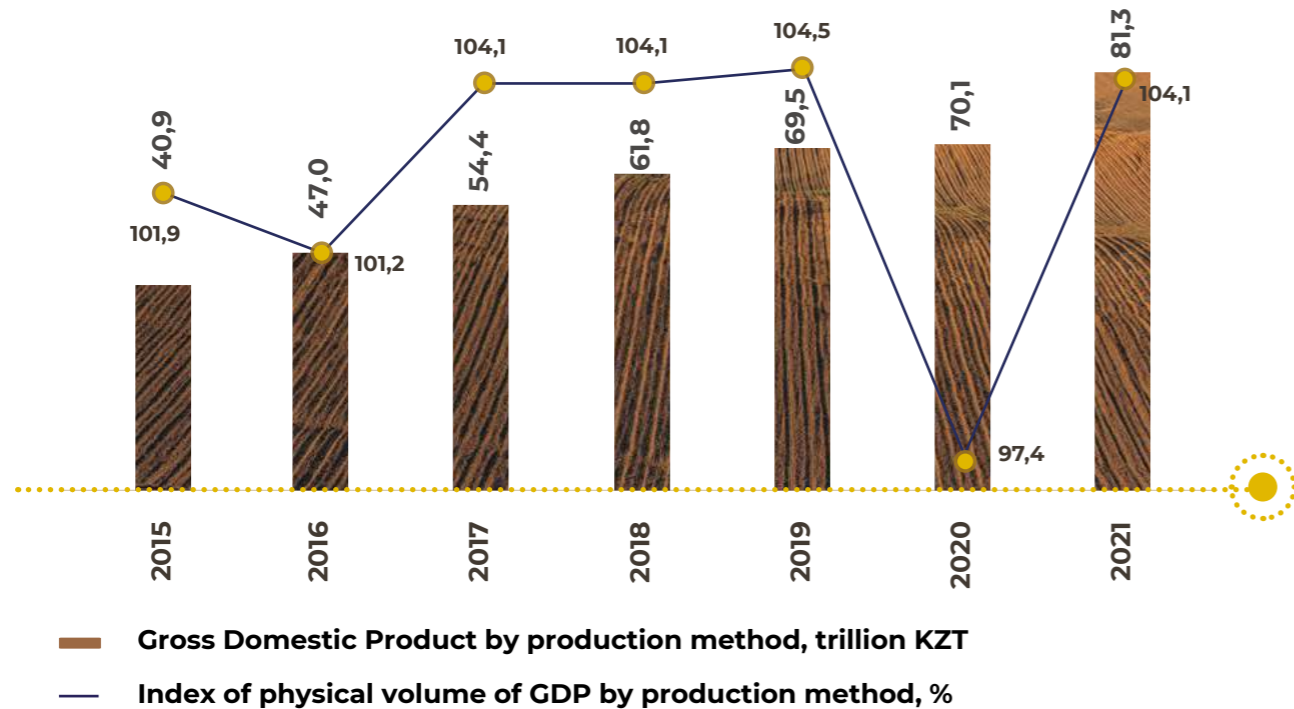
growth in mining, construction, manufacturing and service sectors.

In 2020 - 2021, Kazakhstan's economy was affected by falling in oil prices, inflation, volatility in a number of export commodities and a decline in business activity in the service sector, the reason of which became a pandemic caused by a spread of coronavirus of COVID-19.

Volume of Gross Domestic Product produced for January - December 2021 amounted to 81,269,230.5 million KZT and in comparison with the corresponding period of the previous year has increased in real terms by 4.0%.

Shares of goods production and services production in GDP for January - December 2021 were 40.1% and 53.5%, respectively. Industry accounted for the major share of GDP production at 29.2%.

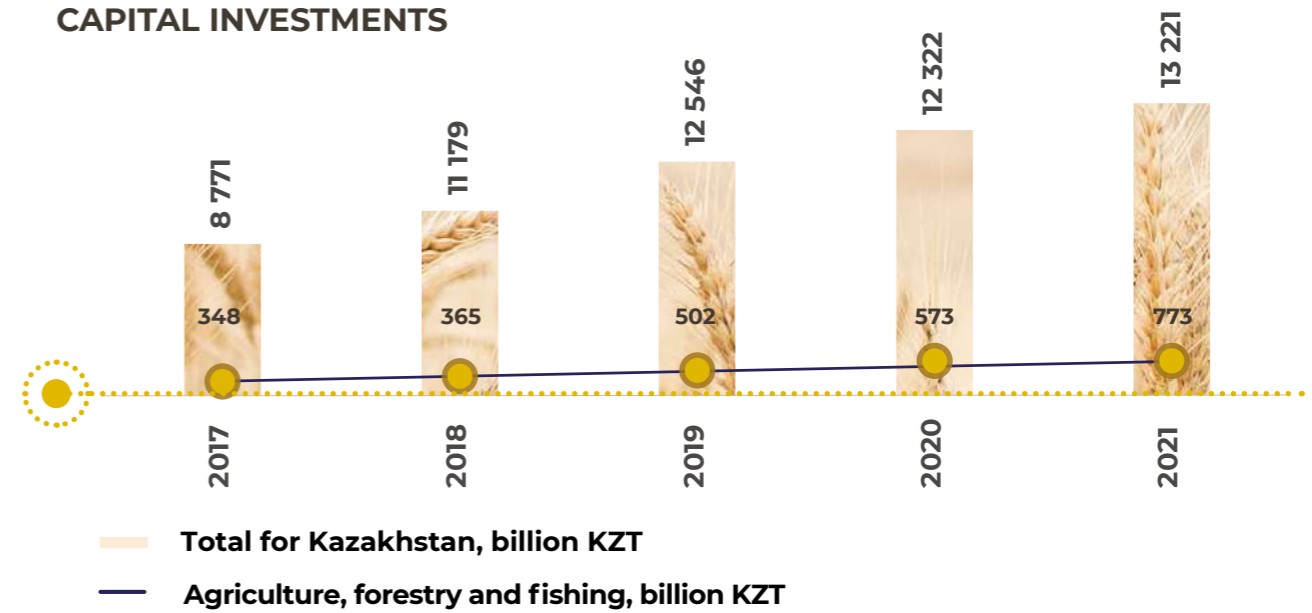
GDP Dynamics



Source: Data of Bureau of National Statistics of ASPR of the RoK

Capital investments in January - December 2021 amounted to 13,221.4 billion KZT, which was 3.5% more than in 2020.

CAPITAL INVESTMENTS



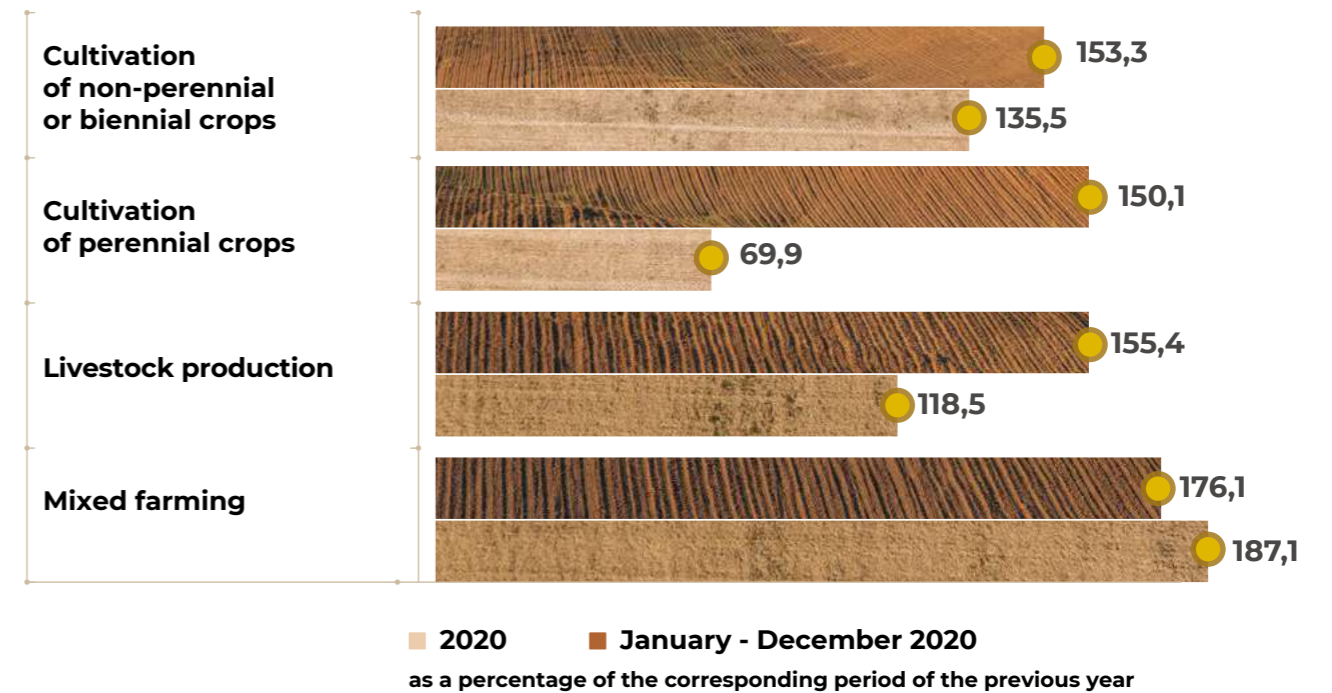
Source: Data of Bureau of National Statistics of ASPR of the RoK

In January - December 2021, volume of capital investment in agriculture, forestry and fishery totalled 773.2 billion KZT, which was 33.3% more than in 2020.

Main grain-producing regions (North Kazakhstan Oblast, Akmola Oblast and Kostanay Oblast) invested 341.1 billion KZT in the sector, accounting for 44.1% of total investment in agriculture, forestry and fishery.

In the total volume of capital investments in agriculture, forestry and fishery, the largest investments were in non-perennial or biannual crops (60.9%) and livestock production (25.4%).

VOLUME OF INVESTMENT IN AGRICULTURE BY SECTORS



Source: Data of Bureau of National Statistics of ASPR of the RoK

According to the National Bank of the Republic of Kazakhstan (hereinafter referred to as the "National Bank of RoK") annual inflation in 2021 was at 8.4% (in December 2020 it amounted to 7.5%). In the structure of inflation, prices for food products in annual terms increased by 9.9%, for non-food products — by 8.5%, for paid services — by 6.5%.

US dollar exchange rate as of the end of 2021 was 431.67 KZT per US dollar compared to 420.91 KZT at the beginning of 2022.

As of January 1, 2022, the population amounted to 19,125,600 thousand people, including urban

— 11,355.8 thousand (59.4%) and rural — 7,769.8 thousand (40.6%) people.

Strategic goals and objectives of KazAgroFinance are aimed at sustainable development of the Republic of Kazakhstan in order to implement government policies and achieve goals set for development of AIC.

In this regard, the Company needs to take into account current global challenges and geopolitical situation affecting development of Kazakhstan's economy, to focus on specific measures to develop the sector.

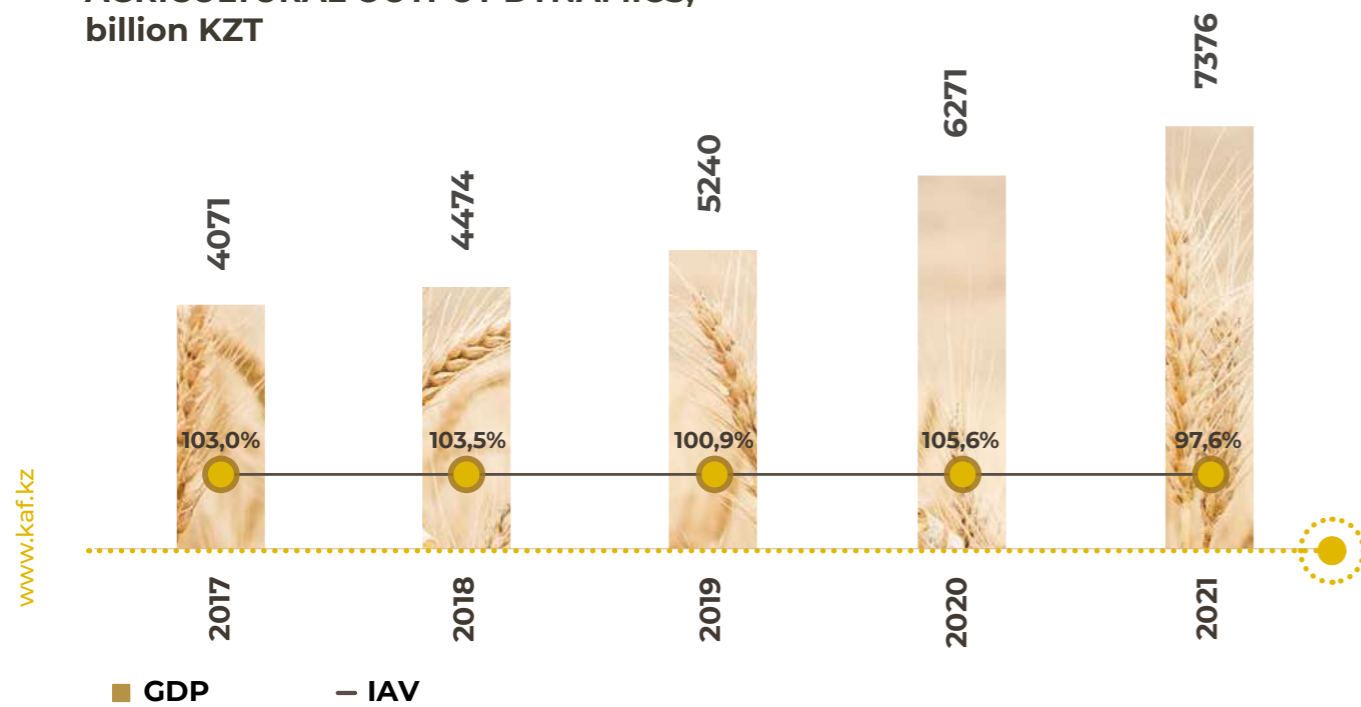
ANALYSIS OF AIC SECTOR

Agro-industrial complex of the Republic of Kazakhstan is the largest cross-industry network, uniting several branches of the economy, aimed at production, processing of agricultural raw materials and producing products of them, brought to the final consumer. This is a set of branches of the country's economy, including agriculture and industries closely related with agricultural production, carrying out transportation, storage, processing of agricultural

products, supplying it to consumers, providing agriculture with machinery, chemicals and fertilizers, servicing agricultural production.

Agriculture is one of the key branches of Kazakhstan's economy. The level of development of the agricultural sector has always been and continues to be a determining factor in the economic and socio-political stability of Kazakhstani society.

AGRICULTURAL OUTPUT DYNAMICS, billion KZT



Source: Data of Bureau of National Statistics of ASPR of the RoK

AIC analysis according to data of Bureau of National Statistics of ASPR of the RoK:

- gross output of products (services) of agriculture, forestry and fishery in January - December 2021 amounted to 7,376 billion KZT, which was 2.4% less than in 2020, gross output of crop production was 4,232.5 billion KZT, gross output of livestock production was 3,104.5 billion KZT, agricultural services — 9.7 billion KZT, volume of products (services) of hunting sector — 1.1 billion KZT, volume of products (services) in forestry — 15.8 billion KZT, volume of products (services) in fishery and aquaculture — 12.4 billion KZT. Decrease in the volume of production of agriculture, forestry and fishery in January - December 2021 was due to a decrease in crop production by 6.7%;
- yield capacity of main crops (including rice) and legumes (in weight after processing) in 2021 in the Republic of Kazakhstan was 10.4 centners per ha, compared to 12.8 centners per ha in 2020; yield capacity of vegetables in 2021 was 268 centners per ha compared to 265.9 centners per ha in 2020; yield capacity of potatoes in 2021 was 11 centners per ha and in 2020 — 11.3 centners per ha;
- in crop production there was a decrease in the gross output of grain crops in a number of regions of the country. The decline in the volume of grain crops in 2021 compared with

2020 was observed in Kostanay Oblast by 29.2%, in Akmola Oblast — by 23.9%, in North-Kazakhstan Oblast — by 19%.

Information on Land Resources

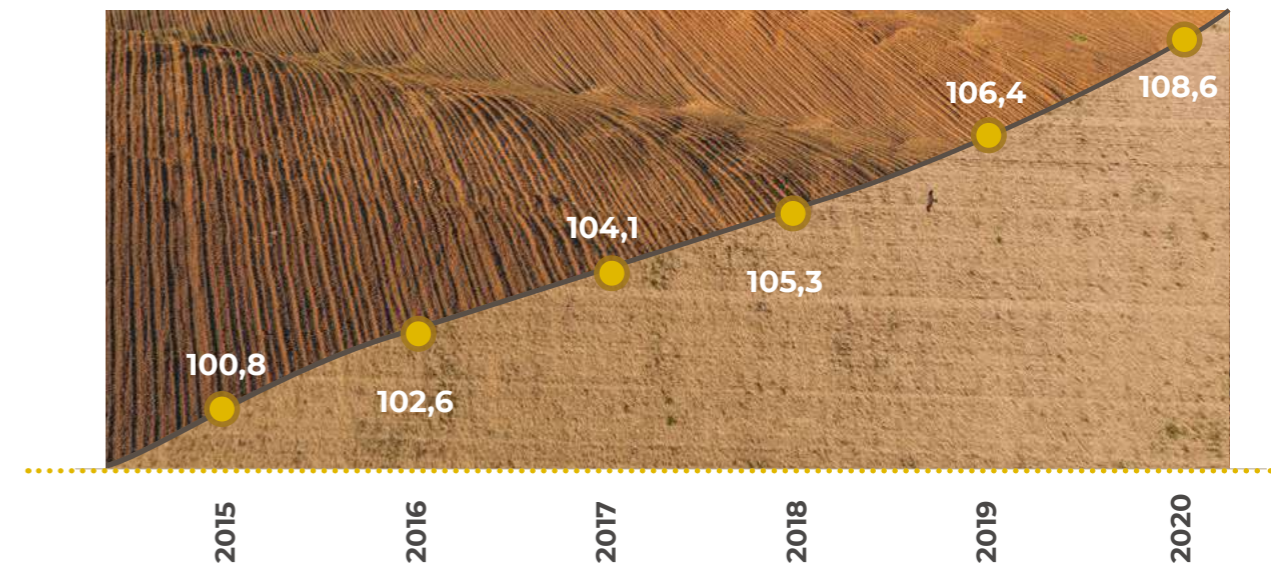
Kazakhstan has the largest land resources, which allow increasing production of all kinds of agricultural products and providing the country with domestic products.

In the period from 1991 to 2005, the area of agricultural land in the country decreased by 136.2 million ha, but subsequently the area of land of this category increased annually and its total increase, from 2005 to 2020, amounted to 26.8 million ha.

In recent years, agricultural land in all regions is increasing due to development of reserve lands, in the current year their total area in the country has increased by 1.8 million ha. The increase occurred in all Oblasts except Akmola, Atyrau, Kostanay and Mangistau Oblasts. Decrease of agricultural lands in these Oblasts occurred mainly due to return of unused areas to reserve.

The area of this category of land in the structure of the land fund is 108.6 million ha, or 41.3% of the land in use.

DYNAMICS OF AGRICULTURAL LAND BY YEARS, million ha



Source: Data of Bureau of National Statistics of ASPR of the RoK

According to Ministry of Agriculture of the Republic of Kazakhstan (hereinafter referred to as "MA of the RoK"), the land fund of our country includes 108.6 million ha of agricultural land, of which 105.5 million ha are occupied by agricultural fields. There are 93.6 million ha of lands in reserve, which were formed mainly in the initial period of the land reform, when significant areas of agricultural lands were withdrawn from a productive turnover, and currently are not provided for ownership and land use.

The category of agricultural lands includes the most valuable lands in agricultural purposes: 98.0% of all farm fields of the Republic of Kazakhstan, including 91.1% of irrigated lands, 42.2% of perennial plantings lands, 48.2% of neglected fields, 45.4% of hay harvesting, of which 36.3% of improved lands and 43.4% of liman irrigation lands:

Name of lands	Area, million ha	Among them on agricultural lands	%
Agricultural fields among them:	214,3	105,5	49,2
farm fields	26,3	25,8	98,0
pasture fields	179,1	75,6	42,2
hay harvesting	4,9	2,2	45,4

Source:
data of MA of the RoK

Main areas of farm fields are registered in grain regions: in Kostanay Oblast (6.2 million ha), in Akmola Oblast (5.9 million ha) and in North-Kazakhstan Oblast (4.9 million ha). The regions located in desert and semi-desert zones have the largest areas of pasture fields, namely Karaganda Oblast (14.2 million ha), Aktobe Oblast (10.2 million ha), East Kazakhstan Oblast (9.7 million ha), Almaty Oblast (6.9 million ha) and West Kazakhstan Oblast (5.7 million ha).

The biggest areas of neglected fields are registered in Western Kazakhstan Oblast (458.0 thousand ha), Akmola Oblast (292.4 thousand ha), Aktobe Oblast (256.9 thousand ha), Karaganda Oblast (214.1 thousand ha) and Pavlodar Oblast (171.0 thousand ha).

More than 50% of all hay harvesting are registered in three regions of the Republic of Kazakhstan: in East Kazakhstan Oblast — 488.7 thousand ha, in West Kazakhstan Oblast — 467.5 thousand ha and in Karaganda Oblast — 227.2 thousand ha.

In 2021, the acreage of all agricultural crops amounted to 22.9 million ha, which was 343.3 thousand ha more than the level of 2020. Among them, crops and legumes were 16.0 million ha (more by 236.9 thousand ha), including wheat — 12.9 million ha (more by 749.9 thousand ha). Oil-plants are located on the area of 3.1 million ha (more by 197.3 thousand ha), feeding — by 3.1

million ha (less by 82.8 thousand ha), cotton plant — by 109.9 thousand ha (less by 16.0 thousand ha), rice — by 96.8 thousand ha (less by 7.3 thousand ha), sugar beet — by 21.7 thousand ha (more by 0.9 thousand ha), potatoes — by 195.8 thousand ha (more by 1.4 thousand ha), green crops — by 168.6 thousand ha (more by 5.0 thousand ha) and cucurbits — by 110.0 thousand ha (more by 8.1 thousand ha).

Currently, 103.2 million hectares of available pasture fields, or 56%, have been watered. During the period of 2014 to 2021, 9,760 units of pasture fields watering infrastructure and water supply to livestock farms were built to water unused pasture fields, of which 6,874 units of wells were subsidized in the amount of 26.4 billion KZT. As a result of watering, 913,700 cattle, 3,013,000 sheep, 309,300 horses and 43,000 camels were moved to distant pasture fields.

As of January 1, 2021, satellite monitoring of agricultural land use has been introduced across the board, as well as measures are also being taken on an ongoing basis to return unused land to state ownership.

According to preliminary results of satellite monitoring, 22.4 million hectares of agricultural land were identified throughout the country, including 1.1 million hectares of farm fields and 21.3 million hectares of pasture fields, among

them 3.2 million hectares were returned to state ownership, of which there were 3 million hectares of pasture fields and 0.2 thousand hectares of farm fields.

In 2021, the share of digitized pasture fields in the system of qoldau.kz is as follows:

SHARE OF DIGITIZED PASTURE FIELDS IN THE SYSTEM OF QOLDAU.KZ IN 2021

Oblast	Total area, million ha	Number of land users	Area of digitized land, million ha	Share of digitized land, %
TOTAL, including:	75,6	56 368	63,5	84
Mangystau Oblast	2,7	1 100	3,5	100
Akmola Oblast	4,4	2 856	4,2	94,3
Aktobe Oblast	10,2	3 905	9,3	91,8
Karaganda Oblast	14,2	5 747	13,0	91,7
Kostanay Oblast	3,9	2 514	3,5	89,7
Almaty Oblast	6,9	11 333	5,9	85
West Kazakhstan Oblast	5,7	3 955	4,8	84,3
Pavlodar Oblast	4,3	2 361	3,6	83
East Kazakhstan Oblast	9,7	7 436	7,1	73,8
Kyzylorda Oblast	2,0	2 147	1,5	73,7
Turkestan Oblast	3,1	5 678	2,2	70,3
Atyrau Oblast	2,7	1 533	1,8	68,4
Zhambyl Oblast	3,7	4 484	2,1	58,1
North Kazakhstan Oblast	2,1	1 319	0,9	44,2

Source:
Data of the System of qoldau.kz

PLANT-GROWING

In 2021, 16.4 million tons of crops and legumes in weight after processing were threshed (3.6 million tons less than in 2020), with an average yield of 10.4 cwt/ha (2.4 cwt/ha less). Among them, 11.8 million tons of wheat were threshed (2.4 million tons less), with an average yield of 9.3 cwt/ha (2.5 cwt/ha less).

In 2021, 2.4 million tons of oil-plants were harvested (less by 126.4 thousand tons) with a yield of 8.3 dt/ha (less by 1.2 dt/ha), 332.2 thousand tons of sugar beet (less by 134.2 thousand tons) with a yield of

275.5 dt/ha (less by 47.7 dt/ha), 290.4 thousand tons of cotton plant (less by 36.2 thousand tons) with a yield of 26.4 dt/ha (more by 0.5 dt/ha), 503.8 thousand tons of rice (less by 53.0 thousand tons) with a yield of 52.1 dt/ha (less by 2.3 dt/ha), 4.0 million tons of potatoes (more by 24.8 thousand tons) with a yield of 207.4 dt/ha (more by 0.7 dt/ha), 4.5 million tons of vegetables (more by 171.2 thousand tons) with a yield of 268.0 dt/ha (more by 2.1 dt/ha), 2.8 million tons of cucurbits (more by 353.5 thousand tons).

CATTLE BREEDING

As for cattle breeding industry, main factors influencing the volume of cattle breeding production are the number and productivity of animals, provision of livestock with feed, feeding rations, breed of animals, availability of livestock facilities and conditions of their maintenance. In addition, the number and productivity of animals

depends directly on the volume of production.

According to data of Bureau of National Statistics of ASPR of the RoK as of January 1, 2022 compared to the same date of the previous year, the number of farm animals of all categories of farms shows the following trend:

NUMBER OF FARM ANIMALS

Total number of heads in the RoK, thousand heads	As for January 1		Change (+ -)
	2021	2022	
Cattle	7 848,5	8 185,1	336,6
Horses	3 118,3	3 470,8	352,6
Sheep and goats	20 042,0	20 856,5	814,5
Pigs	819,9	775,3	-44,5
Camels	227,2	243,4	16,1
Poultry	43 160,0	47 787,4	4 627,5

Source:
Data of the System of qoldau.kz

The number of cattle increased by 4.3% and amounted to 8,185.1 thousand heads, horses — by 11.3% and amounted to 3,370.8 thousand heads, sheep — by 4.1% and amounted to 20,856.5 thousand heads, camels — by 7.1% and amounted to 243.4 thousand heads, poultry — by 10.7% and amounted to 47,787.4 thousand heads.

In addition, the number of pigs decreased by 5.4%

and amounted to 775.3 thousand heads.

As of January 1, 2022, 52.4% of cattle were registered in households, 38.2% — in peasant farms and individual entrepreneurs, 9.4% — in agricultural enterprises, for sheep — 50.6%, 43.7% and 5.7%, respectively, for goats — 67.7%, 31.3% and 1%, for pigs — 56%, 10.5% and 33.5%, for poultry — 25.2%, 1.3% and 73.5%.

FOOD PRODUCTS

A significant share of domestic products is observed in resources of most of food products. Resources of dairy products on the market increased in the period of January 2021 - November 2021 compared to the period of January 2020 - November 2020 due to increase of their production in the country. In resources of cereals, meat, dairy

products, as well as noodle products domestic production dominates (96.0%, 86.1%, 85.8%, 82.4%, respectively).

Production on an industrial scale in physical terms in 2021 for many products has a downward trend:

PRODUCTION ON AN INDUSTRIAL SCALE

Production	2020	2021	Change (+ -)
Meat, tons	295 578	336 471	40 893
Milk, tons	616 514	611 047	-5 467
Flour, tons	3 352 374	3 093 527	-258 847
Bread, tons	550 173	527 163	-23 010
Cereals, tons	84 492	84 116	-376

Source:
Data of Bureau of National Statistics of ASPR of the RoK

PROFITABILITY

Profitability (loss) of agriculture, forestry and fishery in the 3rd quarter of 2021 was 24.5%, while in the same period of the previous year the profitability of agricultural enterprises was 28.5%.

For ensuring profitability of agricultural production, as well as for provisioning processors with raw materials, the government provides state

support measures, including subsidies, insurance, an import substitution program and saturation of domestic markets with domestic products, loan guarantees, preferential loans, including under the program "Economics of Simple Things", etc.

FINANCIAL SUPPORT MEASURES

In 2021, 104.4 billion KZT was provided under the program of subsidizing investments by AIC entities, which allowed subsidizing 24,189 investment projects.

Investment subsidies covered thirty-four (34) priority areas of the agro-industrial complex.

The annual practice of implementing the investment subsidy program shows that the main amount of budget funds, on average 50%, falls on the replacement of the agricultural machinery fleet.

About 13.3 billion KZT or 13% were allocated to subsidize investment projects in the field of cattle breeding, 23 billion KZT or 22% were allocated to support projects in the field of plant-growing.

52.4 billion KZT was provided for implementation of the program of subsidizing interest rates for lending, as well as leasing for purchase of farm animals, machinery and technological equipment in 2021.

According to the subsidy information system of Qoldau.kz due to implementation of the program for 2021, credit funds in the amount of more than 370 billion KZT were raised to the agricultural sector.

Since the beginning of 2020, a voluntary insurance system had come into effect in the field of the AIC. Within the framework of voluntary insurance, the government provides support in the form of subsidizing of 50% of insurance premiums. As of this date, insurance products are available in crop production (insurance against drought, excessive soil water, winter crops), in cattle breeding (insurance of pasture fields, cattle, small

cattle, horses, poultry), as well as insurance of property and agricultural machinery (agricultural machinery, movable and immovable property).

For example, according to qoldau.kz system, 1,024.5 million KZT was allocated for development of insurance in AIC in 2021.

Since the beginning of 2021, 163 insurance contracts have been concluded, including 118 insurance contracts in crop production covering 150.6 thousand hectares (according to these contracts, insurance premium was subsidized in the amount of 185.1 million KZT), 45 contracts for cattle breeding insurance covering about 2.6 million heads (according to these contracts, insurance premium was subsidized in the amount of 57.5 million KZT).

National Project for Development of the Agro-Industrial Complex of the Republic of Kazakhstan for 2021 - 2025 (hereinafter referred to as the "National Project:") was approved by Resolution of the Government of the Republic of Kazakhstan dated October 12, 2021 No.732. As part of the National Project, it is planned to increase the authorized capital of "Baiterek" National Managing Holding" JSC with a subsequent increase of authorized capital of KazAgroFinance JSC to finance purchase of machinery, forage machinery and mobile systems for subsequent leasing in the period from 2023 to 2025.

ANALYSIS OF AGRICULTURAL EQUIPMENT FLEET

In accordance with government policy objectives, one of the priority objectives is to provide the industry with modern agricultural machinery, since technical equipment of agricultural producers remains an important problem for development of AIC. Old technology and obsolete agricultural equipment hinder productivity growth and increased production.

The use of worn-out machinery leads to increased consumption of fuels and lubricants, spare parts, loss of production and reduced quality, downtime due to malfunctions and other negative consequences.

At the same time, development of technical equipment and implementation of global best practices require significant financial investment.

According to MA of the RoK, as of January 1, 2022, there were 147,700 tractors and 38,100 combine harvesters in the Republic of Kazakhstan, including:

AVAILABILITY OF MAIN TYPES OF AGRICULTURAL MACHINERY WITH ENTITIES OF AIC BY PERIODS

Types of Equipment	2016	2017	2018	2019	2020	2021
Tractors	152 616	148 301	147 344	145 224	141 750	147 731
Combine Harvesters	41 494	40 044	38 502	37 385	36 997	38 101
Baling Machines	7 298	7 311	7 014	7 601	9 144	10 145
Field Mowers	22 401	22 720	22 438	22 980	19 567	20 972
Cutters	14 985	15 039	14 869	14 817	12 894	13 293
Spraying Machines	5 401	5 350	5 300	5 383	5 931	5 889
Seeding Complexes	4 097	3 915	3 900	4 060	4 302	4 743

Source:
data of MA of the RoK

As can be seen from the table above, non-linear dynamics in availability of main types of agricultural machinery indicates, above all, a constant disposal of old, obsolete machinery, life-expired, as well as an inadequate rate of replacement of machine-tractor fleet of the AIC.

Therewith, a statutory service life of agricultural equipment, which shall be determined by a depreciation period of operation (eight - twelve years), is markedly different from the actual period of its use. Due to the lack of working capital and opportunities for timely replacement, AIC entities are forced to extend service life of agricultural equipment at the expense of additional costs for repair and salvage work. In this case an actual service life is usually longer than an economically feasible one calculated on the assumption of sufficient funds for a purchase of machinery. Most agricultural organizations do not have necessary financial resources to replace equipment in a timely manner.

Providing the industry with modern agricultural equipment through increased investment shall be one of KazAgroFinance's priorities.

During this period, according to preliminary data of MA of the RoK, a replacement rate of main types of agricultural equipment is 4.3%. The Company's share in fleet renewal averages 42.4% according to the results of 2021:

¹ <https://eldala.kz/novosti/selhoztehnika/9100-uroven-obnovleniya-selhoztehniki-za-god-sostavil-4-3>

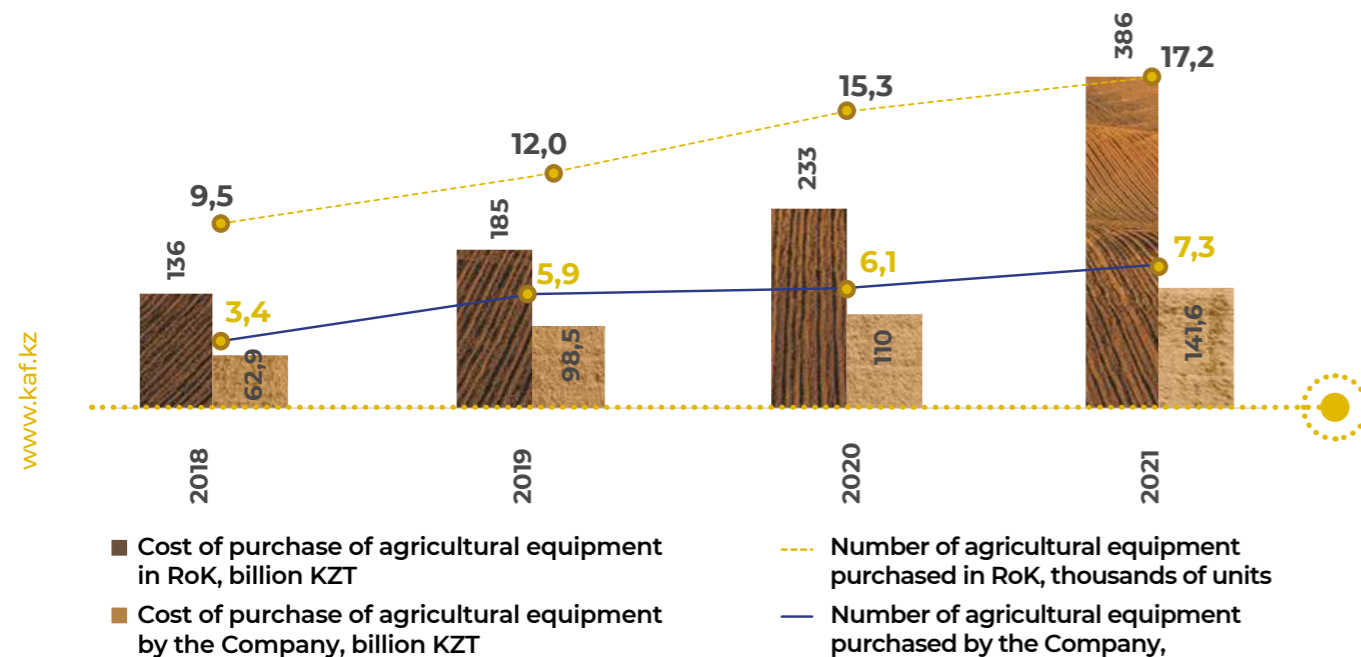
SHARE OF THE COMPANY'S PARTICIPATION IN FLEET REPLACEMENT

Name of Equipment	Availability of Basic Agricultural Equipment in the RoK as of January 01, 2022, units	Equipment Purchased in 2021 in the RoK, units	Equipment Purchased by KAF JSC in 2021, units	Share of KAF JSC in Replacement of Agricultural Equipment, %
Tractors	147 731	5 627	2 431	43,2%
Combine Harvesters	38 101	1 294	633	48,9%
Seed Drills	76 876	1 453	258	17,8%
Seeding Complexes	4 743	368	258	70,1%
Others	13 293	8 429	3 696	43,8%
Total	280 744	17 171	7 276	42,4%

Source:
data of MA of the RoK and the Company

In 2021, agricultural producers in the country purchased 17,171 units of equipment for the amount of 386 billion KZT, which was 12% more in quantitative terms and 65.7% in monetary terms compared to 2020.

DYNAMICS OF PURCHASE OF AGRICULTURAL EQUIPMENT BY AGRICULTURAL PRODUCERS IN ROK, including by the Company



Source:
data of MA of the RoK and the Company

Ratio of all types of equipment purchased by AIC entities in 2021 through KazAgroFinance leasing services in the total volume of purchase of agricultural equipment in the country is 42.4% (7,276 units out of 17,171 units).

The volume of agricultural equipment of domestic manufacture purchased by the Company amounted to 3,751 units or 51.6% of the total volume of equipment purchased by KazAgroFinance.

SHARE OF THE COMPANY'S PARTICIPATION IN REPLACEMENT BY TYPES OF EQUIPMENT

Name of Equipment by Brands	Tractors	Combine Harvesters	Seeding Complexes	Seed Drills	Others	TOTAL
Purchased by MA of RoK, units	5 627	1 294	368	1 453	8 429	17 171
Including by KazAgroFinance, units	2 431	633	258	258	3 696	7 276
Including equipment of domestic manufacture, units	1 693	504	11	36	1 512	3 756
Ratio of agricultural equipment purchased by KazAgroFinance of the total amount, %	43,2%	48,9%	70,1%	17,8%	43,8%	42,4%

Source:
data of MA of the RoK

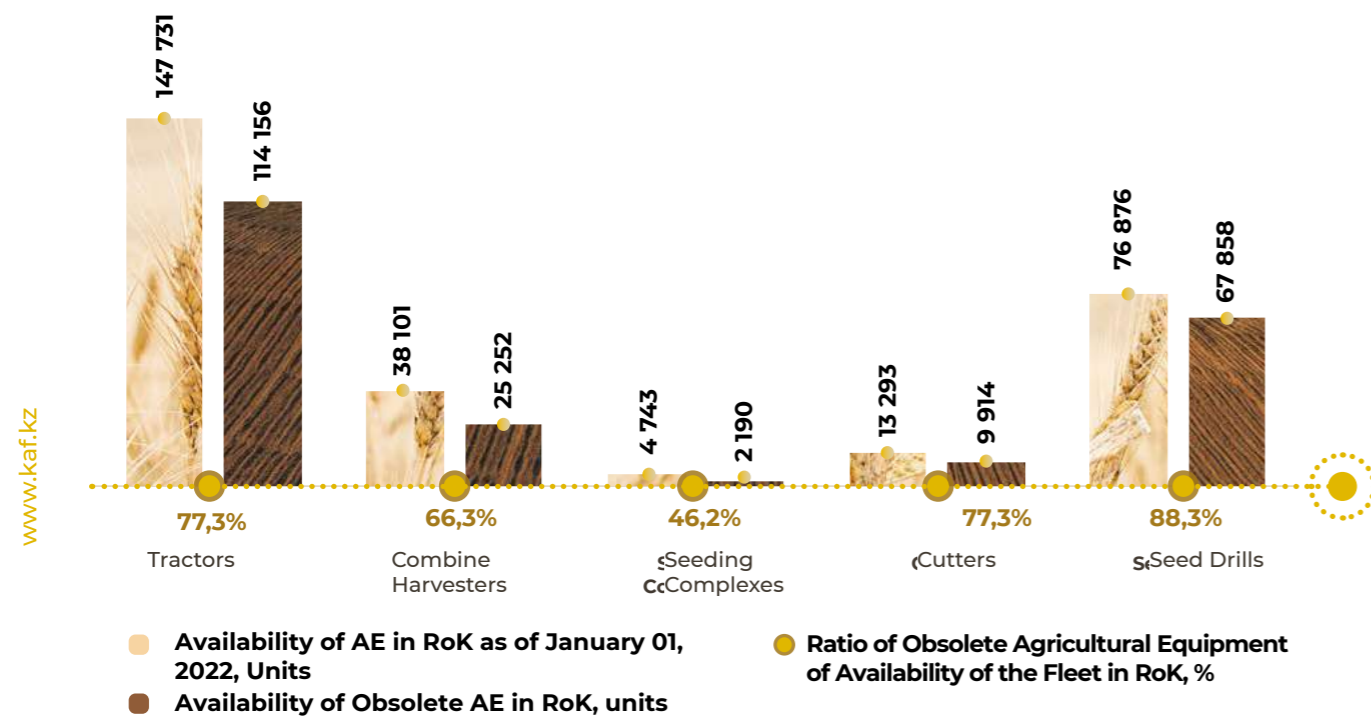
There is no acute shortage of agricultural equipment in the country, but a share of machines that have been in operation for a long time remains high, and this indicator cannot be improved in any way. Whereas prices rapidly increasing for new products, combined with ambiguous measures of state regulation of the market, call into question the possibility of upgrading fleet of agricultural equipment, even of relatively stable companies.

RATIO OF OBSOLETE AGRICULTURAL EQUIPMENT IN THE COUNTRY

Name of Equipment by Brands	Availability of Agricultural Equipment in the RoK as of January 01, 2022, units	Agricultural Equipment Purchased during the Period from 2011 to 2021, units	Availability of Obsolete Agricultural Equipment in the RoK, units	Ratio of Obsolete Agricultural Equipment Depending on Availability of the Fleet in the RoK, %
Tractors	147 731	33 575	114 156	77,3%
Combine Harvesters	38 101	12 849	25 252	66,3%
Seeding Complexes	4 743	2 553	2 190	46,2%
Cutters	13 293	3 379	9 914	74,6%
Seed Drills	76 876	9 018	67 858	88,3%

Source: data of MA of the RoK
 Share of agricultural equipment older than twelve (12) years on average exceeds 70%.

SHARE OF OBSOLETE AGRICULTURAL EQUIPMENT



Source: data of MA of the RoK

The share of combine harvesters older than ten (10) years is 66.3%, tractors — 77% and seeding complexes — 46.2%.

According to MA of the RoK, the average age of more than 70% of combine harvesters and tractors is 13-18 years, while the normal service life is 8 -10 years. In addition, more than 70% of combine harvesters, about 80% of tractors, 75% of cutters and 80% of seed drills shall be subject to write-off. Power supply per production unit of agriculture

in the Republic of Kazakhstan is forty (40) horsepower per village inhabitant. For reference, in the USA it is 300, in Germany — 500 horsepower per employee. This state of equipment causes excessive cost on repairs and fuel by ninety-five (95) billion KZT, and crop losses during harvesting reach up to 2.9 million tons.

For reversing the situation, it is necessary to increase the purchase of new equipment by 2.5 times.

RATE OF REPLACEMENT OF AGRICULTURAL EQUIPMENT

Indicators	Replacement Rate					
	2016	2017	2018	2019	2020	2021
Availability of Equipment in the RoK	298 232	287 862	284 082	279 930	269 169	280 744
Purchased by the RoK	8 176	8 500	9 471	11 904	15 323	17 171
Replacement Rate of the RoK	2,74%	2,95%	3,33%	4,25%	5,69%	6,12%
Purchased by KazAgroFinance	3 119	2 400	3 426	5 893	6 056	7 276
Rate of Replacement of Equipment by the Company	1,05%	0,83%	1,21%	2,11%	2,25%	2,59%

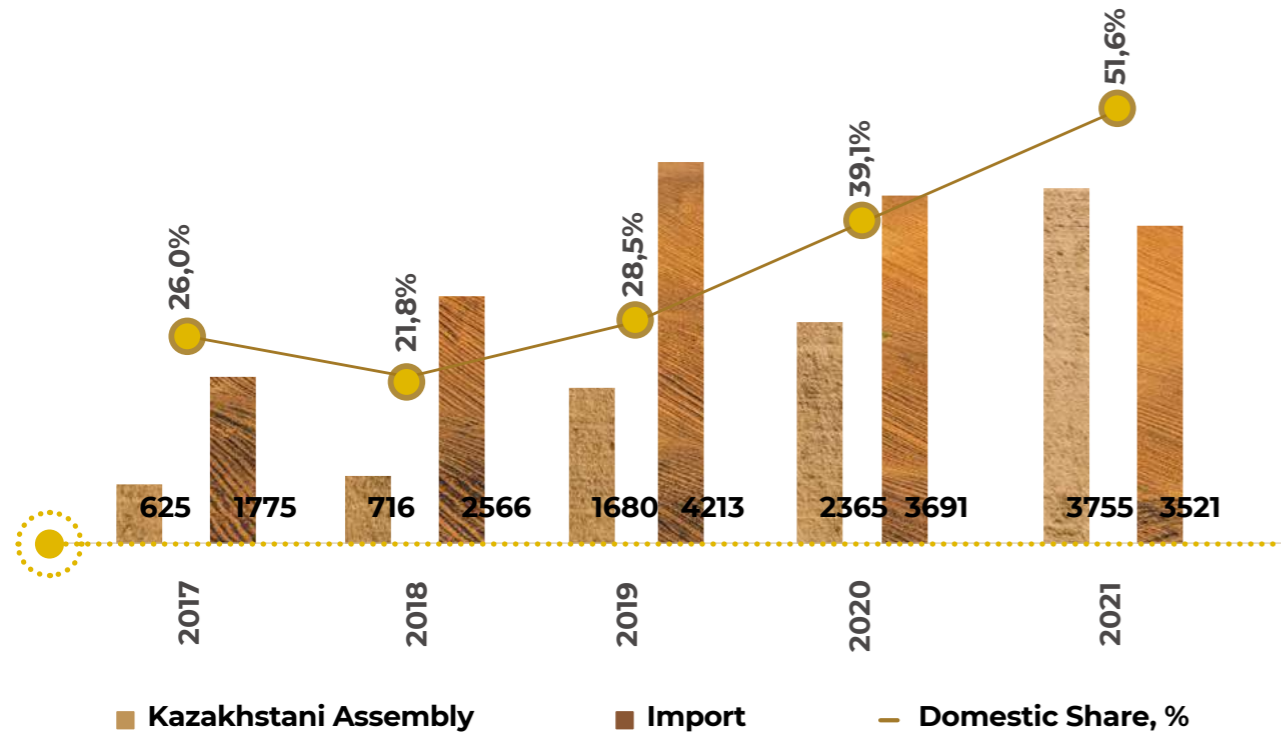
Source: data of MA of the RoK and the Company

When calculating the rate of equipment replacement in the Republic of Kazakhstan according to the Ministry of Agriculture of the Republic of Kazakhstan, the indicator in 2021 is 6.1%, of which 2.59% falls on KazAgroFinance.

A statutory service life of agricultural equipment, which shall be determined by a depreciation period of operation (eight - twelve years), is markedly different from the actual period of its use. Due to the lack of working capital and opportunities for timely replacement, AIC entities are forced to extend service life of agricultural equipment at the expense of additional costs for repair and salvage work. In this case the actual service life is usually longer than the economically feasible one calculated on the assumption of sufficient funds for the purchase of machinery. Most agricultural organizations do not have necessary financial resources to replace equipment in a timely manner.

The current structure of suppliers of agricultural equipment includes both global and local manufacturers. Global manufacturers include Rostselmash (Russian Federation), Gomselmash, Minsk Tractor Plant, Bobruiskagroprommash (Republic of Belarus), John Deere, Case IH, New Holland (the USA), CLAAS (Germany), etc. They are distinguished by the format of their presence in the structure of agricultural equipment. Russian, Belarusian and German manufacturers have set up assembly plants with localization of products. KazAgroFinance JSC cooperates with domestic machine-building enterprises such as Semaz LLP, Kazakhstan Agro Innovation Corporation LLP, ST Assembly LLP, Agromashholding KZ JSC, Private Company "Kazrost Engineering Ltd". KAMAZ-Engineering JSC, Kostanay Tractor Plant LLP, Don Mar LLP, Firm DAFA LLP, AVAGRO LLP, Kostanay Agromechanical Plant LLP and MTZ Kazakhstan LLP.

STRUCTURE OF AGRICULTURAL PRODUCERS TRANSFERRED TO KAZAGROFINANCE BROKEN DOWN BY DOMESTIC AND FOREIGN EQUIPMENT, Units



Source: data of the Company

Economic efficiency of crop production depends entirely on the rate of replacement of the tractor fleet in farms.

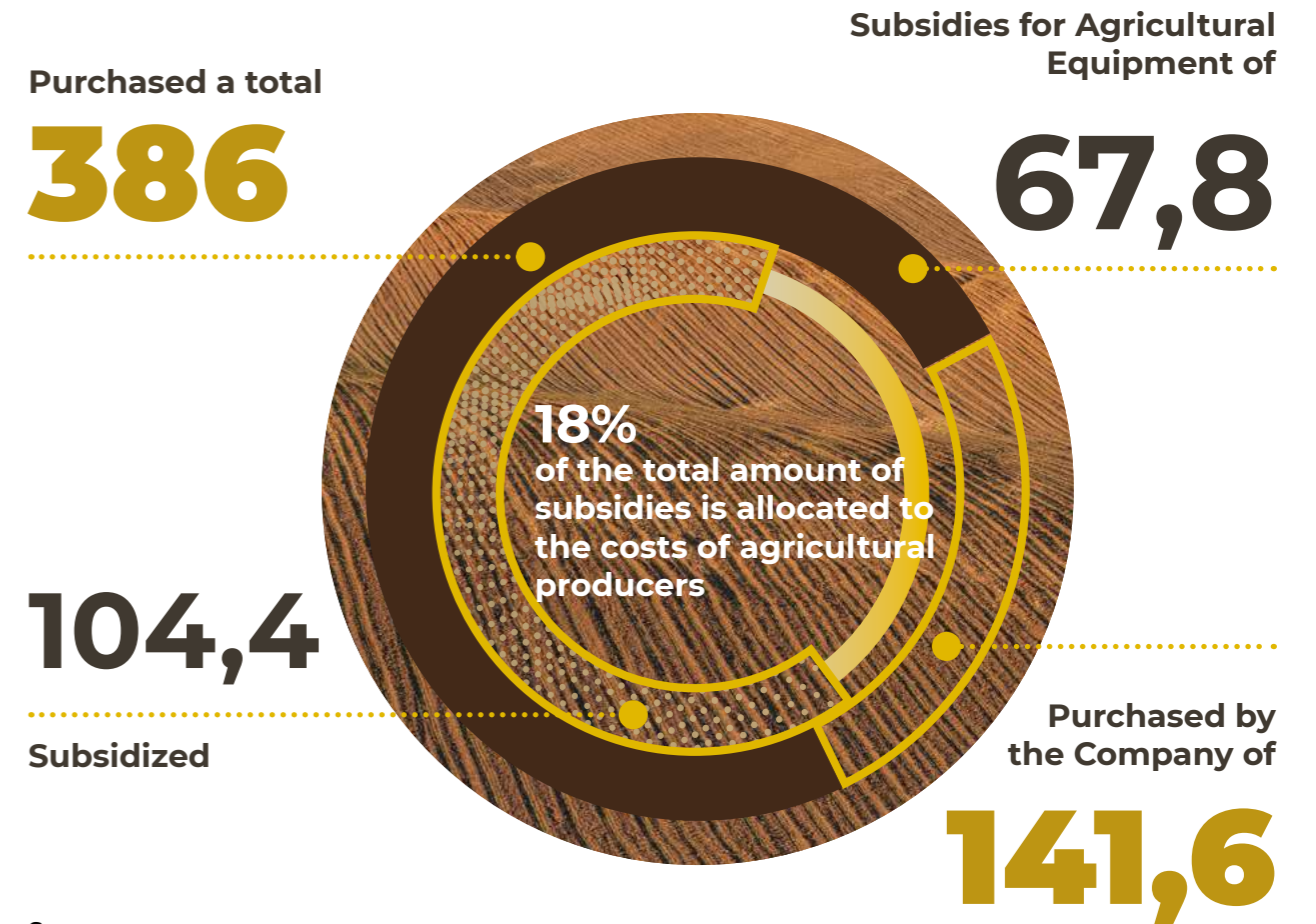
An increase in financial loading on AIC entities and a lack of possibility of diverting funds for a renewal of funds led to the fact that the rate of disposal of equipment from the fleet was six - seven times higher than the rate of its purchase. This, in its turn, caused excessive wear of 80-90% of the equipment that continues to be used and its noticeable impact on the efficiency of the industry's production.

An increase in funds for subsidizing costs for agricultural equipment will solve problems in terms of upgrading material and technical base and fixed assets.

As of this date, according to qoldau.kz information system, underfunding for reimbursement of costs for purchased agricultural equipment have been established, where in 2021 the amount of subsidies was 104.4 billion KZT, including 67.8 billion KZT for agricultural equipment, or 17.6% of the country's purchase of agricultural equipment (386 billion KZT), whereas according to the Regulations on

Subsidies for Partial Reimbursement of Costs Incurred by Entities of Agro-Industrial Complex in Investment, a proportion of reimbursement of investment in agricultural equipment shall be 25%.

RATIO OF INVESTMENT SUBSIDY AMOUNTS TO AGRICULTURAL EQUIPMENT PURCHASED IN 2021, INCLUDING KAZAGROFINANCE, billion KZT



Source: data of qoldau.kz and the Company

LEASING MARKET ANALYSIS

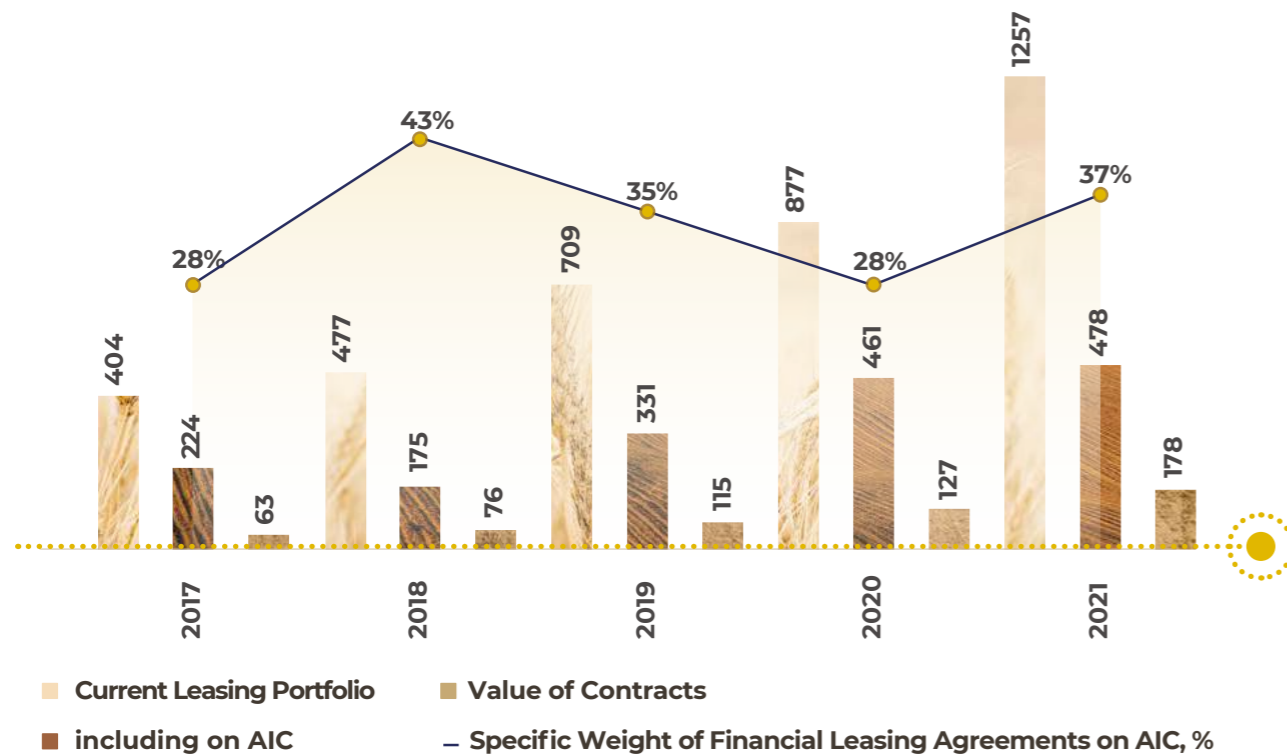
Leasing is an effective instrument for replacement of fixed assets and is well used in the world practice. In the Republic of Kazakhstan, leasing activity is governed by Law of the Republic of Kazakhstan "On Financial Leasing" dated July 5, 2000 No.78-II, the Civil Code of the Republic of Kazakhstan (Special Part) and the Code of the Republic of Kazakhstan "On Taxes and Other Obligatory Payments to the Budget" (The Tax Code).

To a large extent, leasing financing in the Republic of Kazakhstan has been developing in recent years through government programs to support the economy. Therewith, it is in agriculture that

leasing is most in demand. This is partly due to the fact that commercial banks are reluctant to lend to the industry, considering it to be highly risky and with a long production cycle inconvenient for a lender.

According to the National Statistics Bureau of the ASPR of the RoK, the total value of financial leasing contracts was 477.9 billion KZT in 2021, an increase was of 103.8% compared to 2020.

KEY LEASING INDICATORS IN THE ROK, billion KZT

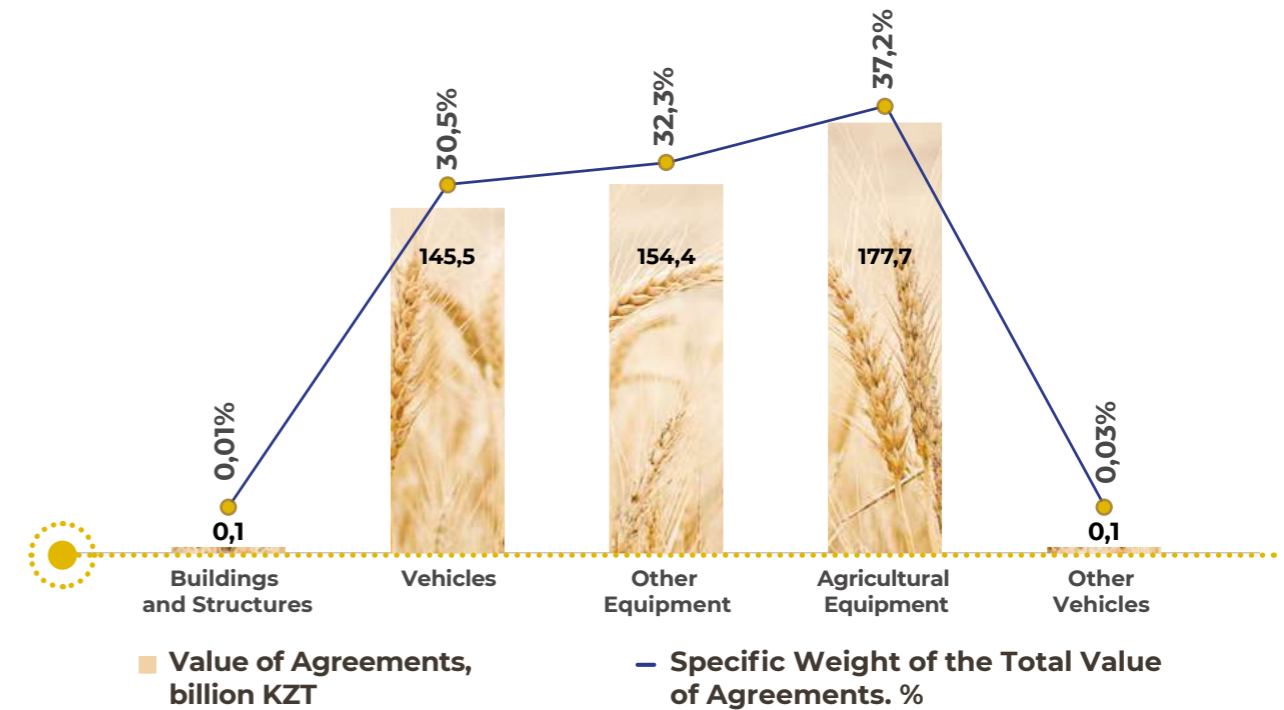


Source: data of the National Statistics Bureau of the ASPR of the RoK

The most attractive sectors were agriculture, forestry and fishery — 37.3% of the total value of financial leasing agreements, manufacturing sector — 29.9%, and transport and warehousing — 18.8%.

Whereas, a leasing portfolio as a whole in the country amounted to 1,256.7 billion KZT as of the end of 2021, and a volume of leasing payments received for financial leasing reached 346.8 billion KZT.

SPECIFIC WEIGHT OF AGREEMENTS WITH A BREAKDOWN INTO FINANCING DIRECTIONS



Source: data of the National Statistics Bureau of the ASPR of the RoK

For AIC, a specific weight of financial leasing agreements is 37.2% of the total value of agreements.

KazAgroFinance is the main lessor in the agricultural equipment sector. In 2021, the national volume of leasing transactions in the AIC sector amounted to 178.3 billion KZT, of which KazAgroFinance accounted for 141.6 billion KZT, representing 79.4% of the total volume of leasing in the AIC in the Republic of Kazakhstan.

In 2021 KazAgroFinance had financed 3,161 customers and leased 7,276 vehicles for the amount of 141.6 billion KZT.

According to association of legal entities "Association of Financiers of Kazakhstan", out of fifty-four (54) leasing companies registered in the country, twenty-eight (28) companies are existing, of which the major leasing companies are as follows: KazAgroFinance JSC, Industry Development Fund JSC, TechnoLeasing LLP, Al Sakr Finance JSC, Maria Capital LLP, SKY

ASIA LEASING LLP, a subsidiary of Halyk Bank of Kazakhstan "Halyk Leasing", Kazakhstan "IDZHARA Company" JSC, a subsidiary of Bank CenterCredit JSC Center Leasing LLP.

There are three leasing government-linked companies: KazAgroFinance JSC, Industry Development Fund JSC and KAZMEDTECH JSC. Nine (9) companies are involved in leasing of agricultural machinery and equipment, such as: KazAgroFinance JSC, Industry Development Fund JSC, Halyk Leasing JSC, ForteLeasing JSC, Leasing Company "NUR LEASING", TechnoLeasing LLP, Al Sakr Finance JSC, Leasing Group JSC, Virazh Group (the company finances projects through Eurasian Bank, ComTransLeasing, and other financial institutions).

Due to state support widely used through instruments of Damu and Business Road Map programs, the number of leasing market players with special programs for leasing of agricultural machinery and equipment is increasing every year.

BELOW ARE THE TERMS OF FINANCING:

№	Leasing Companies	Terms and Conditions			
		Asset Financing	Term of Financing	Interest Rate	Co-funding
1	KazAgroFinance JSC	Agricultural equipment	Up to 10 years	6 % 9 % 17 %	From 15 %
		Special machines	Up to 7 years	17%	From 20 %
		Vehicles	Up to 7 years	6 % 17%	From 15 %
2	Industry Development Fund JSC	Equipment for manufacturing industry of domestic manufacture	3 - 10 years	От 5%	From 15%
		Vehicles and special purpose vehicles	3 - 5 years	3%	30%
		Air transport	3 - 20 years	From 8%	From 30%
		Motor-buses	Up to 7 years	individual	From 15%
		Agricultural equipment	Up to 7 years	7% in the case budget; 15% in the case commercial organization	From 15%
		Vehicles for needs of operational, emergency and special services	Up to 7 years	individual	From 15%
		Commercial leasing	3 - 15 years	individual	From 20%
3	ForteLeasing JSC	Equipment, special machines, vehicles	1 - 7 years	Up to 18,5%	From 20%
		Trucks, cars and special vehicles	1 - 2 years	individual	From 30-50%
		Fixed assets — equipment, vehicles, special equipment, etc.	3 - 7 years	individual	From 20%

BELOW ARE THE TERMS OF FINANCING:

№	Leasing Companies	Terms and Conditions			
		Asset Financing	Term of Financing	Interest Rate	Co-funding
4	Technoleasing LLP	Agricultural machinery and equipment	3 - 5 years	From 17%	From 20%
		Road-building machines, special machines and equipment	3 years	14%	30%
		Under DAMU program: leasing of agricultural, road construction and special equipment	Up to 7 years	до 18,5%	от 20%
5	Halyk Leasing JSC	Construction equipment	Up to 5 years	21%	From 20%
		Agricultural equipment	Up to 5 years	21%	From 20%
		Special machines	Up to 5 years	21%	From 20%
		Motor transport	Up to 5 years	21%	From 20%
		Equipment	3 - 10 years	21%	From 20%
6	Leasing Group JSC	Special machines, trucks and motor vehicles	From 3 years	18,5%	From 20%
		Leasing under DAMU program	Up to 7 years	18,5%	From 20%
		Agricultural equipment		18,5%	From 15%
7	NUR LEASING	Leasing of trucks, special machinery, equipment, industrial complexes, aircraft, sea and river crafts, rolling stock	From 3 years	From 18,5%	From 20%
		Leasing under DAMU program	From 3 years	6%	From 20%

FINANCING CONDITIONS:

№	Leasing companies	Asset Financing	Terms and Conditions		
			Term of Financing	Interest Rate	Co-funding
8	Al Sakr Finance JSC	Dropside trucks, dumps, motor-buses, special vehicles etc.	3 - 5 years	25% 12% that is pegged to a currency. 19% per annum in KZT. For subsidized products, the final interest rate is provided from 12% to 9% per annum.	From 20 -30%

Group of Companies "Virage" finances projects through some financial institutions:

9	ComTransLeasing	leasing for tractors of the brand "Belarus"	Up to 3 years Up to 7 years	20%	25%
	Eurasian Bank Leasing Company "Eurasian Leasing"	Special machinery under DAMU program	Up to 7 years	6% Applications have been suspended for 2 - 3 weeks.	From 20%

Source:
websites of leasing companies

Due to negative external macroeconomic background, the National Bank of the Republic of Kazakhstan made another decision to increase the base rate at 14% per annum with an interest rate collar of +/-1.00 percentage point (first change was made on February 24, 2022, it was 13.5% with an interest rate collar of +/-1 percentage point). Therefore, financial institutions have increased commercial interest rates.

Besides, government programs of supporting the economy continue to have a significant impact on the leasing industry, primarily in areas of AIC, industry, small and medium enterprises, as government support is often provided through leasing finance.

KazAgroFinance remains an undisputed leader in the leasing market of AIC, despite the lack of budgetary investment since 2014. The Company's

programs are advantageous for farmers due to a seasonal principal repayment schedule (payment once a year after the harvest), a long lease terms, as well as a small amount of the advanced payment and sufficiently long experience in this area. At the same time, the key advantages of the Company's lease financing for farmers are as follows:

- more flexible leasing terms and financing schemes; leasing does not require additional collateral, as it is a leased asset itself;
- availability of interest rate subsidies in the support of Ministry of Agriculture of the Republic of Kazakhstan and subsidies for investment in machinery and equipment;
- wide regional coverage, which cannot be provided by any leasing company in the Republic of Kazakhstan.

PEST ANALYSIS

A PEST analysis of key political, economic, social and technological factors that can directly or indirectly affect the Company's activities is provided to assess macro environment factors.

	POSSIBILITIES	THREATS
POLITICAL FACTORS	<p><i>Targeted Government Policy for Agricultural Development</i></p> <p>1. An order of the Head of the State announced on March 16, 2022 (Paragraph 10 "On Priority Anti-Crisis Measures"), the address to the nation of the Republic of Kazakhstan "New Kazakhstan: the Path of Renewal and Modernization", regarding provision of food security of the country.</p> <p>2. The national project is aimed at development of labour productivity by 2.5 times, providing basic goods of domestic manufacture, increasing the export of agricultural products two times, bringing the share of processed products to 70%, rising incomes of one million village inhabitants steadily due to formation of seven large ecosystems and implementation of investment projects. The project provides for an increase in the authorized capital of KazAgroFinance JSC for further financing of agricultural entities for purchase of equipment.</p> <p><i>Participation of the Republic of Kazakhstan in the Eurasian Economic Union.</i></p> <p>Domestic agricultural producers have the opportunity to enter the united market of the member countries of the Eurasian Economic Union.</p>	<p><i>Geopolitical Instability in Neighboring States</i></p> <p>For Kazakhstan economy against the background of tension about the exchange rate of KZT and its possible devaluation, inflation expectations, sanctions against Russia and other aspects, there will be consequences in terms of rising prices for goods, reduced solvency, import dependence, difficult situations in the foreign exchange market, etc. during subsequent periods. In addition, the National Bank of the Republic of Kazakhstan has increased the base rate, which leads to an increase in the cost of financial services.</p> <p><i>Negative Impact of the Pandemic on Kazakhstani and Global Economy</i></p> <p>As a consequence of quarantine measures during the coronavirus pandemic, supply and demand were suppressed by domestic and international quarantine measures and border closures, causing a severe slump in international trade and exports with neighbouring countries.</p> <p><i>Dependence on State Policy</i></p> <p>The decision for merging two holdings, implemented by doubling the number of subsidiaries and corresponding adjustment of the staffing can lead to a reduction in the volume of services provided by the Company in the field of agriculture, as well as to the loss of some of the qualified industry specialists. Furthermore, the wide coverage of government regulation in the long term may provoke development of a welfare mentality among domestic agricultural producers.</p> <p><i>Low Investment Attractiveness of Projects Implemented in the Republic of Kazakhstan</i></p> <p>Main constraining factors are instability of legislation (constantly changing regulatory rules), lack of sufficient infrastructure conditions for projects implementation, shortage of cargo flows, poor development of international route corridors and others.</p>

POSSIBILITIES	THREATS
	<p><i>Amendments to Tax Legislation of the Republic of Kazakhstan in Respect of Exclusion of Certain Groups of Goods from the List of Imported Goods for which VAT is Paid by the Offset Method</i></p> <p>Cancellation of existing corporate income tax relief for lessors, as well as accrual and payment of VAT for which VAT was previously paid by the offset method, can lead to a significant deterioration in the investment climate, losses for foreign investors, and make leasing economically unattractive for both potential lessees and lessors. The consequence is a slowdown in SME development and an increase in the share of obsolete machinery/equipment, as well as disappearance of leasing as a financial institution in Kazakhstan in general.</p>
<p><i>Favourable Investment Business Climate</i></p> <p>Over the past three years, investments in fixed assets in agriculture tend to increase. In January 2021 - December 2021, investments in fixed assets in agriculture, forestry and fishing amounted to 773.2 billion KZT, which is 33.3% more than in 2020.</p> <p><i>Sufficient Resource Endowment of the Industry</i></p> <p>Due to the vast territory of the AIC of the Republic of Kazakhstan, there is an adequate fund of agricultural land, as well as a sustainable raw material base.</p> <p><i>Government Subsidisation of the Industry</i></p> <p>In accordance with the Regulations there are the below subsidies:</p> <ul style="list-style-type: none"> - subsidies for reimbursement of part of the costs incurred by the subject of agro-industrial complex for investment; - subsidies for interest rates when lending to entities of agro-industrial complex, as well as leasing for purchase of farm animals, machinery and technological equipment. <p><i>Annual GDP Growth</i></p> <p>The annual growth of Kazakhstani economy provides a favourable background for increasing production in agriculture.</p>	<p><i>Economic Consequences in an Unstable Geopolitical Situation</i></p> <p>are expressed in a declining national currency, rising inflation, an increase in the base rate of the National Bank of the RoK, increased restrictions due to sanctions, etc.</p> <p><i>High Level of Risks of the Agricultural Sector</i></p> <p>are as follows: a high degree of dependence of the crop industry on weather and climatic conditions, and the livestock industry on risks of epizootics, poorly established logistics of agricultural products going for processing, a large length of logistics routes within the country, as well as complex logistics of export routes, limited sales markets, dependence of domestic prices for finished products on introduction of import and trade duties.</p> <p><i>Due to an increase in the exchange rate instability of external and internal prices</i></p> <p>for equipment, fertilizers, feed, veterinary preparations and energy resources, on which success of farmers' activities depends, takes place. There is an import dependence and a predominance of low-quality goods in the domestic market and a lack of domestic funds. It is necessary to upgrade the infrastructure of technical regulation that ensures safety of domestic products.</p>

POSSIBILITIES	THREATS
<p><i>Continuing Nature of the Demand for Agricultural Products</i></p> <p>in an increasing population creates conditions for a long-term growth trend in the agricultural sector, with a focus on production and marketing of organic agricultural products.</p> <p><i>There are Main Trends in Consumption of Agricultural Products by the Population</i></p> <p>related to promotion of healthy nutrition and popularization of organic products among the population, as well as a significant proportion of the population in rural areas.</p> <p><i>High Level of Education</i></p> <p>This factor is important for providing organization with highly qualified specialists. There are State Agrarian Universities in Kazakhstan, which annually graduate specialists for working at AIC enterprises in various fields.</p>	<p><i>Low Income</i></p> <p>Generally, an average monthly nominal wage of agricultural employees is low, being on the average about 70% of the average monthly nominal wage of employees of all types of economic activity and showing weak growth dynamics from year to year.</p> <p><i>Urbanization</i></p> <p>According to National Statistics Bureau of the ASPR of the RoK in recent years there has been a negative balance in shift of rural population within the country. According to Ministry of National Economy of the Republic of Kazakhstan, there is the highest level of urbanization among the Central Asian countries — 58.2%, but lower than in the OECD countries with the indicator of 77%.</p> <p><i>Seasonality</i></p> <p>In different seasons, a cycle of agricultural works requires a different amount of labor resources. As a result, there is an uneven demand for labour force. During the season, 1.4 million people are employed, and the rest of the time — about 1.2 million people.</p> <p><i>Climate Change</i></p> <p>Increasing CO2 concentrations in the atmosphere due to fuel burning, land use, thinning of the ozone layer, cattle breeding and deforestation have a negative impact on the climate and the environment.</p>
<p><i>Government Incentive of Introduction of New Technologies and Innovations</i></p> <p>The government promotes introduction of digitalization of agricultural technologies and innovative technologies at agricultural enterprises, automation of technological processes, as well as scientific research.</p> <p><i>Increasing the level of technology in domestic</i></p> <p>agricultural production could lead to increased demand for agricultural producers.</p>	<p><i>Technological Underdevelopment of Domestic Agricultural Machine Building and Dependence on Foreign Technologies</i></p> <p>There are no modern technologies adapted to climatic and geographical conditions of the Republic of Kazakhstan among domestic producers.</p>

	POSSIBILITIES	THREATS
TECHNOLOGICAL FACTORS	<i>State of the Material and Technical Base</i>	
	More than half of agricultural machinery and equipment is used outside the depreciation period. According to Ministry of Agriculture of the Republic of Kazakhstan, as of today the service life of many tractors and combine harvesters being in the custody of agricultural producers exceeds ten years.	

The analysis shows that state aid, raw material endowment, introduction of new technologies and increase in the level of manufacturability in the aggregate are systemic factors that have a positive impact on development of the Company's activities and the industry as a whole.

SWOT ANALYSIS

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

Strengths include extensive experience in leasing and lending in the AIC, high competence and qualified personnel, an effective risk management

system, and a high level of corporate governance. Weaknesses include a lack of budget funding, a shortage of funds for government support measures, introduction of a recycling fee, an increase in the cost of a leasing item for machinery and insufficient automation of a leasing process.

Strengths	Weaknesses
<ol style="list-style-type: none"> Extensive experience in leasing and lending in AIC, and experience in working with private businesses. High competence in providing leasing services and qualified personnel. Broad branch network and customer database of AIC entities. Established partnership relations with domestic and global manufacturers of agricultural machinery and equipment. A high level of corporate governance of the Company. Availability of an effective comprehensive risk management system of the Company. A recognizable brand for AIC entities and a demand for the Company in the agricultural equipment market. Positive dynamics in the number of customers and a high level of trust in the Company's activities. Diversified portfolio of funding sources and significant experience in borrowing in domestic and international markets. Support for domestic manufactures. 	<ol style="list-style-type: none"> Concentration of the loan portfolio in one sector of the economy. High interest rate for leasing products due to lack of budget funding. Insufficient automation of the leasing process. High degree of dependence on political decision-making and fiscal authorities. Detachment from the branch ministry and loss of linkages entail risks of wrong decisions in analysis and expert evaluation. Exchange rate volatility. Risk of inefficient government regulation of the industry, defects in planning, which can cause cost increases and productivity losses.

Opportunities	Threats
<ol style="list-style-type: none"> Extensive experience in leasing and lending in AIC, and experience in working with private businesses. High competence in providing leasing services and qualified personnel. 	<ol style="list-style-type: none"> Insufficient funds allocated for state subsidies for investment and/or interest rates on loan products in the field of the AIC.

Opportunities	Threats
3. Possibility to increase investments through attracted and state sources of financing.	2. Macroeconomic risks due to deteriorating domestic and external environment, import dependence, and world price environment, affecting an increase in the cost of machinery and equipment.
4. Existence of a significant number of AIC entities not covered by KazAgroFinance services.	3. Emergence of a second quasi-public sector participant on the agricultural leasing market, which creates a wrong kind of competition.
5. Strengthening the Company's brand positioned as the best partner for AIC entities in replacement of agricultural machinery and equipment.	4. Risk of force majeure, restrictive measures, climate change and other situations resulting in reduced production in the AIC, reduced demand for machinery and customers' contractual obligations.
6. Improving business processes for considering applications, including transition to online customer service.	5. Increase in the cost of a leasing subject for imported machinery due to depreciation of KZT, increase in taxes, etc.
7. Digitalisation of land issues, reduction of unused land (farm fields), including through application of resource-saving technologies.	

The results of SWOT analysis show that the Company has mainly strengths that provide opportunities for active operations and retention of leadership positions in leasing activities.

However, recent events have shown the need for constant monitoring of risks and flexibility in terms of providing financing conditions.

DEVELOPMENT STRATEGY IMPLEMENTATION

In 2021 the Company implemented and achieved strategic key performance indicators of the Company in accordance with the Development Strategy of KazAgroFinance for 2020 - 2029 (hereinafter referred to as the "Development

Strategy").

In accordance with the Development Strategy, according to the results of 2021 the SKPIs were fulfilled in the following volume:

Key Indicators of the Company's Development Strategy (Quantitative or Qualitative)	Unit	Indicators Value for 2021			Plan for 2022
		Plan	Actual	% Completion	
STRATEGIC DIRECTION 1: PROMOTING DEVELOPMENT OF THE COMPETITIVENESS OF THE AIC THROUGH TECHNICAL AND TECHNOLOGICAL EQUIPMENT					
KPI. Volume of Leasing of Agricultural Machinery and Equipment (values of this indicator correspond to values of SKPI of the Holding "Volume of Investments in Fixed Assets in the AIC (for the year)")	Billion KZT	85	141,6	166,6	102
KPI. Labour Efficiency for Funded Investment Projects	thousand KZT per one employee	3 350	3703	110,5	3 650

Key Indicators of the Company's Development Strategy (Quantitative or Qualitative)	Unit	Indicators Value for 2021			Plan for 2022
		Plan	Actual	% Completion	
KPI. Volume of Exports of Products for Projects Financed by KazAgroFinance	Billion USA	30	30	100	26
KPI. Level of Automation of Main Financing Processes	%	60	57	95	100
STRATEGIC DIRECTION 2: COMPANY PERFORMANCE					
KPI. ROA	%	Not less than 1.53	4,52	295,4	Not less than 1.53
KPI. ROE	%	Not less than 4.65	13,36	287,3	Not less than 4.65
KPI. Ratio of Budgeted Funds to Borrowed Funds	ratio per year	1:1,3	1:7	538,5	1:1,3
KPI. Maintaining an Optimal Level of Formed Reserves (Provisions) for a Loan Portfolio	%	13	11,56	112,5	12
KPI. Repayment of a Principal Debt on Projects Financed at the Expense of the National Fund of the Republic of Kazakhstan	%	31	37,97	122,5	46
KPI. Corporate Governance Rating	%	86	87,6	101,9	-

The Company's strategic goals and objectives shall be aimed at sustainable development of the Republic of Kazakhstan in order to implement state policy and achieve goals set for development of the AIC. The effectiveness of the Company's

sustainable development objective is monitored through achievement of KPI "Volume of Leasing of Agricultural Machinery and Equipment" and KPI "Corporate Governance Rating".

Strategic Direction 1: Promoting Development of Competitiveness of the AIC through Technical and Technological Equipment.

Goal 1: Increase in Technical Equipment and Export Potential in Agriculture. Objective 1. Increase in the Volume of Investments in Leasing of Agricultural Machinery and Equipment

KPI "Volume of Leasing of Agricultural Machinery and Equipment"

As of January 1, 2022, the Company financed the purchase of 7,276 units of agricultural machinery and equipment for a total amount of 141,626 million KZT.

The number of active users covered by the Company's services provided at the expense of

all sources of financing according to the results of 2021 amounted to 9,583 customers, which was 16% more than in the same period of 2020 (8,263 customers). In 2021, 3,161 customers were funded. Thus, drawdown of funds for leasing of agricultural machinery amounted to 141.6 billion KZT or 166.6% of performance with the planned annual value for 2021 of 85 billion KZT.

KPI "Labour Efficiency for Funded Investment Projects"

A planned value of KPI was 3,350 thousand KZT per one employee, according to the results of 2021, labour efficiency for funded investment projects amounted to 3,703 thousand KZT, or 110.5% of the planned value. The calculation was made on the basis of financial statements provided by borrowers.

KPI "Volume of Exports of Products for Projects Financed by KazAgroFinance"

In 2021, a volume of exports of products under projects financed by KazAgroFinance in monetary terms amounted to 11,482.5 million KZT, or 30 million US dollars (the indicator was calculated at the rate of the National Bank of the Republic of Kazakhstan of 382.75 KZT per one US dollar), with a planned value of 30 million US dollars, the performance was 100%.

In physical terms, the volume of exports under the projects amounted to 49,655.9 tons and 1,509 heads of cattle.

Goal 2: Improvement and Development of Leasing Services

Objective 1. Improvement of the Quality and Level of Availability of Leasing Services

In order to improve the level of availability of its services, the Company works on an ongoing basis to improve internal regulatory documents and simplify stages of lending and leasing process for potential borrowers. During the reporting period, development of online lending functionality of the agro-industrial sector proceeded. Testing of the loan application review system in online mode was carried out in accordance with the established procedure.

In addition, in pursuance of paragraph 52 of the National Plan measures were taken to change the Sole Shareholder of KazAgroFinance for "Baiterek" National Management Holding" JSC due to the abolition of KazAgro Holding JSC in the first quarter of 2021. In the reporting period, the Company's business subdivisions together with business subdivisions of "Baiterek" National Management Holding" JSC performed works on updating/synchronization of internal regulatory documents specifying business processes, as well as work and procedure for interaction of the Company's business subdivisions engaged in credit and leasing activities.

Objective 2: Development of the Company's Product Line, Including by Introducing New Areas of Financing.

In connection with the extension of the agreement between KazAgroFinance and the Government of the Republic of Belarus, the terms and conditions of financing under the program "Made in Belarus" have been renewed.

Objective 3. Automation of the Company's Business Processes

KPI "Level of Automation of Main Financing Processes"

In accordance with the Plan for the level of automation of the main financing processes for

2021, the planned value for 2021 was approved at the level of 60%.

With an annual planned value of 60%, in 2021 the plan was executed by 57%, which was 95% of the annual planned value.

Strategic Direction 2: The Company's Performance Efficiency

Goal 1: Rise in Profitability of the Company's Activities

Objective 1. Improvement of Competence of Management of Equity Capital and Assets

KPI "ROA" and KPI "ROE"

With a plan of "not less than 1.53%" in the Company's Development Strategy, the ROA performance in 2021 was 4.52% or the performance was 295.4%.

According to the ROE indicator, with the plan of "not less than 4.65" in the Company's Development Strategy, the performance was 13.36% or the performance was 287.3%.

KPI "Ratio of Budgeted Funds to Borrowed Funds"

According to the results of 2021, with an annual planned volume of borrowings of 45.9 billion KZT, the Company raised 89.7 billion KZT, of which:

- budget funds (National Fund of the Republic of Kazakhstan) amounted to 5.8 billion KZT;

- extra-budgetary funds amounted to 83.9 billion KZT, market borrowing (9.584 billion KZT were borrowed from Halyk Bank of Kazakhstan JSC, 9.33 billion KZT — from Subsidiary Bank of Sberbank JSC, 40 billion KZT were obtained due to market bond placement, 25 billion KZT were obtained due to private bond placement).

With an annual planned value of 1:1.3, the ratio of budget funds to extrabudgetary funds raised was 1:7, which was 538.5 % of performance.

Objective 2. Improvement of Quality of the Loan Portfolio

In order to improve the quality of the loan portfolio, the Company provides monthly control over the execution of the payment discipline of customers.

KPI "Maintaining an Optimal Level of Formed Reserves (Provisions) for a Loan Portfolio"

As of January 01, 2022 the amount of provisions was 43,969.5 million KZT and the book value of the loan portfolio was 380,402 million KZT.

Thus, the level of provisions for 2021 was 11.56% with the planned value of 13%, the performance was 112.5%.

Objective 3. Development of the System for Monitoring Projects Financed

KPI "Repayment of a Principal Debt on Projects Financed at the Expense of the National Fund of the Republic of Kazakhstan"

As of January 1, 2022, the loan portfolio of the National Fund of the Republic of Kazakhstan amounted to 33.2 billion KZT. The portfolio decreased by 20.3 billion KZT or 37.97% of the loan portfolio of the National Fund of the Republic of Kazakhstan formed as of January 1, 2020 in the amount of 53.5 billion KZT.

With an annual plan of 31%, the performance was 37.97%. Thus, the annual plan was fulfilled by 122.5%.

Goal 2: Corporate Development of KazAgroFinance in Line with Best Practices Objective

1. Development of Corporate Governance and Increase in Transparency of the Company's Activities.

KPI "Corporate Governance Rating"

Improving the corporate governance system and increasing transparency of the Company's activities shall be one of key areas of the Company's development. For the purpose of qualitative monitoring of the corporate governance system, the corporate governance rating has been defined as a strategic key indicator of the Company's performance.

Base on the results of the corporate governance system performance evaluation conducted by the Company's Internal Audit Service, the corporate governance level was 87.6%, pursuant to the Development Strategy according to a plan it was 86%. In order to improve the Company's corporate governance system, the Plan of Measures for Improvement of Corporate Governance System for 2022 - 2023 is being implemented.

Objective 2. Improvement of the Risk Management and Internal Control System

Board of Directors of KazAgroFinance approved risk appetites by Resolution No.15 dated December 23, 2021.

The Company is implementing the Plan of Measures for Improvement of Corporate Risk Management System of KazAgroFinance for 2019 - 2025. Measures shall be carried out in accordance with the deadline set by the Plan. In 2021, twenty-six measures were planned and all of them have been implemented.

The Board of Directors of KazAgroFinance approved a new Critical Risk Management Plan (Minutes of Meeting of the Board of Directors No.12 dated November 12, 2021).

Objective 3. Improvement of Potential of Human Resources and Development of a Result-Oriented Corporate Culture.

Qualified, proactive, highly motivated, focused on productive quality work staff shall be considered as the main asset of the Company and an important factor in ensuring the competitiveness of KazAgroFinance.

In implementing the HR Policy directions in the field of human rights and building labour relations, the Company shall be guided by principles of the United Nations Global Compact, OECD Guidelines for Multinational Enterprises.

As of the end of 2021, the average number of employees was 363, including 50.4% of men (183 people) and 49.6% of women (180 people). All employees have higher education. The reduction in the number of employees compared to 2020 was due to the approval of a new organizational chart as part of measures to optimize administrative costs.

Conclusions about Results of Implementation of the Company's Development Strategy

Within the framework of established goals, the Company has taken all necessary measures to implement the objectives set.

As a result of the financial stability of the Company and effective fundraising, the Company increased the volume of investments for the purchase of high-performance modern machinery and equipment for agricultural producers, which allowed to lease out 7,276 units of agricultural machinery.

The Company has created all necessary conditions to ensure that AIC entities can use state aid measures within the framework of financing programs, including when subsidizing an interest rate on leasing, as well as reimbursing part of costs incurred by AIC entities when purchasing equipment for leasing.

One of the factors of labour efficiency and export growth in the field of the AIC is a use of high-tech agricultural machinery, as well as introduction of innovative technologies in the agricultural sector. Therefore, the Company continues to work on improving technical equipment and upgrading of the AIC by increasing investments in leasing machinery and equipment.

The measures carried out by the Company in 2021 to optimize and automate business processes were aimed at improving and developing leasing services with a focus on consumer demand, which, therefore, influenced an increase in loyalty of existing and attracting new customers and allowed the Company not only to increase the total number of customers, but also to fulfill the financing plan for agricultural machinery.

With the annual planned value in the Development Strategy, ROA and ROE indicators have been fully achieved, which shows the efficiency of the Company's activities.

The Company strives to improve the quality of the loan portfolio. For the said purpose, measures are being taken to implement payment discipline by customers, ensure an optimal level of NPL, and recover overdue debts.

In pursuance of paragraph 52 of the National Plan of Measures for Implementation of the Address of the Head of the State to the Nation of the Republic of Kazakhstan dated September 1, 2020 "Kazakhstan in a New Reality: Time for Action", approved by Decree of the President of the Republic of Kazakhstan dated September 14, 2020 No.413, the Company joined subsidiaries of "Baiterek" National Management Holding" JSC.

For this reason, as well as taking into account a number of orders of the Head of the State, the National Project for Development of the Agro-Industrial Complex of the Republic of Kazakhstan for 2021 - 2025 (hereinafter referred to as the "National Project"), approved by Decree of the Government of the Republic of Kazakhstan dated October 12, 2021 No.732, the Company's Development Strategy for 2020 - 2023 is planned to be updated in 2022.

OPERATING RESULTS

Operating Results

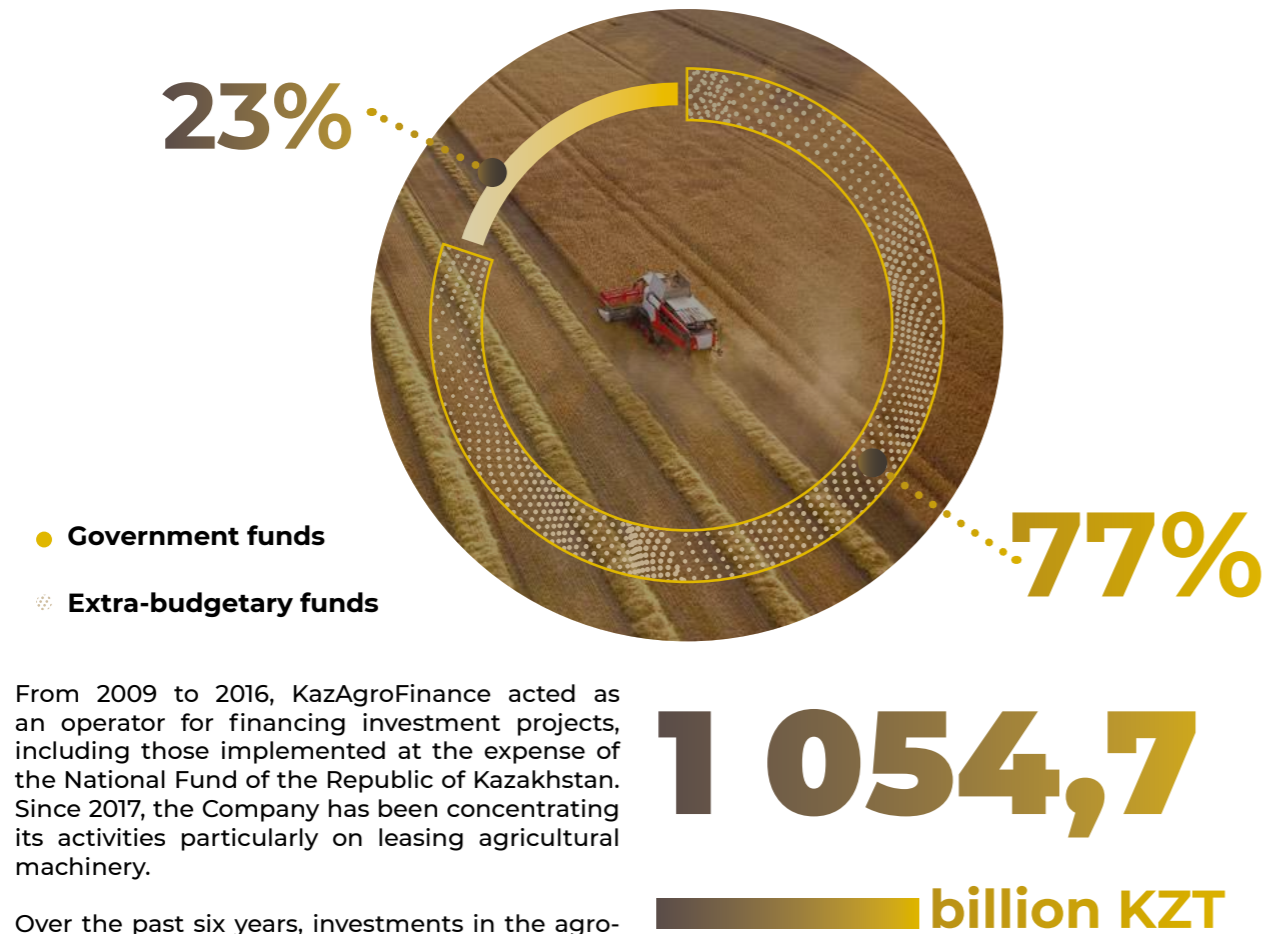


Key achievements of KazAgroFinance in 2021:

- 142.6 billion KZT were invested in AIC;
- 7,276 units of agricultural machinery for the amount 141.6 billion KZT were leased;
- 3,161 AIC entities were financed;
- 5,957 financing agreements were concluded;
- net income amounted to 17.3 billion KZT.



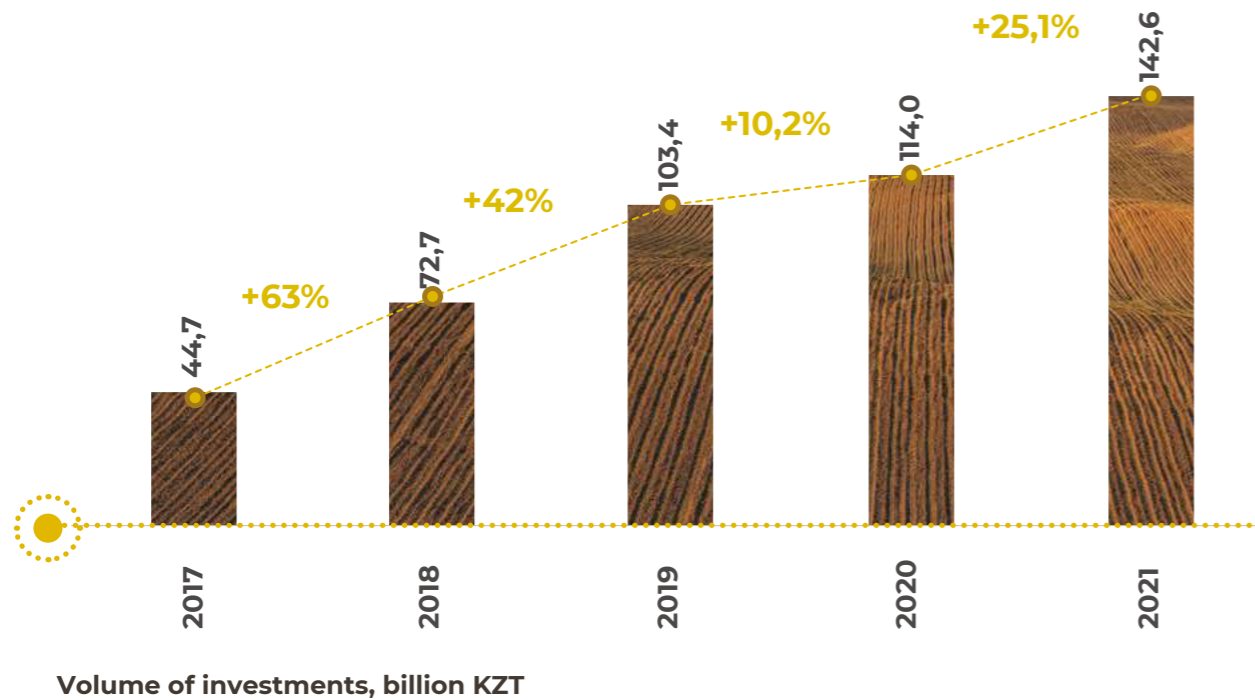
TOTAL INVESTMENT IN THE AIC FROM 2000 TO 2021



From 2009 to 2016, KazAgroFinance acted as an operator for financing investment projects, including those implemented at the expense of the National Fund of the Republic of Kazakhstan. Since 2017, the Company has been concentrating its activities particularly on leasing agricultural machinery.

Over the past six years, investments in the agro-industrial complex have been carried out at the expense of the Company's own funds and raised funds.

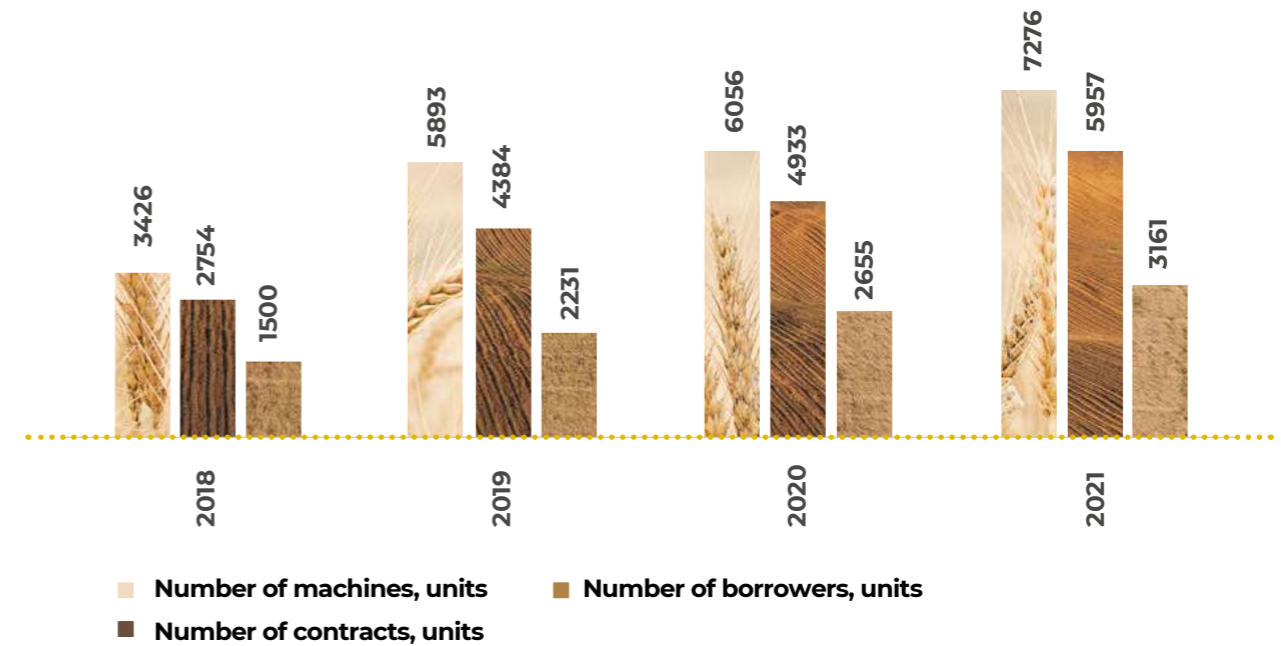
INVESTMENT DYNAMICS



Source: Company Data

For the period from 2000 to 2021, the Company previously financed investment projects. invested about 1,054.7 billion KZT in the AIC, including equipment leasing and loans, under

THE NUMBER OF CLIENTS IN SERVICE, FINANCING AGREEMENTS CONCLUDED AND EQUIPMENT LEASED



Source: Company Data

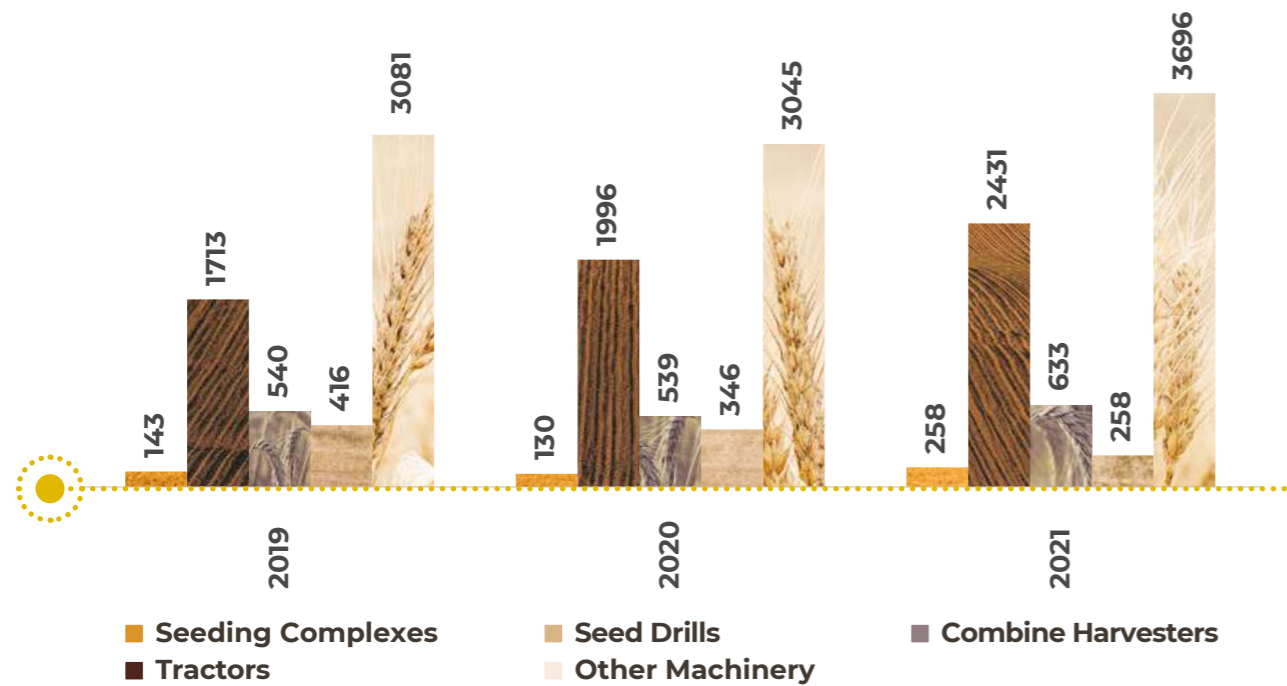
Dynamics for 2021

in comparison with indicators of 2020 shows **annual growth:**

- by 19.1% of the number of customers in service by the Company;
- by 20.8% of the concluded Financing Agreements;
- by 20.1% of equipment leased.

A comparative analysis of transfer of equipment to leasing indicates an increase compared to previous periods: in 2018, 3,426 units in the amount of 62.9 billion KZT were transferred, in 2019 — 5,893 units (172%) in the amount of 98 billion KZT, in 2020 — 6,056 units (103%) in the amount of 110.0 billion KZT, in 2021 — 7,276 units (120.1%) in the amount of 141.6 billion KZT.

SCHEME OF LEASED EQUIPMENT, units



Source:
Company Data

KazAgroFinance for the period of activity from January 1, 2000 to December 31, 2021 financed the purchase of about 62.2 thousand units of agricultural machinery and equipment for a total amount of 853.9 billion KZT:

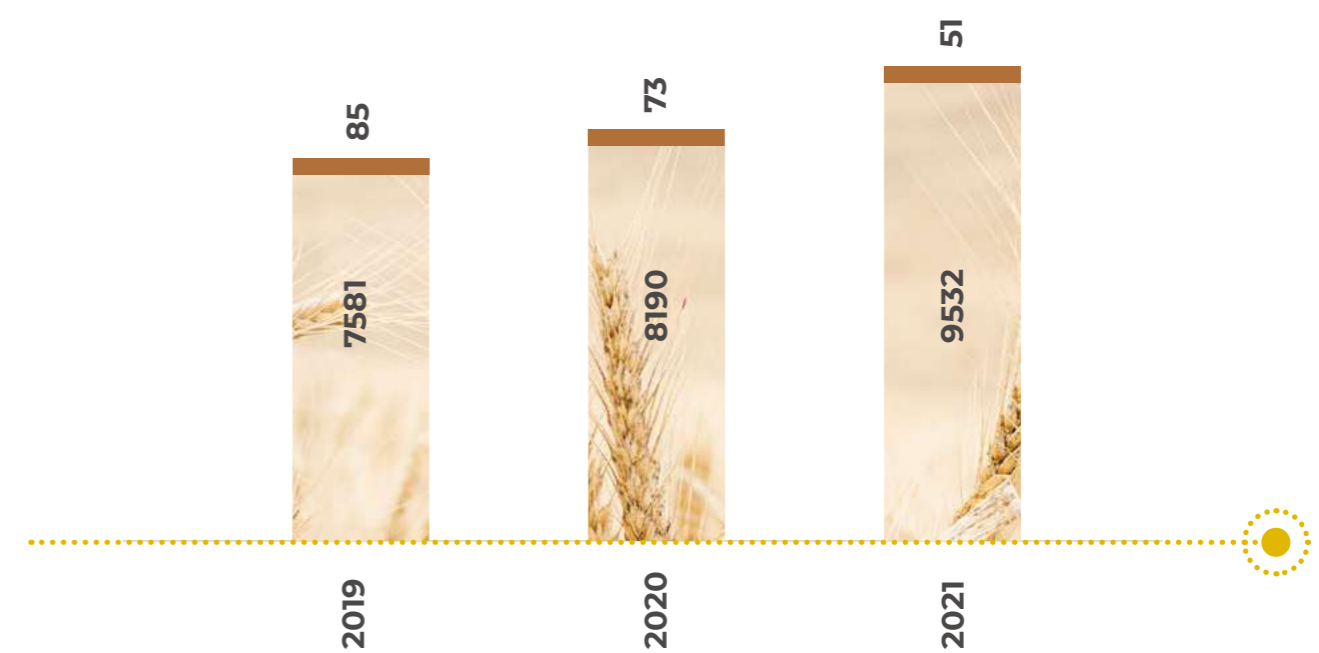
AGRICULTURAL MACHINERY PROVIDED BY THE COMPANY FOR LEASING, million KZT

Name of Equipment	2019		2020		2021		Total for the Period from 2000 to 2021	
	units	amount	units	amount	units	amount	units	amount
Seeding Complexes	143	7 336	130	4 933	258	10 515	1 787	68 312
Tractors	1 713	30 859	1 996	35 550	2 431	45 521	18 855	203 169
Combine Harvesters	540	32 856	539	36 237	633	44 407	12 011	330 801
Seed Drills	416	4 386	346	7 544	258	7 513	3 199	30 807
Other machinery	3 073	23 017	3 045	25 774	3 696	33 669	25 768	161 875
Equipment	8	58					604	58 897
Total	5 893	98 513	6 056	110 038	7 276	141 625	62 224	853 861

Source:
Company Data

According to the results of 2021, the number of active customers in the Company's portfolio amounted to 9,583 units, which was 16% more than in 2020 (8,263 agricultural producers). The dominant share was occupied by small and medium business, which was about 94%.

NUMBER OF CUSTOMERS BY BUSINESS SIZE, units



Source:
Company Data

In addition, in terms of calculating the coverage of agricultural produces in the Republic of Kazakhstan through agricultural land, the Company's customers (9,583 active customers in the portfolio) account for 28.4% of the total area of agricultural land. At the same time, the share in

grain-producing regions accounts for an average of 53% (Akmola Oblast — 61%, Kostanay Oblast — 50%, North Kazakhstan Oblast — 48%).

KazAgroFinance works on an ongoing basis to develop and improve its product line.

PROJECTS FINANCED IN 2021, INCLUDING in the context of special programs:

Program	Number of Contracts	Number of Machinery, units	Value of Machinery, billion KZT	Share, %
Leasing of machinery and vehicles	3 904	4 565	65,9	46,5%
Leasing under special programs:				
<i>Made in Kazakhstan</i>	155	189	4,2	2,9%
<i>Reliable Farmer</i>	8	8	0,1	0,1%
Leasing for special services:				
<i>Master Leasing</i>	619	1 060	45,8	32,3%
<i>Express Leasing</i>	1 271	1 454	25,6	18,1%
Total:	5 957	7 276	141,6	100,0%

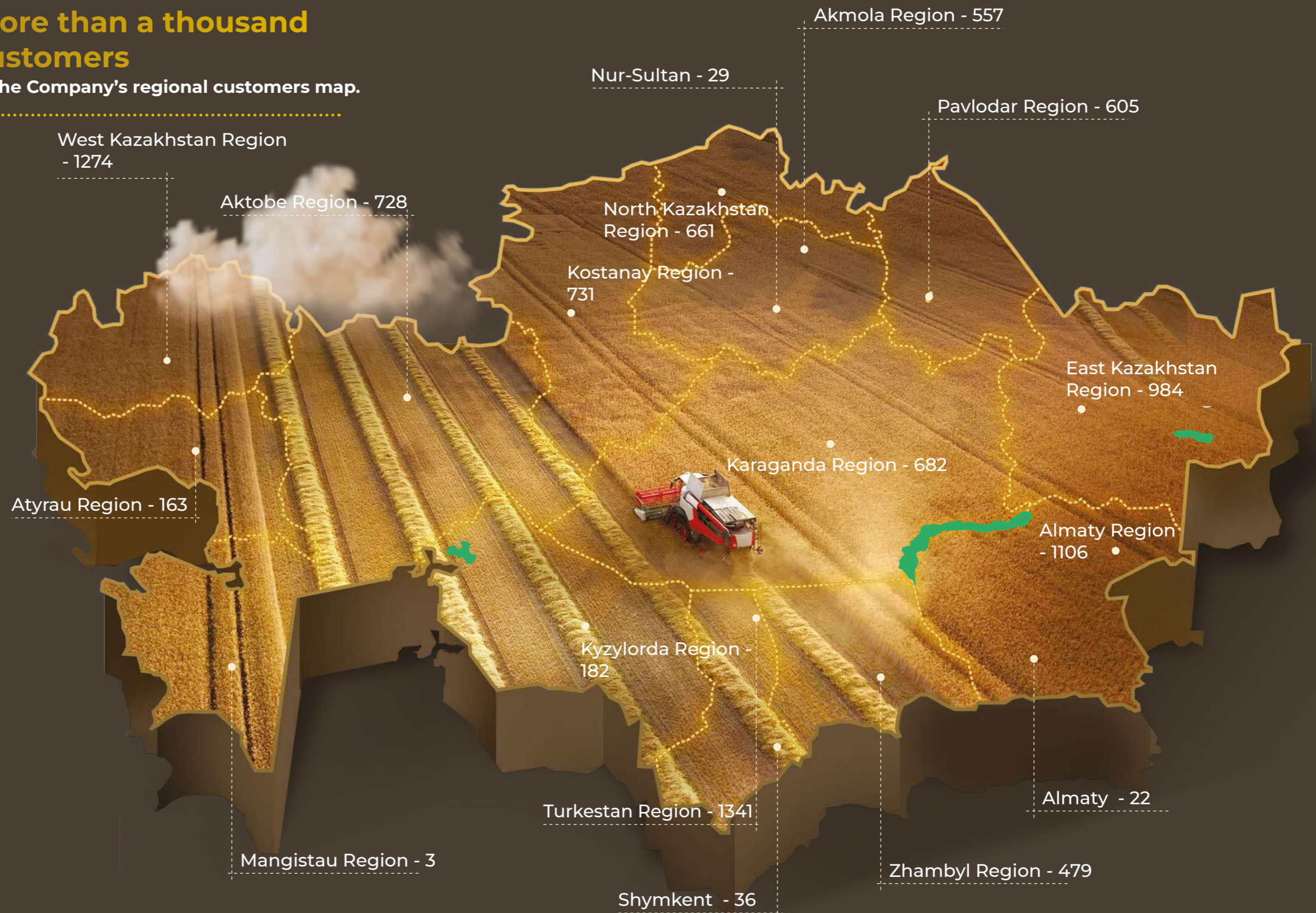
Source:
Company Data

STRUCTURE OF CUSTOMERS IN THE PORTFOLIO BY REGIONS IN 2021

Almaty, West Kazakhstan and Turkestan Oblasts have

more than a thousand customers

in the Company's regional customers map.



FINANCIAL RESULT

Key Financial Figures	million KZT	
	2021	2020
Assets		
Cash and cash equivalents	30 011	12 236
Funds in credit institutions	35 098	39 618
Loans to customers	21 720	28 548
Finance lease receivables	314 712	256 753
Property intended for financial lease	3 001	4 289
Fixed assets	903	939
Other assets	7 901	9 136
Total assets	413 346	351 519
Liabilities		
Debt to the Shareholder	12 087	53 444
Funds of credit institutions	66 311	63 549
Debt securities issued	157 204	98 238
Other liabilities	30 274	24 759
Total liabilities	265 876	239 990
Equity capital	147 470	111 528
ROA	4,52	2,85
ROE	13,36	8,84
Book value of one common share (in KZT)	1774,3	1339,89

Key Financial Figures	million KZT		
	2021	2020	
including:	47,9	39,3	124,6%
Income from remuneration	47,0	37,4	125,7%
Expenses, total	31,0	29,8	108,1%
including:			
Remuneration expenditures	22,9	20,3	113,3%
Provisions expenditures	2,9	4,3	69,1%
corporate income tax	-0,42	-0,01	4663,9%
Net income	17,3	9,6	180,4%

* data including recalculation based on the results of the audit of financial statements for 2021



KazAgroFinance

continues to demonstrate 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 Level of Capitalization.** The share of equity capital in the balance sheet structure is 35.7% of the Company's assets, which indicates a support of the Sole Shareholder, a profitable activity of the Company and a high ability to absorb various financial risks. During 2021, the Company received a net profit of 17.3 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 fulfillment of obligations to creditors. As of January 1, 2022, the share of liquid assets in assets was 16.0%.
- 3. High Credit Rating.** On November 11, 2021, the international rating agency Fitch Ratings changed the outlook for a long-term rating from Stable to Positive at the level of BB+. The agency's confirmation of KazAgroFinance's high ratings reflects an assessment in accordance with the methodology of rating companies associated with the state, in order to reflect the role of the Company as a significant one for the state more accurately, as well as the Company's relationship with the Republic of Kazakhstan. According to Fitch, in the absence of real substitutes, the role of KazAgroFinance in the development of the country's agricultural sector is of high importance.
- 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 Standards.** The Company complies with prudential standards and other mandatory norms and limits for mortgage organizations and subsidiaries of the National Management Holding in the field of agro-industrial complex, approved by Resolution of the Board of the National Bank of the Republic of Kazakhstan dated December 26, 2016 No.308. There are significant reserves for all coefficients. The Company is constantly working to prevent violations of established standards.
- 6. Profitability.** The Company received a net profit for 2021 in the amount of 17.3 billion KZT, which was 80.4% more than in 2020. Therefore, the return on equity in 2021 was 13.36%, in 2020 - 8.84%.



Anticipated Revenue



The main source of revenue of **KazAgroFinance is revenue**

received as remuneration based on results of its core activities. In 2022, revenue is anticipated at 53.0 billion KZT, including:

- on current accounts — 0.7 billion KZT;
- on deposits placed — 0.9 billion KZT;
- on loans granted and temporary financial assistance provided — 1.2 billion KZT;
- on the provided financial lease — 48.6 billion KZT;
- on securities (short-term Notes of the National Bank of the Republic of Kazakhstan with a circulation period of twenty-eight days) — 0.9 billion KZT;
- for reverse repurchase agreement operations (with government securities with a circulation period of up to one month) — 0.7 billion KZT.

An increase in revenue

compared to the fact of 2021 by

4,0

billion KZT

is explained by an increase in the volume of the loan portfolio, as well as an anticipated increase in the interest rate on the loan portfolio.

DEVELOPMENT PROSPECTS

KazAgroFinance is a leading financial institution in the leasing market. In 2021, the Company achieved high results in all key indicators of the degree of detail of the Development Strategy of KazAgroFinance for 2020 - 2029, planned in the reporting period. The share of KazAgroFinance in the number of purchased equipment in the country is 42.4%, which indicates high confidence on the part of the Company's customers.

KazAgroFinance joined a group of subsidiaries of "Baiterek" National Management Holding" JSC in 2021. In view of the change of the shareholder, it is planned to approve a new Development Strategy of the Company in 2022, taking into account strategic goals and objectives of "Baiterek" National Management Holding" JSC.

Furthermore, it should be noted, that one of the significant events expected in 2022 will be a transfer of 100% of the shares of KazAgroFinance to Agrarian Credit Corporation JSC as part of fulfillment of paragraph 52 of the National Plan of Measures for Implementation of the Address of the Head of the State to the Nation of the Republic of Kazakhstan dated September 1, 2020 "Kazakhstan in a New Reality: Time for Action", approved by Decree of the President of the Republic of Kazakhstan dated September 14, 2020 No.413.

At the same time, the change of the shareholder will not entail significant changes in the Company's activities, KazAgroFinance will continue to implement the mission to promote technical equipment of the agro-industrial complex of the Republic of Kazakhstan.

KazAgroFinance is steadily striving to increase its effective performance and rating by providing affordable and high-quality services.

Concentration of the Company's resources on investments in fixed assets by providing agro-industrial entities with agricultural machinery through leasing will ensure the growth and replacement of equipment fleet, as well as labour efficiency in the agricultural sector, which will be a key contribution of KazAgroFinance in implementation of priority objectives set by the state policy in the field of the AIC and the National Project for Development of Agro-Industrial Complex of the Republic of Kazakhstan for 2021 - 2025 approved by Decree of the Government of the Republic of Kazakhstan dated October 12, 2021 No.732.

Volume of financing of leasing of agricultural machinery and equipment 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 volume of investments in purchase of high-performance modern machinery and equipment for agricultural producers every year in order to meet the still high demand for machinery.

Investments in capital will allow enterprises to increase production efficiency, output of products and their processing, carry out import substitution, saturating the domestic market with products of domestic manufacture and enter international markets.

With the purpose to ensure an annual increase in the volume of investments in equipment leasing, methodical work will be carried out to attract additional funds from various sources of financing.

In order to meet the needs of AIC entities for various types of agricultural machinery and equipment to the maximum extent possible, the Company will work systematically to improve services and the quality of their provision continuously.

Ongoing improvement in the quality of services rendered shall be one of the important conditions for the Company's sustainable development. KazAgroFinance will continue to implement its customer-oriented policy, which will include training of front office employees on a regular basis to improve the quality of customer service and monitoring the quality of advice and services rendering. The main objective of implementing client-oriented standards shall be aim to exceed customers' expectations and help them to achieve success in agribusiness.

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

In the medium term, the Company will fully switch to an electronic application acceptance and tracking system. This system will allow customers to submit online applications for financing, which will increase the availability of the Company's services to customers and allow tracking the status of an application from registration to decision.

The Company will strive to make obtaining leasing products very fast and easy for customers, and the financial instrument of leasing itself will be gone to the next level and will become the most competitive and fast-growing financial product in the market of the Republic of Kazakhstan.

Improvement and development of leasing services

with focus on consumer demand will increase satisfaction of existing customers and attract new ones, as well as provide valuable contribution of the Company to support domestic agrarians.

Introduction of an electronic application acceptance and tracking system, expansion of information distribution channels and improvement of Advertising Development Strategy of KazAgroFinance will maximize regional coverage and availability of the Company's services to AIC entities.

Automation of business processes, simplification of procedures and application processing time, expansion and development of the product line and financial products, introduction of a customer-oriented approach will increase customer satisfaction with the quality and level of leasing services rendered by the Company. It is also planned to continue using information channels to disseminate information on its financial products and promotions, on forthcoming payments by customers, to exercise consultation to farmers using local and district executive bodies, national chambers of entrepreneurs, various agricultural unions, machinery sales centres, etc.

The main indicator of effective capital and asset management shall be a positive financial performance of the Company due to the quality of fundraising, maintaining an optimal level of reserves/provision, effective management of free liquidity and financial liabilities as well as maintaining an optimal amount of administrative expenses.

KazAgroFinance will continue to work actively to attract investment through development of cooperation with investors, use of new borrowing instruments, diversification of funding sources, as well as funding in the amounts necessary to achieve the Company's goals and objectives. The optimal level of provisions will be achieved through ongoing work with the distressed portfolio and increased monitoring of repayment of obligations by existing customers.

The Company will continue to improve liquidity management by maximizing the return on highly liquid assets and minimizing financial risks, as well as mitigating operational risks in treasury operations.

Corporate development remains an important objective of the Company, which consists in development of corporate governance, risk management and internal control systems, as well as development of human resources.

The Company will continue to develop a system of annual assessments of performance of the Board of Directors and its Committees, followed by adoption of necessary corrective measures. The level of corporate governance will be assessed on a regular basis for compliance with legal requirements, internal documents, international

corporate governance practices, and appropriate ratings will be assigned. Based on the results, key areas for further improvement of corporate governance will be identified and necessary measures will be taken.

In order to support efficiency of the Company's business management and development of the corporate risk culture, further improvement of the corporate risk management system will be carried out.

The Company will work to strengthen the role of risk management in all areas of activity by improving organizational and analytical functions of the risk management subdivision, as well as increasing the role and responsibility of business subdivisions for risk management within their processes, functions and competencies.

The Company will proceed with building an internal control system that contributes to obtaining guarantees of the integrity of financial and non-financial indicators, achieving the Company's goals, as well as implementing policies and procedures in all aspects of its activities.

Enhancing the potential of human resources and developing a results-oriented corporate culture will also be a key objective of the Company.

Implementation of an effective human resources policy will allow the Company to retain and attract a highly skilled workforce capable of making a significant contribution to development and efficiency growth, as well as maximizing the return on investment in human resources.

Taken together, these measures will allow the Company to maintain its position in the leasing market of the AIC and increase the number of existing customers in its portfolio.



CORPORATE GOVERNANCE

The Company considers corporate governance as a means of increasing performance, ensuring transparency and accountability, strengthening its image and reducing costs of raising capital by them.

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

Components of the Corporate Governance System are as follows:

Integrity

the Company shall protect rights of the Sole Shareholder and take effective measures in case of violation of its rights;

Responsibility

the Company shall ensure recognition of legal rights of the Sole Shareholder, encourage cooperation between the Company and the Sole Shareholder regarding financial soundness and sustainability of the Company;

Accountability

the Company shall ensure accountability of the Company's executive body to the Board of Directors and accountability of the Board of Directors to the Sole Shareholder;

Transparency

the Company shall ensure timely and reliable disclosure of information on all significant issues that can influence decisions of stakeholders.



Well-organized Corporate Governance System was established and is working in the Company, necessary internal regulations governing activities of the Company and its bodies were developed and approved, Internal Audit Service is working efficiently carrying out an assessment in the field of internal control, risk management and corporate governance. The Company's governance processes and procedures are structured in such a way as to ensure compliance with legislation, internal regulatory documents and create optimal conditions for making forward-looking and responsible decisions.

A supreme management body of KazAgroFinance is the Sole Shareholder, a management body is the Board of Directors and an executive body is the Board.

The Company's Board of Directors has established Committees to consider issues relating to audit, risks, strategic planning, corporate development, staff, remuneration and social issues. Committees under the Board have been established to prepare decisions of advisory nature for the Board in certain areas of the Company's activities, including preparation and preliminary consideration of issues that fall within the competence of the Board.

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

MANAGEMENT ORGANISATIONAL CHART



www.kaf.kz

CORPORATE GOVERNANCE SCORE

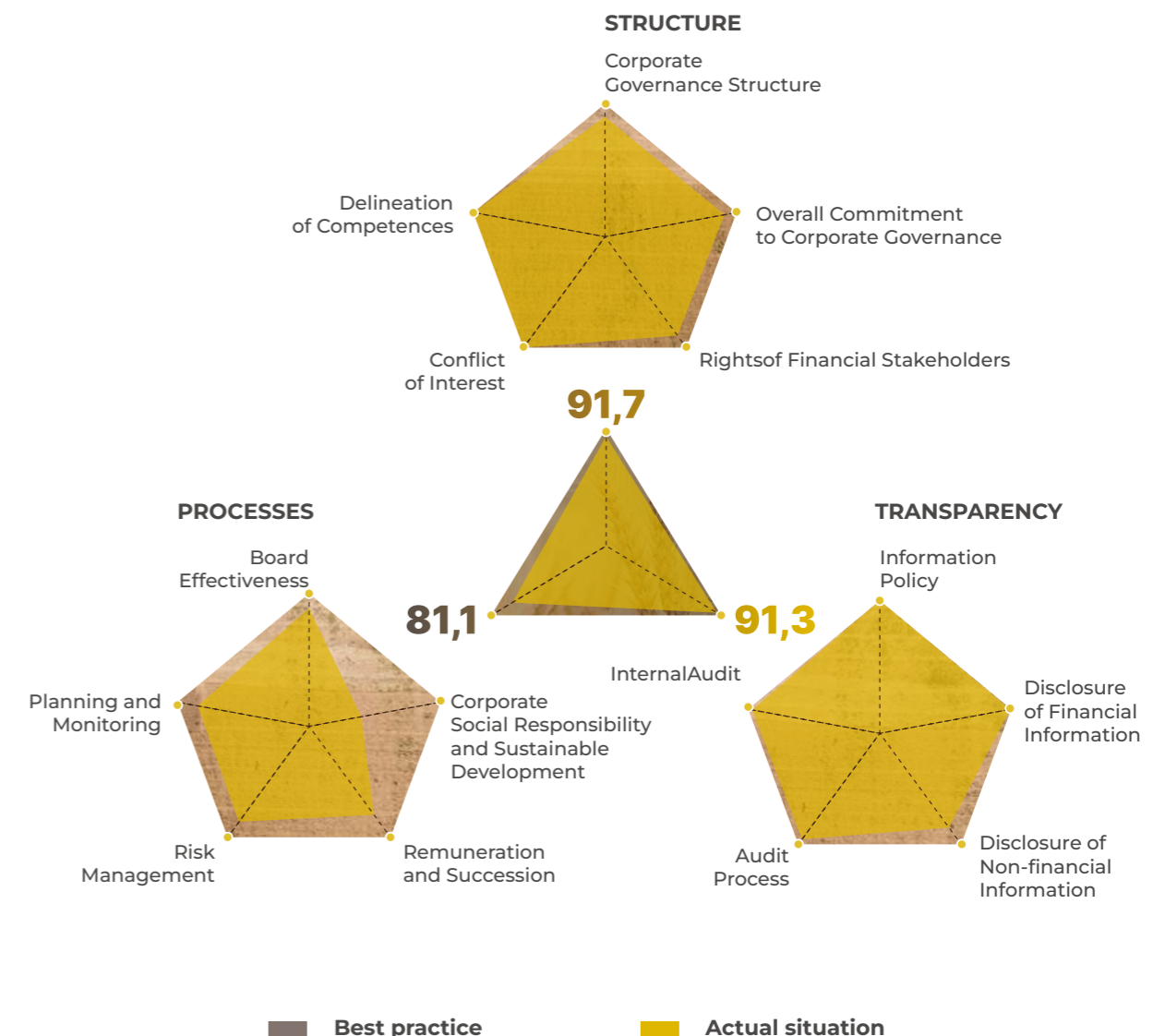
Improving corporate governance and increasing transparency are among KazAgroFinance's key objectives in achieving its corporate development objective in line with best corporate governance practices.

For the purpose of qualitative monitoring of the Corporate Governance System, the Corporate Governance Score shall be included as one of the key performance indicators of the Company's Development Strategy. An internal assessment of effectiveness of the Corporate Governance System shall be carried out by the Company's Internal Audit Service at least once every two years in accordance with the Company's internal regulatory documents. An external assessment of the level of corporate governance will be carried out once every three years by an independent organization (an appropriate score shall be assigned according to findings of the assessment

of the level of corporate governance).

According to the analysis report, as of the end of 2021, the level of corporate governance was 87.6%. Continuous improvement of corporate governance and decision-making system shall be an important strategic direction of the Company's development, ensuring its performance and efficiency. For the purpose of further development of the Corporate Governance System of KazAgroFinance, the Plan of Measures for Improvement of the Corporate Governance System of KazAgroFinance for the period of 2022 - 2023 was approved by Resolution of the Company's Board of Directors dated December 23, 2021 No.15.

The Company proceeds with improving the level of corporate governance by bringing the management system in line with international standards of best corporate governance practice.



REPORT ON COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's activities are guided by its Corporate Governance Code, which provides for respect of rights and interests of all stakeholders for effective activities of the Company, including

growth of its value, maintaining financial stability and profitability.



Fundamental principles of the Corporate Governance Code are as follows:

1. principle of delineation of powers;
2. principle of protection of rights and interests of the Sole Shareholder;
3. principle of effective management of the Company by the Board of Directors and the Board;
4. principle of sustainable development;
5. principle of risk management, internal control and internal audit;
6. principle of corporate conflicts and conflict of interest regulation;
7. principle of transparency and objectivity in disclosure of information on the Company's activities.

The Company prepares an annual report on compliance with principles and provisions of the Corporate Governance Code, which is considered at a meeting of the Board of Directors. The Report on Compliance/Non-compliance with Principles and Provisions of the Corporate Governance Code of KazAgroFinance JSC for 2021 was approved by Resolution of the Board of Directors dated May 31, 2022 No.7.

Analysis of the Company's compliance with principles and provisions of the Corporate

Governance Code for 2021 showed that KazAgroFinance JSC complied with all principles and provisions of the Corporate Governance Code, except for three provisions, which were partially complied with.

A brief version of the Report on Compliance/Non-compliance with Principles and Provisions of the Corporate Governance Code of KazAgroFinance JSC for 2021 is set out in the Appendix to the Annual Report (the full version is available on the Company's corporate website of www.kaf.kz).

INFORMATION ON SECURITIES AND COMPOSITION OF PARTICIPANTS

On March 18, in accordance with Decree of the Government of the Republic of Kazakhstan "On Reorganization of "Baiterek" National Management Holding" JSC and "KazAgro" National Management Holding" JSC dated December 31, 2020 No.952, one hundred percent (100%) of shareholding of KazAgroFinance was transferred to "Baiterek" National Management Holding" JSC under the Affiliation Agreement dated February 26, 2021 and the Certificate of Transfer. "Baiterek" National Management Holding" JSC became the Sole Shareholder of KazAgroFinance.

The number of authorized and outstanding ordinary shares of the Company as of December 31, 2021 is 82,837,204 ordinary shares,

The Company's Dividend Policy Regulation governs rights of the Sole Shareholder associated with participation in the management of KazAgroFinance, including rights to receive dividends and participate in distribution of net income. In June 2021, the Company paid dividends of 6.7 billion KZT to the Sole Shareholder on the basis of performance of 2020, representing 70% of the Company's net income.



KEY DECISIONS OF THE SOLE SHAREHOLDER IN 2021

- Approval of the Company's Charter as amended.
- Approval of annual financial statements.
- Approval of the Annual Report of KazAgroFinance.
- Early termination of powers and election of members of the Board of Directors.
- Determination of the auditing organization carrying out the audit of KazAgroFinance for the period of 2022 - 2023.
- Approval of Corporate Governance Code of KazAgroFinance as amended.
- Approval of Regulations on the Board of Directors of KazAgroFinance of as amended.



BOARD OF DIRECTORS

The Board of Directors shall be a governing body responsible for general management of the Company, with exception of issues referred by law

and/or the Company's Charter to the exclusive competence of the Sole Shareholder and the Board.

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

- defining the Company's Development Strategy (directions and results);
- setting and monitoring a Development Plan;
- organizing and supervision of effective functioning of risk management, internal control and corporate governance systems;
- approving and monitoring 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 have a confidence of the Sole Shareholder.

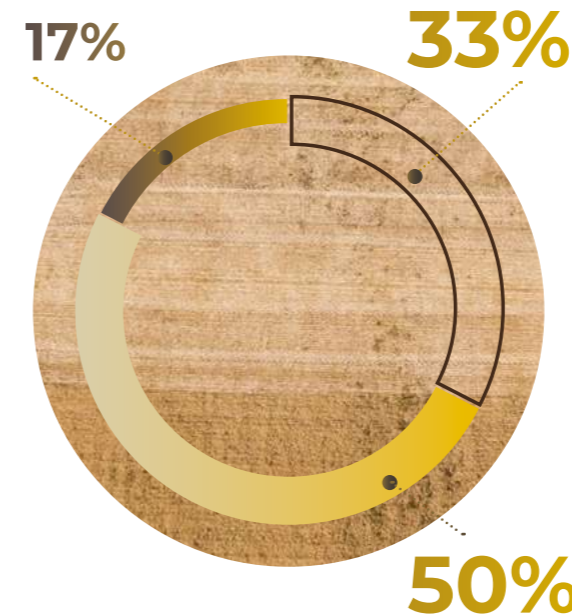
Members of the Board of Directors have an impeccable business reputation, knowledge,

skills and experience in agriculture, economics and business management, as well as law.

As of December 31, 2021, the Board of Directors consisted of six people, of which two members of the Board of Directors were Non-Executive Directors. Powers of the represented Board of Directors will expire on June 16, 2024.

Composition of the Board of Directors as of December 31, 2021		Date and Number of the Decision of the Sole Shareholder on Election to the Board of Directors
Kanysh Temirtayevich Izbastin	Chairman of the Board of Directors, representative of the Sole Shareholder, First Deputy Chairman of the Board of "Baiterek" National Management Holding" JSC	Decision No.30/21 dated June 16, 2021
Aigul Kenesbekovna Dzhuanysbaeva	Member of the Board of Directors, representative of the Sole Shareholder, Managing Director – Member of the Board of "Baiterek" National Management Holding" JSC	Decision No.30/21 dated June 16, 2021
Aliya Erbolatkyzy Murzagaliyeva	Member of the Board of Directors, representative of the Sole Shareholder, Director of Asset Management Department of "Baiterek" National Management Holding" JSC	Decision No.30/21 dated June 16, 2021
Ruslan Sagadatovich Orazbayev	Member of the Board of Directors – Non-Executive Director – Member of the Board of Directors	Decision No.30/21 dated June 16, 2021
Serzhan Nurakhanovich Madiyev	Member of the Board of Directors – Non-Executive Director – Member of the Board of Directors	Decision No.30/21 dated June 16, 2021
Aydar Gilimovich Prashev	Member of the Board of Directors – Chairman of the Board – Member of the Board of Directors	Decision No.30/21 dated June 16, 2021

STRUCTURE OF THE COUNCIL DIRECTORS BY CATEGORY, %.



- Independent Directors
- Shareholder Representatives
- Executive Directors

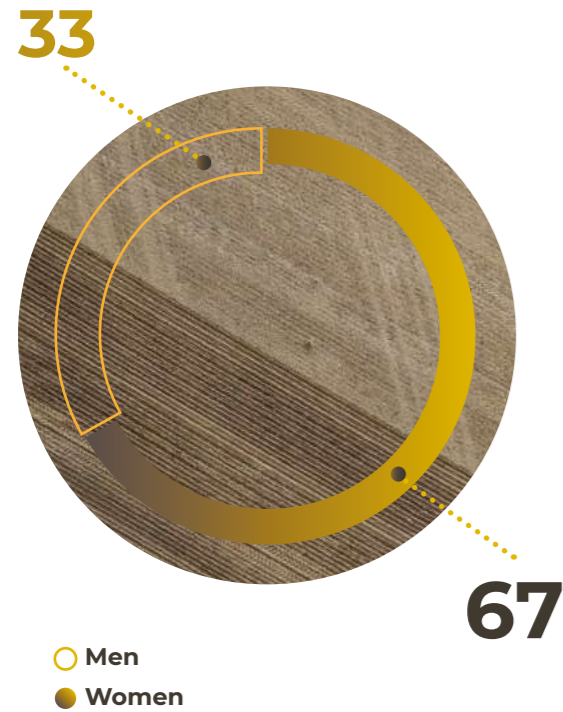
TERM ON THE COUNCIL COMPANY DIRECTORS, number of people



- up to one year
- up to five year



GENDER STRUCTURE OF THE BOARD OF DIRECTORS, number of people



AGE STRUCTURE OF THE BOARD OF DIRECTORS, number of people



CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS WITHIN 2021

1. Powers of Yerbol Kuanyshevich Taszhurekov (Тасжуреков Ербол Куанышевич) as a member of the Board of Directors have been removed at his own request from March 16, 2021.
2. Due to early termination of powers of the entire Board of Directors by Resolution of the Sole Shareholder No.30/21 dated June 16, 2021:
 - Murat Amankeldiyevich Daribayev (Дарибаев Мурат Аманкельдиевич), Chairman of the Board of Directors, was excluded;
 - Kanysh Temirtayevich Izbastin, Aigul Kenesbekovna Dzhuanyshbayeva, Aliya Erbolatkyzy Murzagaliyeva were elected as members of the Board of Directors-representatives of the Sole Shareholder; Ruslan Sagadatovich Orazbayev, Serzhan Nurakhanovich Madiyev were newly elected as Non-Executive Directors.

COMPOSITION OF THE BOARD



KANYSH TEMIRTAYEVICH IZBASTIN

**REPRESENTATIVE
OF THE SOLE SHAREHOLDER -**

CHAIRMAN OF THE BOARD OF DIRECTORS

Date of Birth: April 20, 1981

Citizenship: Republic of Kazakhstan

Election to the Board of Directors: September 10, 2015, June 26, 2018, June 16, 2021

KazAgroFinance Shareholding: he is not a shareholder.

Part-time Work and Current Membership of Boards of Directors of Other Companies: none
Ownership of Shares in the Company's Suppliers and Competitors: none

EDUCATION:

Moscow State Institute of International Relations of Ministry of Foreign Affairs of the Russian Federation, specialization of Jurisprudence.

University of Central Asia, specialization of Global Economics

WORK EXPERIENCE:

From January 2007 to April 2007: Managing Director of DBK-Leasing JSC

From April 2007 to April 2008: Deputy Chairman of the Board of DBK-Leasing JSC

From April 2008 to May 2012: Chairman of the Board of DBK-Leasing JSC

From May 2012 to November 2012: Chairman of the Board of "KazExportGarant" Export Credit Insurance Corporation" JSC

From January 2013 to September 2015: Managing Director of Sovereign Wealth Fund "Samruk-Kazyna" JSC

From September 2015 to March 2021: Chairman of the Board of KazAgroFinance JSC.

From March 2021 to January 2022: First Deputy Chairman of the Board of "Baiterek" National Management Holding" JSC



AIGUL KENESBEKOVNA DZHUANYSHBAYEVA

**REPRESENTATIVE
OF THE SOLE SHAREHOLDER -**

MEMBER OF THE BOARD OF DIRECTORS

Date of Birth: December 4, 1985

Citizenship: Republic of Kazakhstan

Election to the Board of Directors: June 16, 2021
KazAgroFinance Shareholding: she is not a shareholder.

Part-time Work and Current Membership of Boards of Directors of Other Companies: none

Ownership of Shares in the Company's Suppliers and Competitors: none

EDUCATION:

Kazakh Humanitarian Law Academy, qualification of Bachelor of Finance

University of International Business, qualification of Master of Accounting and Audit

CIMA Diploma of Business Performance Management

DiplFR – Diploma in International Financial Reporting

WORK EXPERIENCE:

From 2013 to 2014: Head of Economics and Accounting Department of Almaty Transport Holding LLP

From 2016 to 2017: Economist of Energy Solution Center LLP

From 2017 to 2018: Chief Manager of Department of Planning and Economic Analysis of Samruk-Energo JSC

From 2018 to 2019: Director of Investment Analysis Department/ Head of Investment Analysis Service/ Director of Project Monitoring Department of Housing Construction Guarantee Fund JSC

From April to August 2019: Director of Assets Monitoring Department/ Director of Project Monitoring Department of KazAgro Holding JSC

From August 2019 to March 2021: Managing Director – Member of the Board of "KazAgro" Holding" JSC

From March 2021 to May 2022: Managing Director – Member of the Board of "Baiterek" National Management Holding" JSC

Since May 2022 through the present: Managing Director for Strategy – Member of the Board of National Agrarian Science and Education Center JSC



ALIYA ERBOLATKYZY MURZAGALIYEVA

**REPRESENTATIVE
OF THE SOLE SHAREHOLDER -**

MEMBER OF THE BOARD OF DIRECTORS

Date of Birth: February 09, 1980
Citizenship: Republic of Kazakhstan

Election to the Board of Directors: June 16, 2021
KazAgroFinance Shareholding: she is not a shareholder.

Part-time Work and Current Membership of Boards of Directors of Other Companies: member of the Board of Directors of Baiterek Venture Fund JSC.

Ownership of Shares in the Company's Suppliers and Competitors: none

EDUCATION:

2001 – Institute of Management and Law, qualification of Lawyer with the Highest Qualification

WORK EXPERIENCE:

From 2012 to 2017: Deputy Director of Department of Development of Economic Sectors of Ministry of National Economy of the Republic of Kazakhstan
From 2017 to 2018: Director of Strategic Planning Department of DBK-Leasing JSC.

From 2018 to 2019: Director of Project Management Department of Ministry of National Economy of the Republic of Kazakhstan

Currently: Director of Assets Monitoring Department of KazAgro Holding JSC



AYDAR GILIMOVICH PRASHEV

CHAIRMAN OF THE BOARD -

MEMBER OF THE BOARD OF DIRECTORS

Date of Birth: September 29, 1983
Citizenship: Republic of Kazakhstan

Election to the Board of Directors: June 16, 2021
KazAgroFinance Shareholding: he is not a shareholder.

Part-time Work and Current Membership of Boards of Directors of Other Companies: none

Ownership of Shares in the Company's Suppliers and Competitors: none

EDUCATION:

Academy of Economics and Statistics of Almaty, specialty of Personnel Management, qualification of Economist

Aktobe Regional State University named after K. Zhubanov, specialty of Management, qualification of Master of Economics and Business

WORK EXPERIENCE:

From January 2006 to February 2007: Inspector of Customs Control of State Institution "Department of Customs Control for Aktobe Region of Customs Control Committee of Ministry of Finance of the Republic of Kazakhstan".

From February 2007 to December 2008: various positions in the banking system of Kazkommertsbank JSC.

From 2009 to 2019: Director of Branches of Atyrau Oblast, Aktobe Oblast and Kostanay Oblast of KazAgroFinance.

From December 2020 to June 2021: Managing Director - Member of the Board of KazAgroFinance.
From June 2021 through the present: Chairman of the Board of KazAgroFinance.



RUSLAN SAGADATOVICH ORAZBAYEV

NON-EXECUTIVE DIRECTOR -

MEMBER OF THE BOARD OF DIRECTORS

Date of Birth: April 07, 1983
Citizenship: Republic of Kazakhstan

Election to the Board of Directors: May 16, 2019,
June 16, 2021

KazAgroFinance Shareholding: he is not a
shareholder.

Part-time Work and Current Membership of
Boards of Directors of Other Companies: Non-
Executive Director, Member of the Board of
Directors of Financial Center OJSC

Ownership of Shares in the Company's Suppliers
and Competitors: none

EDUCATION:

2004 – Akmola Agrarian University named after S.
Seifullin, specialty of Finance and Credit

2007 – Eurasian Humanitarian Institute, specialty
of Jurisprudence

WORK EXPERIENCE:

From April 2015 to January 2017: Regional
Managing Director, Director of Nur-Sultan Branch
of Astana Bank JSC.

From November 2016 to January 2017: Advisor to
the Chairman of the Board of Directors of Astana
Bank JSC

From January 2017 to March 2017: Deputy General
Director of the law firm NEXUM LLP

From January 2017 to January 2018: Executive
Director of “Standard” Insurance Company” JSC
From April 2017 to October 2017: Vice-President of
Astana Bank JSC, Nur-Sultan

From October 2017 to October 2018: Managing
Director of Astana Bank JSC, Nur-Sultan
From December 6, 2018 to October 2019: Director
of “Pawnshop “AVTOCASH” LLP

From February 2015 to June 2019: Non-Executive
Director, Member of the Board of Directors of
Financial Center JSC (under the jurisdiction
of Ministry of Education of the Republic of
Kazakhstan)

From July 2021 to May 2022: Managing Director for
Finance and Economics - Member of the Board of
National Agrarian Science and Education Center
JSC



SERZHAN NURAKHANOVICH MADIYEV

NON-EXECUTIVE DIRECTOR -

MEMBER OF THE BOARD OF DIRECTORS

Date of Birth: January 23, 1983
Citizenship: Republic of Kazakhstan

Election to the Board of Directors: November 01,
2019, June 16, 2021

KazAgroFinance Shareholding: he is not a
shareholder.

Part-time Work and Current Membership of
Boards of Directors of Other Companies: Member
of the Board of Directors - Non-Executive Director
of Agrarian Credit Corporation JSC

Ownership of Shares in the Company's Suppliers
and Competitors: none

EDUCATION:

2002 – University of Wisconsin, specialty of
Banking

2005 – Eurasian National University named after
L.N.Gumilyov, specialty of International Economics

2007 – Warwick Business School, specialty of
Finance

2013 – CFA Institute, specialty of Finance

WORK EXPERIENCE:

A leading specialist of Treasury of KazAgroFinance,
Manager of Structural Finance Department of
Development Bank of Kazakhstan JSC, Director
of Financial and Economic Department of
Almaty Regional Financial Centre JSC, Director
of Financial Consulting and Investment Analysis
Department of Almaty Regional Financial Centre
JSC, Managing Director of Commodity Exchange
“ETS” JSC, Deputy Chairman of the Board of
Commodity Exchange “ETS” JSC, Director of
Department of Corporate Finance of “Baiterek”
National Management Holding” JSC, Managing
Director of “Baiterek” National Management
Holding” JSC.

From July 2016 to 2017: Chairman of the Board of
Institute of Economic Research JSC

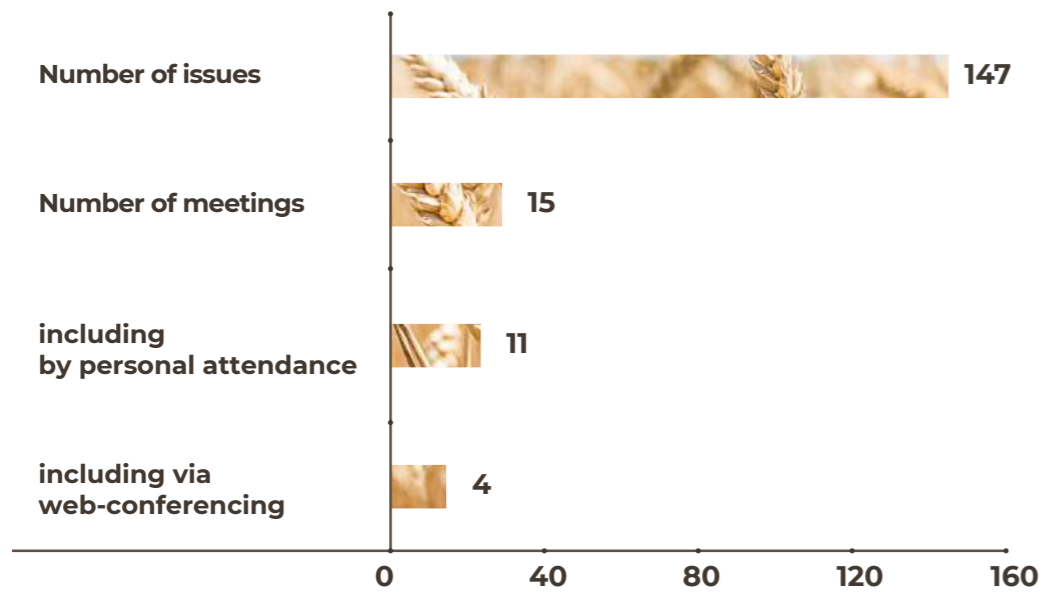
From 2018 through the present: Deputy General
Director for Financial Affairs of Documentolog
LLP.

ACTIVITIES OF THE BOARD OF DIRECTORS

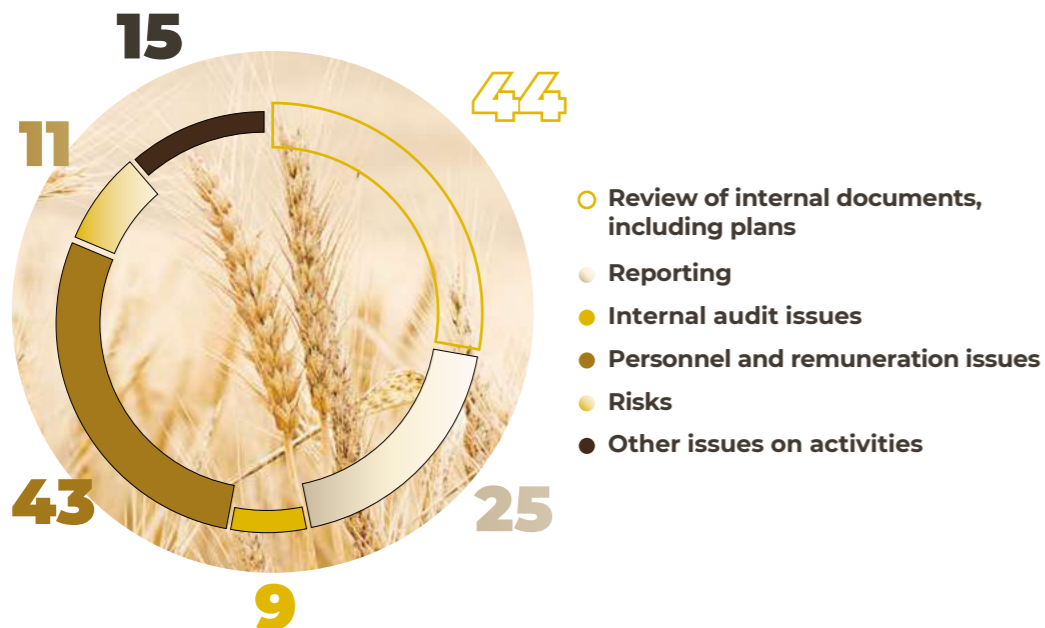
Activities of the Board of Directors shall be based on the principles of professionalism, reasonableness and prudence, honesty and objectivity, the principle of protection of rights of the Sole Shareholder.

In 2021 fifteen meetings of the Board of Directors were held, including eleven meetings by personal attendance and four meetings via web-conferencing. During the meetings 147 issues were considered.

Work of the Board of Directors in 2021



STRUCTURE OF ISSUES CONSIDERED BY THE BOARD OF DIRECTORS IN 2021



Main decisions made were related to the following issues:

- approval of the report on implementation of the Development Strategy and Development Plan for 2020;
 - approval of the Development Plan of KazAgroFinance for the period of 2019 - 2023;
 - review of the report on execution of the Plan of Measures for Improvement of Internal Control System of KazAgroFinance, for the period of 2019 - 2021 (for 2020); approval of the Report and Plan for Corrective and/or Preventive Actions for Further Improvement of the Internal Control System;
 - approval of the Report for KPI Performance of Compliance Service, the Report of Internal Audit Service Performance;
 - approval of the Rules for Selection of Candidates for Vacant Positions of Internal Audit Service, Compliance Service and Corporate Secretary, Reporting to and/or Reporting to the Board of Directors of KazAgroFinance;
 - approval of Regulations on Internal Audit Service of KazAgroFinance as amended, Regulations on Organization of Internal Audit at KazAgroFinance as amended;
 - election of the Chairman of the Board of Directors of KazAgroFinance;
 - determination of the number and composition of the Committees of the Board of Directors of KazAgroFinance;
 - appointment and determination of the term of office of Ombudsman of KazAgroFinance;
 - approval of Sustainable Development Policy of KazAgroFinance;
 - on issue and determination of terms and conditions of non-government bonds of KazAgroFinance;
 - approval of the Plan of Measures for Improvement of Corporate Governance
- System of KazAgroFinance for the period of 2022 - 2023;
 - approval of the Plan of Measures for Improvement of Internal Control System of KazAgroFinance for the period 2022 - 2024;
 - approval of the Information Technology Development Strategy of KazAgroFinance for the period of 2021 - 2023;
 - approval of the Company's key risk indicators, risk appetite and risk tolerance level for 2021;
 - approval of KPI maps of the Chairman, members of the Board and their target values, KPI maps of Compliance Service;
 - approval of the matrix of business processes, risks and controls, risk register and risk map;
 - review of the report on compliance with the Corporate Governance Code and information on implementation of issues related to transparency and efficiency of disclosure processes;
 - approval of internal documents on strategic planning, information transparency, credit policy, terms of financing of the Company, risk management, personnel policy and remuneration.

INFORMATION ON 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 Human Resources, Remuneration and Social Affairs Committee
K.T. Izbastin	13/15	-	-	-
M.A. Daribayev	5/5	-	-	-
E.K.Taszturekov	2/2	-	-	-
A.K. Zhuanyshbayeva	9/10	-	-	-
A.E. Murzagaliyeva	10/10	-	-	-
R.S. Orazbayev	15/15	13/13	9/9	13/13
S.N.Madiyev	15/15	13/13	9/9	13/13
A.G. Prashev	12/12	-	-	-

COMMITTEES OF THE BOARD OF DIRECTORS

The Company's Board of Directors has established Committees, which responsibilities include consideration of issues related to audit and risk management, strategic planning and corporate development, human resources, remuneration and social questions.

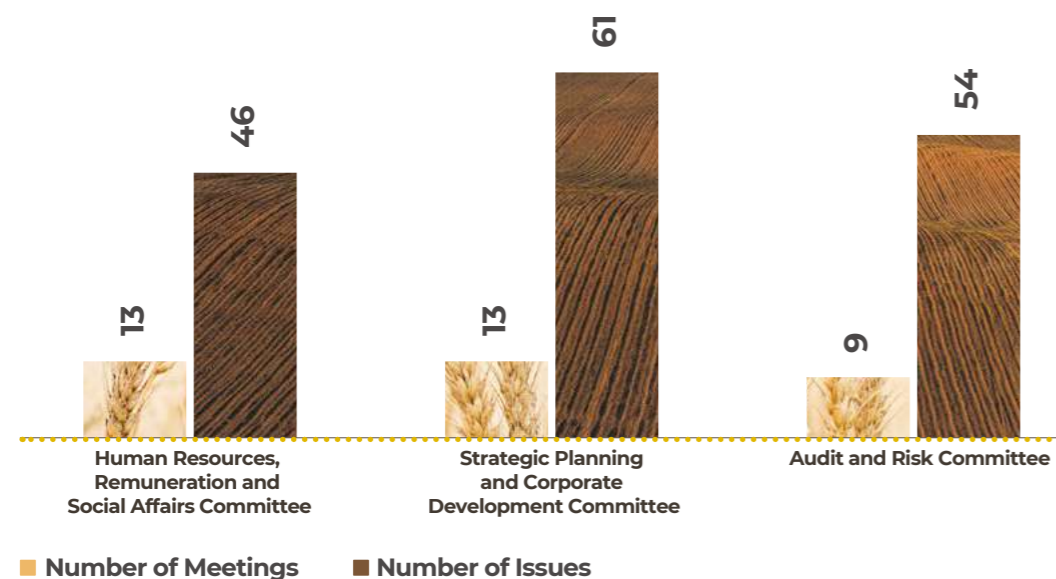
The Committees shall be established to carry out detailed analysis and make recommendations on a range of the most important issues before

they are considered by the Board of Directors. The Board of Directors shall make a final decision on issues considered by the Committees.

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, the procedure for the work of Committees, as well as rights and obligations of their members.

WORK OF THE COMMITTEES OF THE BOARD OF DIRECTORS FOR 2021

www.kaf.kz



AUDIT AND RISK COMMITTEE OF THE BOARD OF DIRECTORS

Main functions of Audit and Risk Committee include internal and external audit, financial reporting, internal control and risk management,

compliance with legislation of the Republic of Kazakhstan, internal documents and other issues under instructions of the Board of Directors.

Composition of Audit and Risk Committee:

- Chairman of the Committee — Serzhan Nurakhanovich Madiyev;
- Committee member Ruslan Sagadatovich Orazbayev.

In total, in 2021 Audit and Risk Committee held nine meetings and reviewed fifty-four issues.

Audit and Risk Committee reviewed the following key issues during its meetings:

- review of annual and quarterly reports on activities of Internal Audit Service of KazAgroFinance;
- preliminary approval of annual financial statements of KazAgroFinance for 2020;
- review of the Report on Performance Appraisal of Internal Audit Service of KazAgroFinance and Its Employees for 2020;
- review of Regulations on Internal Audit Service of KazAgroFinance as amended;
- review of Rules on Organization of Internal Audit at KazAgroFinance as amended;
- review of quarterly reports on execution of key performance indicators of Internal Audit Service, Head and employees of Internal Audit Service;
- preliminary review of the issue "On Approval of Plan of Measures of Critical Risk Management of KazAgroFinance for 2022";
- preliminary review of the issue "On Approval of the Matrix of Business Processes, Risks and Controls of KazAgroFinance";
- preliminary approval of the issue "On Approval of the Map of Audit Scopes of KazAgroFinance and the Annual Audit Plan of Internal Audit Service of KazAgroFinance for 2022";
- preliminary review of the issue "On Approval of Risk Appetite of KazAgroFinance for 2022";
- approval of the Work Plan of Audit and Risk Committee of the Board of Directors of KazAgroFinance for 2022.

Strategic Planning and Corporate Development Committee of the Board of Directors

Main functions of Strategic Planning and Corporate Development Committee shall be development and making recommendations to the Company's Board of Directors on development

of KazAgroFinance's business priorities and its development strategy, including development of measures that will improve efficiency, profitability and sustainable development of the Company.

Composition of Strategic Planning and Corporate Development Committee:

- **Chairman of the Committee**
Ruslan Sagadatovich Orazbayev;
- **Committee member**
Serzhan Nurakhanovich Madiyev.

In total, in 2021 Strategic Planning and Corporate Development Committee held thirteen meetings and reviewed sixty-one issues.

Strategic Planning and Corporate Development Committee reviewed the following key issues during its meetings:

- approval of Disclosure Policy on activities of KazAgroFinance as amended;
- review of the Report on Effectiveness of Information Disclosure Processes and Level of Transparency of KazAgroFinance;
- review of the Report on Compliance with the Corporate Governance Code of KazAgroFinance;
- approval of the Report on Implementation of the Development Strategy of KazAgroFinance for the period of 2020 - 2029 according to the results of 2020;
- approval of the Report on Implementation of the Development Plan of KazAgroFinance for the period of 2020 - 2024 (for 2020);
- approval of the Report on Budget Execution of KazAgroFinance for 2020;
- preliminary review of the Report on Implementation of the Plan of Measures for Improvement of Internal Control System of KazAgroFinance for the period of 2019 - 2021(for 2020);
- preliminary review of the issue of determining the list of documents regulating internal activities of KazAgroFinance to be approved/ reviewed by the Board of Directors;
- preliminary review of the issue and determination of terms and conditions for the issue of non-government bonds of KazAgroFinance;
- preliminary review of the issue "On Approval of the Regulations on Committees of the Board of Directors of KazAgroFinance";
- preliminary review of the issue of increasing KazAgroFinance's liabilities by ten percent or more of KazAgroFinance's equity capital by issuing non-government bonds of KazAgroFinance;
- preliminary review of the issue on approval of Information Technology Development Strategy of KazAgroFinance for the period of 2021-2023;
- preliminary review of the issue "On Approval of the Plan of Measures for Improvement of Corporate Governance System of KazAgroFinance for the period of 2022-2023";
- On approval of the Work Plan of Strategic Planning and Corporate Development Committee of the Board of Directors of KazAgroFinance for 2022.

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

Main functions of the Committee include issues of appointment (election), setting motivational KPIs, performance evaluation, remuneration and succession planning of the Chairman and members of the Board, as well as issues of

appointment and remuneration of the Corporate Secretary, as well as participation in 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 Human Resources, Remuneration and Social Issues Committee:

- **Chairman of the Committee**
Ruslan Sagadatovich Orazbayev;
- **Committee member**
Serzhan Nurakhanovich Madiyev.

In total, in 2021 Human Resources, Remuneration and Social Issues Committee held thirteen meetings and reviewed forty-six issues.

Human Resources, Remuneration and Social Issues Committee reviewed the following key issues during its meetings:

- approval of Key Performance Indicators Maps for the Chairman and members of the Board of KazAgroFinance for 2021;
- approval of the Regulations on Terms and Conditions of Remuneration, Bonus Payment and Social Security of Employees of Risk Management Department of KazAgroFinance as amended;
- review of Reports of Performance Appraisal of Internal Audit Service and Its Employees for 2020;
- review of Remuneration and Bonus Policy, performance appraisal and social support for employees of Internal Audit Service, Compliance Service and Corporate Secretary reporting to the Board of Directors of KazAgroFinance;
- preliminary review of the issue "On Determining a Number of Members of the Board of KazAgroFinance";
- preliminary review of the issue "On Early Termination of Powers of Board Members of KazAgroFinance, Election of Board Members of KazAgroFinance and Determination of Official Salaries";
- approval of the Rules of Selection of Candidates for Vacant Positions of Internal Audit Service, Compliance Service and Corporate Secretary Reporting to and/or Reporting to the Board of Directors of KazAgroFinance;
- preliminary review of the issue "On Approval of the Rules of Social Support to Employees of KazAgroFinance";
- preliminary review of the issue "On Approval of the Total Number of Employees of KazAgroFinance";
- preliminary review of the issue "On Approval of Key Performance Indicators Maps of the Board Members of KazAgroFinance and Their Target Values for 2021";
- preliminary review of the issue "On Approval of the Work Plan of the Board of Directors of KazAgroFinance for 2022, and performance appraisal of the Board of Directors of KazAgroFinance and its Committees according to the results of 2021";
- preliminary review of the issue "On Approval of Key Performance Indicators Maps of Corporate Secretary of KazAgroFinance for 2022";
- approval of the Work Plan of Human Resources, Remuneration and Social Affairs Committee of the Board of Directors of KazAgroFinance for 2022.

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 the procedure established by the legislation of the Republic of Kazakhstan, the Charter and internal documents of the Company, 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 appraisal 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. record of work;
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. existence of a professional director certification "Certified Director" (for Non-Executive 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 procedure established by the legislation of the Republic of Kazakhstan;
- 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 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;
- who is a member of the Board of Directors of four (4) or more companies.

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

Non-Executive 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 subject to special consideration, taking into account performance and performance measurement of the Board member, 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 Non-Executive 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 the 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	K.T. Izbastin	A.K. Dzhuanyshbayeva	A.E. Murzagaliyeva	R.S. Orabayev	S.N. Madiyev	A.G. Prashev
Risk Management and Audit		•				
Strategic Planning	•	•	•	•	•	
Finance and Economics	•	•	•	•	•	•
Business Management	•	•		•	•	•
Human Resource Management			•		•	•
Legal Affairs	•		•			•

INDEPENDENCE

Presence and participation of Non-Executive Directors on the Board of Directors is mandatory.

A candidate for election as Non-Executive Director to the Board of Directors shall:

meet the definition of Non-Executive Director in accordance with paragraph 20, Article 1 of the Law of the Republic of Kazakhstan "On Joint Stock Companies":

Non-Executive Director shall be 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 election to the Board of Directors (except in the case of his tenure as Non-Executive 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 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 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 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; have an ability to express his own opinion and defend their point of view in a reasoned manner;
 - know principles of corporate governance and sustainable development;
 - have an 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 work of the Board of Directors not only during meetings of the Board of Directors, but also to 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 Non-Executive Director.

During 2021, Non-Executive Directors of the Board of Directors were:

- Ruslan Sagadatovich Orazbayev;
- Serzhan Nurakhanovich Madiyev.

All Non-Executive Directors met the listed attributes of independence in their decision-making by the Board of Directors of the Company.

PERFORMANCE APPRAISAL OF THE BOARD OF DIRECTORS

Performance appraisal of the Board of Directors shall be carried out to obtain a comprehensive analysis of main areas of activities of the Board of Directors. The appraisal shall provide an opportunity to analyze and determine strengths and weaknesses of activities of the Board of Directors and its Committees and to make adjustments to the work of the Board of Directors. In addition, the appraisal shall enable to determine efficiency of the remuneration system and the need for training and professional development of members of the Board of Directors.

Performance appraisal of the Board of Directors and its Committees shall be carried out on an annual basis. The appraisal may be carried out by own efforts, as well as with the involvement of consultants, professional associations and organizations that assign corporate governance ratings.

In accordance with the Company's Corporate Governance Code and based on the range of issues of the Board of Directors, the Board of Directors shall carry out the following types of appraisal:

- appraisal of its own performance;
- appraisal of the Board of Directors and Committees of the Board of Directors of the Company. By Resolution of the Board of Directors dated December 22, 2021 No.14, it was determined to evaluate activities of the Board of Directors of KazAgroFinance and its Committees according to the results of 2021 by own efforts in accordance with the requirements of the legislation of the Republic of Kazakhstan and internal regulatory documents of the Company. The appraisal was carried out by the questionnaire method.

As part of the appraisal, internal documents regulating activities of the Board of Directors and its Committees were analyzed, performance analysis of the Chairman of the Board of Directors, each member of the Board of Directors and efficiency of the remuneration system of members of the Board of Directors was conducted.

Based on the results of the appraisal, the work of the Board of Directors and its Committees is evaluated positively and recognized as an efficient one:

- when making decisions the Board of Directors is focused on achieving its goals and protecting interests of the Company and the Sole Shareholder;
- a significant role of the Board of Directors in making key decisions on determining the strategy of KazAgroFinance, approving the Development Plan and budget, establishing a system of motivation and evaluation of management activities, as well as monitoring reliability and efficiency of risk management systems, internal control, internal audit and corporate governance systems was noted;
- a format of meetings allows for an open exchange of views, active participation of members of the Board of Directors and timely resolution of issues;
- composition of Committees is well balanced and its members have necessary competence and experience to carry out tasks and functions assigned to the Committee.

Results of the appraisal were reviewed at the meeting of the Board of Directors and approved by Resolution of the Board of Directors dated May 31, 2022 No. 7.

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 shall be determined by performance appraisal of the of the Board of Directors and its Committees of the Board of Directors.

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 efficiency, including establishing an effective system for training the members of the Board of Directors. In 2021, no competence development for members of the Board of Directors was carried out.

MANAGEMENT OF CONFLICT OF INTEREST AND RESOLUTION OF CORPORATE CONFLICT

Avoiding conflicts of interest shall be an important condition for ensuring protection of interests of the Sole Shareholder, the Company, officials and employees. All officials and employees of the Company shall be 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.

Upon an existence (occurrence) of corporate conflicts, participants shall seek ways to resolve them through negotiations to ensure effective protection of interests of the Company and stakeholders. Therewith, the Company's officials shall timely inform the Corporate Secretary and/or the Ombudsman upon the existence (occurrence) of a conflict.

Effective prevention and resolution of corporate conflicts implies full and prompt identification of such conflicts and coordination of actions of all bodies of the Company.

Corporate conflicts with the assistance of the Corporate Secretary and/or the Ombudsman shall be viewed 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 shall be viewed by Human Resources, Remuneration and Social Affairs Committee.

If corporate conflicts cannot be resolved through negotiations, they shall be resolved in strict accordance with the laws of the Republic of Kazakhstan.

The Board of Directors shall resolve corporate conflicts on issues within its competence. In this case, the Corporate Secretary and/or the Ombudsman is charged with ensuring that the Board of Directors shall be informed as much as possible about the nature of a corporate conflict and a role of a facilitator in resolving a corporate conflict.

The Chairman of the Board shall, on behalf of KazAgroFinance, resolve corporate conflicts on all issues which are not within the competence of the Board of Directors of the Company and shall independently determine the procedure for resolving corporate conflicts.

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

A conflict of interest shall be defined as a situation in which a personal interest of a Company's employee affects or may affect the impartial performance of job duties.

Employees of the Company shall not allow a situation in which a conflict of interest may arise, either in relation to themselves (or related persons) or in relation to others.

Basic principles for preventing conflicts of interest, methods for their identification, assessment and resolution shall be entrenched in the Company's Code of Business Ethics.

In 2021, the Company has not recorded any cases of conflicts of interest in decision-making.

INFORMING ABOUT ISSUES

The Board of Directors shall be kept informed of critical issues in accordance with the Regulations on the Board of Directors and the Company's Charter by providing financial and non-financial reports. In the reporting year, all issues requiring attention were considered within the framework of current meetings.

REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS

Members of the Board of Directors of the Company may receive remuneration and (or) reimbursement of expenses related to performance of their functions as members of the Board of Directors of the Company during their term of office in accordance with the legislation of the Republic of Kazakhstan, the Charter and internal documents of the Company.

Remuneration of Non-Executive Directors shall be quarterly, fixed and paid for participation in meetings of the Board of Directors and Committees of the Board of Directors. The amount and terms of payment of remuneration shall be determined by the Resolution of the Sole Shareholder. Remuneration shall be paid to Non-Executive Directors of the Board of Directors after deduction of taxes in accordance with the tax legislation of the Republic of Kazakhstan, regulatory legal acts and other documents.

Remuneration for the reporting period shall be paid in proportion to participation of a Non-Executive Director in all meetings of the Board of Directors/Committees of the Board of Directors held in presentia and in absentia in the reporting period.

No remuneration shall be paid if Non-Executive Director participates in less than half of all meetings of the Board of Directors held in presentia and in absentia in the reporting period (quarter). No remuneration shall be paid to members of the Board of Directors, who are representatives of the Sole Shareholder and the head of the Company's executive body, for participation in meetings of the Board of Directors.

Remuneration to members of the Board of Directors of KazAgroFinance (Non-Executive Directors) of two persons in 2021 includes the following items:

	2021
Remuneration accrued (thousand KZT)	6 856
Taxes and social security benefits (thousand KZT)	643
Total remuneration (thousand KZT)	7 499

EXECUTIVE BODY

Composition of the Board (as of December 31, 2021)



AYDAR GILIMOVICH PRASHEV

CHAIRMAN OF THE BOARD

Date of Birth: September 29, 1983
Citizenship: Republic of Kazakhstan

Election to the Board of Directors: June 16, 2021
KazAgroFinance Shareholding: he is not a shareholder.

Part-time Work and Current Membership of Boards of Directors of Other Companies: none

Ownership of Shares in the Company's Suppliers and Competitors: none

EDUCATION:

Academy of Economics and Statistics of Almaty, specialty of Personnel Management, qualification of Economist

Aktobe Regional State University named after K. Zhubanov, specialty of Management, qualification of Master of Economics and Business

WORK EXPERIENCE:

From January 2006 to February 2007: Inspector of Customs Control of State Institution "Department of Customs Control for Aktobe Region of Customs Control Committee of Ministry of Finance of the Republic of Kazakhstan".

From February 2007 to December 2008: various positions in the banking system of Kazkommertsbank JSC.

From 2009 to 2019: Director of Branches of Atyrau Oblast, Aktobe Oblast and Kostanay Oblast of KazAgroFinance.

From December 2020 to June 2021: Managing Director-Member of the Board of KazAgroFinance. From June 2021 through the present: Chairman of the Board of KazAgroFinance.



NAZGUL SHOLPANKULOVNA KARNAKOVA

DEPUTY CHAIRMAN OF THE BOARD

Functions performed:
coordination of KazAgroFinance's activities in the field of financial and economic issues, borrowing, accounting and reporting issues

Date of Birth: December 27, 1978
Citizenship: Republic of Kazakhstan

KazAgroFinance Shareholding: she is not a shareholder.

Part-time Work and Current Membership of Boards of Directors of Other Companies: none

Ownership of Shares in the Company's Suppliers and Competitors: none

EDUCATION:

Taraz State University named after M. K. Dulati, speciality of Economics and Management in Construction Enterprises, qualification of Economist-Manager.

WORK EXPERIENCE:

From December 2008 to April 2012: Deputy Chairman of the Board of Agriculture Financial Support Fund JSC.

From April 2012 to July 2014: Financial Director of ING&IT Kazakhstan-British Technical University JSC.

From July 2014 to March 2018: Director of Financial and Economic Department of Kazakhstan-British Technical University JSC.

From April 2018 to April 2019: Director of the Budget Planning Department of KazAgro Holding JSC.

From April 2019 to May 2019: Managing Director for Finance of KazAgro Holding JSC.

From May 2019 to August 2019: Managing Director-Member of the Board of KazAgro Holding JSC.

From August 2019 to June 2021: Managing Director-Member of the Board of KazAgroFinance.

From June 2021 to February 2022: Deputy Chairman of the Board of KazAgroFinance JSC.

From February 2022 through the present: Deputy Chairman of the Board of Agrarian Credit Corporation JSC.



ALMAT BURKUTBAYEVICH ASHIRBEKOV

DEPUTY CHAIRMAN OF THE BOARD

Functions performed:
direct coordination of KazAgroFinance's activities on problem projects and project administration issues.

Date of Birth: September 10, 1986
Citizenship: Republic of Kazakhstan

KazAgroFinance Shareholding: he is not a shareholder.

Part-time Work and Current Membership of Boards of Directors of Other Companies: none

Ownership of Shares in the Company's Suppliers and Competitors: none

EDUCATION:

Eurasian National University named after L.N.Gumilyov, specialty of Finance, qualification of Bachelor of Finance

Moscow Financial-Industrial University "Synergy", specialty of Strategic Management, qualification of Master of Business Administration (MBA)

WORK EXPERIENCE:

From September 2008 to August 2012: various positions at KazAgroFinance such as Specialist, Lead Specialist, Chief Specialist of Small and Medium Business Lending Department, Chief Specialist of Corporate Business Department.

From September 2012 to February 2015: Chief Manager of Investment Projects and Credit Methodology Department of KazAgro Holding JSC.

From February 2015 to July 2019: various positions at KazAgroFinance such as Head of Corporate Business Department, Head of Rehabilitation and Problem Projects Department, Director of Project Monitoring Department, Director of Rehabilitation and Problem Projects Department.

From July 2019 to June 2021: Managing Director-Member of the Board of KazAgroFinance.

From June 2021 to January 2022: Deputy Chairman of the Board of KazAgroFinance JSC.

From January 2022 through the present: Chairman of the Board of Agrarian Credit Corporation JSC



AYDOS BAUYRZHANOVICH SEYTZHANOV

DEPUTY CHAIRMAN OF THE BOARD

Functions performed:
coordination of credit and leasing activities of KazAgroFinance

Date of Birth: May 10, 1990
Citizenship: Republic of Kazakhstan

KazAgroFinance Shareholding: he is not a shareholder.

Part-time Work and Current Membership of Boards of Directors of Other Companies: none

Ownership of Shares in the Company's Suppliers and Competitors: none

EDUCATION:

Eurasian National University named after L.N.Gumilyov, specialty of Finance, qualification of Bachelor of Finance

Kokshetau State University named after A. Myrzakhmetov, speciality of Jurisprudence, qualification of Bachelor of Jurisprudence

WORK EXPERIENCE:

From 2010 to 2017: Temirbank JSC, Eurasian Bank JSC, Development Bank of Kazakhstan JSC in SME and corporate lending.

From October 2019 to June 2021: Director of Nur-Sultan Branch of KazAgroFinance.

From June 2021 through the present: Deputy Chairman of the Board of KazAgroFinance.



DANIYAR SERIKULY KAYIRZHUBAN

DEPUTY CHAIRMAN OF THE BOARD

Functions performed:
coordination of KazAgroFinance's activities on asset due diligence, administration and economic activities, human resource management, information technology development, strengthening measures for automation of the Company's core business processes, optimization of information technology products and processes, ensuring confidentiality, integrity and availability of information.

Date of Birth: June 04, 1987
Citizenship: Republic of Kazakhstan

KazAgroFinance Shareholding: he is not a shareholder.

Part-time Work and Current Membership of Boards of Directors of Other Companies: none

Ownership of Shares in the Company's Suppliers and Competitors: none

EDUCATION:

Kazakhstani Institute of Management, Economics and Forecasting, specialty of Public Administration, qualification of Bachelor of Social Sciences in Public Administration.

Almaty Institute of Economics and Statistics, specialty of Economics, qualification of Bachelor of Economics.

WORK EXPERIENCE:

From 2008 to 2012: various positions at Samruk Ltd LLP, ALEX-COMPANY LLP, AKTUBRENTGEN JSC, ALEM-AGRO LTD LLP in Procurement, Logistics and Procurement.

From 2014 to March 2019: Manager of Asset Due Diligence Department of KazAgroFinance.

From March 2019 to May 2021: Director of Asset Due Diligence Department of KazAgroFinance.

From May 2021 to June 2021: Managing Director-Member of the Board of KazAgroFinance.

From June 2021 through the present: Deputy Chairman of the Board of KazAgroFinance.

WORK OF THE BOARD

The Board shall perform management of current activities of the Company and shall be responsible for implementation of the Development Strategy, Development Plan and decisions made by the Board of Directors and the Sole Shareholder.

During 2021, thirty-six Board meetings were held, all — in person, meetings were held on a regular basis — every decade of the month. There was a high attendance of meetings by members of the Board, except in cases of absence for valid reasons.

Activities of the Board shall be governed by the Regulations on the Board of the Company.

ATTENDANCE OF MEMBERS OF THE BOARD AT ITS MEETINGS

Full Name	2021
K.T. Izbastin *	5/5
B.S. Ospanov**	0/20
N.S. Karnakova	34/36
A.B. Ashirbekov	35/36
B.S. Zholdassov**	14/15
A.G. Prashev	33/36
A.B. Seytzhano	20/21
D.S. Kayirzhuban	19/21

* Resigned from the Board pursuant to the Resolution of the Board of Directors dated March 26, 2021.

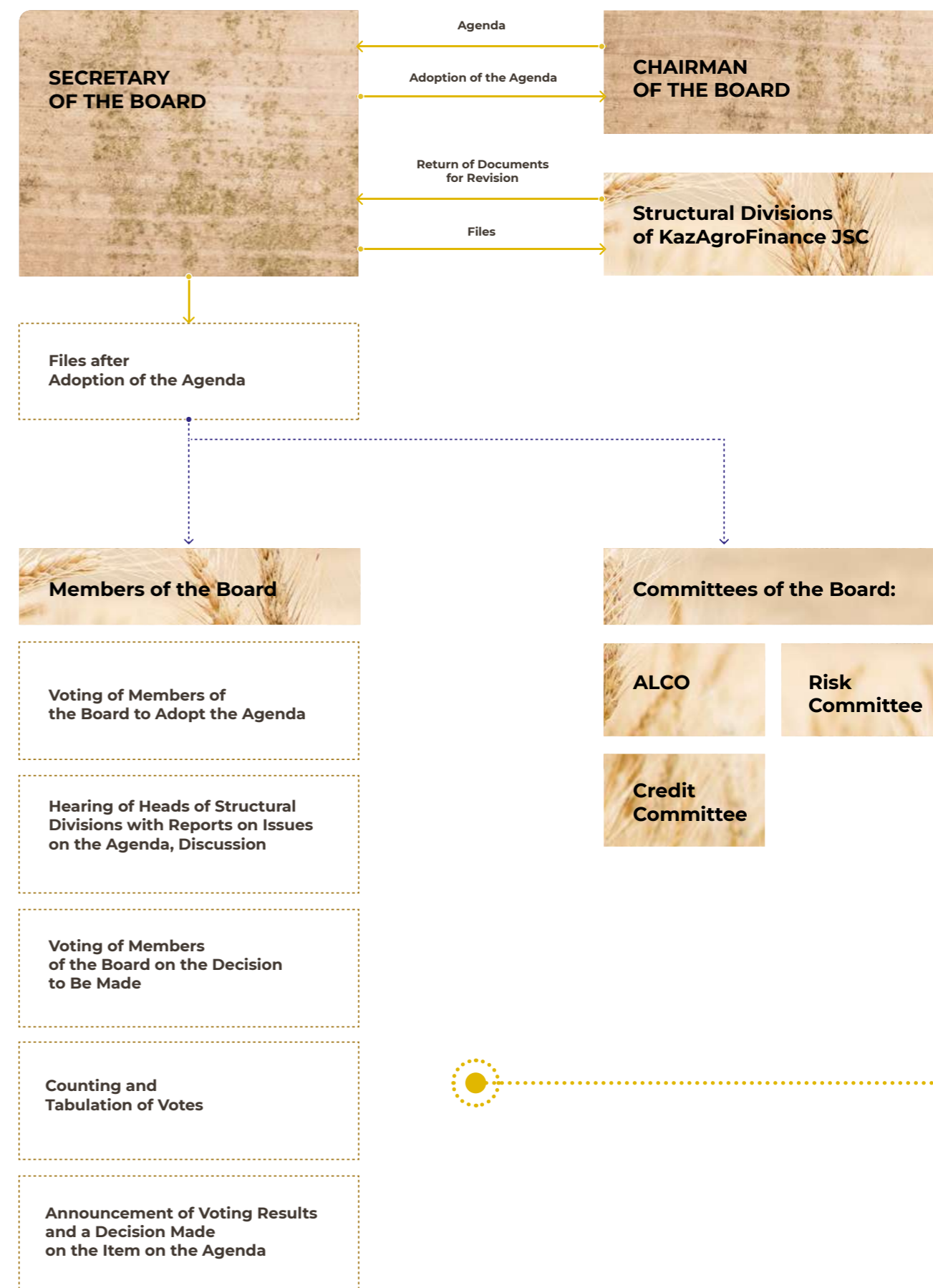
** Resigned from the Board pursuant to the Resolution of the Board of Directors dated June 30, 2021

The main objective of the Board shall be efficient implementation of the Development Strategy and Development Plan of KazAgroFinance.

Basic principles of the Board's work shall be as follows:

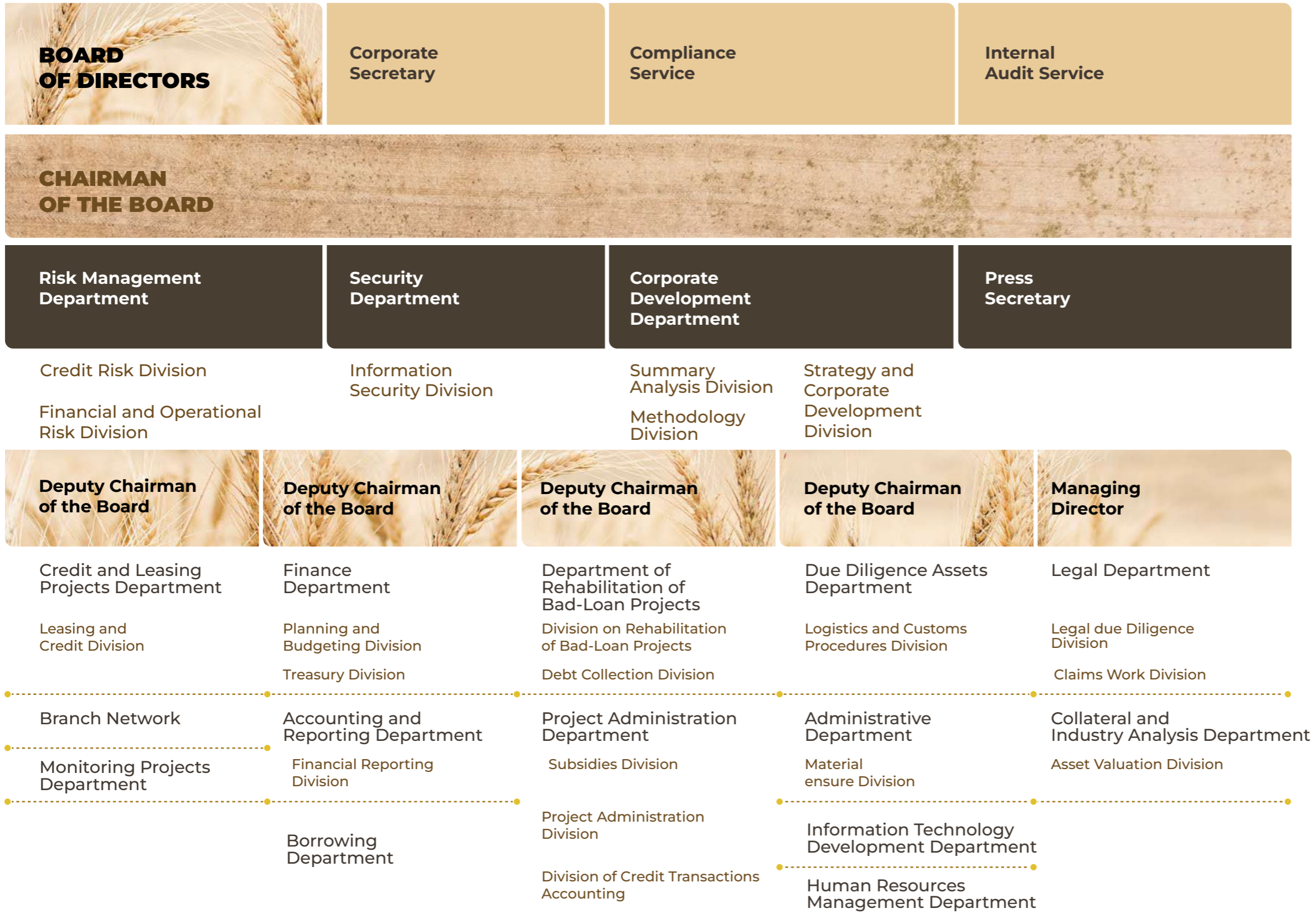
- transparency and openness;
- responsibility and accountability;
- objective allocation of responsibilities;
- proper approval and adoption of operations;
- comprehensiveness and systematic approach;
- continuous development and improvement;
- flexibility;
- timely identification and response to any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

INTERACTION WITH THE BOARD



ORGANISATIONAL CHART

Approved by Board Resolution dated June 09, 2021 №12
Went into effect on June 01, 2021



Staff size
333 units

Administrative and management staff
81 units
24,3%

Operational staff
252 units
75,7%

REPORT ON RELATED-PARTY TRANSACTIONS FOR 2021

Nº	Name of Counterparty	Sign of Interest	Transaction Content
1	"Holding "Baiterek" JSC	Sole Shareholder	Loan Agreements sourced from the National Fund of the Republic of Kazakhstan were consolidated into one single Loan Agreement for 50 billion KZT, under which additional financing in the amount of 5.8 billion KZT was obtained from "Baiterek" National Management Holding" JSC with an extension of the loan term until 2041.

EQUITY CAPITAL STRUCTURE

As of December 31, 2021 the number of authorized and outstanding ordinary shares of KazAgroFinance is 82,837,204 and the par value of shares is 82,837,204,000 KZT. There were no transactions on placement, redemption and cancellation of shares in the reporting period.

Number of authorised ordinary shares:	82,837,204 shares
Number of outstanding ordinary shares:	82,837,204 shares
Par value per ordinary share:	1,000 KZT
Offering price per share:	1,000 KZT
Method of payment for an issuer's shares:	an issuer's shares were paid for in cash
Amount of cash raised from the issuer's share offering:	82,837,204,000 KZT

REMUNERATION OF BOARD MEMBERS

The policy and amount of executive remuneration shall be governed by Executive Remuneration, Performance Appraisal and Remuneration Rules of KazAgroFinance.

Remuneration based on performance of the reporting year shall be paid according to a Resolution of the Board of Directors, subject to net consolidated profit for the reporting year, following statutory approval of business and financial performance based on the audited financial statements of the Company for the reporting year, depending on achievement of strategic and individual KPIs and performance measurement.

In 2021, strategic and individual KPIs are included in the KPIs of Board members in order to ensure fulfilment of sustainability objectives:

- volume of leasing of agricultural machinery and equipment;
- corporate governance rating;
- level of involvement of KazAgroFinance's personnel.

In the reporting year, no disciplinary sanctions were imposed on Board members.

The amount of remuneration to Board members in 2021 was 131,571 thousand KZT, including taxes and payroll deductions of 11,121 thousand KZT.

DIVIDENDS

Principles of the Dividend Policy shall be set out in the Regulations on Dividend Policy.

The Dividend Policy shall be based on the following principles:

1. strict observance of rights of the Sole Shareholder stipulated by the legislation of the Republic of Kazakhstan, the Charter of KazAgroFinance, its 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 legislation of the Republic of Kazakhstan and the Charter of KazAgroFinance, 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 Dividend Policy of KazAgroFinance;
6. ensuring that the Board of KazAgroFinance shall be motivated to achieve planned net income and dividends.

Dividends for 2020 were paid

in June 2021 in the amount of

6 718 739

thousand KZT

The amount of dividends

per one common share was

81,11

KZT

DIVIDENDS PAID

Name	Unit of Measurement	2018 (for 2017)	2019 (for 2018)	2020 (for 2019)	2021 (for 2020)
Net income (loss)*	thousand KZT	3 572 220	6 728 372	9 210 964	9 598 199
Dividends declared during the year	thousand KZT	3 572 220	6 728 372	9 210 964	6 718 739
Dividends paid during the year	thousand KZT	3 572 220	6 728 372	9 210 964	6 718 739
Profit per share **	KZT	43,12	81,22	111,19	81,11
Book value of the share ***	KZT	1 234,41	1 277,14	1 268,96	1 339,89

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

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

*** Carrying amount of the year for which dividends were paid.

ANTI-CORRUPTION MANAGEMENT

The Company's management and its employees adhere to fundamental principles of openness and transparency in their work. The Company shall be committed to ensuring maximum publicity. First and foremost, this work is aimed to counter corruption, as well as to prevent illegal actions by Company's employees.

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

In accordance with the Law of the Republic of Kazakhstan "On Countering Corruption" (hereinafter referred to as 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 legislation of the Republic of Kazakhstan on countering corruption. If necessary, working groups shall be set up to carry out anti-corruption activities and employees from other departments shall be engaged in. In general, all employees of the Company shall be involved in anti-corruption work.

The Company implements the following anti-corruption measures:

1. anti-corruption monitoring;
2. internal analysis of corruption risks;
3. formation 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 channels of initiative reporting;
10. checking the reliability of counterparties, inclusion of an anti-corruption clause in contracts with counterparties.

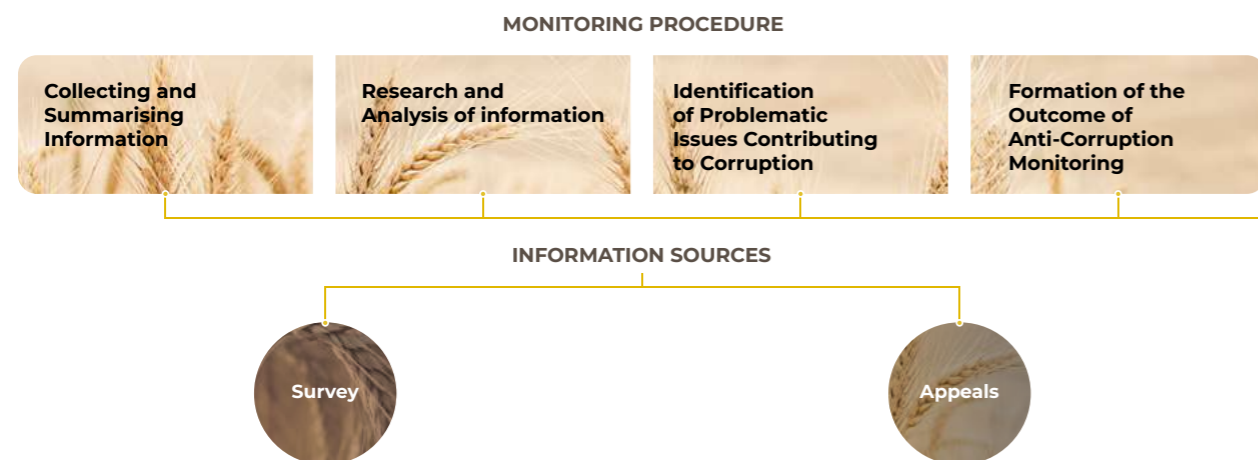
For these purposes, the Company approved the Anti-Corruption Policy.

For example, in 2021, thematic anti-corruption monitoring was carried out, the purpose of which was to study problematic issues contributing to manifestations of corruption. Practical significance of anti-corruption monitoring results is that its findings contribute to minimization of corruption risks by taking appropriate legal,

organizational and managerial measures.

Anti-corruption monitoring was carried out by collecting, processing, summarizing, analyzing and evaluating data from surveys on anti-corruption issues, as well as appeals from individuals and legal entities.

ANTI-CORRUPTION MONITORING

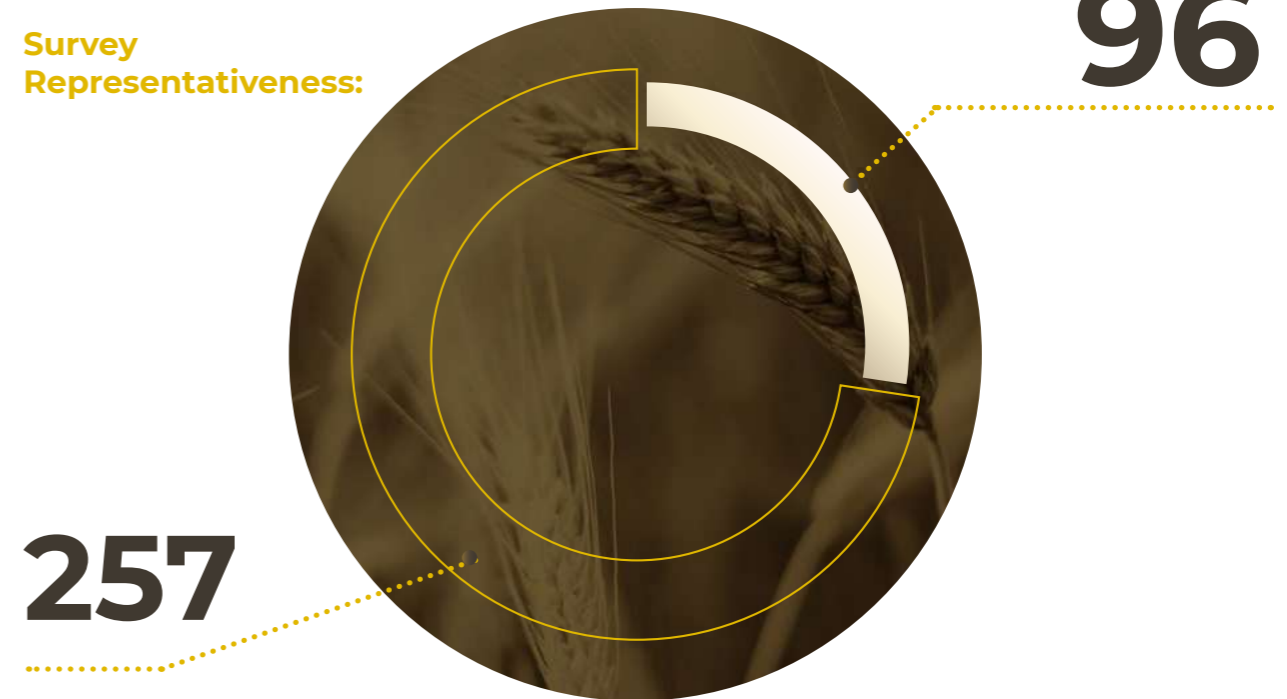


A total of 257 Company's employees, or 72.8% of the total number of employees in all subdivisions (branches) and all levels of the Company, took part in the survey. The survey was conducted to identify the attitude of the Company's employees

to corruption as a social phenomenon, as well as to determine causes and conditions of its occurrence and commission. Based on the results of the survey, an average portrait of a Company employee was compiled.

ANTI-CORRUPTION MONITORING

Survey Representativeness:

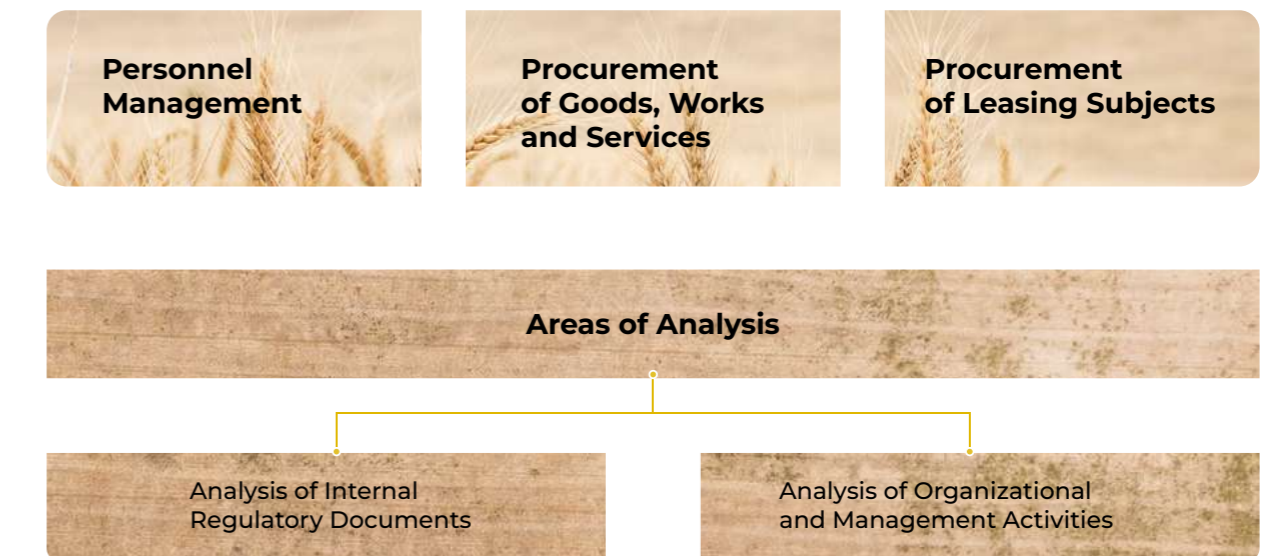


A total of 257 Company's respondents, or 72.8% of the total number of employees in all subdivisions (branches) and all levels of the Company, took part in the survey.

Results of the monitoring shall be used to identify areas for internal analysis of corruption risks. No significant corruption risks were identified during the analysis. In accordance with the Order of the Chairman of Agency of the Republic of Kazakhstan for Civil Service Affairs and Countering Corruption,

an internal analysis of the Company's corruption risks was made. The analysis was performed to identify corruption risks in the Company's regulatory documents and organizational and management activities.

INTERNAL ANALYSIS OF CORRUPTION RISKS



Based on the results of the analysis, recommendations aimed at minimizing corruption risks were formed and implemented, namely:

- amendments were made to internal regulatory documents aimed at finding minimum alternative price offers, eliminating the probability of manipulation with the average market price offers relevant for acquisition of a leasing subject from a particular potential supplier;
- measures were taken to improve the work of subdivisions and employees responsible for procurement, as well as to introduce effective internal controls over the quality of procurement of goods, works and services;
- amendments were made to the Company's personnel management documents aimed at improving efficiency and transparency of the personnel selection process.
- In conjunction with the Committee on Legal Statistics under General Prosecutor's Office and Ministry of National Economy, employees were checked in order to determine whether there had been any prosecutions for corruption offences. No such employees have been identified.

Furthermore, Anti-Corruption Compliance Service had checked facts of holding vacant positions that were directly subordinate to the position held by close relatives, spouse and/or relatives-in-law. No such cases were identified.

Anti-Corruption Policy was supplemented by an anti-corruption clause, drafted according to recommendations of International Chamber of Commerce (ICC) and providing for an obligation of parties to ensure anti-corruption procedures, as well as rights to sanctions for violations, including a right to withdraw from an agreement.

An annual customer survey campaign was conducted to identify instances of corruption and other violations by the Company's employees. The survey covered customers of Nur-Sultan, Akmola Oblast, Aktyubinsk Oblast, East Kazakhstan Oblast, West Kazakhstan Oblast, Karaganda Oblast, Kostanay Oblast, Pavlodar Oblast and North Kazakhstan Oblast. A total of 303 customers were interviewed, no violations were identified.

Anti-Corruption Policy of KazAgroFinance JSC is posted on the Company's corporate website and is available for review by stakeholders. The Policy provides for an inclusion of an anticorruption clause in contracts (agreements) concluded by the Company. The Anti-Corruption Clause is included by incorporating the entire text or by indicating a link to the Policy on the Company's official website.

Anti-Corruption Compliance Service conducts training events aimed at developing an anti-corruption culture (330 employees of the Company have been trained).

According to the results of 2021, there were no confirmed cases of corruption.

The Company's Activities in the Field of Countering Legalization (Laundering) of Proceeds of Crime and Financing of Terrorism (hereinafter referred to as "CLP/FT")

In order to combat money laundering and terrorist financing, the Company has developed and implemented an appropriate internal control system.

CLP/FT system is aimed at preventing transactions with money and/or other property carried out by a customer through the Company for criminal purposes and at preventing a risk of the Company and its employees becoming involved in the customer's transactions related to money laundering and terrorist financing.

The Company's CLP/FT system is established in accordance with the legislation of the Republic of Kazakhstan and takes into account recommendations developed by international organizations such as Financial Action Task Force (hereinafter referred to as "FATF"), Eurasian Group on Countering Laundering Money of Crime and Terrorist Financing (EAG), Basel Committee on Banking Supervision, etc.

The Company has a unit for countering legalization (laundering) of proceeds of crime and financing of terrorism, as well as an internal control mechanism has been introduced in each individual business subdivision (branch).

The document regulating the Company's CLP/FT activities and describing a set of measures and procedures to be taken for CLP/FT purposes is Internal Control Rules for CLP/FT Purposes. Organization of CLP/FT work in the Company is provided by Anti-Corruption Compliance Service.

CORPORATE ETHICS

In 2021, the Company was guided by the Code of Corporate Ethics

approved by Resolution of the Board of Directors dated **December 28, 2016 No.14,**

as amended by Resolution by the Board of Directors dated April 30, 2020 No.5. According to the Code, every employee of the Company shall be not only a professional in his or her field, but also a part of the unified corporate culture.

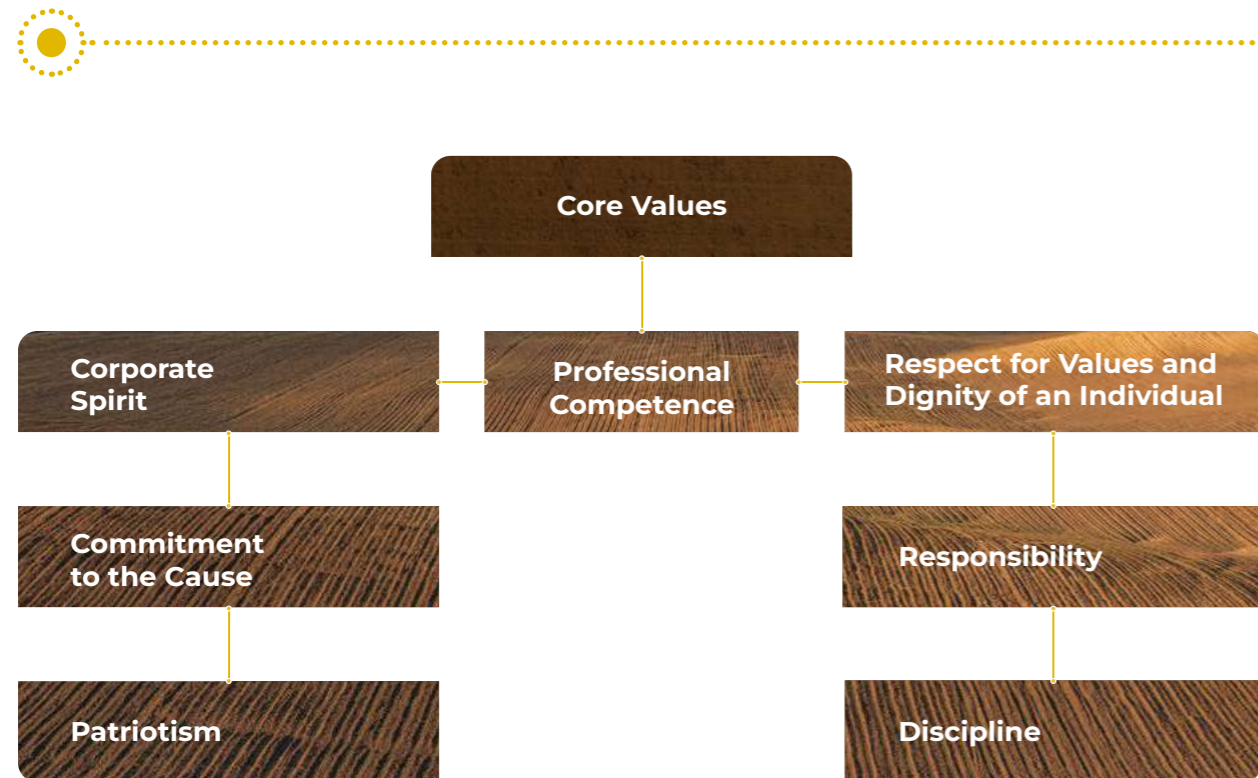
The Code has been developed in accordance with the laws of the Republic of Kazakhstan, taking into account internationally recognized standards of business conduct, based on the Charter, Corporate Governance Code and other internal documents. It reflects the Company's vision and understanding of principles of business ethics and corporate values. According to the Code of Corporate Ethics, compliance with business ethics and corporate values in the Company shall be a responsibility of officers and employees.

Norms of the Code of Corporate Ethics Shall Apply to All Employees of the Company, Regardless of Their Position



Main objectives are listed below:

- definition and consolidation of corporate values of the Company;
- regulation of principles of behavior, rules and norms of business ethics, its further promotion among employees;
- uniform understanding and implementation of business ethics standards by all employees of the Company, regardless of their position, in order to achieve high quality professional performance and fulfill the Company's mission.



www.kaf.kz

When performing their job responsibility, employees of the Company shall be guided by the following corporate ethical principles, which apply to all employees of the Company:

Legality

strict compliance with international law, legislation of the Republic of Kazakhstan, provisions of the Code and other internal documents of the Company.

Subordination or reasonableness and fairness

relationship between the Company's employees shall be based on direct subordination of one employee to another one in performance of their job responsibility, subject to vertical subordination. All employees of the Company, irrespective of their position, shall be guided by principles of reasonableness and fairness in their actions.

Good faith

fair relationships, truthfulness and honesty in all professional and business dealings.

Cooperation and efficiency

joining efforts to solve strategic and daily tasks, working as a united team to achieve the set goals.

KazAgroFinance's activities are built on mutual obligations between the Company and its employees, management and subordinates, employees to each other. Careful observance of mutual obligations shall be a prerequisite for meaningful work.

The Company builds relationships with its employees on principles of long-term cooperation and mutual respect.

Relations with partners are built on principles of honesty and mutual respect, with negotiation taking precedence over litigation.

Objectivity

the principle that establishes a possibility for all employees of the Company, without exception, to perform their functions and responsibility without any pressure from outside, infringement of their rights and interests, as well as objective and fair attitude to themselves from the management.

Integrity

the Company shall follow the principle of strict compliance with moral principles of social society, ethical norms and rules, as well as customary business practices, perform its obligations in a timely manner and value its team and reputation.

Respect

showing due consideration to the Sole Shareholder, management, partners and colleagues, rights and legitimate interests of citizens.

Confidentiality

responsible attitude to confidential information of the Company and its partners, taking measures to protect it and prevent its unauthorized dissemination.

The Company's employees do not give any hidden preferences or advantages to business partners. In its relations with the media, the Company is guided by legal requirements and does not tolerate a dissemination of inaccurate or distorted information.

In the event of conflicts, they are resolved in accordance with norms established by internal documents of the Company and the legislation of the Republic of Kazakhstan.

INTERNAL CONTROL SYSTEM

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

The Company has a Policy on Internal Control System of KazAgroFinance, which was approved by Resolution of the Board of Directors of the Company dated September 6, 2019 No.9. The Policy shall define concepts, goals and objectives of ICS, principles of its operation, key areas and main components of internal control procedures, as well as competence and responsibility of internal control subjects for execution of procedures and evaluation of the Company's internal control system.

In addition, in order to define a procedure for ensuring effective functioning of ICS in the Company, the Board approved the Rules for Implementation of the Policy on Internal Control System of the Company by Resolution dated August 5, 2019 No.24.

Competence of participants of Internal Control System shall be delineated according to their roles in processes of developing, approving, applying and appraising efficiency of Internal Control System.

All business process owners shall be responsible for ensuring the functioning of Internal Control System, however, at first instance, managers and employees of a business subdivision of the Company responsible for Internal Control System, who are delegated respective responsibilities for maintaining effective internal control on a daily basis, shall bear responsibility.

The Board of Directors and the Board, as one of participants (subjects) of Internal Control System, shall be responsible, within the limits of their authority, for formation and maintenance of the information support and information exchange system, including organization of effective communication channels and means that ensure vertical and horizontal communication within the Company and with third parties. Information and

communication shall be a process of identifying, documenting and communicating necessary and relevant information to officers in a timely manner, and provide for the Company's information support system.

In order to implement internal controls, the Company has built a three-line defense system consisting of the following components:

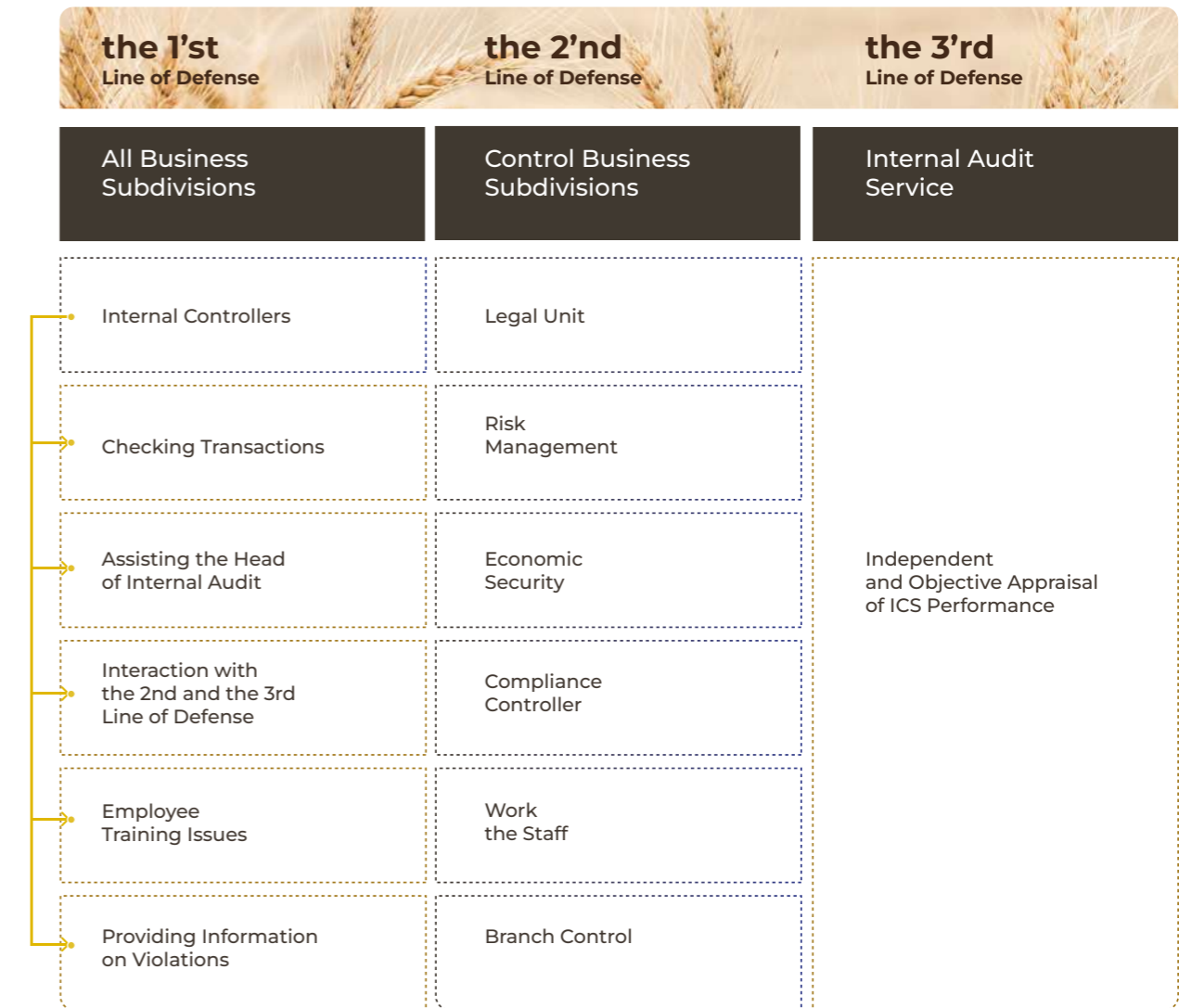
- the first line of defense shall be where internal controllers shall be appointed from among the Company's employees in the Company's business subdivisions according to the order of the Chairman of the Board;

- the second line of defense shall be business subdivisions of the Company performing control functions;

- the third line of defense shall be provided by Internal Audit Service (hereinafter referred to as "IAS") by appraising efficiency of the Company's Internal Control System.

IAS shall appraise efficiency of Internal Control System. Based on the overall analysis of Internal Control System performed by IAS, an "above average" rating of efficiency of Internal Control System in the Company has been assigned for 2021.

INTERNAL CONTROL SYSTEM



Thus, the Company's Internal Control System shall be an integral part of the Corporate Governance System and shall cover all levels of management, all internal processes and transactions of the Company.

In order to ensure efficient functioning of Internal Control System, the Company has implemented a Plan of Measures for Improvement of Internal Control System of KazAgroFinance JSC for the

period of 2019 - 2021. The Plan includes measures in five components: control environment, risk assessment, control procedures, information and communication channels and monitoring.

In December 2021, a new Plan of Measures for Improvement of Internal Control System of KazAgroFinance JSC for 2022-2024. The Company will continue to develop the Internal Control System and ensure its efficient functioning.

INTERNAL AUDIT SERVICE

Activities of Internal Audit Service (hereinafter referred to as "IAS") shall be carried out in accordance with the Regulations on Internal Audit Service and the Rules of Internal Audit Organization, based on the application of the Code of Ethics, Quality Standards and Standards of Internal Auditors established by the International Institute of Internal Auditors.

Mission of IAS shall be to assist the Board of Directors and the Board in fulfilling their responsibilities in achieving the Company's strategic goals. The purpose of IAS shall be provision of independent and objective assurance and advice to the Board of Directors to improve the Company's risk management, Internal Control and Corporate Governance Systems.

IAS has developed an Annual Audit Plan (hereinafter referred to as the "AAP") for 2021, taking into account risks and strategic objectives of the Company. Audit engagements provided for by the AAP for 2021 have been completed in full and in accordance with the established objectives. Based on the results of audit engagements, recommendations have been provided to minimize risks and improve the Internal Control System.

During the reporting year, IAS submitted regular reports (quarterly and annual) to the Board of Directors. On a quarterly basis, it monitored recommendations of IAS/external auditor and provided results as part of periodic reports to the Board of Directors. Based on results of monitoring implementation of recommendations of IAS/external auditors/consultants, it was found that there were no overdue recommendations for 2021. IAS interacts with the Holding Company, external auditors within its competence.

In 2021, a diagnostic of corporate governance in the Company was carried out. Based on results of diagnostics of the Corporate Governance System, compliance of the Company's corporate governance level with best practice requirements was 87.6%. The Board of Directors approved the Plan of Measures for Improvement of the Corporate Governance System.

IAS has also assessed performance of the Company's Internal Control System in accordance with the Methodology for Assessing Efficiency of the Internal Control System in KazAgroFinance. Based on results of performance assessment of the Internal Control System, an "Above Average" rating has been assigned in accordance with the rating scale approved in the Company.

The Company has a Quality Assurance and Improvement Program. The Board of Directors has developed and approved criteria for assessing quality of IAS employees, and results of assessment are presented to the Board of Directors as part of IAS performance assessment.

An independent performance assessment of IAS's compliance with mandatory sections of International Professional Practices Framework of Internal Auditing (hereinafter referred to as "IPPFIA") was carried out in 2019: Definition of Internal Audit, Standards, and Internal Auditors' Compliance with the Code of Ethics, which found that IAS complies with International Professional Practices Framework of Internal Auditing and that IAS employees are qualified and have sufficient professional knowledge and skills to perform their job responsibilities.

The Quality Assurance and Improvement Program also provides for an annual internal quality appraisal (self-appraisal) of IAS, findings of which shall be presented to the Audit and Risk Committee and the Board of Directors. Based on the results of the internal quality appraisal of IAS for 2021, a Plan of Measures for Development and Improvement of Internal Audit Activities was approved.

EXTERNAL AUDIT

KPMG Audit LLP, a member of the group of companies of KPMG International Limited, has been appointed as an auditor for an audit of financial statements of KazAgroFinance for 2021. The share of services not related to an audit of financial statements of the total volume of services rendered in the reporting period by the group of companies of KPMG International Limited was 12%.

According to the results of the audit, the opinion of the independent auditor is "Clean". Financial statements present, a financial position of the Company as of December 31, 2021 fairly,

in all material respects, as well as its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (hereinafter referred to as "IFRS").

AUDITORS' REMUNERATION, thousand KZT

Services	2018	2019	2020	2021
Annual audit	25 227	30 240	29 008	39 200
Semi-annual review	10 612	12 736	–	16 800
Employee training services	1 555	899	–	–
Advisory services	–	–	–	7 840
<i>Share of non-audit services of total remuneration (%)</i>	4,16	2,05	–	12
Total	37 394	43 875	29 008	63 840

In relation to the appointment and rotation of the external auditor and key personnel of the audit firm, for approval of services of the audit firm other than the audit of financial statements, the Company shall be guided by External Audit Policy approved by the Resolution of the Board of Directors dated December 9, 2016 and published on the Company's corporate website www.kaf.kz.



RISK MANAGEMENT SYSTEM

KazAgroFinance has a formalized, detailed risk management system that was developed to ensure clear identification, effective management and ongoing monitoring of risks and aims to ensure stability of business by limiting an impact of negative factors on the Company's activities.

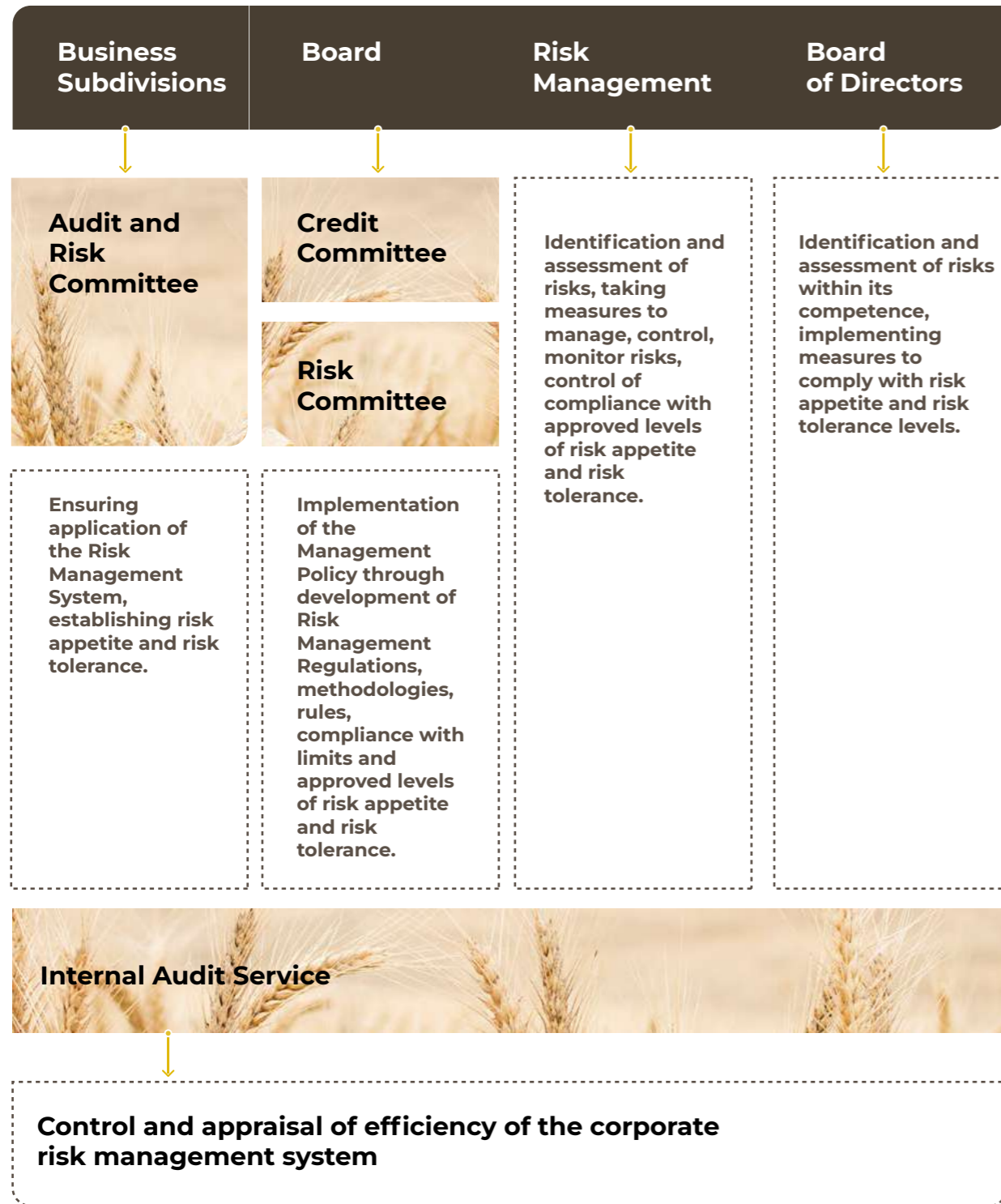
Risk management at KazAgroFinance is a continuous, ongoing process and shall be carried out at all levels, involving collegial bodies, authorized bodies, business subdivisions and employees of the Company.

Main principles of the Risk Management System shall be as follows:

- creation and protection of cost of equity capital;
- consistency, structure and expediency;
- awareness;
- dealing with uncertainty;
- adaptability;
- transparency and comprehensiveness;
- responsiveness and iterative;
- continuous improvement.

RISK MANAGEMENT

MAIN ELEMENTS OF AN ORGANIZATIONAL CHART FOR RISK MANAGEMENT



www.kaf.kz

Three lines of defense have been introduced to enable development of Corporate Risk Management System (hereinafter referred to as "CRMS").



The first level

is represented by the Company's Board of Directors. The Board of Directors shall play a key role in overseeing Corporate Risk Management System. The Board of Directors shall perform part of functions in the field of risk management through establishment of appropriate Committees under the Board of Directors.

The second level

is the Company's Board, responsible for organizing an effective risk management system and creating a risk control structure to ensure compliance and observance of corporate policies.

The third level

in the risk management process is a business subdivision of the Company responsible for coordinating risk management system.

For the possibility of effective risk management at each level of defense, main role functions of each employee of the Company shall be defined in terms of inclusion in the three-level model. The following roles shall be defined as follows.

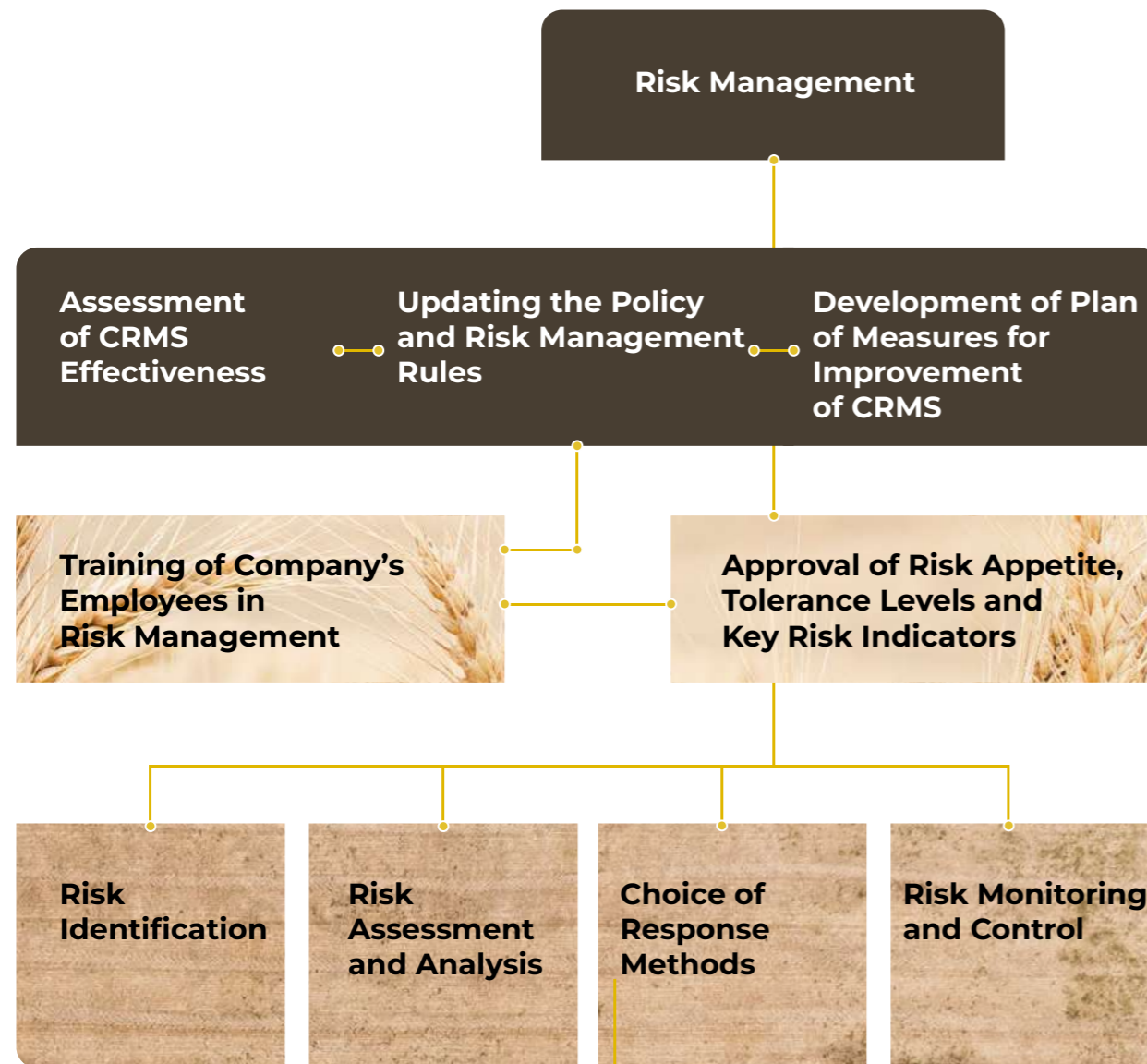
Owner of the goals shall be Chief Executive Officer the Company responsible for formation of control environment, ensuring conditions for effective functioning of the risk management system in accordance with the Company's development goals.

Risk owners shall be business subdivisions or employees of the Company which, by virtue of their functional tasks, shall be or may be a potential source of material and (or) intangible losses in the course of their activities, and have capabilities to identify, analyze and control exposure to events that are sources of exposure to various types of risk.

Business process owners shall be a director of joint venture who shall manage a process, have at his disposal all necessary resources to carry out a

process (personnel, equipment, information, etc.), and shall be responsible for effectiveness and efficiency of the process entrusted to him.

AS OF THIS DATE, THE COMPANY'S RISK MANAGEMENT ORGANIZATION HAS THE FOLLOWING ARCHITECTURE:



In order to implement systematic development and improvement of the Corporate Risk Management System, the Company developed and approved a Plan of Measures for Improvement of a Corporate Risk Management System of KazAgroFinance for the period of 2019-2025. In order to implement this plan, the following activities were carried out in 2021:

- a number of internal documents were updated, such as Methodology for Setting Limits on Direct and Contingent Liabilities of Banks, Matrix of Risks and Controls on Core and Ancillary Business Processes, Rules and Risk Management Policy, Regulations Governing Activities of Credit Committees;
- quarterly monitoring of risk factors affecting changes in risk appetite is carried out, with a report on risks taken being submitted to the Board of Directors;
- ongoing risk management activities, including analysis of exempt machinery and equipment for the period from 2015 to 2020, analysis of the loan portfolio of branches to determine a branch rating, monitoring and control of insurance of leasing items and collaterals of the Company;
- key risk indicators are monitored on a periodic basis in order to detect likelihood of risks and performance early; Board of Directors reviews

a map and a register of risks on a quarterly basis, as well as execution of measures under a Risk Minimization Plan and a Plan of Measures for Corporate Risk Management System Improvement;

- in order to improve risk culture, measures have been taken to train the Company's employees to improve their skills in risk management;
- Company's Business Continuity Management Rules have been developed to ensure a timely and holistic response in cases of interruption of the Company's operations, business recovery and minimization of losses;
- Crisis Management Plan, Business Recovery Plans have been approved, according to which a procedure for management of activities during an emergency, a procedure for business recovery and response levels during implementation of an emergency have been determined;
- the corporate risk management system for 2021 was assessed by external advisers of KPMG. Following an assessment, the final rating of the corporate risk management system was 82%. The assessment of 82% corresponds to a performance maturity and elements of the risk management system are in line with best practice and the risk management system is sufficiently effective.

RISK ANALYSIS

KazAgroFinance continuously identifies and assesses risks and develops risk management measures. KazAgroFinance conducts its activities in accordance with a wide range of business-

related risks categorized as strategic risks, credit risks, financial risks, operational risks and legal risks.



Risk Management System of KazAgroFinance

is a set of interrelated components brought together into a single process whereby the Board of Directors, Board and Company's employees each at their own level are involved in identifying potential adverse events and opportunities that may affect activities of KazAgroFinance and in managing these events to a level of risk acceptable to key stakeholders.



KEY RISKS TO WHICH KAZAGROFINANCE WAS EXPOSED IN 2021

Financial Risk — Liquidity Risk.

Main consequence of the liquidity risk is untimely fulfilment of obligations to creditors, which may lead to a claim for early repayment of funds.

In order to minimize that risk, in 2021 the Company took measures to raise additional funds and extend a maturity of existing loans.

Credit Risk — Increase in NPL Level.

It is realized through recognition of financial losses and/or additional provisions to cover possible financial losses on the Company's financial assets arising as a result of the Counterparty's reduced solvency.

In order to minimize credit risks, in 2021 the Company took measures to diversify its portfolio, improve quality of analysis of applications and monitor financial condition of borrowers.

Operational Risk

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

In order to minimize operational risk, work on additional automation and adjustment of information systems, timely provision of means and measures for stable running of the Company, training of employees, etc. was performed.

Compliance Risk

events that could lead to implementation of compliance risk included application of legal sanctions due to non-compliance with requirements of the legislation of the Republic of Kazakhstan, regulations of the authorized body, internal documents and procedures of the Company, as well as the legislation of foreign countries affecting activities of the Company and recognized by the Republic of Kazakhstan.

In order to minimize compliance risk, the Company monitored and controlled strict and rigorous compliance with the legislation of the Republic of Kazakhstan, legislation of foreign countries affecting the Company's activities and recognized by the Republic of Kazakhstan, internal rules and procedures of the Company and common standards.

As part of risk management in 2021, the Company developed and approved a Risk Management Rules as amended, which regulates risk management tools, methods and approaches. Moreover, in 2021 Risk Management System ensured timely updating of limits, including currency and interest rate risks, conducting stress tests, GAP analysis of liquidity, analysis of projects for risks, forecasting of future performance and, if necessary, development of measures to minimize risks.

As part of ESG risk management, factors that could affect Company's activities as well as environment have been identified: drought across much of the Republic of Kazakhstan, natural and climatic disasters, an impact of agricultural machinery on environment. The risk is assessed as acceptable, which means there is no need to take urgent measures to minimize it. However, the Company has developed a number of preventive and reactive measures to manage this risk.

Development of the Company's Corporate Risk Management System will be aimed at further improving the Corporate Risk Management System to meet up-to-date requirements.



PUBLIC COMMUNICATIONS POLICY

Disclosure of information shall be one of the most important tools for the Company's interaction with stakeholders, contributing to formation of long-term, transparent and trusting relationship with all stakeholders, as well as increasing the Company's investment appeal.

KazAgroFinance is committed to providing high-quality disclosure to various stakeholders and increasing the level of transparency.

In order to comply with interests of stakeholders, the Company discloses timely and reliable information as required by the legislation of the

Republic of Kazakhstan, as well as information on activities, including financial position, performance, ownership and management structure.

The Company has approved and applied an Activity Disclosure Policy, which defines goals and principles, forms and methods of information disclosure, a scope of persons (bodies) responsible for information disclosure, a list of publicly available information to be disclosed to stakeholders, and a list of information constituting commercial, official and other legally protected secrets.

PRINCIPLES OF INFORMATION DISCLOSURE BY THE COMPANY SHALL BE AS FOLLOWS:

A principle of regularity and timeliness of information disclosure

the Company's responsibility to comply with timeliness and consistency of information disclosure as required by law and internal documents; the Company shall recognize importance of regular disclosure of information to stakeholders as a prerequisite for their understanding of the Company's activities as a whole; information shall be provided in accordance with the fact of occurrence of an event according to its significance and taking into account timeliness of its public disclosure.

A principle of openness and accessibility of information

The Company's choice of such dissemination 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.

A principle of accuracy and completeness

The Company's responsibility to provide stakeholders with information that is true and sufficient to understand a fact or event being disclosed fully. The Company shall ensure that the information provided is not misrepresented by third parties and, if such a fact is discovered, take measures to eliminate misrepresentations and errors.

The Company shall not avoid disclosing negative information about itself if such information is not confidential and is capable of influencing investment and other decisions of stakeholders. In addition to information which disclosure is required by law, the Company shall provide information on its current and planned activities, as well as other information for better understanding of all stakeholders of the Company's activities.

A principle of balance

Ensuring by the Company a reasonable balance of openness and transparency, on the one hand, and confidentiality, on the other hand, in order to ensure maximum exercise of rights of stakeholders to receive information, but subject to strict observance of interests of the Company, its Sole Shareholder in terms of limiting access to information constituting commercial, official or other legally protected secrets.

A principle of transparency and objective disclosure of performance information shall be also enshrined in the Company's Corporate Governance Code.

Main channels of information disclosure shall be as follows:

- an Internet resource of Financial Reporting Depository;
- an Internet resource of Kazakhstan Stock Exchange;
- the Company's corporate website;
- social networks of Facebook, Instagram and Twitter.

Compliance with Legal Requirements

In 2021, the Company was not held liable for significant fines.

Product Responsibility

There were no cases of non-compliance of services rendered by the Company with requirements

of health and safety regulations of stakeholders during the reporting year.

Grievance and Whistleblowing Mechanism

The Company adheres to the principle of transparency in its activities and is open to receiving feedback. The Company's activities in this area are a priority.

consideration of appeals of individuals and legal entities:

In order to ensure economic and information security and to counteract corruption, feedback from the public, borrowers and lessees of the Company is organized.

- a record of appeals separated from the rest of correspondence had been introduced;

- a centralized access to appeals received by the headquarters and branches had been organized;

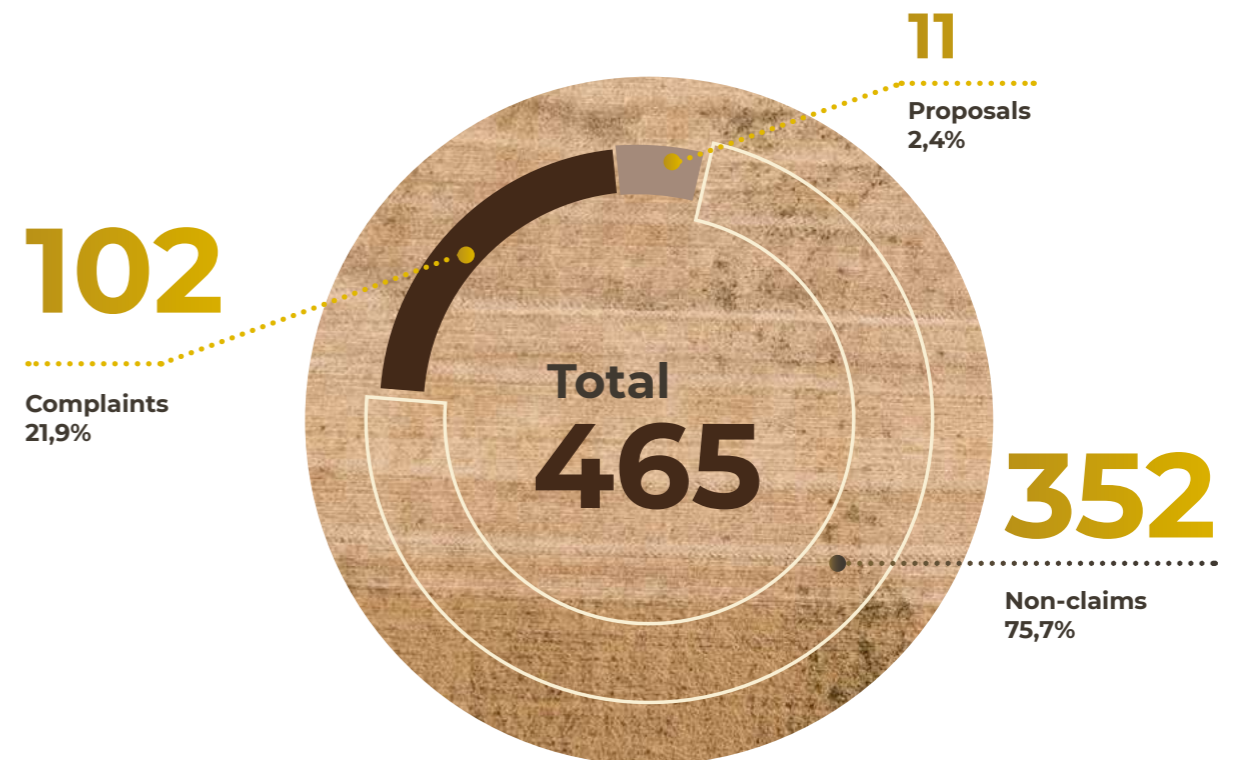
- processes of registration and handling appeals had been automated, aimed at mandatory participation of Compliance Service in handling appeals;

- restriction on the closure of a task without a response or in the absence of the approval of Compliance Service.

Appeals shall be an indicator by which weaknesses in the Company's activities shall be identified; it shall be a signal to take immediate measures to eliminate violations and causes contributing to them.

In 2021, some of the processes of handling appeals were automated in order to ensure proper

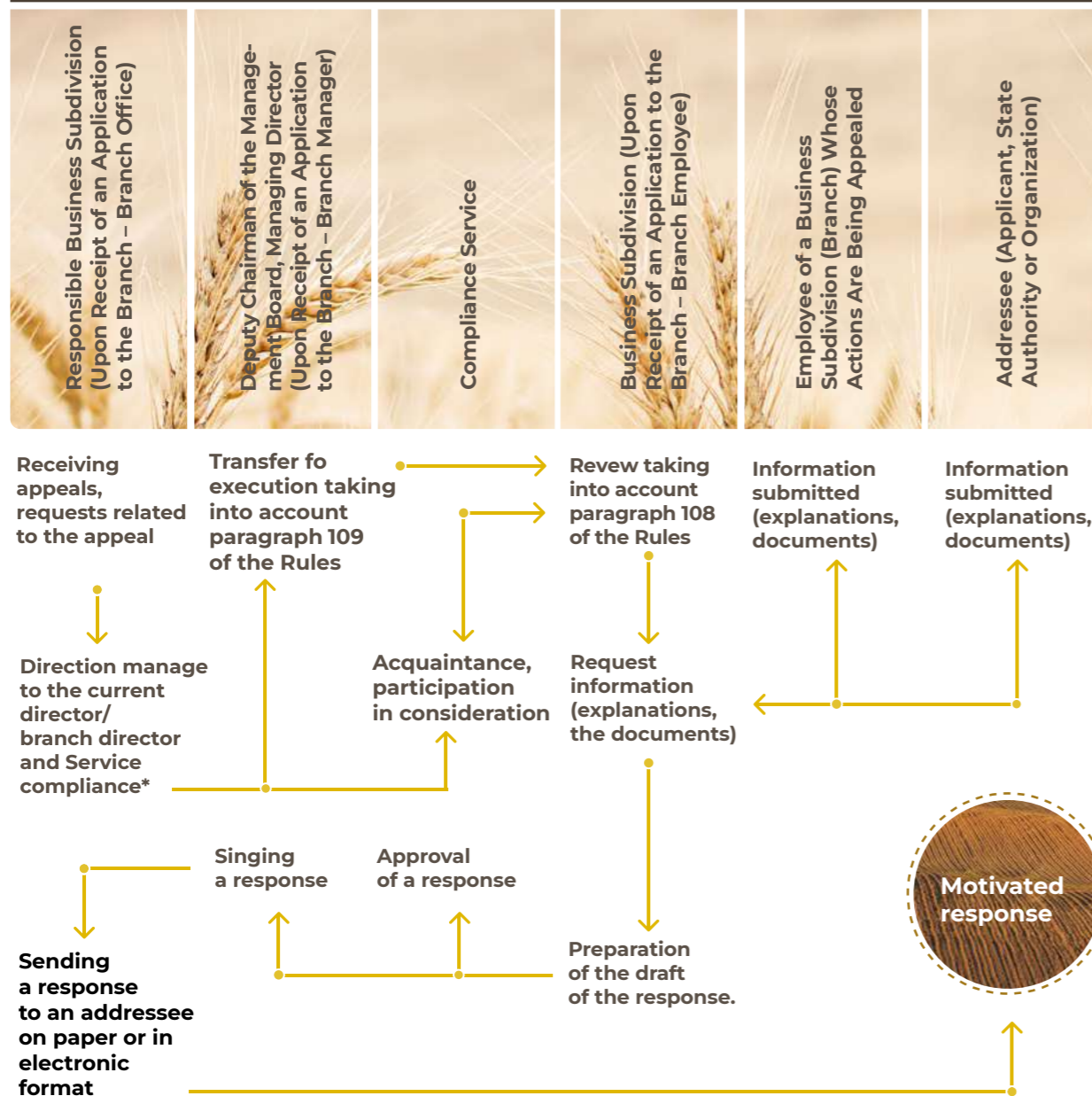
WORKING ON APPEALS



In total, in 2021, the Company received 465 appeals, including complaints — 21.9%, proposals — 2.4%, non-claims — 75.7%.

CHART OF WORKING WITH APPEALS

The procedure for working with appeals individuals and legal entities



To ensure proper functioning of the Company's whistleblowing line as a tool to identify compliance risks in the activities of the Company and its employees (including anti-corruption monitoring), the Company has the following channels in place:

1) a separate telephone number +7 717 258 0411 has been allocated for the hotline. Calls to the hotline can be made without having to dial an internal number, waiting for an operator's response, and automatic redirection to responsible persons is set up in the following sequence;

2) delivery of messages to the hotline email of hotline@kaf.kz has been set up; messages are simultaneously delivered to the Corporate Compliance Service email;

3) a form for sending messages to Compliance Service email has been set up on the corporate website.

These measures are aimed at timely detection and prevention of violations of law by monitoring the Service for appeals through all available channels of proactive information.

BRANDING AND PR ACTIVITIES

In 2021, the Company carried out an extensive information campaign in media organizations and social networks to strengthen a positive image and inform customers about financing opportunities.

During the year, as part of the Company's communication strategy, information was posted on official pages of Facebook, Instagram and Twitter. Materials and articles about the Company's activities have been published on republican Internet portals and in regional publications.

Media published information on KazAgroFinance's financing of agricultural machinery, and different regional newspapers published articles on the progress of preparations for the sowing campaign through the lens of the Company's activities.

Moreover, an affiliation of KazAgroFinance to "Baiterek" National Management Holding" JSC was widely covered in social networks. It was highlighted that KazAgroFinance continued to operate as usual, retaining its mission to provide leasing of agricultural machinery and equipment. A press tour to one of the main grain-producing regions, Kostanay Oblast, was dedicated to the completion of the sowing campaign. In this respect, journalists visited fields of Ak-Bidai Agro LLP in Karabalyk District, where representatives of media organizations obtained interview with the management of the farm and the Company's Branch, as well as with operators of that agricultural enterprise.

During the harvesting, press tours were organized with suppliers to our customers' farms in Taiynshinskiy District of North Kazakhstan Oblast, and Astrakhan District of Akmola Oblast.

A visit of journalists to fields of the customer of KazAgroFinance Branch in North Kazakhstan Oblast, Astyk-STEM LLP, was organized. Preliminary working meetings were held with leading journalists of the Oblast, covering agricultural topics. Articles were published on the republican websites of KAZINFORM, ELDALA, in a number of local media organizations and on Company's social media accounts.

Following results of the press tour to Akmola Oblast, seven republican and regional media organizations published the materials.



In particular, the republican portal Baigenews posted an article of analytical nature “Enterprise in Akmola Oblast is Upgrading Agricultural Machinery under the Financial Leasing Program”. The material of that Internet publication provided detailed explanations of the process of financial leasing with the terms of crediting and other mechanisms of support of agricultural producers. The organization of press tours under quarantine measures, as in the previous year, had favourable reports.

On September 1, 2021, national newspapers The Aikyn and The Liter published articles about activities of KazAgroFinance “KazAgroFinance Has Been Operating in the Market of Agricultural Equipment Leasing for More than Twenty Years” and “KazAgroFinance — Over Twenty Years of Successful Work in the Agricultural Machinery Leasing Market”.

In October 2021, the Government approved a five-year National Project for Development of the AIC. In the material of the national agricultural portal The ELDAL, in the information on this fact, it was emphasized that “Investment subsidies will continue, and the program of leasing agricultural machinery through KazAgroFinance will be expanded. As a result, the level of replacement of agricultural machinery will increase from 4 to 6%.” In order to strengthen corporate spirit, participation in a number of Baiterek Holding’s projects aimed at improving corporate culture was organized.

In particular, in the challenge “My Native Language is My Support”, dedicated to the Day of Languages of the People of Kazakhstan, performances of employees of the Company’s Branches were highly appraised and were broadcasted on the accounts of “Baiterek” National Management Holding” JSC in social networks.

Furthermore, an employee of the Company’s North Kazakhstan Branch took part in the project of “Age of Independence”. The interview was published on the Company’s Facebook and Instagram pages and positively responded.

The “Callback” function on the Company’s website is actively used, allowing customers to contact the Company with questions of interest and receive a prompt response and advice.



ADDRESS BY THE CHAIRMAN OF THE BOARD ON SUSTAINABLE DEVELOPMENT



**AYDAR GILIMOVICH
PRASHEV**

Chairman of the Board
of KazAgroFinance

Sustainability issues are becoming increasingly prevalent and high on the global agenda.

Formation of new business approaches to managing resources, risks and all types of impact on the economy, society and environment are becoming key objectives in defining development strategy of many companies.

KazAgroFinance is aware of importance of sustainable development goals and seeks to implement sustainability principles by balancing stakeholders' interests effectively.

The Company's sustainability activities are aimed at complying with best international standards. This is achieved by making decisions taking into account interests of stakeholders, and by building a dialogue aimed at long-term cooperation with stakeholders.

We maintain the Company's key characteristics: ensuring availability of financial services, being attentive to our customers, their needs and safety, concern for quality of our services. The Company provides a high level of social protection for its staff, maintains and develops a system of ongoing training and competence development. We also provide charitable and sponsorship assistance to disadvantaged social groups.

Approach of responsible, thoughtful and rational interaction with stakeholders will contribute to the Company's sustainable development.

A comprehensive and systematic approach to management of ESG factors will make it possible to develop responsible management and investment practices in future and become a successful and competitive company in the global market.

SUSTAINABLE DEVELOPMENT POLICY

KazAgroFinance is committed to harmonious management of economic, environmental and social aspects of its activities to ensure long-term sustainable development.

The Company bases its sustainability objectives on its mission, KazAgroFinance's Development Strategy and international norms of behavior and principles set out in international sustainability standards.

The Company considers the use of international standards in the area of sustainable development as a necessary condition for ensuring compliance

with international best practice and achieving its sustainable development goals and objectives. In 2021, KazAgroFinance approved Sustainability Development Policy, which defines fundamental principles and approaches to building a sustainability management system.

Sustainable development in the Company consists of three categories: economic, environmental and social, aspects of which are taken into account in GRI Standards.

Economic

components of sustainable development contain the following goals:

- break-even activity;
- ensuring interests of the Sole Shareholder and investors;
- improvement of processes efficiency

Environmental

components of sustainable development contain the following goals:

- minimizing impacts on biological and physical natural systems;
- optimal use of limited resources;
- application of environment-friendly, energy-saving and material-saving technologies.

Social

components of sustainable development focus on principles of social responsibility and include the following goals:

- ensuring transparent competitive procedures and equal opportunities in recruitment;
- fair remuneration and respect for rights of employees;
- ensuring occupational safety and health of employees;
- training and professional development of employees;
- implementation of internal and external social programs.

The Company conducts an analysis of its activities on these three aspects, and seeks to avoid or reduce a negative impact of its performance on stakeholders. KazAgroFinance supports and recognizes importance of all seventeen of the United Nations Sustainable Development Goals (hereinafter referred to as "SDGs") and strives to make a significant contribution to achievement of SDGs.

As part of its activities, the Company is pursuing the following Sustainable Development Goals:

SDG 1.

End Poverty in All Its Forms Everywhere

- Implementation of initiatives aimed at increasing availability of financial services
- Charity and sponsorship

SDG 2.

End Hunger, Achieve Food Security and Improved Nutrition and Promote Sustainable Agriculture

- The Company contributes to technical equipment of the AIC by providing leasing services for purchase of agricultural machinery and equipment. Thereby, the Company has a significant impact on food security through technological modernization of the AIC with high-performance equipment.

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.

Ensure Gender Equality and Empowerment of All Women and Girls

- Creating equal working conditions and career opportunities
- Ensuring an equal system of performance appraisal and remuneration

SDG 8.

Promote Sustained, Inclusive and Sustainable Economic Growth, Full and Productive Employment and Decent Work for All

- Increasing investment in agriculture
- Business development in the AIC through provision of leasing services

SDG 12.

Ensure Sustainable Consumption and Production Patterns

- Increase culture of energy saving
- Reducing resource consumption (energy and water consumption)
- Optimization of document control through automation of the Company's business processes

SDG 15.

Protect, Restore and Promote Sustainable Use of Terrestrial Ecosystems, Sustainably Manage Forests, Combat Desertification, Halt and Reverse Land Degradation and Halt Biodiversity Loss

- KazAgroFinance leases only new, current agricultural machinery, which has less negative impact on environment than obsolete, worn-out machinery (the amount of emissions of harmful substances into atmosphere and soil pollution as a result of the ingress of petrochemical waste during operation is reduced).

SUSTAINABLE DEVELOPMENT (ESG)

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

UNITED NATIONS SUSTAINABLE DEVELOPMENT TARGETS

PUBLIC CONTRIBUTION

<p>1  POVERTY ERADICATION</p>	<p>End Poverty in All Its Forms Everywhere</p>	<p>Put in place credible policy frameworks at national, regional and international levels, with pro-poor and gender-sensitive development strategies, to facilitate accelerated investment in poverty eradication interventions.</p>	<p>Implementation of initiatives aimed at increasing availability of financial services Charity and sponsorship</p>
<p>2  HUNGER ERADICATION</p>	<p>End Hunger, Achieve Food Security and Improved Nutrition and Promote Sustainable Agriculture</p>	<p>Apply measures to ensure proper functioning of markets for food and food products and facilitate timely access to market information, including on food reserves, to help limit excessive food price volatility.</p>	<p>The Company contributes to technical equipment of agro-industrial complex by providing leasing services for purchase of agricultural machinery and equipment. Thereby, the Company has a significant impact on food security through technological modernization of agro-industrial complex with high-performance equipment</p>
<p>3  GOOD HEALTH AND WELL-BEING</p>	<p>Ensure Healthy Lives and Promote Well-Being for All at All Ages</p>	<p>Ensure universal health coverage, including financial risk protection, access to quality essential health services and access to safe, effective, quality and affordable essential medicines and vaccines for all.</p>	<p>Creating safe working conditions and preserving health of the Company's employees Social support for employees</p>
<p>5  GENDER EQUITY</p>	<p>Ensure Gender Equality and Empowerment of All Women and Girls</p>	<p>Ensure women's full and effective participation and different opportunities for leadership at all levels of decision-making in political, economic and public life. Eliminate all forms of discrimination against all women everywhere.</p>	<p>Creating equal working conditions and career opportunities Ensuring an equal system of performance appraisal and remuneration</p>
<p>8  DECENT JOB AND ECONOMICAL GROWTH</p>	<p>Promote Sustained, Inclusive and Sustainable Economic Growth, Full and Productive Employment and Decent Work for All</p>	<p>Achieve increased productivity in economy through diversification, technological upgrading and innovation, including by focusing on high value-added and labor-intensive sectors.</p> <p>Promote development-oriented policies that facilitate productive activities, creation of decent jobs, entrepreneurship, creativity and innovation, as well as encourage formal recognition and development of micro, small and medium-sized enterprises, including through access to financial services.</p>	<p>Increasing investment in agriculture Business development in agro-industrial complex through provision of leasing services</p>
<p>12  RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Ensure Sustainable Consumption and Production Patterns</p>	<p>Achieve increased productivity in economy through diversification, technological upgrading and innovation, including by focusing on high value-added and labor-intensive sectors.</p>	<p>Increase culture of energy saving Reducing resource consumption (energy and water consumption) Optimization of document control through automation of the Company's business processes</p>
<p>15  PRESERVATION OF TERRESTRIAL ECOSYSTEM</p>	<p>Protect, Restore and Promote Sustainable Use of Terrestrial Ecosystems, Sustainably Manage Forests, Combat Desertification, Halt and Reverse Land Degradation and Halt Biodiversity Loss</p>	<p>By 2030, significantly reduce the volume of waste through prevention, reduction, recycling and reuse measures.</p>	<p>KazAgroFinance leases only new, current agricultural machinery, which has less negative impact on environment than obsolete, worn-out machinery (the amount of emissions of harmful substances into atmosphere and soil pollution as a result of the ingress of petrochemical waste during operation is reduced)</p>

The Board of Directors shall provide strategic guidance and control over implementation of sustainable development. The Board shall approve the relevant Plan of Measures in the field of sustainable development, as well as amendments and supplements, and monitor its implementation. The Board shall be responsible for coordination of sustainability activities.

All employees and officers at all levels shall contribute to sustainable development of the Company.

Plan of Measures for Sustainable Development

of KazAgroFinance for 2022 was approved by Resolution of the Board dated December 29, 2021 No.36. A report on implementation of the Plan of Measures shall be considered by the Board. In addition, information on implementation of sustainable development measures will be presented to the Board of Directors as part of the review of the Report on Implementation of the Sole Shareholder Expectations Letter.

Sustainability management in the Company shall be carried out as part of the overall business management system and is an integral part thereof.

Involvement is achieved by adhering to the following three principles:

Materiality:

identification of material interests for both the Company and stakeholders;

Responsiveness:

responding objectively and taking adequate action on issues that are material to stakeholders.

Completeness:

awareness and understanding of material implications of its activities, stakeholders' opinions and needs in relation to the Company's activities, as well as their expectations;

STAKEHOLDER ENGAGEMENT REPORT

The Company in the course of its activities exerts influence and is effected by its stakeholders. Identifying and working with stakeholders is one of the tools that help to enhance business reputation and capitalization of the Company, and to establish effective and balanced relations with all stakeholders.

KazAgroFinance uses international standards for identifying and engaging with stakeholders.

In order to determine a list of stakeholders, an extent of their influence and areas of influence on the Company's interests, a Stakeholder Map of the Company was approved in 2021.

Stakeholders can have both positive and negative impacts on the Company's activities, namely on effective implementation of its development strategy, sustainable development, reputation and image, and creation or mitigation of risks. The Company pays serious attention to appropriate stakeholder engagement.

The Company identifies three (3) groups of stakeholders depending on the area of influence:

1. area of authority and responsibility (Sole Shareholder, governing body, management and staff);
2. area of direct impact (government authorities and regulators, investors, financial institutions, suppliers, partners, customers, consumers, auditors, creditors and consultants);

3. area of indirect impact (population, public organizations, mass media, competitors and credit rating agencies).

The Company takes measures to build effective dialogue and long-term cooperation with stakeholders.

Interaction with stakeholders shall be regulated by both regulatory legal acts and internal corporate documents.

A stakeholder engagement process is based on the principle of engagement, which implies taking into account interests of stakeholders at all stages of the business management process and involving stakeholders in discussions of significant topics and important issues, potential risks and battery limits.

Involvement of all stakeholders in common interest shall be fundamental to success of the Company.

Effective interaction with stakeholders will allow the following:

- pool resources (knowledge, personnel, funds and technology) to solve problems and achieve goals;

- evaluate external environment, including development of markets, and identify new strategic opportunities;

- improve business processes;
- pursue a policy of openness and transparency of activities.

Main mechanisms for stakeholder engagement shall be as follows:

- contracts, agreements, cooperation agreements;
- business meetings and presentations;
- corporate communications system;
- joint working groups;
- hotlines for employees and customers;
- surveys and studies of opinions of employees, consumers, local communities;
- membership in associations;
- conferences, roundtables;
- reporting.

The Company's executive body and its structural divisions shall interact directly with stakeholders within the scope of their authority and competence. The Board of Directors shall oversee the engagement process of KazAgroFinance with stakeholder.

The Company has identified internal and external stakeholders and analyzed their requirements and expectations.

Stakeholders	Requirements and Expectations	The Company's Interaction	The Company's Actions
Consumers (borrowers), customers are the Company's key stakeholders. KazAgroFinance is interested in expanding its customer database and improving the quality of its services.	Increase in the range of equipment on offer. Simplification of procedures for obtaining the Company's services. Reduction of the interest rate. Reduction of terms of consideration. Improvement of quality of service by the Company. Obtaining funds. Consulting assistance in formation of a package of documents. Timely maintenance and updating the official website of the Company by the necessary information for consumers. Improvement of the availability of information about services, offers, promotions. Increase in the number of branches in other cities.	Availability of a business subdivision for customer relations. Business process improvement and automation. Availability of feedback on the corporate website.	Improvement of the availability of services and customer satisfaction is an important strategic area for the Company. We continue to work on improving our product line to create the most effective tools possible. In addition, we make ongoing efforts to develop business processes, so that in the past year we manage to shorten a time for processing an application and a package of necessary documents. A call-back function has been introduced on the corporate website.
Suppliers. Building partnerships is one of the main objectives of the effective cooperation.	Establishment and maintenance of long-term partnerships. Increasing the volume of machinery and equipment purchased. Complete and timely receipt of payment for goods and services according to the terms agreed. Exact description of the brand, model and specification of the leasing subject requested.	Development of mutually beneficial partnership by entering into contracts and fulfilling contractual obligations. Availability of a procurement system. Participation in forums and exhibitions. Implementation of joint projects.	The Company's requirements for suppliers of leasing subjects are uniform for all suppliers and are posted on the Company's website, which simplifies the process for suppliers to interact with the Company. The Company's procedure for acquiring leasing subjects is carried out in accordance with the approved internal documents. For convenience of customers to find necessary suppliers, the Company's corporate website www.kaf.kz contains a database of suppliers of agricultural machinery, equipment and cattle, with which

Stakeholders	Requirements and Expectations	The Company's Interaction	The Company's Actions
Creditors/investors. The Company is interested in its creditors and ensures fulfilment of obligations undertaken.	Safety of investment, solvency and returns on investment of the Company with consequent profitability. Compliance with and timely fulfilment of obligations undertaken.	Availability of a business subdivision working for attracting investors. Participation in bilateral, trilateral business negotiations. Signing of agreements and memoranda.	the Company has an experience of cooperation. The Company ensures a transparent system of cooperation with suppliers and is open to feedback, as well as ensures timely review and settlement of claims and complaints of suppliers. The Company participates in international and domestic exhibitions and takes part in forums annually. The Company's Borrowing Department works to attract investors. The Company has a policy of diversifying its funding sources, investor base and has a broad investor base with which it has cooperated over many years. Efficient capital and asset management enables the Company to maintain a high level of financial stability, which is confirmed by ratings agencies.
Government agencies and regulators are strategically important institutions in the state. The Company complies with legal requirements in a responsible manner.	The Company carries out its activities in accordance with the law and complies with requirements and regulations. Timely payments to the budget. Execution of instructions as a result of inspections.	Compliance with legal requirements. Availability of a separate business subdivision responsible for interaction with regulatory authorities. Timely handling of appeals and execution of instructions.	The internal control system ensures effective supervision of financial and business operations and is aimed at achieving the Company's goals and minimizing risks in the course of its activities. The Company's management system ensures strict compliance with legislation.

Stakeholders	Requirements and Expectations	The Company's Interaction	The Company's Actions
Competitors (leasing companies). The Company respects its competitors and observes principles of fair competition.	Adherence to the principle of fair competition in accordance with the Corporate Governance Code, Code of Business Ethics. Market monitoring and analysis.	Conducting an analysis of the competitive environment. Adherence to the principle of fair competition.	The Company actively cooperates with other leasing organizations and, for its part, does its best to develop the industry in the Republic of Kazakhstan so that this type of financing becomes more in demand for the benefit of all market participants. The Company conducts market research and analytical reviews on the agro-industrial sector, including according to regional specifications and the Company's areas of business, as well as on leasing and other financial services market of the Republic of Kazakhstan.
External audit bodies (Accounts Committee, independent auditor, etc.). External evaluation institutions are a key element in the list of stakeholders.	Efficient use of cash and other Company's assets. Compliance with legislation, international, national standards.	Existence of business subdivision liaising with a party. Entering contracts of consulting and audit services.	The Company has built an effective financial and risk management system that allows timely identification, reliable assessment and minimization of credit, currency, price and liquidity risks. An independent audit of financial statements is conducted on an annual basis. Internal Control and Internal Audit Services are acting in the Company.
The Sole Shareholder, management bodies (Board of Directors, Board). Protecting interests of the Sole Shareholder is one of the Company's priorities.	Growth in the Company's profitability and value. Security of investment. Contribution to the economy. Potential for future development of the Company. Stable growth and development of the Company, achievement of targets.	Ensurance of rights of the Sole Shareholder under the Charter and the Company's Corporate Governance Code. Execution of the decisions of the Sole Shareholder. Provision of exact information on the results of financial and economic	Expansion of agricultural support activities and good financial management has a positive impact on the Company's financial performance. Continuous improvement of corporate governance and decision-making is an important strategic area of the Company's development, ensuring its effectiveness and efficiency. At the same time, key components

Stakeholders	Requirements and Expectations	The Company's Interaction	The Company's Actions
		activities in accordance with requirements of the legislation of the Republic of Kazakhstan, the Charter and internal documents.	of the corporate governance system are protection of rights of the Sole Shareholder and accountability.
Employees are the Company's most important asset and a foundation of its efficient activities..	Stable and timely payment of wages, bonuses. Satisfactory social package, comfortable and safe working conditions (working day schedule, holidays), observance of employees' legal rights. Opportunity for career growth and competence development.	Concluding employment contracts with employees. Performing job responsibilities aimed at achieving the Company's goals and objectives. Handling complaints about labor practices and negotiations by the Conciliation Board. Communication with employees is also carried out by means of a corporate mailing list.	The Company ensures an open and transparent human resources policy aimed at developing a skilled and motivated personnel. Employees are provided with equal opportunities to realize their potential in the course of their work activities and with impartial and fair assessment of their performance. Recruitment and career growth of employees are performed solely on the basis of professional skills, experience and knowledge. The Company conducts training and competence development of employees.

ECONOMIC IMPACT

Economic Value

KazAgroFinance's activities aim to support development of agricultural sector of the Republic of Kazakhstan by providing agricultural producers with access to finance as well as agricultural machinery and technological equipment on a leasing basis.

The Company has a direct positive impact on economy of the Republic of Kazakhstan through the following instruments:

1. leasing of agricultural machinery and equipment;
2. payment of taxes and other payments to the budget;
3. procurement of goods, works and services to support the Company's activities;
4. payment of salaries to the Company's employees.

In addition, the Company's activities have an indirect positive impact through performance of agricultural producers which have received funding from the Company: payment of taxes and governmental charges, receiving wages, additional job opportunities and output.

CREATED AND DISTRIBUTIONAL ECONOMIC VALUE

Item	2021	2020	Amendments (2021 to 2020), %
Direct created economic value:			
Income	47 888	39 237	+22.0
Distributional economic value:			
Operating expenses	1 211	1 201	+0.8
Salaries and wages	3 067	2 815	+9.0
Interest expenses	22 950	20 258	+13.3
Taxes other than income tax	302	299	+1.0
Corporate income tax	-422	-9	+4 588.9
Miscellaneous expenses	3 478	5 075	-31.5
Undistributional economic value	17 302	9 598	+80.3

PROCUREMENT PRACTICES

The Company strives to provide its headquarters, branches and customers with quality goods, works and services required for carrying out of its activities in a timely manner. Nevertheless, KazAgroFinance attaches great importance to an efficient and transparent procurement system.

The Company's procurement procedures are based on the following principles:

- providing potential suppliers with an equal opportunity to participate in the procurement procedure;
- fair competition among potential suppliers;
- publicity and transparency of procurement process;
- optimal and efficient cash outflow used for procurement.

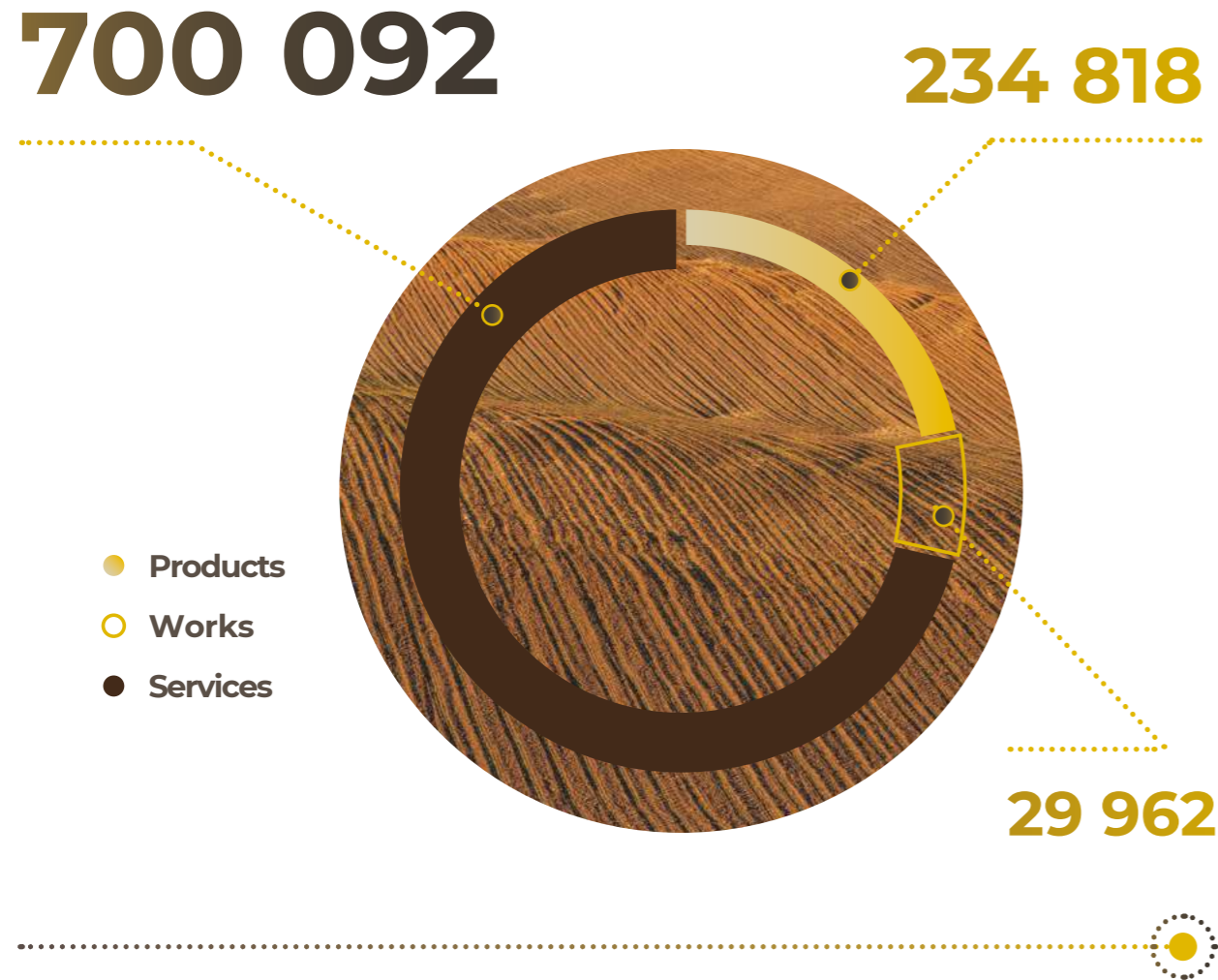


The Company conducts procurement in real time and provides participants with access to an electronic format for making civil transactions for purchase of goods, works and services, with legal actions certified by an electronic digital signature.

The portal provides an equal opportunity for all potential suppliers to participate in the Company's competitive procurements. Procurements are made on the Eurasian electronic portal of eep.mitwork.kz.

In 2021 the actual volume of procurement of goods, works and services (excluding leasing subjects) amounted to 964.87 million KZT (including VAT), 363 agreements were concluded, therewith, local content in procured goods, works and services was 73.58%, i.e. 627.19 million KZT.

PROCUREMENT OF GOODS, WORKS AND SERVICES IN 2021, thousand KZT



PURCHASE VOLUME IN 2021

Method of Procurement	2021	
	Amount, thousand KZT	Content
Tender	212 933,28	22,07%
Quote Request	109 486,80	11,35%
From single source	642 452,18	66,58%

In this respect, the volume of equipment purchased during 2021 for subsequent leasing is 7,276 units in the amount of 141.6 billion KZT, including of domestic assembly — 3,755 units in the amount of 63.1 billion KZT. It should be noted that acquisition

of goods for their subsequent transfer to leasing in the course of leasing activities in accordance with the legislation of the Republic of Kazakhstan is carried out through single source.

SOCIAL RESPONSIVENESS

Workforce Policies

The Company's workforce policy is an integral long-term human resources management strategy, the main goal of which is to meet fully and timely the Company's needs for human

resources of the required quality and quantity within a specific timeframe.

The Company's workforce policy is based on the following principles

- interrelationship between HR management system and the Company's financial and economic performance;
- responsibility of the manager at any level for development of labour potential of each employee;
- remuneration of employees depending on their performance;
- provision of opportunities and conditions for employees to realize their individual abilities;
- openness and accessibility to the personnel of the Company's workforce strategy;
- compliance with the correspondence between career development of employees and improvement of their professional level.

The Company shall ensure a high level of social protection for employees, create conditions for their appropriate activities and receiving adequate remuneration for their work, provide opportunities for professional, personal and career development and thus increase interest of employees in a long-term, effective and fruitful relationship with the Company, which results in achieving high labor efficiency.

based solely on professional skills, experience and knowledge. No forms of discrimination and violations of employees' rights shall be allowed.

In order to resolve individual labour disputes, the Company has established a Conciliation Commission. The Commission consists of an equal number of representatives of an employer and employees elected at a general meeting of a labour collective. The Commission shall be a permanent body to consider individual labour disputes. A labour dispute shall be subject to consider by the Commission if an employee has not settled disagreement with an employer or its authorized representative, either independently or with the participation of a representative.

Social policy of KazAgroFinance aims to develop economic and social conditions for employees as part of the realization of their constitutional rights in accordance with the legislation of the Republic of Kazakhstan.

In the event of significant changes relating to the Company's activities (changes in organization of production associated with reorganization or changes in economic, technological, labour organization conditions and (or) reduction of workload), an employee, in accordance with the Labour Code of the Republic of Kazakhstan, shall be sent a written notice of changes in working conditions no later than fifteen calendar days. In accordance with terms and conditions of the employment contract, a specified notice (proposal to change terms and conditions of the contract) shall be considered by the other party within five working days from the date of its submission.

Every year, members of the Conciliation Commission shall be trained in the application of the labour legislation of the Republic of Kazakhstan, development of negotiation skills and consensus building in labour disputes.

In 2021, there were no applications to the Conciliation Commission.

The Company shall provide its employees with equal opportunities to realize their potential in the course of their work, an impartial and fair assessment of their results. Recruitment and career development of employees shall be

Personnel Structure

As of the end of 2021, the average number of employees was 363, of whom 50.4% (183) were men and 49.6% (180) were women. All employees have higher education. A decrease in the number of employees compared to 2020 was due to approval of a new organizational chart as part of optimization of staffing numbers and administrative costs. There are no temporary or part-time employees.

A basis for implementation of workforce policy is an effective organizational chart and optimal staff composition.

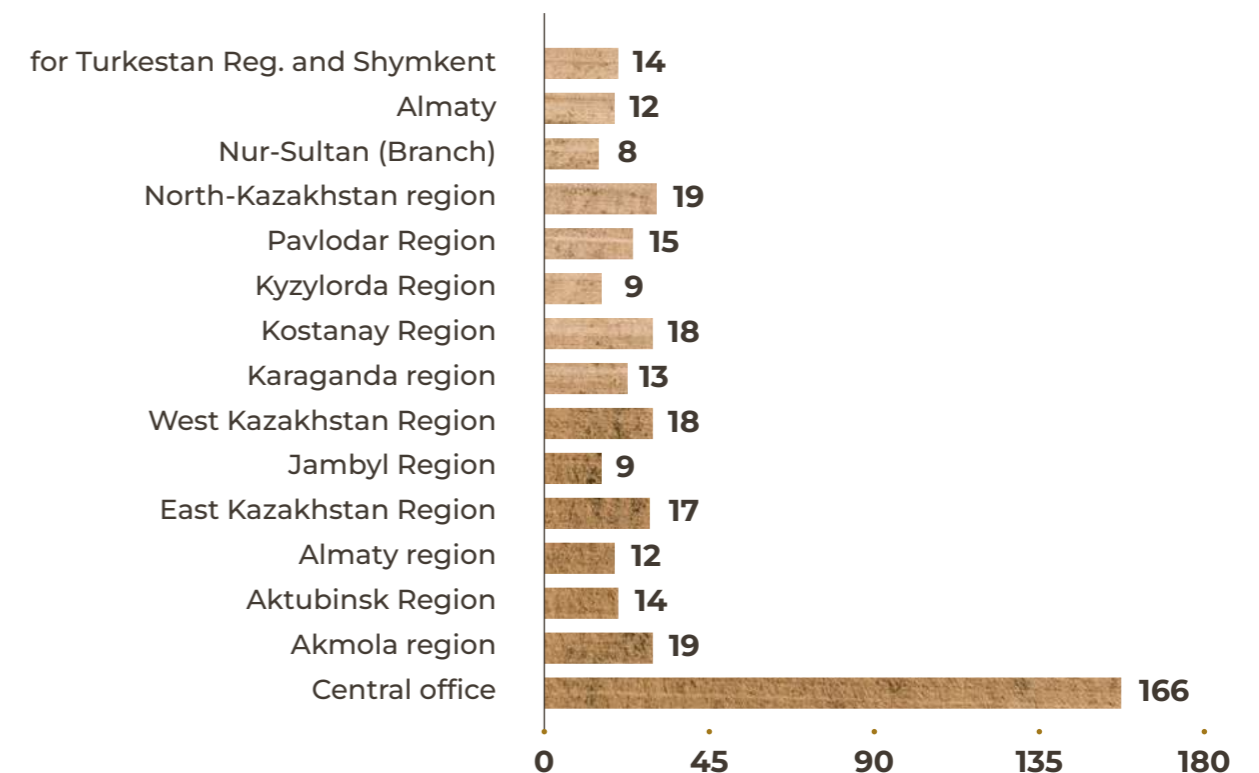
NUMBER AND PERSONNEL STRUCTURE

	2019	2020	2021
Average number of employees, units.	405	395	363
<i>Personnel structure by category:</i>			
– management positions	76	74	58
– employees	329	321	305
<i>Personnel structure by age category:</i>			
– up to 30 years old	34	30	22
– from 30 to 50 years old	322	317	297
– over 50 years old	49	48	44
<i>Gender structure of personnel:</i>			
– men	221	204	183
– women	184	191	180
Personnel turnover, %	18,5	15,7	3,6
Number of employees hired, persons	63	35	59
Number of employees trained, persons	340	88	279

PERSONNEL STRUCTURE BY GENDER AND AGE GROUP

Indicator	HQ	Branches	Bcero	Total	Key Employees	Middle Managers	Administrative Employees
Staff Strength	363						
Gender							
Men	68	115	183	6,01	1,1	18,5	74,3
Women	98	82	180	1,1	-	5	93,9
Age groups							
Up to 30 years old	11	11	22				100
From 30 to 50 years old	145	152	297	4,3	0,7	14,5	80,5
Over 50 years old	24	20	44				100

AVERAGE STAFF NUMBER IN 2021, persons



PERSONNEL TURNOVER RATE BY REGION

№ п/п	Name of HQ/Branch	Average Staff Number, persons	Personnel Turnover Rate by Region, persons		Total Number of Employees Dismissed, persons	Personnel Turnover Rate, %
			Men	Women		
1	Headquarters	166	5	2	7	4,2
2	Akmola Oblast	19	-	-	-	-
3	Aktobe Oblast	14	-	-	-	-
4	Almaty Oblast	12	1	-	1	8,3
5	East Kazakhstan Oblast	17	2	1	3	17,6
6	Zhambyl Oblast	9	-	-	-	-
7	West Kazakhstan Oblast	18	-	-	-	-
8	Karaganda Oblast	13	-	-	-	-
9	Kostanay Oblast	18	-	-	-	-
10	Kyzylorda Oblast	9	-	-	-	-
11	Pavlodar Oblast	15	1	-	1	6,7
12	North Kazakhstan Oblast	19	-	-	-	-
13	Nur-Sultan (Branch)	8	-	1	1	12,5
14	Almaty	12	-	-	-	-
15	Turkestan Oblast and Shymkent	14	-	-	-	-
Total		363	9	4	13	3,6

NUMBER OF EMPLOYEES HIRED, persons

№ п/п	Name of HQ/Branch	Average Staff Number, persons	Number of Employees Hired, persons		Number of Employees hired in 2021, %
			Men	Women	
1	Headquarters	166	18	16	20,5
2	Akmola Oblast	19	1	-	5,2
3	Aktobe Oblast	14	-	1	7,1
4	Almaty Oblast	12	2	-	17
5	East Kazakhstan Oblast	17	-	-	-
6	Zhambyl Oblast	9	-	-	-
7	West Kazakhstan Oblast	18	-	1	5,6
8	Karaganda Oblast	13	-	1	8
9	Kostanay Oblast	18	-	-	-
10	Kyzylorda Oblast	9	-	1	11,1
11	Pavlodar Oblast	15	2	-	13,3
12	North Kazakhstan Oblast	19	3	2	10,5
13	Nur-Sultan (Branch)	8	3	1	12,5
14	Almaty	12	1	1	17
15	Turkestan Oblast and Shymkent	14	5	-	35,8
Total		363	35	24	16,3

NUMBER OF EMPLOYEES HIRED
BY AGE CATEGORY

Age Category	Average Number of Employees, persons	Number of Employees Hired, persons	Percentage of Hired Employees, %
Up to 30 years old	22	-	-
From 30 to 50 years old	297	13	4,4
Over 50 years old	44	-	-
Total	363	13	3,6

NUMBER OF EMPLOYEES HIRED
BY AGE CATEGORY

Age Category	Average Number of Employees, persons	Number of Employees Hired, persons	Percentage of Hired Employees, %
Up to 30 years old	22	5	22,7
From 30 to 50 years old	297	53	17,8
Over 50 years old	44	1	2,3
Total	363	59	16,3

Personnel Training and Development

A high level of professional competence of the Company's employees is maintained and developed in a system of continuous training and competence development through consistent improvement of existing knowledge and skills.

In order to ensure a high level of the Company's capacity of the workforce, employees receive training and competence development in the form of training through participation in various seminars, conferences, and special training courses.

A commitment of employees to develop their competence is supported and sustained by the Company's management both morally and financially.

The Company's needs for training and staff development depend on internal and external factors: changes in strategic objectives, changes

in legislation, introduction of new programs, professional growth and development of employees, setting new goals and objectives for them, etc.

In 2021, 279 employees were covered by a system of training and competence development. Professional trainers were involved for training, both offline and online training was provided.

In 2021, 278 employees underwent a comprehensive annual assessment of activities of the Company's employees.

The average number of hours per employee was 9.2, including 9.2 for men and 9.3 for women.

EMPLOYEE TRAINING DATA FOR 2021*

Employee Training in 2021	Total Number	Including					
		Gender Groups		Categories of Employees			
		men	women	Key Employees	Managers	Middle Managers	Administrative Employees
Average number of employees	363	183	180	5	-	61	297
Total number of employees trained, persons	279	140	139	5	-	52	222
Total number of hours of employee training	3 348	1 680	1 668	60	-	624	2 664
Average number of hours per employee	9,2	9,2	9,3	12	-	10,2	9,0

*Key employees — members of the Board, managers — managing or executive directors — not members of the Board, middle managers — heads of divisions, services, departments, administrations, branch directors and their deputies.

Key employee training programs for 2021 include:

- CIMA P1. Operations Performance Management;
- CIMA Part 2. Operations Performance Management.
- Regulations on Procurement of Goods, Works and Services for Quasi-Public Sector Companies;
- HR Business Partner;
- Credit Risk Modelling Course;
- Occupational Safety and Health of Persons in Charge. Fire Safety Basics;
- Integrated Risk Management System on the Example of a Business Case;
- Development of Financial Feasibility Study of Public Investment;
- Financial and Economic Evaluation of Public Investment through State Participation in the Share Capital of Legal Entities;
- Development of Financial and Economic Model of an Investment Project;
- Development of Graphic User Interface;
- Administrative Procedure Code as amended. Stages in the Administrative Process under the Administrative Procedure Code of the Republic of Kazakhstan. Court Jurisdiction of Cases Heard under the Administrative Procedure Code of the Republic of Kazakhstan;
- Preparation for P1 exam;
- Professional Financial Manager;
- Preparations for P1 Exam;
- Professional Financial Manager;
- Business Analysis in MS Power BI;
- Power Point Information Visualization Course;
- Advanced Excel;
- ICA Certificate in Fundamentals of Compliance
- Procurement of Selected Quasi-Public Sector Entities in 2022
- Financial Modelling

Motivation and Remuneration

Development of an effective staff motivation and incentive system ensures that each employee has a direct and sustained interest in achieving personal work performance. The main component of the Company's employee

motivation and incentive system shall be the mechanism of monetary remuneration. The procedure and mechanisms for remuneration and motivation of staff shall be regulated by the Company's internal acts.

Furthermore, employee motivation factors shall include the following items:

- opportunities for professional training and competence development (form of implementation: turnover of staff, in-service and on-the-job training, participation in seminars, advanced training courses);
- open prospects for further career development;
- social protection of employees;
- creating a safe and comfortable working environment;
- favourable working conditions in the team; adaptation system for newly hired employees;
- transfer of corporate culture values: regular meetings with the Company's management, surveys;
- awarding letters of appreciation and certificates of merit.

The Company has introduced a three-tier salary scale with a system of grades.

Employees are remunerated depending on quantity, quality and complexity of work performed, based on a time-rate system of remuneration, taking into account a grade of each position within a range (minimum and maximum) of the official salary.

Creating Equal Career Opportunities

Creating equal career opportunities, ensuring fair evaluation of women's and men's work and non-discrimination in pay shall be essential for achieving gender equality and shall be one of the main components of decent work. The Company is committed to the principle of equal

The Company has created adequate conditions to ensure equal rights and opportunities for women and men regarding the following:

- employment — maximum use is made of reserved jobs for employment of young professionals, both men and women;
- parity in participation of women and men in production and management decisions;
- opportunities for career development for women;
- women's participation in activities aimed at developing leadership skills;
- a right of both women and men to take parental leave to care for a child under the age of three.
- The Company's human resources

Employees' salaries may be revised once a year in accordance with KazAgroFinance's Regulations on Remuneration, Bonuses and Social Security.

remuneration for work of equal value. The ratio of basic remuneration rate for women to the basic remuneration rate for men for each category of the Company's employees is 1:1.

The Company's human resources work is aimed at preventing discrimination in work, providing flexible working conditions for employees with family responsibilities and ensuring gender equality in the workplace.

An analysis of gender composition of the Company's employees for 2021 shows that the ratio of both male and female employees has remained almost stable over the last two years, with women at 50% and men at 50%. The actual number of men and women is 183 men and 180 women, respectively.

Gender Composition of the Company's Managers:

Diversity

The Company strives to create a welcoming and supportive environment in which all employees are valued, and equal employment opportunities are given to people of all nationalities of Kazakhstan. The Company has a great ethnocultural diversity of employees. For example, the Company employs representatives of the following nationalities: Kazakhs, Russians, Dungans, Bashkirs, Georgians,

Women — managers (middle level, management employees) — eighteen (18) people.

In order to assess a level of emotional and activity involvement of employees, EYE (EY Engagement) conducted a survey of KazAgroFinance staff involvement as of the end of 2021. According to the research findings, an aggregate value of engagement and satisfaction of the Company's personnel was 0.77, which refers to the "above average" level.

Poles, Tatars, Koreans, Ukrainians, Turkmen, Uighurs and Germans.

Moreover, the Company improves its culture by increasing ethno-cultural diversity within the management team, while strictly adhering to recruitment rules.

Recreative Sports

In order to stimulate and develop team spirit, improve corporate communication and promote healthy lifestyles and sports, the Company holds special corporate recreation events such as team building, which are aimed at team building, creation of team work methods and represent one of promising models of corporate management that ensure healthy development of the Company.

However, in 2021 the Company was restricted in its ability to organise such events due to introduction of anti-epidemic measures related to the coronavirus pandemic. Mass events were suspended by the Company and were not held in 2021.

Social Support

KazAgroFinance is developing a social focus to improve living standards of its employees consistently, ensure access-for-all availability to

basic social benefits, and promote a work well-being.

SOCIAL LEAVE INDICATORS IN 2021

Indicator	Gender	Number of employees, persons
Taking maternity/paternity leave	Women	12
	Men	2
Return from maternity/paternity leave		9
Number of employees remaining with the Company within twelve (12) months after return from leave.		9



The Company's management provides the following social and other guarantees to employees:

- implementation of the labour legislation of the Republic of Kazakhstan;
- workplace in accordance with health and safety requirements;
- Employers's Liability Compulsory Insurance;
- voluntary medical insurance;
- paid annual leave;
- payment of financial aid to employees on a birth (adoption) of a child, an employee's marriage and a death of the employee's spouse or close relatives;
- time-rate-plus-bonus payment system;
- travelling allowance;
- opportunities for professional training and competence development.

Successful implementation of the social policy contributes to motivation of staff and competitiveness of KazAgroFinance, as well as strengthening the image of a responsible employer and a socially oriented organisation.

Social support is provided to the Company's employees in order to create favourable conditions for effective work and to retain and attract highly skilled employees.

Occupational Health and Safety

One of the Company's top priorities is to create adequate conditions to ensure protection of life and health of employees.

mask regime, treating premises with appropriate means, and monitoring disease incidence in the Company.

In 2021, in response to the coronavirus pandemic, the Company adopted a number of sanitary and antiepidemic (preventive) measures aimed at protecting and safeguarding employee health. The main measures include transferring 80% of employees to remote working, introducing a

General health and safety requirements as well as fire safety requirements are set out in the Company's Employee Health and Safety Instruction, approved by the Board of KazAgroFinance. There were no occupational injuries in 2021.

SPONSORSHIP AND CHARITY

The Company provides charitable and sponsorship assistance to the most vulnerable segments of the population on an ongoing basis, as well as support to non-profit organizations (residential care facilities, pre-schools, secondary, vocational and higher education institutions, research organisations, etc.).

For example, over the last five years, the Company has allocated over 30 million KZT for charitable and sponsorship assistance, including 18 million KZT in 2017, 5 million KZT in 2018, 5 million KZT in 2019 and 2.5 million KZT in 2020. In 2021, charitable assistance in the amount of 1.98 million KZT was provided.

ENVIRONMENTAL IMPACT

Environmental Protection

The Company strives within its capabilities to support introduction of green technologies into the country's agriculture, which protect environment and human health, help to conserve natural resources and improve production efficiency, and, therefore, competitiveness of its products.

which machinery cannot be imported into the Republic of Kazakhstan. Therefore, the impact of machinery on the environment is minimised.

By virtue of its activities, KazAgroFinance makes an indirect impact on environment by financing agricultural machinery. It should be noted, that the Company leases only new machinery that meets up-to-date requirements and standards (norms of harmful emissions into the atmosphere) and is subject to mandatory certification, without

The Company applies principles and methods of rational utilization of resources in order to prevent adverse environmental impacts.

In its activities, KazAgroFinance seeks to reduce excessive consumption of resources and minimise an existing negative environmental impact by introducing energy efficient technologies, reducing water consumption and paper usage for office purposes.

As part of its work on responsible utilization of resources, the Company has carried out the following activities:

1. Reduction of Electricity Consumption:

- use of incandescent lamps have been eliminated in the office, except where their use cannot be excluded for technological or safety reasons;
- efficient light sources — LEDs and/or fluorescent lamps with electronic ballasts have been installed (the most efficient lamps in this class are used);
- class A, A+, A++ appliances and equipment have been installed;
- energy-saving function of laptop monitors, computer equipment is used.

2. Saving Heat Energy and Ensuring Adequate ventilation:

- a manual or automatic system is used to regulate heat supply and adjust the temperature depending on the presence of employees in the room;
- rooms are equipped with air-cleaning equipment;
- Fiscal metering units for heat energy and hot water have been installed.

3. Pollution Minimisation and Waste Management:

- selective collection of municipal solid waste has been organized.

4. Efficient Use of Resources and Reduction of Consumption:

- measures to minimise printer usage in the office are taken (e.g. for example, two-sided printing is used);
- internal electronic document control system is used.

In order to implement the Resource Efficiency Policy, the Company has analysed electricity use, water consumption and municipal solid waste generation for the period from 2019 to 2021.

UTILITY CONSUMPTION

Type of Energy	Unit	2019	2020	2021
Electricity (purchase)	kWh	252000	238646	254760
Petrol (purchase)	litre	29610	31970	24170
Heat	Gcal	244,10	272,32	262,74

MUNICIPAL SOLID WASTE GENERATION

Type of Waste	Unit	2019	2020	2021
Municipal Solid Waste	m ³	114,36	114,36	114,36

WATER USE

Type of Consumption	Unit	2019	2020	2021
Water Supply, Wastewater Disposal	m ³	1577	1051	1870

As part of energy saving measures, it is planned to replace fluorescent lamps with LED lamps, as well as gradual, planned replacement of meters to automate consumption of power and heat energy resources on a daily basis, in accordance with the approved budget for the respective financial year. Moreover, it is planned to introduce a Clean Office system with eco-boxes for waste paper installed.

An environmental campaign is planned for World Environment Day. As part of this event, earth days and maintenance of green planting, sanitary cleaning actions, landscaping, planting of vegetation, etc. will be carried out at production facilities within the limits of available financial and material resources of the Company according to the budget.

Compliance with Environmental Requirements

The Company's activities comply with environmental legislation and fines for violation of environmental requirements were not imposed in 2021.

GLOSSARY

AIC	agro-industrial complex	ROA	return on assets
GDP	gross domestic product	ROE	return on equity
Company	KazAgroFinance JSC	NPL	a loan on which terms and conditions of the original loan agreement are not fulfilled
KPI	key performance indicator		
IFRS	International Financial Reporting Standards		
media organizations	media organizations — mass media		

CONTACT DETAIL

Headquarters

Address:

51 Kenesary Street, БП-4, Nur-Sultan, 010000, Republic of Kazakhstan

Reception:

+7 717 258 0437, 580 438

Hotline:

+7 717 258 0450

For dealing with the Sole Shareholder:

+7 717 258 0451

For issues of direct investment:

+7 717 255 7340

Public Affairs Office:

+7 717 258 0411

Receiving correspondence:

+7 717 255 6533

Call-center:

+7 717 255 7755; ext:1429

Fax:

+7 717 258 0446

E-mail:

mailbox@kaf.kz

Details of the auditor

Name:

KPMG Audit LLP
Republic of Kazakhstan

Legal address:

180 Dostyk Avenue, Business Center "Koktem",
Medeuskiy District, Almaty

Bank details:

BIN: 930840000232
BIK: VTBAKZKZ
IIC: KZ104322203398A00818
Subsidiary of VTB Bank JSC (Republic of
Kazakhstan)
Beneficiary Code: 17

Tel:

+7 727 298 0898

KazAgroFinance Branches

Branch Office for Nur-Sultan Address: 6/1 Kabanbay Batyr Street, Office 193, the 19 th Floor, Nur-Sultan Tel: +7 717 259 2869	e-mail: nur_kaf@kaf.kz
Branch Office for Akmola Oblast Address: 96 Abay Street, Offices 702-704, 706, 712, 713, Business Center "GreenWhich", Kokshetau Tel: +7 716 291 0030, +7 716 291 0031, +7 716 291 0032, +7 716 291 0033, +7 716 291 0034, +7 716 291 0035	e-mail: akm2@kaf.kz
Branch Office for Aktobe Oblast Address: 77, Abylkhayir Khan Street, the 5 th Floor, Aktobe Tel: +7 713 292 1181, +7 713 292 1182, +7 713 292 1183	e-mail: akt3@kaf.kz
Branch Office for Almaty Address: 142 Bogenbay Batyr Steet, the 4 th Floor, Business Centre "Kaisar", Almaty Tel: +7 727 295 9350, +7 727 229 593 51, +7 727 229 593 52	e-mail: alm@kaf.kz
Branch Office for Almaty Oblast Address: the 7 th Microdistrict, Building 10, the 7 th Floor, Business Center "Koktem Grant", Taldykorgan Tel: +7 728 558 680	e-mail: tld@kaf.kz
Branch Office for East Kazakhstan Oblast Address: 62 Satpayev Avenue, the 7 th Floor, Ust-Kamenogorsk Tel: +7 723 249 2477, +7 723 249 2476	e-mail: vko2@kaf.kz
Branch Office for Zhambyl Oblast Address: 17 Suleimenov Street, Taraz Tel: +7 726 299 9220, +7 726 299 9221, +7 726 299 9222, +7 726 299 9223	e-mail: tar@kaf.kz
Branch Office for West Kazakhstan Oblast Address: 28 Syrym Datov Street. Uralsk Tel: +7 711 296 0030, +7 711 296 0031, +7 711 296 3032, +7 711 296 3033	e-mail: zko@kaf.kz
20D Vladimirskaia Street, the 2 nd Floor, Atyrau Tel: +7 712 276 3621, +7 712 276 3622, +7 712 276 3623	e-mail: atr@kaf.kz
Microdistrict 29, Building 225, Room 302, the 3 rd Floor, Business Center "Sultan Energy", Aktau Tel: +7 702 587 2423	e-mail: a.kondybayeva@kaf.kz
Branch Office for Karaganda Oblast Address: 53/1 Bukhar Zhyrau Street, the 4 th Floor, Trading House "Daulet", Karaganda Tel: +7 721 292 2410, 922 409, 922 408, 922 407	e-mail: krg@kaf.kz
Branch Office for Kostanay Oblast Address: 65 Al-Farabi Avenue, Room 1111, the 11 th Floor, Kostanay Tel: +7 714 299 9773, +7 714 299 9772, +7 714 299 9774	e-mail: kst3@kaf.kz
Branch Office for Kyzylorda Oblast Address: 33 Kunayev Street, the 2 nd Floor, Kyzylorda Tel: +7 724 255 1300, +7 724 255 1302, +7 724 255 1303, +7 724 255 1304	e-mail: kzl@kaf.kz
Branch Office for Pavlodar Oblast Address: 16 Lugovaya Street, Pavlodar Tel: +7 718 277 0066, +7 718 277 0067, +7 718 277 0068, +7 718 277 0069	e-mail: pvl@kaf.kz
Branch Office for North Kazakhstan Oblast Address: 31A Buketov Steet, the 2 nd Floor, Petropavlovsk Tel: +7 715 263 1030, +7 715 263 1031, +7 715 263 1032, +7 715 263 1033, +7 715 263 1034	e-mail: sko@kaf.kz
Branch Office for Shymkent and Turkestan Oblast Address: 3/3 D. Kunayev Avenue, the 3 rd Floor, Shymkent Tel: +7 725 298 4010, +7 725 298 4011, +7 725 298 4012, +7 725 298 4013 33B, B. Sattarkhanov Avenue, Turkestan, Tel: +7 776 071 0907	e-mail: uko@kaf.kz

APPENDIX 1: ABOUT THE REPORT

KazAgroFinance has been carrying out its activity in the leasing market of agroindustrial complex for over twenty years. During this time the Company has become a recognised and reliable partner for many domestic farmers, agricultural equipment suppliers, the government and the public. The Company has a wide range of stakeholders, and it strives to provide effective disclosure to them in accordance with international standards and global best practices.

The Annual Report on Company's Results for 2021 has been prepared in accordance with GRI Standards (Core Option), which ensures information transparency of the Company. Financial data are presented in the Report in accordance with financial statements under IFRS. We have also followed requirements of Kazakhstan Stock Exchange in preparing the document. This Annual Report has not undergone external assurance of non-financial information.

Defining Report Content

In determining the content of this Annual Report and its quality, the Company was guided by the principles of GRI Standards. In particular, the content of this Annual Report was determined based on the Principle of Materiality, as well as taking into account results of stakeholder engagement. When disclosing information, principles of sustainable development context and completeness were observed. The quality of the report was ensured by observing principles of accuracy, balance, clarity, comparability, reliability and timeliness.

The information in this Annual Report has been disclosed on the most material aspects of the Company's activities. We consider those issues to be material ones, wherein, firstly, the Company's impact on environment, in a wide sense of the term, is high and, secondly, there is a significant impact on stakeholders and their interests.

The Company's Annual Reports are prepared on an annual basis. This Annual Report presents the Company's performance from January 1, 2021 to December 31, 2021.

The report covers the Company's performance, achievements and progress, work on strategic objectives, issues on corporate governance and sustainable development activities, as well as future development plans of the Company.

The materiality analysis included an internal assessment of the Company's economic, environmental and social impacts, as well as an assessment of importance of topics from the stakeholders' point of view, which was derived from stakeholder engagement.

In accordance with the analysis, the topics have been ranked in terms of materiality and are shown on the Materiality Matrix. In this Annual Report the topics, that fell into the upper right corner of the Materiality Matrix, are disclosed, since they were deemed to be the most significant. All topics have an impact both inside and outside the organization.

MATERIALITY MATRIX



LIST OF SUSTAINABLE DEVELOPMENT TOPICS

Topics	Nº GRI
Economy	
Economic Performance	201*
Market Presence	202
Indirect Economic Impacts	203*
Procurement Practices	204*
Anti-corruption	205*
Anti-competitive Behavior	206
Environment	
Materials	301
Energy	302*
Water and Effluents	303*
Biodiversity	304
Emissions	305*
Effluents and Waste	306*
Compliance with Environmental Legislation	307
Supplier Environmental Assessment	308
Society	
Employment	401*
Labor/Management Relations	402*
Occupational Health and Safety	403
Training and Education	404*
Diversity and Equal Opportunity	405*
Non-discrimination	406
Freedom of Association and Collective Bargaining	407
Child Labour	408
Forced or Compulsory Labour	409
Security Practices	410
Rights of Indigenous Peoples	411
Human Rights Assessment	412
Local Communities	413

LIST OF SUSTAINABLE DEVELOPMENT TOPICS

Topics	N° GRI
Supplier Social Assessment	414
Public Policy	415
Customer Health and Safety	416
Marketing and Labeling	417
Customer Privacy	418
Compliance with Requirements	419

* topics deemed material

APPENDIX 2: REPORT ON COMPLIANCE WITH PRINCIPLES AND PROVISIONS OF THE CORPORATE GOVERNANCE CODE OF KAZAGROFINANCE JSC

REPORT ON COMPLIANCE/NON-COMPLIANCE WITH PRINCIPLES AND PROVISIONS OF THE CORPORATE GOVERNANCE CODE OF KAZAGROFINANCE FOR 2021

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
General Provisions		
The Company shall strictly comply with provisions of the Code in its activities. In the event of non-compliance, it shall explain reasons for non-compliance with each provision in the Annual Report, conduct an evaluation (if necessary, an independent evaluation) of corporate governance regularly (at least once every two years) and post relevant findings on the Company's website.	Complied with	An internal evaluation of efficiency 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. An external evaluation of the level of corporate governance will be carried out once every three years by an independent organization, subject to availability of funds required for an external evaluation in the Company's Budget (an appropriate rating will be assigned based on findings of the evaluation of the level of corporate governance). A diagnostic of the level of corporate governance was carried out by IAS in 2021, with the audit covering the period from January 01, 2018 to July 01, 2021. According to the results of the audit, the Company's corporate governance level was 87.6%. A Corrective and/ or Preventive Plan of Measures for Improvement of Corporate Governance was approved by Resolution of the Board of Directors dated November 12, 2021 No.12. The results of the audit were posted on the Company's corporate website https://www.kaf.kz/corporate-management/praktika-korporativnogo-upravleniya/ .
The Board of Directors of the Company shall be responsible for monitoring the Company's compliance with this Code. The Corporate Secretary shall monitor and advise the	Complied with	The Company's Board of Directors monitors compliance with principles and provisions of the Code through an annual review of the report. The Company's Corporate Secretary monitors proper compliance with the

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
General Provisions		
Board of Directors and the Company's executive body on proper implementation of this Code and prepare an Annual Report on Compliance/Non-compliance with its principles and provisions. This report shall be subsequently submitted to the relevant Committee of the Board of Directors, approved by the Board of Directors and included in the Company's Annual Report.		Code and prepares an Annual Report, advises the Board and executive body of the Company on proper compliance with this Code and ensures efficient implementation of functions assigned to the Corporate Secretary of the Company, carries out ongoing efforts aimed at identifying and eliminating non-compliance with provisions and principles of the Code in the Company.
The Company shall conduct an independent evaluation of the corporate governance at least once every three years, findings of which shall be posted on the Company's website.	Partially complied with	No independent evaluation of the corporate governance has been carried out. However, in order to evaluate the level of the corporate governance of the Company, the Annual Audit Plan of Internal Audit Service of KazAgroFinance for 2021 was amended to include an audit of efficiency of the corporate governance system. In 2021, an audit of efficiency of the corporate governance system was conducted. The audit covered the period from January 01, 2018 to July 01, 2021. According to the results of the audit, the Company's corporate governance level was 87.6%. The audit results are posted on the Company's corporate website https://www.kaf.kz/corporate-management/praktika-korporativnogo-upravleniya/ .
Rights, duties and competencies of the Sole Shareholder, the Board of Directors and the Board shall be determined in accordance with the current legislation of the Republic of Kazakhstan and the constituent documents and shall be set out therein.	Complied with	The Company's corporate governance system provides for an obvious delineation of powers and responsibility between the Company's bodies, ensuring consistency and coherence of corporate governance processes. Activities of the Sole Shareholder, the Board of Directors, the Board of the Company and distribution of powers between the Sole Shareholder, the Board of Directors and the Board of the Company are reflected and regulated to the full extent by the Law of the Republic of Kazakhstan "On Joint Stock Companies", the Law of the Republic of Kazakhstan "On State Assets", the Company Charter, the Regulations on the Board of Directors of the Company, and other internal documents of the Company.

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Separation of Powers		
The Sole Shareholder shall participate in the management of the Company solely by exercising powers of the Sole Shareholder stipulated by legislative acts of the Republic of Kazakhstan and representation in the Board of Directors of the Company.	Complied with	The Sole Shareholder of the Company is "Baiterek" National Management Holding" JSC. According to paragraph 46 of the Code, the number of members of the Board of Directors shall be determined by the Sole Shareholder. The composition of the Board of Directors shall be determined individually, taking into account the scope of activities, current objectives, development strategy and/or development plan and financial capabilities. The composition of the Board of Directors is balanced, which means a combination of members of the Board of Directors (representatives of the Sole Shareholder, Non-Executive Directors, and the Chairman of the Company's Board) to ensure that decisions are made in the interests of the Company and its economic development objectives. At least one third of the members of the Company's Board of Directors are Non-Executive Directors. The Board of Directors has established Committees which competence includes consideration of issues related to audit, risk management, strategic planning, personnel, remuneration and social issues. 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. The final decision on issues considered by the Committees is made by the Board of Directors.
In order to ensure sustainable development, the Holding shall constitute and approve uniform policies, guidelines and corporate standards for the Company. Decision to apply corporate standards for risk management, internal control and internal audit in the Company approved by the Holding shall be made by the Board of Directors of the Company subject to ensuring compliance of these standards	Complied with	In accordance with assignment of "Baiterek" National Management Holding" JSC dated April 19, 2021 (Letter No.04-1-1/1838) regarding implementation and updating of internal regulatory documents (hereinafter referred to as "IRD") the Company approved a number of IRDs based on the IRD of "Baiterek" National Management Holding" JSC, including: - Corporate Governance Code (approved by Resolution of the Sole Shareholder dated December 22, 2021 No. 68/21); - Sustainable Development Policy of KazAgroFinance JSC (approved by

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Separation of Powers		
<p>with the specifics of the Company's activities. The Board of the Company shall ensure that the Company's strategy and development plan, as approved by the Company's Board of Directors, shall be implemented.</p>		<p>Resolution of the Board of Directors of the Company dated June 30, 2021 No.7); - Risk Management Policy (approved by Resolution of the Company's Board of Directors dated August 31, 2021 No.10); - Regulations on Organization of Internal Audit in KazAgroFinance JSC (approved by Resolution of the Board of Directors dated May 31, 2021 No.5). By the Resolution of the Company's Board of Directors dated March 10, 2021 (Minutes No.2) the Report on Implementation of Development Strategy of KazAgroFinance JSC for the period of 2020-2029 (hereinafter referred to as the "Development Strategy") for 2020 has been approved. As part of implementation of the Development Strategy as of the End of 2021, the Company is preparing measures to submit the Annual Report to the CSDC of "Baiterek" National Management Holding" JSC. By letter dated April 27, 2022 No. 05-2-7/2334 "Baiterek" National Management Holding" JSC extended the deadline for submitting the Annual Report on Implementation of the Development Strategy for 2021 until May 31, 2022.</p>
<p>The Company's Board of Directors shall ensure competence of management, sustainability and profitability of the Company's activities. Results of effective management in the Company shall be improved operational efficiency, better reporting, improved standards of corporate culture and ethics, openness and transparency, risk mitigation, and a proper system of internal controls. The Company's Corporate Governance System shall ensure: 1) an efficient management system in the group, delineation of powers and decision-making process, absence of duplication of functions and processes; 2) unified standards, policies and processes, including in terms of defining unified</p>	Complied with	<p>In the Company The following documents have been approved by Resolutions of the Sole Shareholder: Regulations on the Board of Directors of the Company, the Corporate Governance Code of the Company, the Charter of the Company, which regulates processes that ensure an effective management system in the Company, delineation of powers and independence of decision-making process by the Board of Directors, the Board, other collegial bodies and key employees of the Company, absence of duplication of functions and processes. In the Company the following internal regulatory documents have been approved by Resolutions of the Board of Directors on the Company's areas of priority (development), strategic goals (development strategy), documents on planning and budgeting, and internal documents on issues of internal control, internal and external audit. The Company provides access to quality information regarding the Company's</p>

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Separation of Powers		
<p>approaches to planning, monitoring and control, performance evaluation and application of corrective actions; 3) an access to quality information regarding the group's activities; 4) proper risk anagement of the group.</p>		<p>activities on the Company's Corporate Web site. The Company discloses information on corporate events, financial statements and audit reports, information on affiliates, as well as other information to be disclosed on online resources of the depository of financial statements in accordance with requirements approved by Resolution of the Board of the National Bank of the Republic of Kazakhstan dated August 27, 2018 No.189. Structure of risk management system in the Company is represented by risk management at several levels, involving the following bodies and business subdivisions of the Company: Board of Directors, Board, business subdivision responsible for risk management, Internal Audit Service, other business subdivisions. Delineation of powers of the Board of Directors, Board, other collegial bodies of the Company as well as risk management structure and main components of the risk management system are disclosed in the Risk Management Policy of the Company.</p>
Principle of Protecting Rights and Interests of the Sole Shareholder		
<p>Compliance with the rights of the Sole Shareholder is a key condition for attracting investment in the Company. In this regard, the corporate governance of the Company shall be based on ensuring protection, respecting rights and legitimate interests of the Sole Shareholder and shall be aimed at contributing to the Company's effective activities and achieving its profitability.</p>	Complied with	<p>The Company was established on December 28, 1999 in accordance with Resolution of the Government of the Republic of Kazakhstan "On Certain Issues of Agriculture" dated November 24, 1999. No.1777. The Company's mission is to contribute to technical equipment of the agro-industrial complex of the Republic of Kazakhstan by providing quality and competitive leasing services. The Company's Sole Shareholder is "Baiterek" National Management Holding" JSC. Three out of six members of the Company's Board of Directors are representatives of the Sole Shareholder. The Company ensures implementation of rights of the Sole Shareholder and protection of its interests within the framework of corporate governance principles, expressed through participation in the management of the Company, in the manner prescribed by the Law of the Republic of Kazakhstan</p>

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Protecting Rights and Interests of the Sole Shareholder		
		<p>“On Joint Stock Companies” and the Company’s Charter, approved by Resolution of the Sole Shareholder of the Company (Minutes No.15/21 dated March 31, 2021), making key decisions on approval of the Charter, Corporate Governance Code, determination of composition and term of office of the Board of Directors, election of the Chairman of the Board of Directors of the Company, approval of the external auditor, annual financial statements, etc. Information on the Company’s activities is presented to the Sole Shareholder in full and enable balanced and fair decisions to be made.</p>
<p>The Company, in accordance with the established procedure, shall ensure implementation of rights of the Sole Shareholder, including the following rights:</p> <ul style="list-style-type: none"> - a right of possession, use and disposition of shares; - a right to participate in the management of the Company and to elect the Board of Directors in the manner prescribed by the laws of the Republic of Kazakhstan “On Joint Stock Companies”, “On State Assets” and/or the Company’s Charter; - a right to receive a share in the profit of the Company (dividends); - a right to receive a share in the assets of the Company in case of its winding-up; - a right to receive information about the Company’s activities, including familiarization with the Company’s financial statements in the manner prescribed by the Sole Shareholder or the Charter of the Company; - a right to make written requests to the Company regarding its activities and to receive reasoned and comprehensive answers within the time limits prescribed by the Company’s Charter; 	<p>Complied with</p>	<p>Pursuant to Article 5(17) of the Company’s Charter, the Sole Shareholder has a right to</p> <ol style="list-style-type: none"> 1) participate in the management of the Company in the manner prescribed by the Law and (or) this Charter; 2) receive dividends; 3) receive information on the Company’s activities, including familiarization with the Company’s financial statements, in the manner prescribed by this Charter; 4) obtain statements from the central depository or nominee holder confirming its ownership of securities; 5) challenge in court decisions made by the bodies of the Company; 6) in cases provided by the Law, apply with a claim for compensation of losses caused to the Company by the Company’s officials and repayment to the Company by the Company’s officials and/or their affiliates of the profit (income) received by them as a result of making decisions on conclusion (proposals for conclusion) of major transactions and/or transactions in which there is an interest; 7) make written requests to the Company regarding its activities and receive reasoned answers within thirty (30) calendar days of the date of receipt of the request by the Company; 8) receive a part of the property in case of the Company’s winding-up; 9) pre-emptive purchase of or other securities of the Company convertible

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Protecting Rights and Interests of the Sole Shareholder		
<ul style="list-style-type: none"> - a right to obtain a statement from the Company’s registrar or nominee holder confirming its ownership of securities; - a right to challenge in court decisions made by the bodies of the Company; - a right to apply to judicial bodies on its own behalf in cases provided for in Articles 63 and 74 of the Law of the Republic of Kazakhstan “On Joint Stock Companies” with a claim for compensation of losses caused to the Company by the Company’s officials and repayment to the Company by the Company’s officials and/or their affiliates of the profit (income) received by them as a result of making decisions on conclusion (proposals for conclusion) of major transactions and/or transactions in which there is an interest; - a right to pre-emptive purchase of shares or other securities of the Company convertible into its shares in the manner prescribed by the Law of the Republic of Kazakhstan “On Joint Stock Companies”, except for cases prescribed by legislative acts of the Republic of Kazakhstan; - a right to make a decision on changing the number of the Company’s shares or changing their type in the manner prescribed by the Law of the Republic of Kazakhstan “On Joint Stock Companies”. 		<p>into its shares in the manner prescribed by the Law, except for cases provided for by legislative acts of the Republic of Kazakhstan;</p> <ol style="list-style-type: none"> 10) make decisions on changing the number of the Company’s shares or changing their type in the manner prescribed by the Law; 11) propose to the Board of Directors to include additional issues into the agenda of the meeting of the Sole Shareholder in accordance with the Law; 12) request convocation of the meeting of the Board of Directors; 13) request an audit organization to audit the Company at its own expense. <p>The rights of the Sole Shareholder enshrined in the Charter of the Company are observed by the Company and the Company’s bodies.</p>
<p>The calculation of dividends shall be based on the Company’s net income as recorded in the Company’s annual audited financial statements prepared in accordance with the requirements of the legislation of the Republic of Kazakhstan on accounting and financial reporting and International Financial Reporting Standards.</p>	<p>Complied with</p>	<p>Terms and procedure for payment of dividends to the Sole Shareholder of the Company are governed by the legislation of the Republic of Kazakhstan, the Charter of the Company, as well as the corresponding Resolution of the Sole Shareholder of the Company. Pursuant to the Resolution of the Sole Shareholder of the Company (Minutes of the Board of “KazAgro” Holding” JSC dated March 12, 2021 No.11) it was decided to pay dividends in the amount</p>

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Protecting Rights and Interests of the Sole Shareholder		
<p>Therewith, the amount of payment of dividends shall be determined taking into account the legislation of the Republic of Kazakhstan.</p>		<p>of 6,718,739,242.71 KZT according to the results of 2020.</p>
Principle of Effective Management of the Company by the Board of Directors and the Board		
<p>The Board of Directors shall be a governance body that shall provide strategic management of the Company and control activities of the Board. The Board of Directors shall ensure full transparency of its activities to the Sole Shareholder, as well as implementation of all provisions of this Code. The Board of Directors shall perform its functions in accordance with the laws of the Republic of Kazakhstan, the Company's Charter, this Code, the Regulations of the Board of Directors and other internal documents of the Company. Whereas, the Board of Directors shall pay special attention to the following issues: 1) determining Development Strategy (areas and results); 2) setting and monitoring of KPIs set by Development Strategy and/or Development Plan; 3) organizing and supervising effective functioning of the risk management, internal control and internal audit system; 4) approval and monitoring of efficient 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 the Head and members of the Executive Body; 6) corporate governance; 7) compliance with provisions of this Code and the Company's</p>	<p>Complied with</p>	<p>Activities of the Company's Board of Directors are regulated by the Regulations on the Board of Directors of the Company, approved by Resolution of the Sole Shareholder of the Company (Minutes No.62/21 of the Board of the Holding dated November 17, 2021). Activities of the Company's Board of Directors is based on the principles of efficiency and responsibility, maximum observance and implementation of interests of the Sole Shareholder. This principle is observed in practice by the Board of Directors of the Company. The Board of Directors is responsible for the general management of the Company's activities, with the exception of surveys attributed to the exclusive competence of the Sole Shareholder and the Board of the Company. Development Strategy of KazAgroFinance JSC for the period of 2020-2029, which determines key performance indicators (KPIs,) consistent with the mission, goals and objectives of the Company, was approved by Resolution of the Board of Directors of the Company dated March 20, 2020 No.3. The Board of Directors monitors implementation of the Development Strategy on an ongoing basis. Currently, the work on preparation of a new Development Strategy of KazAgroFinance for the period of 2020-2024 is being carried out as part of bringing it in line with goals, objectives and KPIs of the Development Strategy of "Baiterek" National Management Holding" JSC related to the change of the shareholder. By Resolution of the Board of Directors of the Company dated March 10, 2021 (Minutes No.2) the Report on Implementation of the Development</p>

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Effective Management of the Company by the Board of Directors and the Board		
<p>corporate standards of business ethics (the Code of Business Conduct) in the Company.</p>		<p>Strategy of KazAgroFinance for the period of 2020-2029 (hereinafter referred to as "Development Strategy") according to the results of 2020 was approved. As part of implementation of the Development Strategy according to the results of 2021, the Company is preparing measures to submit the Annual Report to the CSDC of "Baiterek" National Management Holding" JSC. By letter No.05-2-7/2334 dated April 27, 2022 "Baiterek" National Management Holding" JSC extended the deadline for submission of the Annual Report on Implementation of the Development Strategy on the basis of the results of 2021 to May 31, 2022.</p>
<p>The Board of Directors and its Committees should maintain a balance of skills, experience and knowledge to ensure independent, objective and effective decision-making in the interests of the Company and taking into account the interests of the Sole Shareholder and the principles of sustainable development.</p>	<p>Complied with</p>	<p>In electing a member of the Board of Directors of the Company, as well as a 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 legal requirements and other internal regulations.</p>
<p>Presence and participation of Non-Executive Directors as part of the Board of Directors shall be mandatory. The number of members of the Board of Directors shall be at least three. At least one third of the members of the Board of Directors of the Company shall be Non-Executive Directors. Whereas, the number of Non-Executive Directors shall be sufficient to ensure independence of decision-making. The recommended number of Non-Executive Directors as part of the Board of Directors of the Company shall be up to fifty percent of the total number of members of the Board of Directors.</p>	<p>Complied with</p>	<p>There are Non-Executive Directors as part of the Board of Directors. At least one third of the members of the Company's Board of Directors shall be Non-Executive Directors, and there are two Non-Executive Directors as part of the Board of Directors of the Company. By Resolution of the Board of "Baiterek" National Management Holding" JSC dated June 16, 2021 (Minutes No.30/21) the number of members of the Board of Directors of the Company was determined as six persons.</p>

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Effective Management of the Company by the Board of Directors and the Board		
<p>Relationship between Non-Executive Directors and the Company shall be formalised by agreements taking into account requirements of the legislation of the Republic of Kazakhstan, provisions of this Code and internal documents of the Company.</p> <p>Rights, duties, responsibilities of the parties and other material terms, as well as obligations of Non-Executive Directors of the Board of Directors shall be specified in agreements to comply with provisions of this Code, including devoting sufficient time to perform functions imposed on them, not to disclose internal information about the Company upon termination of its activities for a period established by the Board of Directors and additional obligations resulting from requirements on the status and functions of Non-Executive Directors (in terms of timely declaration of loss of independence and others).</p>	Complied with	<p>Relevant Agreements have been concluded with Non-Executive Directors of the Company.</p>
<p>Meetings of the Board of Directors shall be held in accordance with a Work Plan approved by the Board of Directors before the start of the calendar year, which shall include a list of items to be considered and a schedule of meetings including dates. Meetings of the Board of Directors and its Committees shall be held in person or by absentee voting, with the number of meetings with absentee voting shall be minimised. Consideration and adoption of decisions on issues of importance and strategic issues shall only be considered at meetings of the Board of Directors held in person.</p> <p>If members of the Board of Directors (not more than 30% of the total number of members of the Board of Directors) cannot attend a meeting of the</p>	Complied with	<p>The Board of Directors meets regularly in order to perform its functions effectively. Meetings of the Board of Directors are held in accordance with the Work Plan approved by Resolution dated December 29, 2020 (Minutes No.13). of the Board of Directors of the Company. Meetings of the Board of Directors and its Committees are held by voting in person and by absentee voting.</p> <p>In 2021, fifteen (15) meetings of the Board of Directors were held, including eleven (11) meetings in presentia and four (4) meetings in absentia of the Company's Board of Directors; 147 issues were considered and resolved.</p>

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Effective Management of the Company by the Board of Directors and the Board		
<p>Board of Directors in person, a combination of both forms of meetings of the Board of Directors and its Committees shall be possible. In this case, an absent member of the Board of Directors may participate in the discussion of the issues under consideration using technical means of communication and provide his/her opinion in writing.</p> <p>The recommended frequency of meetings of the Board of Directors shall be at least six meetings per year. It is recommended that the number of items scheduled for consideration during the year shall be evenly distributed to ensure thorough and meaningful discussion, as well as timely and high-quality decision-making.</p>		
<p>The Board of Directors, Committees and members of the Board of Directors shall be appraised on an annual basis. Moreover, at least once every three years, an appraisal shall be carried out with the involvement of an independent professional organization.</p> <p>An appraisal shall allow to qualify a contribution of the Board of Directors and each of its members in achieving the Company's strategic goals, identify areas for improvement and to recommend measures for improvement. Results of the appraisal shall be taken into account in the re-election or early termination of office of members of the Board of Directors.</p> <p>The appraisal shall be one of the main tools to enhance professional competence of the Board of Directors and its individual members. Carrying out the appraisal shall be mandatory for both Non-Executive Directors and representatives of the Sole Shareholder.</p>	Partially complied with	<p>In accordance with international best practice in corporate governance, the Company carries out an annual appraisal of the Board of Directors' performance, the results of which determine further efficient development of the Board of Directors.</p> <p>In accordance with the Corporate Governance Code, the Regulations on the Board of Directors of the Company, the Board of Directors, Committees and members of the Board of Directors are appraised on an annual basis until the 1st of June of the year following the reporting year.</p> <p>The decision of performance appraisal of the Board of Directors is made by the Company's Board of Directors.</p> <p>In connection with the change of the Company's Sole Shareholder in 2021 and change in the composition of the Board of Directors, on December 22, 2021 (Minutes No.14) the Board of Directors decided to carry out an appraisal of the Company's Board of Directors for 2021 by its own efforts. The appraisal will be carried out by questionnaire survey and its results will be included in the Company's Annual Report.</p>

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Effective Management of the Company by the Board of Directors and the Board		
<p>The appraisal shall be carried out according to principles such as regularity, comprehensiveness, continuity, feasibility and confidentiality.</p> <p>Process, timing and procedure for appraising the performance of the Board of Directors, its Committees and members of the Board of Directors shall be clearly regulated in the Company's internal documents.</p>		
<p>In order to organise activities of the Board of Directors and interaction of the Board with the Sole Shareholder effectively, the Board of Directors shall appoint a Corporate Secretary.</p> <p>The Board of Directors shall decide on the appointment of the Corporate Secretary, determine his/her term of office, functions and operating procedures, the amount of his/her official salary and terms of remuneration, decide on establishment of the Corporate Secretary Service (Secretariat) (if necessary) and determine the budget of the said Service.</p> <p>The Corporate Secretary shall be accountable to the Company's Board of Directors and shall be independent of the Company's Board.</p> <p>Principal duties of the Corporate Secretary shall include assisting the Board of Directors, the Sole Shareholder in making timely and high-quality corporate decisions, acting as an advisor to the members of the Board of Directors on all issues relating to their activities and application of provisions of this Code, as well as monitoring implementation of this Code and participation in improvement of corporate governance in the Company. The Corporate Secretary shall also prepare a report on</p>	Complied with	By Resolution of the Board of Directors dated March 10, 2021 (Minutes No.2), the Company appointed a Corporate Secretary.

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Effective Management of the Company by the Board of Directors and the Board		
<p>compliance with principles and provisions of this Code, which shall be included in the Company's Annual Report. This report shall include a list of the principles and provisions of the Code that are not being complied with appropriate explanations.</p>		
<p>In order to comply with principles of business ethics, optimal regulation of social and labour disputes arising in the Company, an Ombudsman shall be appointed.</p> <p>A candidate for the Ombudsman position shall have an impeccable business reputation, high credibility and the ability to make impartial decisions.</p> <p>The Ombudsman shall be appointed by a Resolution of the Company's Board of Directors and shall be subject to re-election every two years. The Ombudsman's role shall be to advise and assist employees, parties to labour disputes and conflicts who have applied to him/her in developing a mutually acceptable, constructive and realistic solution, taking into account norms of the legislation of the Republic of Kazakhstan (including observance of confidentiality, if necessary), assisting in resolution of social and labour issues of both employees and the Company.</p> <p>The Ombudsman shall bring problematic issues of systemic nature that he/she has identified to the relevant bodies and officials of the Company, requiring appropriate decisions (complex measures), and make constructive proposals to resolve them.</p> <p>At least once a year, the Ombudsman shall submit a report on his/her findings to the Human Resources, Remuneration and Social Affairs Committee and the</p>	Complied with	<p>In order to comply with principles of the Code of Business Ethics, Optimal Regulation of Social and Labour Disputes arising in the Company, Maira Dusenbayevna Turganova (Турганова Майра Дюсенбаевна), former Head of Corporate Secretary Service of "Baiterek" National Management Holding" JSC was appointed Ombudsman of the Company for a term of two years by Resolution of the Board of Directors of the Company dated July 30, 2021 (Minutes No.9).</p>

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Effective Management of the Company by the Board of Directors and the Board		
<p>Audit and Risk Committee of the Company's Board of Directors, which shall appraise his/her performance.</p> <p>The Company's Board of Directors shall appraise the Ombudsman's performance and decide whether to extend or terminate the term of office of the Ombudsman.</p>		
<p>Internal Audit Service shall be established and operate to carry out internal audit as an independent and objective assurance and advisory services aimed at improving the Company's activities. Internal Audit shall assist to achieve goals set by using a systematic and consistent approach to appraising and improving efficiency of risk management, control and corporate governance processes.</p> <p>The Board of Directors of the Company shall determine the number of members and the term of office of Internal Audit Service, appoint its head and employees and remove them, determine its working procedures, the amount, terms and conditions of remuneration and bonuses of employees of Internal Audit Service, as well as the budget of the Internal Audit Service. Employees of Internal Audit Service may not be elected to the Board of Directors or the Board of the Company. Internal Audit Service shall report directly to the Board of Directors of the Company and shall be independent of the Board of the Company. Tasks and functions of Internal Audit Service, its rights and responsibilities shall be set out in the Regulations on Internal Audit Service approved by the Board of Directors of the Company. Key responsibilities of Internal Audit Service shall</p>	<p>Complied with</p>	<p>Internal Audit Service operates in the Company. The term of office of Internal Audit Service (hereinafter referred to as "IAS") of the Company was determined until July 30, 2022 by Resolution of the Board of Directors dated July 30, 2019 (Minutes No.7), Functional accountability of IAS to the Board of Directors is established and implemented in practice. The Head of IAS interacts directly with the Board of Directors. Individual objectivity (avoidance of conflicts of interest) is ensured. Internal auditors do not perform operational functions that are subsequently subject to audit. Pursuant to the Regulations on IAS, employees of IAS are not eligible for election to the Board of Directors and the Board of Company. Appropriate methodologies have been approved for appraising corporate governance, risk management and internal control systems. IAS appraises these systems on a regular basis and the results are presented to the Board of Directors. EAS provides recommendations for improving the aforementioned systems. Regulations on IAS, which comply with the requirements of the Standards and the Code of Ethics, has been approved. Requirements to knowledge and skills for internal auditors have been formalized. Employees of IAS have the collective necessary knowledge and skills. The budget of IAS is approved annually, which provides for training costs of IAS staff. Procedures for periodic reporting of IAS's performance are established and implemented in practice, and information on identified irregularities and deficiencies, as well as on risks taken by the management, is provided as part of this reporting. Monitoring of actions taken on results of the audit engagement is formalised and</p>

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Effective Management of the Company by the Board of Directors and the Board		
<p>include appraising the quality of internal control, risk management, corporate governance systems in the Company and communicating information on the adequacy and efficiency of these systems to the Board of Directors. The primary objective of Internal Audit Service shall be assistance in improvement of the Company's performance. The Regulations on Internal Audit Service shall define and enshrine the following items:</p> <ol style="list-style-type: none"> 1) commitment to principles and regulations adopted by the international Institute of Internal Auditors; 2) status, goals and objectives of the internal audit of the Company; 3) conditions for ensurance of independence, objectivity and professional competence of Internal Audit Service in order to achieve goals and objectives of the internal audit and effective performance of its functions and duties by Internal Audit Service; 4) qualification requirements for the Head and employees of Internal Audit Service; 5) scope and content of internal audit activities; 6) right of access to documents, employees and tangible assets in the course of fulfilling respective engagements; 7) procedures of interaction of Internal Audit Service with the Board of Directors and the Board of the Company and submission of reports to Audit and Risk Committee and the Board of Directors of the Company. <p>The following tasks and functions shall be also stipulated in the Regulations on Internal Audit Service:</p> <ol style="list-style-type: none"> 1) assistance to the Board and employees of the Company in developing and monitoring implementation of procedures and measures to improve risk 		<p>implemented in practice. Monitoring results are reported to the Board of Directors as part of periodic reporting. Requirements for generating audit engagement results are formalised and performed. Audit file retention and access procedures are formalised and followed in practice. A Quality Assurance and Improvement Program has been developed and approved. Criteria for performance measurement of IAS's employees have been developed and approved by the Board of Directors, measures of performance are submitted to the Board of Directors as part of the appraisal of IAS's performance. The Quality Assurance and Improvement Program provides for an annual internal appraisal of IAS's performance (self-appraisal). According to the results of the annual self-appraisal, the Board of Directors approves a Plan of Measures for Improvement of IAS Performance.</p>

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Effective Management of the Company by the Board of Directors and the Board		

management, internal control and corporate governance systems;
 2) coordination of activities with the Company's external auditor, as well as persons rendering consulting services in the field of risk management, internal control and corporate governance;
 3) conducting an internal audit of the Company within the established procedure;
 4) preparation and submission to the Board of Directors and Audit and Risk Committee of periodic reports on findings of Internal Audit Service and implementation of the (annual) Audit Plan (including information on significant risks, gaps, results and efficiency of measures to eliminate identified gaps, findings of the appraisal of the actual state, reliability and efficiency of the risk management system, internal control and corporate governance);
 5) verification of compliance by members of the Board of the Company and its employees with the provisions of the legislation of the Republic of Kazakhstan and internal documents related to insider information and anti-corruption, compliance with ethical requirements;
 6) monitoring implementation of recommendations of the external auditor;
 7) advising 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 organization of internal audit, as well as on other issues within the competence of Internal Audit Service. Appraisal of performance of Internal Audit Service, its Head and employees

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Effective Management of the Company by the Board of Directors and the Board		

shall be carried out by the Board of Directors on the basis of review of reports of Internal Audit Service, compliance with the deadlines for execution of the (annual) Audit Plan and reporting, appraisal of compliance of reports with the requirements of standards and internal regulatory documents of the Internal Audit Service.

The management of the Company's current activities shall be carried out by the Board. The Chairman and members of the Board shall have high professional and personal characteristics, a good business reputation and adhere to ethical standards. The Chairman of the Board shall have high organizational skills, work in active interaction with the Sole Shareholder and build a dialogue with the Board of Directors, employees and other stakeholders in a constructive way. The Board shall be accountable to the Board of Directors and manage daily activities of the Company, responsible for implementation of the Development Strategy and/or Development Plan and decisions made by the Board of Directors and the Sole Shareholder. The Board of Directors shall elect members of the Board (excluding the Chairman of the Board), determine their terms of office, salary, terms of remuneration and bonuses. The Human Resources, Remuneration and Social Affairs Committee shall play a key role in searching for and selecting candidates to the Board and determining their remuneration. Proposals on candidates for election to the Board shall be submitted by the Chairman of the Board to the Human

Complied with

The Company has a collegial executive body — the Board.

The work of the Board is aimed at achieving the Company's objectives and implementing the Company's Development Strategy.

According to Resolution of the Company's Board of Directors dated June 30, 2021 (Minutes No.7), the quantitative composition of the Board of the Company was approved for five (5) members.

As of December 31, 2021, the Company's Board consisted of:
 1. A.G. Prashev – Chairman of the Board;
 2. N.S. Karnakova – Deputy Chairman of the Board;
 3. A.B. Ashirbekov – Deputy Chairman of the Management Board;
 4. A.B. Seytzhannov – Deputy Chairman of the Board;
 5. D.S. Kaiyrzhuban – Deputy Chairman of the Board/

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

The Chairman of the Board, A.G. Prashev, has high organisational skills, works in active cooperation with the Sole Shareholder and builds a dialogue with the Board of Directors, employees and other stakeholders in a constructive way.

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Effective Management of the Company by the Board of Directors and the Board		
Resources, Remuneration and Social Affairs Committee. If the Board of Directors rejects a candidate proposed by the Head of the Board for the same vacant position on the Board for the second time, the right to propose a candidate for the vacant position shall be transferred to the Board of Directors.		
The Board of Directors may at any time terminate office of the members of the Board (with the exception of the Chairman of the Board). It is recommended to elect members of the Company's Board for a period of up to three years. The terms of office of the Chairman and members of the Board shall coincide with the term of office of the Board as a whole. In order to enhance transparency of the appointment and remuneration of the Company's Board members, the Board of Directors is recommended to approve and strictly comply with the rules for appointment, remuneration, appraisal and succession to the Company's Board.	Complied with	Processes of electing members of the Company's Board are governed by the Regulations on the Board, approved by Resolution of the Board of Directors of the Company dated March 28, 2018 (Minutes No.6). The term of office of the current members of the Company's Board is determined by Resolution of the Board of Directors of the Company until July 30, 2022 (Minutes No.7 dated July 30, 2019). By Resolution of the Board of Directors of the Company dated June 30, 2021 (Minutes No.7), the composition of the Company's Board has been determined as five (5) members. Remuneration processes for the members of the Company's Board are governed by the Regulations on Remuneration, Performance Appraisal and Remuneration of the Company's Key Employees approved by Resolution of the Board of Directors of the Company dated September 30, 2021 (Minutes No.11).
The Board shall meet in person and discuss implementation of the Development Strategy and/or Development Plan, decisions of the Sole Shareholder, the Board of Directors and operational activities. Meetings of the Board shall be held on a regular basis. The frequency of meetings in absentia shall be limited and defined by in the Charter and internal documents of the Company. The Board shall draw up a work plan for the coming year with a list of issues before the start of the calendar year. Members	Complied with	The Work Plan of the Board was approved by Resolution of the Board of the Company dated January 26, 2021 No.1. A list of issues proposed for inclusion in the Work Plan of the Company's Board for 2021 was determined. The Work Plan reflects issues on approval of the Company's internal regulatory documents, initiation of convening of the Board of Directors, write-off of fixed assets and other issues. During 2021, thirty-six (36) meetings of the Company's Board were held, all — in person. Meetings were held on a regular basis, every ten (10) days of the month. According to the Regulations on the Board, drafts resolution are subject to

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Effective Management of the Company by the Board of Directors and the Board		
of the Board shall be provided with materials for consideration in advance and of a sufficient quality. When considering issues such as Development Strategies and/or Development Plans, Investment Projects and risk management, holding of several meetings shall be allowed. In considering each issue, a separate discussion shall be devoted to risks associated with making/not making a decision and their impact on the profitability of the Company. All issues submitted at the initiative of the Board to the Board of Directors and the Sole Shareholder shall be considered and approved in advance by the Board. The Chairman and members of the Board shall not allow a situation of conflict of interest to arise. If a conflict of interest arises, they shall notify the Board of Directors or the Chairman of the Board in advance on recording this fact in writing and shall not participate in decision-making 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 Chairman of the Board shall not hold a position of the Head of the Board of another legal entity.		mandatory approval by the Head of the initiating Department, the Head of Legal Department, for compliance of the draft resolution with legal requirements, as well as their supervisors, the Head of the business subdivision, responsible for risk management, for compliance with the Risk Management Policy of the Company. Moreover, pursuant to subparagraph 1) of paragraph 85 of the Company's Charter, the Board's competence includes preliminary consideration of issues submitted to the Sole Shareholder and the Board of Directors, except for Internal Audit Service, Corporate Secretary, Compliance Service and Ombudsman. The Company's goals and objectives shall be consistent with the Company's mission and aligned with the Company's risk appetite. Risk Management Department, when agreeing a draft resolution of the Management Board and other authorised bodies, ensures that resolutions are risk-weighted. The Risk Management Department, when approving a draft resolution of the authorised body, checks for compliance / non-compliance of the draft resolution with the approved level of the Company's risk appetite.
The Chairman and members of the Board shall be appraised by the Board of Directors. The main appraisal criterion shall be achievement of KPIs set. Motivational KPIs for the Chairman and members of the Board shall be approved by the Company's Board of Directors. Proposals regarding motivational KPIs of members of the Board for consideration by the Board of Directors shall be submitted by the Chairman of the Board.	Complied with	In accordance with subparagraph 10) of paragraph 37 of the Company's Charter, the exclusive competence of the Board of Directors of the Company includes determining the amount of salaries and terms of remuneration and bonuses for the Chairman and members of the Board of the Company. The Chairman and members of the Company's Board are assessed annually by the Board of Directors. The main appraisal criterion is the achievement of key performance indicators set for the Chairman and members of the Board, consisting of corporate and

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Effective Management of the Company by the Board of Directors and the Board		
<p>Efficiency rating shall affect remuneration, incentives, re-election (appointment) or early termination.</p> <p>Remuneration of the Chairman and members of the Board shall consist of a fixed and a variable part. When setting the salary, complexity of the tasks performed, an employee's personal competencies and competitiveness in the market, the contribution made by a person to the development of the Company, the level of salaries in similar companies, and the economic situation in the Company shall be taken into account.</p> <p>In the event of early termination of the employment contract, remuneration shall be paid in accordance with the internal documents approved by the Board of Directors of the Company.</p>		<p>functional key performance indicators, which take into account a specific nature of the Company's activities and include financial and non-financial key performance indicators and non-financial indicators.</p> <p>KPIs are developed by cascading the Company's strategic objectives and based on the area of competence assigned to a certain position/ key employee and are submitted to the Company's Board of Directors for approval in due course.</p> <p>The KPI maps for 2021 were approved by Resolution of the Board of Directors of the Company dated September 30, 2021 (Minutes No.11).</p>

Principle of Sustainable Development		
<p>The Company shall recognise the importance of its impact on the economy, environment and society to ensure sustainable development in the long term, while respecting the balance of stakeholders' interests. A responsible, thoughtful and rational approach to stakeholder engagement will contribute to the Company's sustainable development.</p> <p>The Company shall strive for operating profitability, ensure sustainable development, and stake a balance of interests of its stakeholders.</p> <p>The Company, in the course of its activities, shall influence or shall be influenced by its stakeholders. Sustainability activities shall be in line with best international standards. Stakeholders can have both</p>	Complied with	<p>In order to determine fundamental norms, principles, rules and approaches to be followed by the Company in building management systems in the area of sustainable development, the Company had developed and approved Sustainable Development Policy of KazAgroFinance (hereinafter referred to as "SD Policy") by the Board of Directors dated June 30, 2021 (Minutes No.7)</p> <p>In addressing sustainability challenges, the Company relies on its mission, the Company's and the Holding's Development Strategy, and uses international norms of behavior and principles set out in international sustainability standards. The Company uses international sustainability standards as a prerequisite for its compliance with international best practices and for achieving its goals and objectives in the area of sustainable development.</p> <p>The Company's Board ensures the formation of a proper sustainable</p>

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Sustainable Development		
<p>positive and negative impacts on the Company's activities, namely on profitability, sustainable development, reputation and image, as well as creation or mitigation of risks. The Company shall attach great importance to appropriate engagement with its stakeholders.</p>		<p>development management system and its implementation.</p> <p>The Company recognises the importance of its impact on the economy, environment and society in order to ensure sustainable development in the long term, while respecting the balance of stakeholders' interests. A responsible, thoughtful and rational approach to stakeholder engagement contributes to the Company's sustainable development. Principles in the field of sustainable development are openness, accountability, transparency, ethical behavior, respect for stakeholders; interests, legality, respect for human rights. intolerance against corruption, inadmissibility of conflict of interests. In general, these principles are applied and complied with by the Company.</p> <p>In order to pursue a successful and effective sustainable Development Policy, the Company pays due attention to stakeholders' engagement.</p> <p>In order to determine the list of stakeholders, the extent of their influence and spheres of influence on the Company's interests, the Company's Stakeholder Map was approved by Resolution of the Board dated October 1, 2021 No.25.</p> <p>The main forms of stakeholder engagement are joint programs and projects, memoranda of cooperation, joint working groups, activity reporting, meetings, council board, publications, interviews, etc.</p> <p>The process of organizing the Company's interaction with stakeholders is based on the principle of involvement, which implies taking into account stakeholders' interests at all stages of the Company's business management process and involving stakeholders in discussions of important issues, potential risks and battery limits.</p>
<p>The Company shall ensure consistency of its economic, environmental and social objectives for sustainable development in the long term. Sustainable development in the Company shall consist of three components: economic, environmental and social.</p>	Complied with	<p>Sustainable development in the Company is implemented in accordance with the SD Policy and consists of three categories: economic, environmental and social.</p> <p>Economic component of the Company's sustainable development contains the following objectives:</p> <p>1) break-even operation of the Company;</p>

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Sustainable Development		
Economic component shall direct the Company's activities towards profitability of its activities, ensuring the interests of the Sole Shareholder and investors, increasing efficiency of processes, and growing investments in the agro-industrial complex of the Republic of Kazakhstan.		2) serving the interests of the Sole Shareholder and investors; 3) increase of processes efficiency; 4) growth of investments in agriculture; 5) creation of new jobs. Environmental component of the Company's sustainable development contains the following objectives: 1) minimising the impact on biological and physical natural systems; 2) optimal use of limited resources; 3) application of environmentally friendly, energy efficiency and material-saving technologies.
Environmental component shall contribute to minimizing an impact on biological and physical natural systems, an optimal use of limited resources, and an application of environmentally friendly, energy efficiency and material-saving technologies. Social component shall focus on principles of social responsibility, which, among other things, include ensuring occupational safety and health of employees, fair remuneration and observance of employees' rights, individual development of personnel, implementation of social programs for personnel, creation of new jobs, sponsorship and charity, environmental and educational campaigns. The Company shall analyse its activities and risks along these three dimensions, and seek to avoid or reduce a negative impact of its performance on stakeholders.	Complied with	Social component of the Company's sustainable development contains the following objectives: 1) ensuring transparent competitive procedures and equal employment opportunities; 2) fair remuneration and observance of employees' rights; 3) ensuring occupational safety and health of employees; 4) training and professional development of employees; 5) implementation of internal and external social programs.
The Company shall build a management system in the area of sustainable development, that shall include, but not limited to, the following elements: 1) commitment to principals of sustainable development at the level of the Board of Directors, the Board and employees;	Complied with	Sustainable development management in the Company is carried out within the framework of the Company's overall business management system and is an integral part of it. The SD Policy defines fundamental principles and approaches in building the management system in the area of sustainable development. The Company's objectives in the area of sustainable development are as follows:

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Sustainable Development		
2) analysis of internal and external situation in three components (economy, ecology, social issues); 3) identification of risks in the area of sustainable development in social, economic and environmental spheres; 4) construction of a stakeholders' map; 5) integration of sustainable development into key processes including risk management, planning, human resources management, investment, reporting, operations and others, as well as into development strategy and decision-making processes; 6) definition of goals and KPIs in the area of sustainable development, preparation of a plan of measures and identification of responsible persons; 7) competence development of officials and employees in the area of sustainable development; 8) regular monitoring and appraisal of actions in the area of sustainable development, appraisal of achievement of goals and KPIs, taking corrective measures, introduction of a culture of continuous improvement. The Company's Board of Directors and the Board shall ensure the formation of an appropriate system in the area of sustainable development and its implementation. All employees and officers shall contribute to sustainable development at all levels.		1) consistent implementation of sustainable development principles in key business processes and corporate decision-making system; 2) analysis and control of sustainable development risks in view of its three components; 3) increasing the quality of sustainable development management by means of organizing systematic work; 4) creation of mechanisms for effective interaction of the Company with stakeholders, including regular reporting on performance in the area of sustainable development. The Company's approach to issues of sustainable development is based on consistency of the Company's interests and strategic plans with basic principles in the area of sustainable development and compliance with the principles of conscientious and responsible conduct towards all stakeholders.
The Company shall develop plans of measures in the area of sustainable development by means of the below actions: 1) analysis of the current situation in three main areas: economic, environmental and social; when conducting this	Complied with	Plan of Measures for Sustainable Development of KazAgroFinance for 2022 was approved by Reslotion of the Board dated December 29, 2021 No.36. The Plan reflects the Company's initiatives in an effort to follow international best practices in the area

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Sustainable Development		
<p>analysis, reliability, timeliness and quality of information shall be important;</p> <p>2) identification of sustainability risks; risks shall be allocated according to three sustainability areas, may also affect related areas and capture other risks; both internal and external impacts on the Company shall be analysed to identify risks;</p> <p>3) identification of stakeholders and their influence on the activity;</p> <p>4) determination of objectives and, if applicable, targets, measures for improvement for three components, responsible persons, resources needed and deadlines for implementation;</p> <p>5) regular monitoring and evaluation of implementation of objectives, activities and targets;</p> <p>6) systematic and constructive stakeholder engagement and feedback;</p> <p>7) implementation of the plan developed;</p> <p>8) continuous monitoring and regular reporting;</p> <p>9) analysis and evaluation of the efficiency of the plan, finalizing of findings and taking corrective and improvement measures.</p> <p>It is recommended that sustainable development shall be integrated into:</p> <p>1) management system;</p> <p>2) Development Strategy;</p> <p>3) key processes, including risk management, planning (long-term (strategy), medium-term (five-year Development</p>		<p>of sustainable development. The Plan includes measures on three components of sustainable development (economic, environmental and social ones).</p> <p>As part of implementation of the Plan, such measures as improving the culture of energy supply, reducing energy consumption, optimizing hard-copy document workflow, increasing coverage of trained employees and a number of other measures are envisaged.</p> <p>The Company plans to integrate principles of sustainable development into a new Development Strategy. Plan) and short-term (annual budget periods), reporting, risk management, human resources management, investments, operational activities and others, as well as decision-making processes at all levels starting from bodies (the Sole Shareholder, the Board of Directors, the Board), and ending with ordinary employees.</p>
Principle of Risk Management, Internal Control and Internal Audit		
<p>The Company has an effectively functioning risk management and internal control system aimed at providing reasonable assurance that the Company achieves its strategic and operational objectives, and</p>	<p>Complied with</p>	<p>The Company has risk management and internal control systems, which are a set of interrelated components (organizational policies, procedures, methods, mechanisms, codes of behavior and actions, etc.) aimed to provide reasonable assurance that the</p>

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Risk Management, Internal Control and Internal Audit		
<p>which is a combination of organizational policies, procedures, codes of behavior and actions, management methods and mechanisms established by the Board of Directors and the Board to ensure the following:</p> <p>1) the optimal balance between the Company's profitability, its strategic goals and risks accompanying them;</p> <p>2) efficiency of financial and economic activities and achievement of financial stability of the Company;</p> <p>3) preservation of assets and effective use of resources of the Company;</p> <p>4) completeness, reliability and credibility of financial and managerial statements;</p> <p>5) compliance with the laws of the Republic of Kazakhstan and internal documents of the Company;</p> <p>6) proper internal controls to prevent fraud and ensure effective support of core and auxiliary business processes and performance analysis.</p>		<p>Company is achieving its strategic and operational objectives.</p> <p>Risk management in the Company is a continuous, dynamic and ongoing process and consists of components according to the following scheme: identification, measurement, control, monitoring.</p> <p>On a quarterly basis, a register and a map of risks, that have a critical impact on the Company's ability to achieve its strategic and operational goals and objectives, are updated.</p> <p>Internal Audit Service assesses efficiency of risk management and internal control systems at regular intervals.</p> <p>The corporate risk management system for 2021 was assessed by external advisers of KPMG. Following an assessment, the final rating of the corporate risk management system was 82%. The assessment of 82% corresponds to a performance maturity and the elements of the risk management system are in line with best practice and the risk management system is sufficiently effective.</p> <p>The Company is continuously improving its corporate risk management system. The internal control system is an integral part of the Company's corporate governance system, covering all levels of management and all internal processes and operations of the Company.</p> <p>In order to implement internal controls, the Company has built a three-line defense system consisting of the following components:</p> <ul style="list-style-type: none"> - the first line of defense: internal controllers are appointed from among the Company's employees in the Company's business subdivisions according to the order of the Chairman of the Board; - the second line of defense are business subdivisions of the Company performing control functions; - the third line of defense are provided by Internal Audit Service by appraising efficiency of the Company's Internal Control System. <p>In order to ensure efficient functioning of the Internal Control System, the Company had implemented the Plan of Measures for Improvement of Internal Control System of KazAgroFinance JSC</p>

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Risk Management, Internal Control and Internal Audit		
		<p>for the period of 2019–2021. The Report on Execution of the Plan for 2021 was approved by Resolution of the Board of Directors dated March 30, 2022 No.3. The Company had approved the Plan for Improvement of the Internal Control System of KazAgroFinance for 2022–2024 by Resolution of the Board of Directors dated December 23, 2021 No.15. The Plan includes activities in five components: control environment, risk assessment, control procedures, information, communication channels and monitoring. In addition, Internal Audit Service of the Company conducts an appraisal of efficiency of the Internal Control System with the established frequency, thus, in the second quarter of 2021 the efficiency rating of 'above average' was determined by the audit team, which is a rather high indicator.</p>
<p>The Company's Board of Directors shall approve internal documents defining principles and approaches to organization of risk management and internal control system, based on the objectives of this system. Organisation of an effective risk management and internal control system in the Company shall aim to build a management system capable of ensuring that employees, management and bodies of the Company understand reasonableness and acceptability of the level of risk in their decision-making, respond quickly to risks, monitor basic and auxiliary business processes, daily operations, as well as immediately inform an appropriate level of management of any significant deficiencies. Principles and approaches to establishing an effective risk management and internal control system shall include the following items:</p> <p>1) definition of goals and objectives of the risk management and internal control system;</p>	<p>Complied with</p>	<p>The Company's Board of Directors approved the following internal documents:</p> <ul style="list-style-type: none"> - Risk Management Policy (approved by the Resolution of the Board of Directors dated August 31, 2021 (Minutes No.10): - main objectives of the Risk Management Policy are building an effective comprehensive system and creating an integrated risk management process, as well as continuous improvement of activities based on a unified standardised approach to risk management methods and procedures; - ensuring that the Company takes acceptable risks that are adequate to the scale of the Company's activities. <p>Risk management in the Company is a continuous, ongoing process and is carried out at all levels, involving collegial bodies, authorised bodies, business subdivision and employees of the Company.</p> <p>Policy on the Internal Control System of KazAgroFinance was approved by Resolution of the Board of Directors of the Company dated September 06, 2019 No.9.</p> <p>The Policy defines concepts, goals and objectives of the Internal Control System, principles of its operation, key areas and main components of internal control procedures, as well as a competence and responsibility of internal control</p>

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Risk Management, Internal Control and Internal Audit		
<p>2) an organizational structure of the risk management and internal control system, covering all levels of decision-making and taking into account a role of the appropriate level in the process of development, approval, application and assessment of the risk management and internal control system;</p> <p>3) basic requirements for organization of the risk management process (approaches to risk definition, procedure for identification and assessment of risks, definition of response methods, monitoring and others);</p> <p>4) requirements to organization of internal control system and control procedures (characteristics of key areas and main components of internal control system, procedure for performance evaluation and reporting on internal control, etc.).</p> <p>The Company's internal regulatory documents shall stipulate the responsibility of the Board of Directors and the Board of the Company to organise and ensure an effective functioning of the risk management and internal control system on a consolidated basis.</p>		<p>subjects in the execution of procedures and assessment of the Internal Control System of the Company. The main purpose of the Internal Control Policy is to achieve its goals in three key areas:</p> <ul style="list-style-type: none"> - operating activities; - preparation of financial statements; - compliance with legal and regulatory requirements. <p>The Internal Control System Policy applies to officers and employees at all levels of management and activities of the Company, business subdivisions, as well as other internal control participants and stakeholders. Moreover, in order to define the procedure for ensuring an effective functioning of the Internal Control System, the Company has approved Rules for Implementing the Policy on the Internal Control System of the Company. The Company will continue to develop the Internal Control System and ensure effective functioning of the Internal Control System in the future.</p>
<p>Each officer of the Company shall ensure, that risks are properly considered when making decisions. The Company's Board shall ensure, that risk management procedures are implemented by employees, who have appropriate qualifications and experience. The Board shall:</p> <p>1) ensure development and introduction of internal documents approved by the Board of Directors in the area of risk management and</p>	<p>Complied with</p>	<p>Roles and responsibilities for performance of duties and job descriptions are governed in the Regulations on Business Subdivisions during regulatory activity of business processes. Decision-making powers are defined at the level of the management body (Board of Directors) and the executive body (Board), with additional delegated powers at Committees level or for individual members of the executive body. When considering issues within the powers, advance approval with business subdivisions-experts and/or mandatory business subdivisions within the</p>

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Risk Management, Internal Control and Internal Audit		
<p>internal control; 2) ensure establishment and effective performance of the Risk Management and Internal Control System through practical realization and continuous implementation of the risk management and internal control principles and procedures assigned to it; 3) be responsible for implementing decisions of the Board of Directors and recommendations of the Audit and Risk Committee in the organization of the Risk Management and Internal Control System; 4) monitor the Risk Management and Internal Control System in accordance with the requirements of 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 principles of internal control and ensure performance of the Risk Management and Internal Control System, the Board of the Company shall distribute powers, duties and responsibility for specific risk management and internal control procedures between Heads of the following level and/or Heads of business subdivisions. Heads of business subdivisions, in accordance with their functional duties, shall be responsible for formulation, documentation, implementation, monitoring and development of the Risk Management and Internal Control System in their respective functional areas of the Company.</p>		<p>business process is provided. According to the results of the approval, an expert opinion is prepared, if necessary. According to job descriptions, employees of the Company are responsible for timely identification, assessment and management of risks within their competence. Description of methods and procedures of risk management process, including procedures and forms of reporting on risk management, goals, functions and responsibilities of participants in the process of managing major types of risk, risk management measures and other components of the risk management process are disclosed in internal documents of the Company, approved by the authorised bodies of the Company in accordance with their competence. Pursuant to Clause 10 of the Rules for Implementation of the Policy on the Internal Control System, in order to carry out internal control on the first line of defense in business subdivisions of the Company, internal controllers were appointed from among the Company's employees by Order of the Chairman of the Board dated May 11, 2021 No.76. On the basis of the reports submitted by internal controllers and structural subdivisions exercising control functions pursuant to Clause 33 of the Rules for Implementation of the Policy on the Internal Control System, a Consolidated Report on Breaches and Deficiencies Identified on the Internal Control System for 2021 was approved by Resolution of the Board dated December 29, 2021 No.36. The Methodology for Performance Appraisal of the Internal Control System was approved by Board's Resolution dated December 29, 2021 No.36, which provides for reviewing and appraising control procedures in the Company as part of the 1'st and the 2'nd lines of internal control defense, including analysis and appraisal of factors that affect efficiency of the Internal Control System in terms of each of five components (control environment, risk assessment, control procedures, information and communication channels, monitoring). The Methodology</p>

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Risk Management, Internal Control and Internal Audit		
<p>The Risk Management and Internal Control System shall provide a procedure for identifying, assessing and monitoring all significant risks and for taking timely and adequate measures to mitigate the level of risks. Risk management procedures shall ensure a rapid response to new risks, their clear identification and determination of risk owners. In the event of any unforeseen changes in the Company's competitive or economic environment, a risk map and its compliance with risk appetite shall be reassessed. The Board of Directors shall approve an overall level of risk appetite and level of tolerance for key risks, which shall be enshrined in internal documents of the Company. Tolerance levels for key risks shall be reviewed in case of material events. Limits shall be set to minimize risks in day-to-day activities. For a holistic and clear understanding of inherent risks in the Company, at least on an annual basis there shall be identification and assessment of risks, which shall be reflected in the risk register, risk map and plan of measures to respond to risks (process improvement, minimization strategies), approved by the Board of Directors. The Board of Directors, when reviewing a risk register and a map, shall ensure that they include risks that can actually affect implementation of strategic objectives, and when reviewing a plan of measures for responding to risks, shall make sure that measures are useful. The Board of Directors and the</p>	<p>Complied with</p>	<p>is also applied to perform an annual continuous appraisal (self-appraisal) of the Company's Internal Control System. Risk Management Policy (approved by Resolution of the Board of Directors of the Company dated August 31, 2021 (Minutes No.10) defines a structure of risk management, main components of the risk management system and ensures a systematic and consistent approach in implementing a risk management process. Risk-appetite for 2022 was approved by Resolution of the Board of Directors of the Company dated December 23, 2021 No.15. Key Risk Indicators for 2022 were approved by Resolution of the Board of Directors of the Company dated December 23, 2021 No.15. Risk Register and Risk Map for 2022 were approved by Resolution of the Board of Directors of the Company dated February 22, 2022 No.1. Limits for Second-tier Banks were approved by Resolution of ALCO (Asset and Liability Management Committee) dated March 31, 2022 No. 10-2022. Risk Management Rules of the Company, which regulate methods, tools and approaches for identifying, assessing, monitoring and managing risks, were approved by Resolution of the Board dated October 20, 2021 No.27.</p>

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Risk Management, Internal Control and Internal Audit		
Board of the Company shall regularly receive information about key risks, their analysis in terms of their impact on the strategy and Development Plan of the Company. Risk reports shall be submitted to meetings of the Board of Directors at least once a quarter and shall be duly discussed in full.		
The Company has established an Internal Audit Service for a systematic independent assessment of reliability and efficiency of the Risk Management System, internal control and corporate governance practices. Internal Audit Service shall carry out its activities on the basis of a risk-oriented (annual) Audit Work Plan approved by the Board of Directors of the Company. Audit reports, key findings and relevant recommendations shall be submitted quarterly for consideration by the Board of Directors. Head of Internal Audit Service shall take into account a risk management concept adopted by the Company, and apply his/her own risk judgment formed after advisory with the Company's Board and Audit and Risk Committee.	Complied with	IAS conducts regular assessments of Risk Management and Internal Control Systems, as well as of corporate governance. The results of assessment are submitted for consideration by the Board of Directors. In 2021, a corporate governance research was carried out, which resulted in recommendations for improving Corporate Governance System, as well as performance efficiency of Internal Control System, which also resulted in recommendations for improving Internal Control System. In addition, based on results of audit engagement in 2021, in order to assess Internal Control System (ICS), systemic violations and errors were identified, and recommendations aimed at improving ICS and Risk Management System were provided. Head of IAS draws up a Risk-Oriented Plan defining internal audit priorities in line with the Company's strategic goals. Procedures for periodic reporting of IAS's performance have been established and, as part of this reporting, information on violations and deficiencies identified, as well as on risks taken by management, is provided.
The Company shall carry out an annual audit of financial statements by engaging an independent auditor to provide an objective opinion to stakeholders on reliability of financial statements and their compliance with International Financial Reporting Standards. Selection of an external auditor shall be based on a tender process. At selecting the opinion of Audit and Risk Committee of the Board of	Complied with	The Company carries out an annual audit of financial statements by engaging an independent and qualified auditor who, as a third party, provides an objective opinion to stakeholders on reliability of financial statements and their compliance with IFRS.

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Risk Management, Internal Control and Internal Audit		
Directors of the Company shall betaken into account, which shall agree on qualification requirements and/or technical specifications developed for the purpose of the tender.		
Principle of Management of Corporate Conflicts and Conflicts of Interest		
Members of the Board of Directors and the Board of the Company, employees of the Company shall fulfill their professional functions reasonably and in good faith for the benefit of shareholders and the Company, avoiding conflicts. In the event of waiver (occurrence) of corporate conflicts, participants shall seek ways to resolve them through negotiations in order to ensure effective protection of the interests of the Company and stakeholders. Therewith, the Company's officials shall inform the Corporate Secretary and/or the Ombudsman about waiver (occurrence) of a conflict in a timely manner. Effective prevention and settlement of corporate conflicts shall involve full and prompt identification of such conflicts and coordination of actions by all bodies of the Company.	Complied with	In 2021, there were no incidents of conflict of interest in the Company.
A conflict of interest shall be defined as a situation in which a personal interest of an employee of the Company affects or may affect an impartial performance of job duties. Employees of the Company shall not allow a situation to arise, in which a conflict of interest may waive, either in relation to themselves (or related persons) or in relation to others. In order to avoid conflicts of interest that prevent the Board of Directors from performing	Complied with	In order to prevent and resolve corporate conflicts and conflicts of interest in the Company, as well as to coordinate actions of all bodies and officials, Rules for Settlement of Corporate Conflicts and Conflicts of Interest in the Company were approved by Resolution of the Board of Directors of the Company dated November 04, 2015 (Minutes No.17). The following documents were approved by Resolution of the Board of Directors of the Company dated February 23, 2022 (Minutes No.2.): 1) the Company's Code of Business Ethics, which establishes fundamental

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Management of Corporate Conflicts and Conflicts of Interest		
its duties objectively and to limit political interference in the processes of the Company's Board of Directors, the Company shall implement mechanisms to prevent and manage them. Main principles for preventing conflicts of interest, methods for their identification, assessment and settlement shall be enshrined in the Code of Business Ethics of the Company, approved by the Board of Directors.		values and principles of corporate (business) ethics; 2) Regulations on the Company's Ombudsman, which define functions of the Ombudsman Institution in settlement of labour disputes, conflicts, social and labour issues, as well as observance of principles of business ethics by employees of the Company.
Principles of Transparency and Objectivity of Information Disclosure about the Company's Activities		
In order to comply with interests of stakeholders, the Company shall disclose information provided for by the legislation of the Republic of Kazakhstan and internal documents of the Company, as well as information on all important aspects of its activities, including financial position, performance, ownership and management structure reliably and in a timely manner. In order to ensure systematic information disclosure, the Company shall approve internal documents that define principles and approaches to information disclosure, its protection, a list of information disclosed to stakeholders, terms, procedure, method, and form of disclosure, responsible officers and employees with an indication of their functions and responsibilities, as well as other provisions regulating information disclosure processes. In order to protect information constituting commercial and official secrets, the Company shall determine the procedure for classifying information as access categories, conditions for storing and using information in accordance with	Partially complied with	In order to ensure transparency of its activities, the Company is guided by Disclosure Policy of KazAgroFinance, approved by Resolution of the Board of Directors dated February 11, 2021 No.1, which defines goals, principles, forms and methods of information disclosure, a list of information constituting commercial, official or other legally protected secret. The procedure and terms of information disclosure on Internet resources of the depository of financial statements, Kazakhstan Stock Exchange and the corporate Internet resource of the Company are governed in Regulation on the procedure for disclosure of information about activities of KazAgroFinance, approved by Resolution of the Board dated April 06, 2022 No.10 (hereinafter referred to as "Regulation on Information Disclosure Procedure"). Regulation on Information Disclosure Procedure provides a list of information to be disclosed to stakeholders, terms, procedure, method, form of disclosure, responsible officials and employees, specifying their roles and responsibilities, as well as other provisions governing the disclosure process. In 2021 the Company disclosed information on corporate events, financial statements, information on affiliates and other information affecting the shareholder's interest in accordance with legal requirements and Regulation

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Management of Corporate Conflicts and Conflicts of Interest		
the legislation of the Republic of Kazakhstan. The Company shall determine a scope of persons who have a right of free access to information constituting commercial and official secrets, and take measures to protect its confidentiality.		of Disclosure by Initiators of Listing of Kazakhstan Stock Exchange. According to the results of 2021, seventy-eight (78) information messages were posted on the website of Kazakhstan Stock Exchange and fifty-four (54) messages — on the website of the depository of financial statements, of which two events (one Resolution of the Sole Shareholder and one Resolution of the Board of Directors on the issue of bonds) were posted in violation of the deadline for providing information to the depository of financial statements. Furthermore, the Company's corporate website www.kaf.kz contains full information on the Company's activities, organizational structure, financing products and other relevant information. The Company is carrying out its activities in accordance with Information Security Policy for KazAgroFinance, which was approved by Resolution of the Board of Directors of the Company dated October 25, 2017 No.13.
An internet resource shall be structured, easy to navigate and contain information that shall be sufficient for stakeholders to understand the Company's activities. It is recommended that the information shall be placed in separate thematic sections of the website. A website shall be updated as necessary, but at least once a week. The Company shall monitor completeness and relevance of the information posted on the Internet resource on a regular basis, as well as determine compliance of this information posted on the Kazakh, Russian, English versions of the Internet resource. For these reasons, responsible persons (business subdivision) being in charge of completeness and relevance of the information on the website shall be assigned.	Complied with	The Company's corporate website (www.kaf.kz) is structured and easy to use. It contains general information about the Company, management, performance and other information in accordance with best corporate governance practices. The Company's corporate website is updated on an ongoing basis, pursuant to requests from business subdivisions and monitoring the relevance of data. Information is published with equal access in Russian, Kazakh, English languages (if necessary). The Company's corporate website is improved and updated as necessary. The procedure for maintaining the Company's corporate website is governed by the Regulation on Information Disclosure Procedure (Appendices No.3, 3-1) and defines responsible business subdivisions for timely updating, filling and actualization of sections of the corporate website.

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Management of Corporate Conflicts and Conflicts of Interest		
<p>The Company shall prepare an Annual Report in accordance with provisions of this Code and best disclosure practices. The Annual Report shall be approved by the Sole Shareholder.</p> <p>The Annual Report shall be a structured document and shall be published in Kazakh, Russian and English languages (if necessary).</p> <p>The Annual Report shall be prepared and after approval by the Sole Shareholder of the Company, posted on the Internet-resource.</p> <p>126. Requirements for the content of the Annual Report shall involve at least the following information:</p> <p>1) an address by the Chairman of the Board of Directors of the Company;</p> <p>2) an address by the Chairman of the Board;</p> <p>3) about the Company: general information; the structure of the equity capital, including following information: number and par value of shares (stakes) issued, description of rights conferred by shares, number and par value of authorized shares but unsubscribed ones; information on the Sole Shareholder, number of ordinary shares owned by the Sole Shareholder, procedure for disposition of ownership rights; mission; Development Strategy, results of its implementation; market overview and market position;</p> <p>4) financial and operating performance for the reporting year: review and analysis of performance in relation to goals set; operational and financial performance; major material events and achievements; information on material transactions; any financial support, including guarantees being received/ have been received from the</p>	<p>Complied with</p>	<p>The Company prepares an Annual Performance Report, approved by the Sole Shareholder, on an annual basis. In 2021, the Company's Annual Report for 2020 was approved by Resolution of the Board of "Baiterek" National Management Holding" JSC dated August 25, 2021 No.43/21.</p> <p>The Annual Report of KazAgroFinance for 2020 (hereinafter referred to as the "Annual Report") was developed in accordance with the structure defined by the Regulation of Disclosure by Initiators of Listing of Kazakhstan Stock Exchange, Regulation on the procedure for disclosure of information about activities of KazAgroFinance, as well as the best practice for preparation of annual reports (in accordance with GRI Standards (Core Option).</p> <p>The information presented in the Annual Report discloses reliable information, ensures transparency of the Company's activities and reflects the Company's commitment to principles of corporate governance.</p> <p>The Annual Report is available on the Company's website of Kazakhstan Stock Exchange JSC and on the Company's corporate website www.kaf.kz in the Reporting Section (https://www.kaf.kz/about/reporting/).</p>

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Management of Corporate Conflicts and Conflicts of Interest		
<p>state and any obligations to the state and public undertaken by the Company (if not disclosed in accordance with IFRS);</p> <p>5) asset profile, overview, key outcome of its financial and production activities;</p> <p>6) goals and plans set for future periods;</p> <p>7) key risk factors and Risk Management System;</p> <p>8) corporate governance: structure of corporate governance; composition of shareholders and ownership structure; composition of the Board of Directors, including qualifications, selection process, including Non-executive Directors indicating their independence criteria; report on activities of the Board of Directors and its Committees, disclosing performance of the Board of Directors and its Committees for the reporting period, material events, issues considered, number of meetings, format of meetings, attendance; information on the compliance of corporate governance practices with the principles of this Code, and if not, an explanation of reasons for non-compliance with each principle; composition of the Board of the Company; a report on activities of the Board; and Remuneration Policy of Officials;</p> <p>9) sustainable development;</p> <p>10) auditor's report and financial statements with notes;</p> <p>11) analytical indicators and data included in the Annual Report shall disclose a comparative analysis and progress (recourse) relative to the previous period (comparison with the values of similar indicators stated in the previous Annual Report). In order to compare performance with international companies operating in a similar industry,</p>		

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Management of Corporate Conflicts and Conflicts of Interest		
<p>it is recommended to publish performance indicators that will allow to conduct an industry benchmarking analysis.</p>		
<p>The Company shall deal with business partners (customers, investors, rating agencies, consulting companies, etc.) on the basis of mutual benefit, respect, trust, honesty and fairness. The Company shall run business only with reliable business partners who are engaged in legitimate activities.</p> <p>The Company shall select its services/goods suppliers basically on a competitive basis in accordance with the legislation and internal documents of the Company.</p> <p>The Company shall fulfil its contractual obligations to its business partners in good faith and require the same on behalf of them.</p> <p>Disputes arising in the course of activities shall always be settled in a legal way, through negotiations and by seeking mutually acceptable compromises.</p>	<p>Complied with</p>	<p>In accordance with Sustainable Development Policy, when communicating with investors and counterparties of the Company the following actions are carried out:</p> <ol style="list-style-type: none"> 1) adequate disclosure of up-to-date information on its financial position, dividend policy and credit history, as well as its development prospects; 2) preparation and submission of financial and management statements in a timely manner in accordance with legislative and regulatory requirements, therewith audit of financial statements by independent auditors; 3) provision of best knowledge and belief on the influence of the Sole Shareholder and other stakeholders (state bodies), as well as on the procedure of control and approval of transactions with stakeholders; 4) carrying out proactive communication of approaches to strategic decision-making; 5) fulfilling its contractual obligations to business partners in good faith; 6) ensuring information transparency, openness, equality, fairness, absence of discrimination and unreasonable restrictions on competition in strict compliance with the legislation of the Republic of Kazakhstan; 7) compliance with principles in the area of corporate governance and improvement of the corporate governance system in accordance with leading international practices. <p>The Company carries out the following actions in its communicating with customers and consumers:</p> <ol style="list-style-type: none"> 1) provision of services that are available to consumers; 2) ensuring security of consumer data and commercial information in order to protect their leakage and misuse; 3) provision of services of the same quality and level of service without discrimination to all groups of consumers;

Principles and Provisions of the Corporate Governance Code	Complied with/ Partially complied with/ Not complied with	Activities Carried out to Implement Principles and Provisions of the Corporate Governance Code
Principle of Management of Corporate Conflicts and Conflicts of Interest		
		<ol style="list-style-type: none"> 4) contributing to increase of quality of service and service to the public, which is expressed in the improvement of customer service standards; 5) communicating new tools and operating principles to customers on a regular basis; 6) promoting financial awareness of consumers and its customers to the best of its ability and in accessible terms. <p>The Company conducts real-time procurement of goods, works and services and provides participants with access to an electronic format for civil transactions to purchase goods, works and services, with legal actions certified by an electronic digital signature. The portal provides an opportunity for domestic suppliers to participate in the Company's competitive procurement. Procurement is made on the Eurasian electronic portal: eep.mitwork.kz.</p> <p>Fitch Ratings, an International Credit Rating Agency, conducts an annual assessment of the Company's long-term credit rating and performs a thorough analysis. Fitch Ratings has a wide experience, over 100 years, in more than 20,000 organizations worldwide.</p>



KAZAGROFINANCE

FINANCIAL STATEMENTS
AND INDEPENDENT
AUDITORS' REPORT



JOINT STOCK COMPANY
KAZAGROFINANCE

TABLE OF CONTENT

INDEPENDENT AUDITOR'S REPORT	221
FINANCIAL STATEMENTS	227
Statement of Financial Position	228
Statement of Profit or Loss	230
Statement of Comprehensive Income	232
Statement of Changes in Equity	233
Statement of Cash Flows	235
NOTES TO THE FINANCIAL STATEMENTS	238
Corporate information	239
Basis of preparation	240
Significant accounting policies	240
Significant accounting judgments and estimates	250
Reclassification and revision of comparative figures	251
Cash and cash equivalents	254
Amounts due from credit institutions	255
Loans to customers	256
Finance lease receivables	262
Property held for a finance lease	268
Value added tax and other taxes receivable	269
Advances paid	269
Amounts due to the Shareholder	270
Amounts due to credit institutions	271
Debt securities issued	272
Payables to suppliers	273
Taxation	273
Advances received	276
Deferred value added tax liabilities	276
Other liabilities	276
Equity	277
Commitments and contingent liabilities	278
Credit loss expense	279
Other income	280
Personnel and other operating expenses	281



Risk management	282
Fair value measurement	294
Maturity analysis of assets and liabilities	298
Related party transactions	304
Changes in liabilities arising from financing activities	307
Capital adequacy	308
Segment reporting	309
Subsequent events	310
APPENDIX 4: GRI INDEX	311
General Disclosures	311
Disclosure on Sustainable Development Topics	314



INDEPENDENT AUDITOR'S REPORT



«КПМГ Аудит» жауапкершілігі шектеулі серіктестік
Қазақстан, А25D6Т5, Алматы,
Достық д-лы, 180,
Тел.: +7 (727) 298-08-98

KPMG Audit LLC
180 Dostyk Avenue, Almaty,
A25D6T5, Kazakhstan,
E-mail: company@kpmg.kz

Independent Auditors' Report

To 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 2021, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant 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 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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.

«КПМГ Аудит» ЖШС, Қазақстан Республикасы заңнамасына сәйкес тіркелген компания, жауапкершілігі өз қатысушыларының келісімімен шектелген KPMG International Limited және оның компаниясының құрамына кіретін KPMG тәуелсіз фирмалары жағандық ұйымының қатысушысы.

KPMG Audit LLC, a company incorporated under the Laws of the Republic of Kazakhstan and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



KazAgroFinance JSC
Independent Auditors' Report
Page 2

Expected credit losses (ECL) for loans to customers and finance lease receivables

Please refer to the Notes 8 and 9 in the financial statements.

Key audit matter	How the matter was addressed in our audit
<p>Loans to customers and finance lease receivables represent 81% 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 valuation 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 related to loans to customers and finance lease receivables (allocation between stages 1, 2 and 3 in accordance with IFRS 9); – 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 related estimation uncertainty, 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.</p> <p>To analyse the adequacy of professional judgement and assumptions made by the management in relation to the allowance for ECL estimate, we performed the following audit procedures:</p> <ul style="list-style-type: none"> – For a sample of loans to customers and finance lease receivables, we tested the correctness of data inputs for PD, LGD and EAD calculation, and timely recording of overdue days and repayments by agreeing input data to supporting documents on a sample basis. – For a sample of Stage 3 loans to customers and finance lease receivables, where the allowance for ECL is assessed on individual basis, we critically assessed assumptions used by the Company to forecast future cash flows, including estimated proceeds from realization of collateral and expected realization period based on our understanding of historical experience and publicly available market information. – Regarding loans to customers and finance lease receivables, for which the allowance for ECL is assessed collectively, we tested the design, implementation and operating effectiveness of controls over allocation of loans into credit risk stages. <p>We also assessed whether the financial statements disclosures appropriately reflect the Company's exposure to credit risk.</p>

Emphasis of Matter

We draw attention to Note 5 to the financial statements which describes that the comparative information presented as at and for the year ended 31 December 2020 has been restated. Our opinion is not modified in respect of this matter.



Other Matter Relating to Comparative Information

The financial statements of the Company as at and for the years ended 31 December 2020 and 31 December 2019 (from which the statement of financial position as at 31 January 2020 has been derived), excluding the adjustments described in Note 5 to the financial statements were audited by other auditors who expressed an unmodified opinion on those financial statements on 1 March 2021.

As part of our audit of the financial statements as at and for the year ended 31 December 2021, we audited the adjustments described in Note 5 that were applied to restate the comparative information presented as at and for the year ended 31 December 2020 and the statement of financial position as at 1 January 2020. We were not engaged to audit, review, or apply any procedures to the financial statements for the years ended 31 December 2020 and 31 December 2019, other than with respect to the adjustments described in Note 5 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments are appropriate and have been properly applied.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report of the Company for 2021 but does not include the financial statements and our auditors' report thereon. The Annual Report of the Company for 2021 year 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.

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, 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 judgement 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.

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, related safeguards.



KazAgroFinance JSC
Independent Auditors' Report
Page 5

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 Magomedova
 Certified Auditor
 of the Republic of Kazakhstan
 Auditor's Qualification Certificate
 № МФ-0000594 of 24 May 2018



KPMG Audit LLC

State Licence to conduct audit #0000021 dated 6 December 2006 issued by the Ministry of Finance of the Republic of Kazakhstan


 Sergey Dementyev
 General Director of KPMG Audit LLC
 acting on the basis of its Charter



29 April 2022



STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

KZT thousand	Note	31 December 2021	31 December 2020 (restated)	December 2019 (restated)
Assets				
Cash and cash equivalents	6	30.011.182	12.235.576	20.580.665
Amounts due from credit institutions	7	35.098.466	39.618.524	8.451.527
Investment securities		-	-	11.179.190
Loans to customers	8	21.720.408	28.548.012	34.775.908
Finance lease receivables	9	314.712.495	256.753.398	225.208.374
Property held for finance lease	10	3.001.248	4.288.552	7.704.941
Assets held for sale		-	-	511.083
Current corporate income tax assets	17	134.115	134.115	134.137
Property, plant and equipment		902.719	939.426	463.556
Intangible assets		491.984	535.146	581.104
VAT and other taxes recoverable	11	6.405.180	6.127.673	6.137.493
Advances paid	12	477.865	1.254.879	5.597.916
Other assets		389.959	1.083.223	849.024
Total assets		413.345.621	351.518.524	322.174.918
Liabilities				
Amounts due to the Shareholder	13	12.087.335	53.444.325	54.136.402
Amounts due to credit institutions	14	66.310.724	63.549.227	75.934.329
Debt securities issued	15	157.204.186	98.237.807	65.384.934
Payables to suppliers	16	5.778.126	5.212.367	5.861.586
Deferred corporate income tax liabilities	17	7.359.124	1.800.269	754.648
Advances received	18	5.471.667	7.957.142	4.795.803
Deferred VAT liabilities	19	8.817.626	8.301.324	7.642.894
Other liabilities	20	2.846.819	1.487.935	1.965.997
Total liabilities		265.875.607	239.990.396	216.476.593

The notes set out on pages 7 to 50 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

KZT thousand	Note	31 December 2021	31 December 2020 (restated)	December 2019 (restated)
Equity				
Share capital	21	82.837.204	82.837.204	82.837.204
Additional paid-in capital	21	56.818.898	31.607.374	26.156.975
Reserve capital	21	1.436.184	1.436.184	1.436.184
Retained earnings/(accumulated losses)		6.377.728	(4.352.634)	(4.732.038)
Total equity		147.470.014	111.528.128	105.698.325
Total liabilities and equity		413.345.621	351.518.524	322.174.918
Book value per ordinary share (KZT)	21	1.774,30	1.339,89	1.268,96

Signed and authorised for issue on behalf of the Management Board of the Company:

Prashev Aidar Gilimovich

Chairman of the Management Board

Shodanova Gulnara Takishevna

Chief Accountant

29 April 2022

The notes set out on pages 7 to 50 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2021

KZT thousand	Note	2021	2020
Interest income calculated using the effective interest rate			
Loans to customers		2.363.188	2.921.896
Cash and cash equivalents		1.821.126	1.805.450
Amounts due from credit institutions		1.445.309	1.174.765
		5.629.623	5.902.111
Other interest income			
Finance lease receivables		41.366.107	31.495.219
		41.366.107	31.495.219
Total interest income		46.995.730	37.397.330
Interest expense			
Debt securities issued		(12.808.420)	(9.345.315)
Amounts due to credit institutions		(7.471.038)	(6.996.262)
Amounts due to the Shareholder		(2.670.052)	(3.916.340)
Total interest expense		(22.949.510)	(20.257.917)
Net interest income		24.046.220	17.139.413
Credit loss expense	23	(2.946.841)	(4.276.299)
Net interest income after credit loss expense		21.099.379	12.863.114
Net foreign exchange gain		208.972	934.056
Other income	24	683.784	905.895
Personnel expenses	25	(3.337.628)	(3.088.197)
Other operating expenses	25	(1.242.411)	(1.226.587)
Other impairment losses and provisioning expenses	23	(320.708)	(526.872)
Net loss from modification of loans to customers and finance lease receivables non-resulting in derecognition		(211.963)	(272.265)
Non-interest expense		(4.219.954)	(3.273.970)
Profit before income tax benefit		16.879.425	9.589.144
Corporate income tax benefit	17	422.320	9.055

The notes set out on pages 7 to 50 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2021

KZT thousand	Note	2021	2020
Profit for the year		17.301.745	9.598.199
Basic and diluted earnings per ordinary share (in tenge)	21	208,86	115,87

Signed and authorised for issue on behalf of the Management Board of the Company:

Prashev Aidar Gilimovich

Chairman of the Management Board

Shodanova Gulnara Takishevna

Chief Accountant

29 April 2022

The notes set out on pages 7 to 50 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

KZT thousand	Note	2021	2020
Profit for the year		17.301.745	9.598.199
Other comprehensive income for the year		-	-
Total comprehensive income for the year		17.301.745	9.598.199

Signed and authorised for issue on behalf of the Management Board of the Company:

Prashev Aidar Gilimovich

Chairman of the Management Board

Shodanova Gulnara Takishevna

Chief Accountant

29 April 2022

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

KZT thousand	Share capital	Additional paid-in capital	Reserve capital	Provision for conditional distribution	(Accumulated loss)/retained earnings (restated)	Total
Previously presented as at 31 December 2019	82.837.204	26.156.975	1.436.184	(9.605.611)	8.434.234	109.258.986
Reclassification of provision for notional distribution	-	-	-	9.605.611	(9.605.611)	-
Adjustment of retained earnings (Note 5)	-	-	-	-	(3.560.661)	(3.560.661)
As at 1 January 2020 (restated)	82.837.204	26.156.975	1.436.184	-	(4.732.038)	105.698.325
Total comprehensive income for the year	-	-	-	-	9.598.199	9.598.199
Gain on initial recognition of loans due to the Shareholder at below-market rates net of tax of KZT 1.362.600 thousand	-	5.450.399	-	-	-	5.450.399
Dividend declared (Note 21)	-	-	-	-	(9.210.964)	(9.210.964)
Loss on initial recognition of loans to customers issued at below-market rates	-	-	-	-	(7.831)	(7.831)
As at 31 December 2020 (restated)	82.837.204	31.607.374	1.436.184	-	(4.352.634)	111.528.128
Total comprehensive income for the year	-	-	-	-	17.301.745	17.301.745
Gain on initial recognition of loans received from the Shareholder at below-market rates net of tax of KZT 6.302.881 thousand (Note 13)	-	25.211.524	-	-	-	25.211.524
Dividend declared (Note 21)	-	-	-	-	(6.718.739)	(6.718.739)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

KZT thousand	Share capital	Additional paid-in capital	Reserve capital	Provision for conditional distribution	(Accumulated loss)/retained earnings (restated)	Total
Recovery of provision in relation to guarantee issued to the subsidiary of the Shareholder	-	-	-	-	147.356	147.356
At 31 December 2021	82.837.204	56.818.898	1.436.184	-	6.377.728	147.470.014

Signed and authorised for issue on behalf of the Management Board of the Company:

Prashev Aidar Gilimovich

Chairman of the Management Board

Shodanova Gulnara Takishevna

Chief Accountant

29 April 2022

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

KZT thousand	Note	2021	2020
Cash flows from operating activities			
Interest received		43.546.441	34.644.097
Interest paid		(18.824.307)	(17.988.242)
Realised losses less foreign exchange gain		(24.281)	(153.657)
Personnel expenses paid		(3.177.691)	(3.074.683)
Other operating expenses paid		(833.387)	(968.500)
Other income received		353.334	317.304
Cash flows from operating activities before changes in operating assets and liabilities		21.040.109	12.776.319
<i>Net (increase)/decrease in operating assets</i>			
Amounts due from credit institutions		4.617.633	(30.099.858)
Loans to customers		6.394.306	5.722.279
Finance lease receivables		(56.452.915)	(23.151.085)
VAT and other taxes recoverable		(322.200)	(220.041)
Advances paid		(266.724)	(1.083.739)
Other assets		(103.868)	(407.625)
<i>Net increase/(decrease) in operating liabilities</i>			
Advances received		49.238	1.930.735
Other liabilities		978.362	(762.353)
Net cash flows used in operating activities before corporate income tax		(24.066.059)	(35.295.368)
Corporate income tax paid		(358.546)	(305.966)
Net cash used in operating activities		(24.424.605)	(35.601.334)
Cash flows from investing activities			

The notes set out on pages 7 to 50 form an integral part of these financial statements.

The notes set out on pages 7 to 50 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

KZT thousand	Note	2021	2020
Proceeds from sale of investment securities		–	11,180,024
Purchases of property, plant and equipment and intangible assets		(209,735)	(107,353)
Proceeds from sales of property, plant and equipment		4,915	6,837
Net cash (used in)/from investing activities		(204,820)	11,079,508
Cash flows from financing activities			
Proceeds from loans due to the Shareholder	30	5,835,875	20,000,000
Repayment of loans due to the Shareholder	30	(15,782,396)	(15,820,436)
Receipt of loans due to credit institutions	30	18,917,333	20,416,000
Repayment of loans due to credit institutions	30	(16,883,249)	(32,578,583)
Proceeds from debt securities issued	30	65,000,000	33,214,631
Repayment of debt securities issued	30	(8,000,000)	–
Dividends paid to the Shareholder	30	(6,718,739)	(9,210,964)
Net cash from financing activities		42,368,824	16,020,648
Effect of changes in exchange rates on cash and cash equivalents		36,593	155,787
Effect of movements in expected credit losses on cash and cash equivalents	23	(386)	302
Net (decrease)/increase in cash and cash equivalents		17,775,606	(8,345,089)
Cash and cash equivalents at the beginning of the year	6	12,235,576	20,580,665
Cash and cash equivalents at the end of the year	6	30,011,182	12,235,576
Non-cash transactions			
Offsetting of current corporate income tax assets against other tax liabilities		–	22

Signed and authorised for issue on behalf of the Management Board of the Company:

Prashev Aidar Gilimovich

Chairman of the Management Board

Shodanova Gulnara Takishevna

Chief Accountant

29 April 2022



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 dated 31 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 implementation 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 2021, the Company has 15 registered branches throughout the Republic

of Kazakhstan (31 December 2020: 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.

As at 31 December 2021, the Company's sole shareholder is National Managing Holding Baiterek JSC ("Baiterek" or the "Shareholder").

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, volatility in the global price of oil and the COVID-19 pandemic have also increased the level of uncertainty in the business environment.

The recent geopolitical uncertainty around Russia and Ukraine has further elevated levels of economic uncertainty in Kazakhstan.

These 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.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION

General

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS').

The accompanying financial statements are prepared under the historical cost convention except as mentioned in Significant accounting policies.

The financial statements are presented in thousands of Kazakhstani tenge ('KZT thousand'), except per common share carrying amounts or unless otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

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 (without 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.

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);
- 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.

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.

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. In addition, a prepayment feature is treated as consistent with this criterion if a financial asset is acquired or originated at a premium or discount to its contractual par amount, the prepayment amount substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination), and the fair value of the prepayment feature is insignificant on 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 recognized 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.

Performance guarantees

Performance guarantees are contracts that provide compensation if another party fails to perform a contractual obligation. Performance guarantees do not transfer credit risk. The risk under performance guarantee contracts is the possibility that the failure to perform the contractual obligation by another party occurs. Therefore, performance guarantees are not considered financial instruments and thus do not fall in scope of IFRS 9.

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 2021 and 2020.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and amounts due from credit institutions that mature within not more than 90 (ninety) days of the date of origination and are free from contractual encumbrances.

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. Such instruments include amounts due to the shareholder and amounts due to credit institutions. 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.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The right of set-off must not be contingent on a future event and must be legally enforceable in all of the following circumstances:

- The normal course of business;
- The event of default; and
- The event of insolvency or bankruptcy of the entity and all of the counterparties.

These conditions are not generally met in master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Renegotiated 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, 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.

Taxation

The current corporate income tax charge is calculated in accordance with the tax legislation of the Republic of Kazakhstan.

Deferred corporate income tax assets and liabilities are calculated in respect of all temporary differences using the liability method. Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred corporate income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred corporate income tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

The Company performs offsetting of deferred tax assets and deferred tax liabilities and records

them in the statement of financial position on a net basis, when:

- The Company has a legally enforced right to offset current tax assets against current tax liabilities, and
- Deferred tax assets and deferred tax liabilities refer to corporate income tax charged by the same tax body from the same taxpayer.

The Company performs its activities in the Republic of Kazakhstan and it is required to accrue and pay different taxes that are applied to the Company's activities. These taxes are recorded in the statement of profit or loss within other operating expenses.

The Company performs its activities in the Republic of Kazakhstan and it is required to accrue and pay different taxes that are applied to the Company's activities. These taxes are recorded in the statement of profit or loss within other operating expenses.

Property, plant and equipment

Property, plant and equipment are carried at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of equipment when that cost is incurred if the capitalisation criteria are met.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation of an asset begins when it is available for use. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

	Depreciation rate
Land	0%
Buildings and constructions	2%
Vehicles	10-14%
Computers and office equipment	14-20%
Other	6-20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Costs related to repairs and renewals are charged when incurred and included in other operating expenses, unless they qualify for capitalisation.

Property held for finance lease

Property held for finance lease is stated at the lower of cost and net realisable value. Cost of property held for finance lease comprises direct charges incurred in bringing the property to its present location and condition.

Intangible assets

Intangible assets include computer software and licences.

Intangible assets acquired separately are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised over the useful economic lives of 1-10 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Estimated liabilities

Estimated liabilities are recognised: when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying future economic benefits will be required to settle the obligation; and the amount can be reliably estimated.

Share capital

Charter capital

Contributions to share capital are recognised at historical cost, less direct costs to issue shares.

Additional paid-in capital

When the Company receives loans or other financial aid from its shareholder at interest rates below market rates, the difference between the cash received and the fair value of the loans received is accounted for as additional paid-in capital.

Reserve capital

Reserve capital may be increased by transferring funds from retained earnings based on a decision of the Company's Shareholder.

Dividends

Dividends are recognised as liability and deducted from equity at the reporting date only if they are approved before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the financial statements are authorised for issue.

Segment reporting

The Company's business and geographical segments were not presented separately in these financial statements as management believes that the main operating segment of lending and finance leasing is agricultural organisations in the Republic of Kazakhstan, for which the risks and level of return are considered similar throughout the country.

Contingencies

Contingent liabilities are not recognised in the statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. Contingent assets are not recognised in the statement of financial position but disclosed when an inflow of economic benefits is probable.

Revenue and expense recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest and similar income and expenses

The Company calculates interest income on debt financial assets measured at amortised cost or at fair value through other comprehensive income by applying the effective interest rate to the gross carrying amount of financial assets other than credit-impaired assets. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment option) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Company revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change

in carrying amount is recorded as interest income or expense.

When a financial asset becomes credit-impaired, the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset is cured and no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest income calculated using the effective rate presented in the statement of profit or loss comprises interest income on financial assets measured at amortised cost and interest income on debt financial assets measured at fair value through other comprehensive income.

Other interest income presented in the statement of profit or loss includes interest income on finance lease receivables.

Fee and commission income

The Company earns commission income from a diverse range of services it provides to its customers.

Loan origination fees are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. If there is a possibility that due to loan commitment a credit arrangement will be signed, loan commitment fee is included in deferred income (together with corresponding direct costs), and subsequently recognised as an adjustment of actual proceeds from the loan. When the probability to enter into credit arrangement under loan commitments is remote, loan commitment fees are recognised in the statement of profit or loss over the remaining period of the loan commitment. Upon expiration loan commitment validity period, which is not resulted in loan issuance, loan commitment fees are recognised in the statement of profit or loss on the date of its expiration.

Loan servicing fees are accounted for as services are provided. Syndicated loan fees are recognised in the statement of profit or loss when such financing services are provided. Other fees are recognised as services are provided.

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.

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

As at 31 December 2021 and 2020 the Company did not sign finance lease agreements for which the Company is a lessee. For the period ended 31 December 2021 and 2020, the Company recognised expenses on short-term leases in the amount of KZT 113.605 and KZT 123.951 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:

- a) declaring the debtor bankrupt and/or excluding the debtor from the national registers of identification numbers;
- b) 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 will be guided by the relevant provisions of IFRS 16 *Leases* for recognition and measurement of transactions.

Foreign currency translation

The Financial statements are presented in Kazakhstani tenge, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency, converted at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency, converted at the rate of exchange ruling at the reporting date. Gains and losses resulting from the translation of foreign currency transactions are recognised in the statement of profit or loss as net losses from foreign currencies. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The difference between the contractual exchange rate of a transaction in a foreign currency and the official (Kazakhstan Stock Exchange (KASE) exchange rate as at the date of the transaction are included in gains less losses from translation difference. Below are the exchange rates used by the Company in preparation of these financial statements:

	31 December 2021	31 December 2020
KZT/USD	431,80	420,91
KZT/EUR	489,10	516,79
KZT/RUB	5,76	5,62

New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2022 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.

- Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).
- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16).

- Annual Improvements to IFRS Standards 2018–2020.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Reference to Conceptual Framework (Amendments to IFRS 3).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).

A number of new interpretations are effective for annual periods beginning after 1 January 2021. Application of these interpretations did not have significant impact 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 *Note 27*.

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 8, 9 and 10*.

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 models.

Additional details are provided in *Note 26*.

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 2021 and 2020, management believes that its interpretation of the legislation is appropriate and that the Company's tax, currency and customs positions will be sustained.

5. RECLASSIFICATION AND REVISION OF COMPARATIVE FIGURES

The Company decided to revise its assessment of ECLs for loans to customers and finance lease receivables due to revision of assessment of collateral for certain assets. As these changes affected the collateral adopted earlier than 31 December 2019, this assessment affected the comparative figures of the financial statements as at 31 December 2019 and 31 December 2020.

The Company has transferred the reserve for notional distribution as at 1 January 2020, as recognised in the Company's latest financial statements, to the retained earnings reserve within equity. The Company previously recognised the discount on the initial recognition of financial assets, the terms of which were determined by the Shareholder, in the separate reserve for notional distribution within equity.

In addition, the Company changed the presentation of certain items in the statement of profit or loss. Comparative information is reclassified to conform to changes in presentation in the current period. The effect of main changes in presentation of the statement of profit or loss for the year ended 31 December 2021 is as follows:

- The presentation of interest income was changed so that interest income from investment securities was presented in interest income from cash and cash equivalents. Interest income from amounts due from credit institutions was presented separately from interest income from cash and cash equivalents.
- Depreciation expense was included in other operating expenses.

The following tables summarise the impacts on the Company's financial statements.

Statement of financial position as at 31 December 2020	As previously reported	Effect of adjustment	Effect of reclassifications	As restated/reclassified
Assets				
Loans to customers	30.701.902	(2.153.890)	-	28.548.012
Finance lease receivables	258.160.169	(1.406.771)	-	256.753.398
Equity				
Reserve for notional distribution	(9.613.442)	-	9.613.442	-
(Accumulated losses)/ retained earnings	8.821.469	(3.560.661)	(9.613.442)	(4.352.634)

Statement of financial position as at 31 December 2019	As previously reported	Effect of adjustment	Effect of reclassifications	As restated/reclassified
Assets				
Loans to customers	36.929.798	(2.153.890)	-	34.775.908
Finance lease receivables	226.615.145	(1.406.771)	-	225.208.374
Equity				
Reserve for notional distribution	(9.605.611)	-	9.605.611	-
(Accumulated losses)/ retained earnings	8.434.234	(3.560.661)	(9.605.611)	(4.732.038)

Statement of profit or loss for the year ended 31 December 2020	As previously reported	Effect of adjustment	Effect of reclassifications	As restated/reclassified
Interest income calculated using the effective interest method				
Cash and cash equivalents	2.039.768	-	(234.318)	1.805.450
Investment securities	940.447	-	(940.447)	-
Amounts due from credit institutions	-	-	1.174.765	1.174.765
Other operating expenses	(952.489)	-	(274.098)	(1.226.587)
Depreciation	(274.098)	-	274.098	-

6. CASH AND CASH EQUIVALENTS

As at 31 December 2021 and 2020 cash comprises:

	31 December 2021	31 December 2020
Deposits with the original maturity of less than three months		
- not rated (Citibank JSC)	3.501.205	1.466
Total deposits with the original maturity of less than three months	3.501.205	1.466
Cash on current bank accounts:		
- with the National Bank of the Republic of Kazakhstan	5.821.923	-
- rated from BBB- to BBB+	20.620.384	-
- rated from BB- to BB+	68.349	12.220.394
- rated from B- to B+	-	1
- not rated (Citibank JSC)	-	14.008
Total cash on current bank accounts	26.510.656	12.234.403
Total cash and cash equivalents before loss allowances for expected credit losses	30.011.861	12.235.869
ECL allowance	(679)	(293)
Total cash and cash equivalents net of loss allowances for expected credit losses	30.011.182	12.235.576

As at 31 December 2021 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 2021 is KZT 20.620.385 thousand or 68,71% of total cash and cash equivalents (31 December 2020: held with one bank KZT 12.064.354 thousand or 98,6%).

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.

Credit quality analysis

Cash is mainly comprised of instruments with a high credit rating and low risk. As at 31 December 2021 and 31 December 2020 the Company recognised allowance for expected credit losses on cash and cash equivalents at an amount equal to 12-month ECL.

7. AMOUNTS DUE FROM CREDIT INSTITUTIONS

As at 31 December 2021 and 2020 amounts due from credit institutions comprise:

	31 December 2021	31 December 2020
Amounts due from credit institutions		
- rated from BB- to BB+	35.099.362	39.619.641
Total cash and cash equivalents before loss allowances for expected credit losses	35.099.362	39.619.641
ECL allowance	(896)	(1.117)
Total cash and cash equivalents net of loss allowances for expected credit losses	35.098.466	39.618.524

The above table is based on the credit ratings assigned by Standard & Poor's or other agencies converted into Standard & Poor's scale. No amounts due from credit institutions are past due.

As at 31 December 2021 the Company had no banks (31 December 2020: had balances with one bank in the amount of KZT 23.898.811 thousand or 60,3%), whose balances exceed 10% of equity.

Credit quality analysis

Amounts due from credit institutions are mainly comprised of instruments with a high credit rating and low risk.

As at 31 December 2021 the Company recognised allowance for expected credit losses on amounts due from credit institutions at an amount equal to 12-month ECL.

8. LOANS TO CUSTOMERS

As at 31 December 2021, 2020 and 2019 loans to customers comprise:

	31 December 2021	31 December 2020 (as restated)	31 December 2019 (as restated)
Loans to legal entities	35.205.572	43.741.763	48.509.786
Total loans to customers before ECL allowance	35.205.572	43.741.763	48.509.786
ECL allowance	(13.485.164)	(15.193.751)	(13.733.878)
Loans to customers	21.720.408	28.548.012	34.775.908

ECL allowance on loans to customers measured at amortised cost

An analysis of changes in the ECL allowance for 2021 is as follows:

	2021			
	Stage 1 12-month expected losses	Stage 2 Lifetime ECL – not credit- impaired	Stage 3 Lifetime ECL – credit- impaired	Total
ECL allowance at 1 January 2021 (as restated)	17.605	139.338	15.036.808	15.193.751
New assets originated or purchased	190.378	–	–	190.378
Transfers to Stage 1	163.596	(163.596)	–	–
Transfers to Stage 2	(7.030)	212.080	(205.050)	–
Transfers to Stage 3	(18.947)	4.444	14.503	–
Net recovery of loss allowance	(224.583)	(177.422)	(1.988.759)	(2.390.764)
Unwinding of discount on present value of ECLs	–	–	506.150	506.150
Amounts written off	–	–	(14.351)	(14.351)
At 31 December 2021	121.019	14.844	13.349.301	13.485.164

An analysis of changes in the ECL allowance for 2020 is as follows:

	2020 (as restated)			
	Stage 1 12-month expected losses	Stage 2 Lifetime ECL – not credit- impaired	Stage 3 Lifetime ECL – credit- impaired	Total
ECL allowance at 1 January 2020 (as restated)	381.325	58.421	13.294.132	13.733.878
New assets originated or purchased	39.120	701	3.305	43.126
Transfers to Stage 1	321.125	(319.957)	(1.168)	–
Transfers to Stage 2	(195.097)	603.998	(408.901)	–
Transfers to Stage 3	(174.445)	(48.718)	223.163	–
Net (reversal)/charge for the period	(354.423)	(155.107)	1.699.096	1.189.566
Unwinding of discount on present value of ECLs	–	–	299.333	299.333
Amounts written off	–	–	(72.152)	(72.152)
At 31 December 2020	17.605	139.338	15.036.808	15.193.751

The following table provides information on the credit quality of loans to customers as at 31 December 2021 and 31 December 2020:

	31 December 2021			
	Stage 1 12-month expected credit losses	Stage 2 Lifetime ECL – not credit- impaired	Stage 3 Lifetime ECL – credit- impaired	Total
- not overdue	2.451.021	–	4.769.522	7.220.543
- overdue less than 30 days	4.190	–	3.929.514	3.933.704
- overdue more than 31 days and less than 90 days	–	735.328	3.337.412	4.072.740
- overdue more than 91 days and less than 180 days	–	–	818.158	818.158
- overdue more than 181 days and less than 1 year	–	–	1.376.042	1.376.042
- overdue more than 1 year	–	–	17.784.385	17.784.385
	2.455.211	735.328	32.015.033	35.205.572
Loss allowance	(121.019)	(14.844)	(13.349.301)	(13.485.164)
Total loans to customers	2.334.192	720.484	18.665.732	21.720.408

	31 December 2020 (as restated)			
	Stage 1 12-month expected credit losses	Stage 2 Lifetime ECL – not credit- impaired	Stage 3 Lifetime ECL – credit- impaired	Total
- not overdue	3.340.253	1.746.228	8.178.705	13.265.186
- overdue less than 30 days	1.026.640	–	2.361.340	3.387.980
- overdue more than 31 days and less than 90 days	–	334.255	3.758.078	4.092.333
- overdue more than 91 days and less than 180 days	–	–	199.986	199.986
- overdue more than 181 days and less than 1 year	–	–	5.360.416	5.360.416
- overdue more than 1 year	–	–	17.435.862	17.435.862
	4.366.893	2.080.483	37.294.387	43.741.763
Loss allowance	(17.605)	(139.338)	(15.036.808)	(15.193.751)
Total loans to customers	4.349.288	1.941.145	22.257.579	28.548.012

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 2021, repayments of loans to customers designated to Stage 3 of KZT 6.900.152 thousand (31 December 2020: KZT 1.069.077 thousand) and to Stage 2 of KZT 1.850.999 thousand (31 December 2020: KZT 2.768.953 thousand) resulted in a decrease in the allowance for expected credit losses in the amount of KZT 1.743.858 thousand on loans to customers designated to Stage 3 (31 December 2020: KZT 325.497 thousand) and KZT 33.355 thousand on loans to customers designated to Stage 2 (31 December 2020: KZT 40.279 thousand).

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 2021, 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:	2.334.192	2.334.192
Real estate	2.334.192	2.334.192
Total loans to customers, under which the ECL are within 12 months		
Loans to customers with lifetime ECL of assets not credit-impaired:		
Real estate	720.484	720.484
Total loans to customers with lifetime ECL of assets not credit-impaired	720.484	720.484
Loans to customers with lifetime ECL of assets credit-impaired:		
Real estate	18.475.988	18.475.988
Vehicles	66.105	66.105
Other collateral	123.639	123.639
Total loans to customers with lifetime ECL of assets credit-impaired	18.665.732	18.665.732
Total loans to customers	21.720.408	21.720.408

The following table provides information on collateral and other credit enhancements related to loans to customers (net of impairment allowance) as at 31 December 2020, by types of collateral:

	Loans to customers, carrying amount (as restated)	Fair value of collateral - for collateral assessed during the reporting period (as restated)
Loans to customers, under which the ECL are within 12 months:		
Real estate	4.349.288	4.349.288
Total loans to customers, under which the ECL are within 12 months	4.349.288	4.349.288
Loans to customers with lifetime ECL of assets not credit-impaired:		
Real estate	1.941.145	1.941.145
Total loans to customers with lifetime ECL of assets not credit-impaired	1.941.145	1.941.145
Loans to customers with lifetime ECL of assets credit-impaired:		
Real estate	22.163.657	22.163.657
Vehicles	90.691	90.691
Other collateral	3.231	3.231
Total loans to customers with lifetime ECL of assets credit-impaired	22.257.579	22.257.579
Total loans to customers	28.548.012	28.548.012

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 2021, the Company had a concentration of loans represented by KZT 14.899.291 thousand issued by the Company to ten largest unrelated parties or 42,32% of the gross loan portfolio (31 December 2020: KZT 16.917.234

thousand or 38,7% of gross loan portfolio). As at 31 December 2021, the ECL allowance of KZT 5.668.836 thousand was formed against these loans (31 December 2020: KZT 5.583.704 thousand).

Loans are issued to customers within the Republic of Kazakhstan carrying out activities in the agricultural sector of the economy.

9. FINANCE LEASE RECEIVABLES

The analysis of finance lease receivables at 31 December 2021 and 2020 is as follows:

	31 December 2021	31 December 2020 (as restated)	31 December 2019 (as restated)
Less than 1 year	101.146.928	89.980.499	83.175.666
From 1 to 2 years	65.802.822	52.942.445	49.013.324
From 2 to 3 years	63.591.332	53.842.787	44.593.064
From 3 to 4 years	62.824.200	47.742.737	44.172.746
From 4 to 5 years	60.948.122	44.663.558	35.952.318
More than 5 years	166.085.802	121.308.537	99.575.512
Minimum lease payments	520.399.206	410.480.563	356.482.630
Less unearned finance income			
Less than 1 year	(4.783.600)	(4.086.146)	(2.684.193)
From 1 to 5 years	(78.902.473)	(58.163.721)	(49.074.897)
More than 5 years	(91.516.205)	(64.920.421)	(55.512.178)
Less unearned finance income, total	(175.202.278)	(127.170.288)	(107.271.268)
Loss allowance for expected credit losses	(30.484.433)	(26.556.877)	(24.002.988)
Finance lease receivables	314.712.495	256.753.398	225.208.374

An analysis of changes in the ECL allowance for the year ended 31 December 2021:

	2021			
	Stage 1 12-month expected losses	Stage 2 Lifetime ECL – not credit- impaired	Stage 3 Lifetime ECL – credit- impaired	Total
ECL allowance at 1 January 2021 (as restated)	4.047.880	986.731	21.522.266	26.556.877
New assets originated or purchased	2.888.610	–	16.199	2.904.809
Transfers to Stage 1	2.790.946	(2.790.946)	–	–
Transfers to Stage 2	(857.129)	3.238.472	(2.381.343)	–
Transfers to Stage 3	(413.964)	(2.545.537)	2.959.501	–
Net (reversal)/charge for the period	(3.428.369)	2.099.612	2.674.359	1.345.602
Amounts written off	–	–	(322.855)	(322.855)
At 31 December 2021	5.027.974	988.332	24.468.127	30.484.433

An analysis of changes in the ECL allowance for the year ended 31 December 2020:

	2020 (as restated)			
	Stage 1 12-month expected losses	Stage 2 Lifetime ECL – not credit- impaired	Stage 3 Lifetime ECL – credit- impaired	Total
ECL allowance at 1 January 2020, as restated	4.427.759	1.070.908	18.504.321	24.002.988
New assets originated or purchased	2.955.473	–	63.753	3.019.226
Transfers to Stage 1	3.209.998	(3.144.476)	(65.522)	–
Transfers to Stage 2	(1.079.333)	3.660.310	(2.580.977)	–
Transfers to Stage 3	(818.882)	(3.295.484)	4.114.366	–
Net charge of loss allowance	(4.647.135)	2.695.473	1.746.704	(204.958)
Amounts written off	–	–	(260.379)	(260.379)
At 31 December 2020	4.047.880	986.731	21.522.266	26.556.877

Credit quality of finance lease portfolio

The following table provides information on the credit quality of the finance lease portfolio as at 31 December 2021 and 2020:

	31 December 2021			
	Stage 1 12-month expected credit losses	Stage 2 Lifetime ECL – not credit- impaired	Stage 3 Lifetime ECL – credit- impaired	Total
- not overdue	275.505.700	3.474.325	15.451.230	294.431.255
- overdue less than 30 days	5.059.784	1.206.590	6.100.985	12.367.359
- overdue more than 31 days and less than 90 days	–	2.865.243	2.737.890	5.603.133
- overdue more than 91 days and less than 180 days	–	–	2.231.010	2.231.010
- overdue more than 181 days and less than 1 year	–	–	3.323.782	3.323.782
- overdue more than 1 year	–	–	27.240.389	27.240.389
	280.565.484	7.546.158	57.085.286	345.196.928
Loss allowance	(5.027.974)	(988.332)	(24.468.127)	(30.484.433)
Total finance lease receivables	275.537.510	6.557.826	32.617.159	314.712.495

	31 December 2020 (restated)			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL – on assets not credit-impaired	Stage 3 Lifetime ECL – on credit- impaired assets	Total
- not overdue	216.553.292	4.565.296	11.938.346	233.056.934
- overdue up to 30 days	5.258.887	1.089.748	1.504.680	7.853.315
- overdue more than 31 days and less than 90 days	–	3.288.722	5.133.367	8.422.089
- overdue more than 91 days and less than 180 days	–	–	906.618	906.618
- overdue more than 181 days and less than 1 year	–	–	9.969.412	9.969.412
- overdue more than 1 year	–	–	23.101.907	23.101.907
	221.812.179	8.943.766	52.554.330	283.310.275
Loss allowance	(4.047.880)	(986.731)	(21.522.266)	(26.556.877)
Total finance lease receivables	217.764.299	7.957.035	31.032.064	256.753.398

Analysis of movements in gross carrying amount

Increased funding secured for leases in 2021 caused the gross carrying value of the portfolio to grow by KZT 119.633.899 thousand (31 December 2021: KZT 6.373.411 thousand) and resulted in related increase in the portfolio loss allowance totalling KZT 2.904.809 thousand (31 December 2020: KZT 3.019.226 thousand).

Repayment of finance lease receivables categorised into Stage 3 totalling KZT 5.165.704 thousand (31 December 2020: KZT 6.517.714 thousand) resulted in a decrease in ECL allowance of KZT 1.683.792 thousand (31 December 2020: KZT 1.639.611 thousand).

Transfer of finance lease receivables to Stage 3 totalling KZT 14.853.222 thousand (31 December 2020: KZT 19.913.619 thousand) resulted in an

increase in ECL allowance of KZT 1.799.473 thousand (31 December 2020: KZT 1.813.494 thousand).

Transfer of finance lease receivables categorised into Stage 3 to Stage 2 totalling KZT 6.869.203 thousand (31 December 2020: KZT 13.411.042 thousand) resulted in a decrease in ECL allowance of KZT 454.788 thousand (31 December: KZT 936.746 thousand).

Transfer of finance lease receivables categorised into Stage 1 to Stage 2 totalling KZT 30.648.615 thousand (31 December 2020: KZT 38.140.284 thousand) resulted in an increase in ECL allowance of KZT 1.911.360 thousand (31 December: KZT 2.378.568 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 2021, by types of collateral:

	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	261.168.237	261.168.237
Equipment	10.430.973	10.430.973
Real estate	1.441.599	1.441.599
Other assets	2.496.701	2.496.701
Total leases for which ECL are measured as 12-month ECL	275.537.510	275.537.510
Leases for which ECL are measured as lifetime ECL for assets that are not credit-impaired:		
Vehicles	5.693.396	5.693.396
Equipment	631.226	631.226
Other assets	233.204	233.204
Total leases for which ECL are measured as lifetime ECL for assets that are not credit-impaired	6.557.826	6.557.826
Leases for which ECL are measured as lifetime ECL for assets that are credit-impaired:		
Vehicles	16.361.591	16.361.591
Equipment	12.412.339	12.412.339
Real estate	1.174.360	1.174.360
Other assets	2.668.869	2.668.869
Total leases for which ECL are measured as lifetime ECL for assets that are credit-impaired	32.617.159	32.617.159
Total finance lease receivables	314.712.495	314.712.495

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 2020, by types of collateral:

	Finance lease receivables, carrying amount (restated)	Fair value of collateral: for collateral assessed during the reporting period (restated)
Leases for which ECL are measured as 12-month ECL:		
Vehicles	198.647.793	198.647.793
Equipment	12.293.063	12.293.063
Real estate	2.059.393	2.059.393
Other assets	4.764.050	4.764.050
Total leases for which ECL are measured as 12-month ECL	217.764.299	217.764.299
Leases for which ECL are measured as lifetime ECL for assets that are not credit-impaired:		
Vehicles	6.343.444	6.343.444
Equipment	1.156.330	1.156.330
Other assets	457.261	457.261
Total leases for which ECL are measured as lifetime ECL for assets that are not credit-impaired	7.957.035	7.957.035
Leases for which ECL are measured as lifetime ECL for assets that are credit-impaired:		
Жабдықтар		
Equipment	14.009.960	14.009.960
Vehicles	14.023.651	14.023.651
Real estate	620.439	620.439
Other assets	2.378.014	2.378.014
Total leases for which ECL are measured as lifetime ECL for assets that are credit-impaired	31.032.064	31.032.064
Total finance lease receivables	256.753.398	256.753.398

The tables above exclude overcollateralisation.

Foreclosed leased assets

During the year ended 31 December 2021, the Company obtained foreclosed leased assets for the amount of KZT 1.297.061 thousand (2020: KZT 2.005.990 thousand).

Concentration of finance lease receivables

As at 31 December 2021, the Company has ten major independent parties, whose finance lease receivables balances totalled KZT 25.139.204

thousand or 7.28% of gross finance lease receivables (31 December 2020: KZT 22.645.732 thousand or 9.0%). On 31 December 2021, an ECL allowance for these receivables recognised by the Company totalled KZT 3.839.190 thousand (31 December 2020: KZT 2.505.134 thousand).

As at 31 December 2021, finance lease receivables comprise the amount due from lessees of KZT 8.812.626 thousand, which comprises value-added tax payments (31 December 2020: KZT 8.301.324 thousand).

10. PROPERTY HELD FOR A FINANCE LEASE

As at 31 December 2021 and 2020, property held for a finance lease comprised the following:

	31 December 2021	31 December 2020
Equipment held for a finance lease	2.210.086	3.436.243
Collateral transferred to ownership	1.596.904	1.801.143
Other materials	33.249	31.372
	3.840.239	5.268.758
Impairment allowance (Note 23)	(838.991)	(980.206)
Property held for a finance lease	3.001.248	4.288.552

During 2021, the Company took ownership of various assets obtained to repay borrowers' outstanding debts. The Company plans on transferring these properties under a finance lease agreement.

11. VALUE ADDED TAX AND OTHER TAXES RECEIVABLE

As at 31 December 2021 and 2020, value added tax and other taxes receivable comprised the following:

	31 December 2021	31 December 2020
Value added tax receivable	6.390.344	6.109.181
Other taxes	14.836	18.492
Value added tax and other taxes receivable	6.405.180	6.127.673

12. ADVANCES PAID

As at 31 December 2021 and 2020, advances paid comprised the following:

	31 December 2021	31 December 2020
Advances paid for agricultural machinery	472.642	272.826
Advances paid for equipment	10.770	10.770
Other advances paid	5.736	982.566
	489.148	1.266.162
Impairment allowance (Note 23)	(11.283)	(11.283)
Advances paid	477.865	1.254.879

As at 31 December 2021 and 2020, advances comprised prepaid supplies expenses for agricultural machinery, equipment and cattle to be subsequently leased out under a finance lease.

13. AMOUNTS DUE TO THE SHAREHOLDER

As at 31 December 2021 and 2020, amounts due to the Shareholder comprised the following:

	Currency	Maturity date	31 December 2021	31 December 2020
A loan agreement № 25	KZT	2041	10.834.739	-
A framework loan agreement No.63	KZT	2022	1.031.597	3.018.335
A framework loan agreement No.113	KZT	2022	220.999	500.277
A framework loan agreement No.35	KZT	2023	-	19.807.393
A loan agreement No.22	KZT	2030	-	13.417.468
A loan agreement No.86	KZT	2021	-	10.544.278
A framework loan agreement No.39	KZT	2027	-	4.329.926
A loan agreement No.118	KZT	2021	-	991.912
A loan agreement No.64	KZT	2023	-	834.736
Amounts due to the Shareholder			12.087.335	53.444.325

As part of the optimisation of the structure of the loan previously provided by KazAgro Holding to the Company, funded by the money of the National Fund of the Republic of Kazakhstan, by pooling the amounts due under the agreements previously concluded, a Loan Agreement No. 25 of 16 June 2021 was signed. The amount of the loan is KZT 50.000.000 thousand, with maturity on 10 February 2041, an interest rate of 1.02% per annum, and a discount rate of 11,98% per annum, including a new drawdown totalling KZT 5.835.875 thousand. The purpose of the loan is 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 to reflect the new terms negotiated with the ultimate controlling party. As at 31 December 2021, the amount due under this agreement is KZT 10.834.739 thousand.

On 24 July 2018, the Company and the Shareholder entered into a Loan Agreement No. 86 in the amount of KZT 10.000.000 thousand for a period of 12 months, with an option to renew it up to 36 months by the decision of the Shareholder's Management Board. On 20 March 2020, the Company entered into an additional agreement No. 2 with the Shareholder, providing for the prolongation of the loan term up to 36 months. On 23 July 2021, the principal amount outstanding of KZT 10,000,000 thousand was repaid in full.

As at 31 December 2021, the Company has no obligations on compliance with financial covenants under agreements with the Shareholder. The amount due to the Shareholder is not secured by collateralised property.

14. AMOUNTS DUE TO CREDIT INSTITUTIONS

As at 31 December 2021 and 2020, amounts due to credit institutions comprised the following:

	Currency	Maturity	31 December 2021	31 December 2020
Halyk Bank of JSC	KZT	2024-2025	38.131.865	36.605.399
SB Sberbank of Russia JSC	KZT	2026	13.593.189	9.152.623
Agrarian Credit Corporation JSC	KZT	2025-2029	13.146.580	15.515.127
ROSEKSIMBANK JSC	RUB	2022-2023	1.439.090	2.276.078
Amounts due to credit institutions			66.310.724	63.549.227

On 28 August 2020, the Company and SB Sberbank of Russia JSC entered into an agreement to set up a credit line, with a limit of KZT 9.333.333 thousand, for a period of 5 years. On 12 July 2021, the Company entered into an additional agreement whereby the credit line period was extended to 28 August 2026.

During the year ended 31 December 2021, the Company raised loans of KZT 9,333,000 thousand from SB Sberbank of Russia JSC, borrowed from the credit line dated 28 August 2020 maturing in 2026.

During the year ended 31 December 2021, the Company raised loans of KZT 9.584.000 thousand from Halyk Bank of Kazakhstan JSC, borrowed from the credit line dated 13 August 2019 maturing in 2025.

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 the subsidiaries of Baiterek operating in the agricultural sector of the Republic of Kazakhstan.

As at 31 December 2021 and 31 December 2020, the Company meets the requirements related to compliance with the restrictive covenants under the agreements with the creditors.

15. DEBT SECURITIES ISSUED

As at 31 December 2021 and 2020, debt securities issued comprised the following:

	Maturity	Rate, %	Currency	31 December 2021	31 December 2020
The issue of coupon bonds	20 August 2028	11,9%	KZT	41.555.385	–
The issue of coupon bonds	21 December 2031	11,5%	KZT	25.079.861	–
The fourth issue as part of the second bond programme	24 December 2024	12,0%	KZT	19.503.095	19.301.533
The third issue of coupon bonds as part of the second bond programme	24 December 2024	12,0%	KZT	19.445.272	19.351.821
The second issue of coupon bonds	12 June 2022	8,5%	KZT	18.062.146	18.044.098
The third issue of bonds as part of the first bond programme	16 January 2023	8,0%	KZT	17.409.234	17.263.736
The first issue of coupon bonds as part of the second bond programme	8 November 2023	12,0%	KZT	12.190.675	12.173.321
The first issue of coupon bonds	12 June 2024	8,5%	KZT	3.958.518	3.955.269
The second issue of bonds as part of the second bond programme	14 November 2021	15,0%	KZT	–	8.148.029
Debt securities issued				157.204.186	98.237.807

In August 2021, the Company issued coupon bonds with a par value of KZT 40.000.000 thousand and placed the issue in full.

second bond programme with a par value of KZT 8.000.000 thousand.

In December 2021, the Company issued coupon bonds with a par value of KZT 25.000.000 thousand and placed the issue in full.

As at 31 December 2021 and 2020, the Company complied with the restrictive covenants related to the debt securities issued.

In November 2021, the Company redeemed the second bond issue under the Company's

16. PAYABLES TO SUPPLIERS

As at 31 December 2021 and 2020, 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 2021	31 December 2020
Agricultural machinery	4.881.657	4.658.610
Equipment	635.374	469.026
Cattle	741	783
Other	260.354	83.948
Payables to suppliers	5.778.126	5.212.367

17. TAXATION

Corporate income tax benefits comprise:

	2021	2020
Current corporate income tax expense	358.546	305.966
Deferred corporate income tax expense - origination and reversal of temporary differences	5.558.855	1.045.621
Net of deferred tax recognised in equity	(6.339.721)	(1.360.642)
Corporate income tax benefit	(422.320)	(9.055)

As at 31 December 2021, the Company's current corporate income tax assets totalled KZT 134.115 thousand (31 December 2020: KZT 134.115 thousand).

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:

The corporate income tax rate for the Company was 20.0% in 2021 and 2020.

Reconciliation of effective tax rate:

	2021	%	2020	%
Profit before income tax	16.879.425	100	9.589.144	100
Income tax at the applicable tax rate	3.375.885	20	1.917.829	20
Non-taxable interest income on finance lease receivables	(4.775.816)	(28)	(3.160.525)	(33)
Expenses for corporate income tax withheld at the source of payment of income	358.546	2	305.965	3
Non-deductible credit losses	589.368	3	855.260	9
Other non-deductible expenses	29.697	-	72.416	1
Corporate income tax benefit	(422.320)	(3)	(9.055)	-

Deferred corporate income tax assets and liabilities, and their movement for the respective years comprised the following at 31 December:

	Origination and reversal of temporary differences			Origination and reversal of temporary differences		
	2019	In the statement of profit or loss	In equity 2020	In the statement of profit or loss	In equity 2021	
Tax effect of deductible temporary differences						
Loans to customers	355.722	(147.923)	1.958	209.757	(133.543)	76.214
Finance lease receivables	110.677	(63.507)	-	47.170	37.911	85.081
Amounts due to credit institutions	126.300	2.453	-	128.753	24.641	153.394
Accrued expenses for unused vacations	53.450	(26.790)	-	26.660	34.781	61.441
Forfeits recognised in accordance with the court ruling	-	-	-	-	471.964	471.964
Guarantees	36.840	-	-	36.840	-	(36.840)
Deferred corporate income tax assets	682.989	(235.767)	1.958	449.180	435.754	(36.840)
Tax effect of taxable temporary differences						
Finance lease receivables	(98.734)	98.734	-	-	-	-
Amounts due to the Shareholder	(855.250)	340.691	(1.297.767)	(1.812.326)	242.486	(6.302.881)
Amounts due from credit institutions	(434.998)	107.248	(64.833)	(392.583)	93.198	(299.385)
Property, plant and equipment and intangible assets	(48.655)	4.115	-	(44.540)	9.428	(35.112)
Deferred corporate income tax liabilities	(1.437.637)	550.788	(1.362.600)	(2.249.449)	345.112	(6.302.881)
Net deferred corporate income tax liability	(754.648)	315.021	(1.360.642)	(1.800.269)	780.866	(6.339.721)

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.

18. ADVANCES RECEIVED

As at 31 December 2021, advance received of KZT 5,471,667 thousand (31 December 2020: KZT 7,957,142 thousand) comprised prepayment from clients for property held for finance lease that was

acquired under finance lease agreements but not transferred to the lessee, as well as prepayments made under finance lease agreements.

19. Deferred value added tax liabilities

The Company recognises deferred value added tax liabilities when transferring property under a finance lease. As at 31 December 2021, deferred

value added tax liabilities totalled KZT 8,817,626 thousand (31 December 2020: KZT 8,301,324 thousand).

20. OTHER LIABILITIES

As at 31 December 2021 and 2020, other liabilities comprised the following:

	31 December 2021	31 December 2020
Other financial liabilities		
ECL allowance for credit-related commitments (Note 22)	233.258	173.104
Other financial liabilities	233.258	173.104
Other non-financial liabilities		
Deferred interest income	2.196.795	858.547
Taxes other than corporate income tax, payable	53.955	77.352
Mandatory payments to the budget payable and payables to employees	37.885	46.929
Other current liabilities	324.926	332.003
Other non-financial liabilities	2.613.561	1.314.831
Other liabilities	2.846.819	1.487.935

21. EQUITY

As at 31 December 2021 and 2020, the authorised and paid share capital comprised 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 29 May 2020, the Company declared dividends for 2019 for KZT 9,210,964 thousand or KZT 111,19 per an ordinary share. As at 31 December 2020, the dividends were paid in full. In accordance with the decision of the Shareholder of 12 March 2021, the Company declared dividends for 2020 in the amount of KZT 6,718,739 thousand or KZT 81.11 per an ordinary share. During the reporting period, the dividends were fully paid.

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 during the general meeting. During the 12 months of 2021 and 2020, reserve capital remained unchanged. As at 31 December 2021 and 31 December 2020, the reserve fund amounted to KZT 1,436,184 thousand.

As at 31 December 2021, the book value per ordinary share calculated as per the Kazakhstan Stock Exchange methodology is KZT 1,827.27 (31 December 2020: KZT 1,382.88). The book value per ordinary share as at 31 December 2021 and 31 December 2020 was calculated as follows:

	31 December 2021	31 December 2020 (restated)	31 December 2019 (restated)
Assets	413.345.621	351.518.524	322.174.918
Intangible assets	(491.984)	(535.146)	(581.104)
Liabilities	(265.875.607)	(239.990.396)	(216.476.593)
Net assets	146.978.030	110.992.982	105.117.221
The number of ordinary shares at the calculations date	82.837.204	82.837.204	82.837.204
The book value per share in KZT	1.774,30	1.339,89	1.268,96

The following table shows the profit and number of shares used to calculate basic and diluted earnings per share:

	2021	2020
Net profit for the year	17.301.745	9.598.199
A weighted average number of ordinary shares for the year ended 31 December	82.837.204	82.837.204
Basic and diluted earnings per ordinary share (in KZT)	208,86	115,87

As at 31 December 2021 and 2020, the Company had no financial instruments, which dilute earnings per share.

22. COMMITMENTS AND CONTINGENT LIABILITIES

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 2021 and 2020, the Company's commitments and contingencies comprised the following:

	31 December 2021	31 December 2020
Credit related commitments		
Finance lease commitments	11.379.962	10.017.928
Guarantees issued	–	285.994
Credit related commitments before ECL allowance	11.379.962	10.303.922
ECL allowance	(233.258)	(173.104)
Total	11.146.704	10.130.818

On 16 June 2011, the Company has entered into a financial guarantee agreement in the amount of 6.661.130 Islamic dinars with the Islamic Development Bank, which guarantees meeting liabilities of Agriculture Financial Support Fund JSC under the loan facility agreement. This guarantee was secured by a counter-guarantee of the Shareholder. On 24 June 2021, the loan received by Agriculture Financial Support Fund JSC was repaid in full.

The analysis of movements in ECL allowance for finance lease commitments and issued guarantees for the years ended 31 December 2021 and 2020 is as follows: As at 31 December 2021 and 31 December 2020, the Company recognised an ECL allowance for undrawn credit lines at an amount equal to 12-month ECL.

	Undrawn credit lines	Issued guarantees	Total
ECL allowance at 1 January 2020	156.868	3.251	160.119
Changes in ECL for the year	15.842	(2.857)	12.985
At 31 December 2020	172.710	394	173.104
Changes in ECL for the year	60.548	(394)	60.154
At 31 December 2021	233.258	–	233.258

23. CREDIT LOSS EXPENSE

The table below presents the ECL expense on financial instruments recognised in profit or loss for the year ended 31 December 2021 and 31 December 2020:

	Note	2021	2020
Finance lease receivables	9	(4.250.411)	(2.814.268)
Credit related commitments	22	(60.548)	(15.842)
Cash and cash equivalents		(386)	302
Securities measured at amortised cost		–	834
Amounts due from credit institutions		222	(1.112)
Issued guarantees		394	2.857
Loans to customers	8	2.200.386	(1.232.692)
Other financial assets		(836.498)	(216.378)
		(2.946.841)	(4.276.299)

The movement in the impairment allowance and other provisions was as follows:

	Property held for finance lease	Advances paid	Assets held for sale	Total
At 31 December 2019	(976.782)	(24.073)	-	(1.000.855)
(Charge)/reversal	(537.892)	12.790	(1.770)	(526.872)
Write-off of assets	534.468	-	1.770	536.238
At 31 December 2020	(980.206)	(11.283)	-	(991.489)
(Charge)/reversal	(320.664)	(44)	-	(320.708)
Write-off of assets	461.879	44	-	461.923
At 31 December 2021	(838.991)	(11.283)	-	(850.274)

Impairment allowance for assets is deducted from the value of respective assets.

24. OTHER INCOME

Other income comprised the following:

	2021	2020
Income from reimbursement of expenses	286.633	481.792
Income from reversal of provisions for inventories	253.128	276.266
Fines and penalties received	98.950	38.845
Income from the remeasurement of asset held for sale due to reclassification	-	87.800
Other	45.073	21.192
2021 жылғы желтоқсанға	683.784	905.895

Fines and penalties were obtained by the Company from suppliers for untimely delivery of equipment held for a finance lease.

25. PERSONNEL AND OTHER OPERATING EXPENSES

Personnel and other operating expenses comprise:

	2021	2020
Personnel expenses	(3.066.819)	(2.815.104)
Social security costs	(270.809)	(273.093)
Personnel expenses	(3.337.628)	(3.088.197)
Amortisation of software and other intangible assets	(147.241)	(132.480)
Depreciation of property, plant and equipment	(142.188)	(141.618)
Repair and maintenance of PPE and IA	(139.008)	(119.961)
Operating lease expense	(113.605)	(123.951)
Outsourcing costs	(105.696)	(121.571)
Other taxes other than corporate income tax	(102.324)	(112.050)
Consulting services/ Professional services	(86.100)	(35.246)
Materials	(38.385)	(39.569)
Communication services	(37.081)	(35.587)
Marketing and advertising services	(26.661)	(25.879)
Costs of assigning/watching/maintaining ratings services	(22.628)	(24.775)
Information services	(21.131)	(22.482)
Business travel expenses	(19.543)	(10.286)
Transportation	(14.303)	(9.290)
Stationary and printing services	(12.533)	(10.457)
Employee training programmes	(12.009)	(10.128)
The Board of Directors administrative expenses	(8.345)	(12.327)
Insurance	(2.897)	(2.924)
Charity and sponsorship	(1.971)	(2.452)
Representation expenses	(35)	(12)
Other	(188.727)	(233.542)
Other operating expenses	(1.242.411)	(1.226.587)

26. 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. It also subjects to operating 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 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 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 risks types and activities.

Information compiled from all the businesses is examined and processed to analyse, control and identify early 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 2021	31 December 2020 (restated)
Assets		
Cash and cash equivalents	30.011.182	12.235.576
Amounts due from credit institutions	35.098.466	39.618.524
Loans to customers	21.720.408	28.548.012
Finance lease receivables	314.712.495	256.753.398
Other financial assets	80.945	891.709
Total maximum exposure to credit risk	401.623.496	338.047.219

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 22.

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 drawdowns 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 ECL allowance 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 include 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.

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 life-time 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 value of the collateral for the liability (lowering the fair value of collateral by more than 50% from the date of initial recognition) or the quality of guarantees or credit enhancement mechanisms provided by third parties, which are expected to reduce the economic incentive for the borrower to make the scheduled payments provided for by the contract, or otherwise affect the likelihood of default (if the Company has information);
- 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. The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations.

FORWARD-LOOKING INFORMATION AND MULTIPLE ECONOMIC SCENARIOS

Key factors	ECL scenario	Assigned probability for 2022, %	Assigned probability for 2023, %	2022	2023
GDP growth, %	Upside	9%	9%	4,0	5,0
	Base case	64%	55%	3,7	4,6
	Downside	27%	36%	2,7	2,9
Unemployment rate, %	Upside	0%	0%	5,1	4,9
	Base case	64%	64%	5,1	4,9
	Downside	36%	36%	7,0	6,7
Inflation rate, %	Upside	18%	18%	4,9	4,1
	Base case	73%	73%	6,0	5
	Downside	9%	9%	6,5	5,5
Export volume, billions of US dollars	Upside	9%	9%	46,9	51,3
	Base case	82%	82%	43,0	47
	Downside	9%	9%	39,1	42,7

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 2021	Less than 3 month	From 3 to 12 months	From 1 to 5 years	More than 5 years	Total
Amounts due to the Shareholder	350.686	1.454.298	2.040.000	56.783.000	60.627.984
Amounts due to credit institutions	2.540.792	21.170.865	56.216.112	2.714.479	82.642.248
Debt securities issued	3.058.090	31.261.375	115.689.552	88.895.000	238.904.017
Total undiscounted financial liabilities	5.949.568	53.886.538	173.945.664	148.392.479	382.174.249

31 December 2020	Less than 3 month	From 3 to 12 months	From 1 to 5 years	More than 5 years	Total
Amounts due to the Shareholder	3.053.496	23.779.981	27.825.646	10.951.220	65.610.343
Amounts due to credit institutions	3.674.056	19.345.921	54.467.513	3.701.593	81.189.083
Debt securities issued	678.090	17.980.950	111.834.017	-	130.493.057
Total undiscounted financial liabilities	7.405.642	61.106.852	194.127.176	14.652.813	277.292.483

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. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called (Note 22).

	Less than 3 month	From 3 to 12 months	From 1 to 5 years	More than 5 years	Total
2021	11.379.962	-	-	-	11.379.962
2020	10.303.922	-	-	-	10.303.922

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. 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 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 2021						Total
	Demand and less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years	Non-interest bearing	
Assets							
Cash and cash equivalents	23.873.210	-	-	-	-	6.137.972	30.011.182
Amounts due from credit institutions	-	4.157.235	30.941.231	-	-	-	35.098.466
Loans to customers	750.789	1.608.605	14.761.331	4.032.293	567.390	-	21.720.408
Finance lease receivables	25.032.024	13.143.658	39.754.488	165.156.290	71.626.035	-	314.712.495
Other financial assets	-	-	-	-	-	80.945	80.945
Total financial assets	49.656.023	18.909.498	85.457.050	169.188.583	72.193.425	6.218.917	401.623.496
Liabilities							
Amounts due to the Shareholder	289.017	985.659	176.253	-	10.636.406	-	12.087.335
Amounts due to credit institutions	1.766.974	5.089.478	11.262.153	46.154.415	2.037.704	-	66.310.724
Debt securities issued	2.353.694	18.511.687	-	71.515.532	64.823.273	-	157.204.186
Payables to suppliers	-	-	-	-	-	5.778.126	5.778.126
Other financial liabilities	-	-	-	-	-	233.258	233.258
Total financial liabilities	4.409.685	24.586.824	11.438.406	117.669.947	77.497.383	6.011.384	241.613.629
Net position	45.246.338	(5.677.326)	74.018.644	51.518.636	(5.303.958)	207.533	160.009.867

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.

	31 December 2020 (restated)						Total
	Demand and less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years	Non-interest bearing	
Assets							
Cash and cash equivalents	11.468.667	-	-	-	-	766.909	12.235.576
Amounts due from credit institutions	-	-	39.618.524	-	-	-	39.618.524
Loans to customers	2.215.526	1.707.846	17.648.589	6.774.481	201.570	-	28.548.012
Finance lease receivables	20.909.515	11.605.639	36.551.277	133.298.830	54.388.137	-	256.753.398
Other financial assets	-	-	-	-	-	891.709	891.709
Total financial assets	34.593.708	13.313.485	93.818.390	140.073.311	54.589.707	1.658.618	338.047.219
Liabilities							
Amounts due to the Shareholder	2.855.305	2.781.642	19.588.853	21.381.704	6.836.821	-	53.444.325
Amounts due to credit institutions	2.976.142	4.718.406	9.861.221	43.314.754	2.678.704	-	63.549.227
Debt securities issued	621.582	607.052	7.991.363	89.017.810	-	-	98.237.807
Payables to suppliers	-	-	-	-	-	5.212.367	5.212.367
Other financial liabilities	-	-	-	-	-	173.104	173.104
Total financial liabilities	6.453.029	8.107.100	37.441.437	153.714.268	9.515.525	5.385.471	220.616.830
Net position	28.140.679	5.206.385	56.376.953	(13.640.957)	45.074.182	(3.726.853)	117.430.389

The table below displays the Company's interest bearing assets and liabilities as at 31 December 2021 and 2020 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.

	2021		2020	
	Carrying amount '000 KZT (restated)	Average effective interest rate	Carrying amount '000 KZT (restated)	Average effective interest rate
Interest-bearing assets				
Cash and cash equivalents				
- in Tenge	23.873.210	6,77%	7.195.066	6,85%
- in US dollars	-	-	4.273.601	0,98%
Amounts due from credit institutions				
- in Tenge	30.941.231	8,18%	34.226.221	8,01%
- in US dollars	4.157.235	1,25%	5.392.303	1,25%
Loans to customers				
- in Tenge	21.720.408	8,7%	28.548.012	8,6%
Interest-bearing liabilities				
Amounts due to the Shareholder				
- in Tenge	12.087.335	11,38%	53.444.325	8,09%
Amounts due to credit institutions				
- in Tenge	64.871.634	12,16%	61.273.149	11,99%
- in Russian roubles	1.439.090	8,84%	2.276.078	8,84%
Debt securities issued				
- in Tenge	157.204.186	10,55%	98.237.807	10,86%

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 2021 and 31 December 2020 is as follows:

	31 December 2021		31 December 2020 (restated)	
	Profit	Equity	Profit	Equity
100 bp parallel rise	(453.733)	(473.773)	(335.771)	(335.771)
100 bp parallel fall	453.733	473.773	335.771	335.771

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 2021:

	31 December 2021				
	Tenge	US Dollar	Euro	Russian rouble	Total
Assets					
Cash and cash equivalents	29.763.032	3.603	229.265	15.282	30.011.182
Amounts due from credit institutions	30.941.231	4.157.235	-	-	35.098.466
Loans to customers	21.720.408	-	-	-	21.720.408
Finance lease receivables	314.712.495	-	-	-	314.712.495
Other assets	80.945	-	-	-	80.945
Total assets	397.218.111	4.160.838	229.265	15.282	401.623.496
Liabilities					
Amounts due to the Shareholder	12.087.335	-	-	-	12.087.335
Amounts due to credit institutions	64.871.634	-	-	1.439.090	66.310.724
Debt securities issued	157.204.186	-	-	-	157.204.186
Payables to suppliers	3.648.425	1.154.999	838.695	136.007	5.778.126
Other liabilities	233.258	-	-	-	233.258
Total liabilities	238.044.838	1.154.999	838.695	1.575.097	241.613.629
Net position	159.173.273	3.005.839	(609.430)	(1.559.815)	160.009.867

	31 December 2020 (restated)				
	Tenge	US Dollar	Euro	Russian rouble	Total
Assets					
Cash and cash equivalents	7.606.831	4.278.421	320.541	29.783	12.235.576
Amounts due from credit institutions	34.226.221	5.392.303	-	-	39.618.524
Loans to customers	28.548.012	-	-	-	28.548.012
Finance lease receivables	256.753.398	-	-	-	256.753.398
Other assets	891.075	-	634	-	891.709
Total assets	328.025.537	9.670.724	321.175	29.783	338.047.219
Liabilities					
Amounts due to the Shareholder	53.444.325	-	-	-	53.444.325
Amounts due to credit institutions	61.273.149	-	-	2.276.078	63.549.227
Debt securities issued	98.237.807	-	-	-	98.237.807
Payables to suppliers	3.304.726	1.000.202	850.596	56.843	5.212.367
Other liabilities	173.104	-	-	-	173.104
Total liabilities	216.433.111	1.000.202	850.596	2.332.921	220.616.830
Net position	111.592.426	8.670.522	(529.421)	(2.303.138)	117.430.389

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 (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. 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 or equity, while a positive amount reflects a net potential increase.

Currency	Exchange rate change, % 2021	Effect on pre-tax profit 2021	Exchange rate change, % 2020	Effect on pre-Tax profit 2020 (restated)
US Dollar	-20%	(480.934)	-20,0%	(1.387.284)
US Dollar	20%	480.934	20,0%	1.387.384
Euro	-20%	97.509	-20,0%	84.707
Euro	20%	(97.509)	20,0%	(84.707)
Russian rouble	-8%	99.828	-8,0%	147.401
Russian rouble	8%	(99.828)	8,0%	(147.401)

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.

27. 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 2021:

31 December 2021	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Assets with a disclosed fair value				
Cash and cash equivalents	–	30.011.182	–	30.011.182
Amounts due from credit institutions	–	35.098.466	–	35.098.466
Loans to customers	–	3.113.139	11.151.934	14.265.073
Finance lease receivables	–	278.621.882	21.073.662	299.695.544
Other financial assets	–	80.945	–	80.945
Total financial assets with a disclosed fair value	–	346.925.614	32.225.596	379.151.210
Financial liabilities with a disclosed fair value				
Amounts due to the Shareholder	–	15.530.519	–	15.530.519
Amounts due to credit institutions	–	66.260.854	–	66.260.854
Debt securities issued	92.644.790	62.576.417	–	155.221.207
Payables	–	5.778.126	–	5.778.126
Other financial liabilities	–	233.258	–	233.258
Total financial liabilities with a disclosed fair value	92.644.790	150.379.174	–	243.023.964

The following table provides an analysis of financial instruments recorded by the level of the fair value hierarchy as of 31 December 2020:

31 December 2020 (restated)	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Assets with a disclosed fair value				
Cash and cash equivalents	–	12.235.576	–	12.235.576
Amounts due from credit institutions	–	39.618.524	–	39.618.524
Loans to customers	–	6.302.549	14.333.631	20.636.180
Finance lease receivables	–	234.734.703	21.124.319	255.859.022
Other financial assets	–	891.709	–	891.709
Total financial assets with a disclosed fair value	–	293.783.061	35.457.950	329.241.011
Financial liabilities with a disclosed fair value				
Amounts due to the Shareholder	–	52.560.662	–	52.560.662
Amounts due to credit institutions	–	63.116.978	–	63.116.978
Debt securities issued	60.220.574	36.516.517	–	96.737.091
Payables to suppliers	–	5.212.367	–	5.212.367
Other financial liabilities	–	173.104	–	173.104
Total financial liabilities with a disclosed fair value	60.220.574	157.579.628	–	217.800.202

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 2021		31 December 2020 (restated)	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	30.011.182	30.011.182	12.235.576	12.235.576
Amounts due from credit institutions	35.098.466	35.098.466	39.618.524	39.618.524
Loans to customers	21.720.408	14.265.073	28.548.012	20.636.180
Finance lease receivables	314.712.495	299.695.544	256.753.398	255.859.022
Other financial assets	80.945	80.945	891.709	891.709
	401.623.496	379.151.210	338.047.219	329.241.011
Financial liabilities				
Amounts due to the Shareholder	66.310.724	66.260.854	63.549.227	63.116.978
Amounts due to credit institutions	157.204.186	155.221.207	98.237.807	96.737.091
Debt securities issued	5.778.126	5.778.126	5.212.367	5.212.367
Payables to suppliers	233.258	233.258	173.104	173.104
Other financial liabilities	241.613.629	243.023.964	220.616.830	217.800.202

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 value

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 2021, the average market rate was 16.7% (31 December 2020: 13.1%, unaudited).

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 2021, market rates used to measure fair value ranged from 10.27% to 12.4% per annum on tenge-denominated loans (31 December 2020: from 9.94% to 12.00% 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.

28. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The following table shows assets and liabilities by expected maturities: See Note 26 Risk management for the Company's contractual undiscounted repayment obligations.

	31 декабря 2021 года			31 December 2021					
	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	30.011.182	-	-	-	-	-	-	-	30.011.182
Amounts due from credit institutions	-	-	-	35.098.466	-	-	-	-	35.098.466
Loans to customers	-	44.964	705.825	6.899.373	4.032.293	567.390	-	9.470.563	21.720.408
Finance lease receivables	-	3.415.714	21.616.310	41.696.660	165.156.290	71.626.035	-	11.201.486	314.712.495
Property held for finance lease	-	-	-	-	-	-	3.001.248	-	3.001.248
Current corporate income tax assets	-	-	-	134.115	-	-	-	-	134.115
Property, plant and equipment	-	-	-	-	-	-	902.719	-	902.719
Intangible assets	-	-	-	-	-	-	491.984	-	491.984
VAT and other taxes recoverable	-	122.761	592.764	1.142.367	4.547.288	-	-	-	6.405.180
Advances paid	-	56.700	-	160.155	261.010	-	-	-	477.865
Other assets	-	553	-	309.547	-	-	-	79.859	389.959
Total assets	30.011.182	3.640.692	22.914.899	85.440.683	173.996.881	72.193.425	4.395.951	20.751.908	413.345.621
Liabilities									
Amounts due to the Shareholder	-	51.196	237.821	1.161.912	-	10.636.406	-	-	12.087.335
Amounts due to credit institutions	-	43.164	1.723.810	16.351.631	46.154.415	2.037.704	-	-	66.310.724
Debt securities issued	-	621.583	1.732.111	18.511.687	71.515.532	64.823.273	-	-	157.204.186
Payables to suppliers	-	-	5.220.442	557.684	-	-	-	-	5.778.126
Deferred corporate income tax liabilities	-	-	-	-	-	7.359.124	-	-	7.359.124
Advances received	-	-	-	5.471.667	-	-	-	-	5.471.667
Deferred VAT liabilities	-	122.761	577.928	1.142.367	5.586.675	1.387.895	-	-	8.817.626
Other liabilities	-	112.170	39.747	2.694.902	-	-	-	-	2.846.819
Total liabilities	-	950.874	9.531.859	45.891.850	123.256.622	86.244.402	-	-	265.875.607
Net position as at 31 December 2021	30.011.182	2.689.818	13.383.040	39.548.833	50.740.259	(14.050.977)	4.395.951	20.751.908	147.470.014

	31 декабря 2020 года (пересчитано)			31 December 2020 (restated)					Total
	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	
Assets									
Cash and cash equivalents	12.235.576	-	-	-	-	-	-	-	12.235.576
Amounts due from credit institutions	-	-	-	39.618.524	-	-	-	-	39.618.524
Loans to customers	-	774.737	1.440.789	8.675.728	6.774.481	201.570	-	10.680.707	28.548.012
Finance lease receivables	-	2.748.767	18.160.748	37.996.713	133.298.830	54.388.137	-	10.160.203	256.753.398
Property held for finance lease	-	-	-	-	-	-	4.288.552	-	4.288.552
Current corporate income tax assets	-	-	-	134.115	-	-	-	-	134.115
Property, plant and equipment	-	-	-	-	-	-	939.426	-	939.426
Intangible assets	-	-	-	-	-	-	535.146	-	535.146
VAT and other taxes recoverable	-	113.507	547.609	1.052.934	4.413.623	-	-	-	6.127.673
Advances paid	-	981.164	-	273.715	-	-	-	-	1.254.879
Other assets	-	312	-	191.402	-	-	-	891.509	1.083.223
Total assets	12.235.576	4.618.487	20.149.146	87.943.131	144.486.934	54.589.707	5.763.124	21.732.419	351.518.524
Liabilities									
Amounts due to the Shareholder	-	1.550.936	1.304.369	22.370.495	21.381.704	6.836.821	-	-	53.444.325
Amounts due to credit institutions	-	18.102	2.958.040	14.579.627	43.314.754	2.678.704	-	-	63.549.227
Debt securities issued	-	621.582	-	8.598.415	89.017.810	-	-	-	98.237.807
Payables to suppliers	-	-	4.627.861	584.506	-	-	-	-	5.212.367
Deferred corporate income tax liabilities	-	-	-	-	-	1.800.269	-	-	1.800.269
Advances received	-	-	-	7.957.142	-	-	-	-	7.957.142
Deferred VAT liabilities	-	113.507	529.117	1.052.934	5.008.841	1.596.925	-	-	8.301.324
Other liabilities	-	125.841	22.265	1.339.829	-	-	-	-	1.487.935
Total liabilities	-	2.429.968	9.441.652	56.482.948	158.723.109	12.912.719	-	-	239.990.396
Net position as at 31 December 2020	12.235.576	2.188.519	10.707.494	31.460.183	(14.236.175)	41.676.988	5.763.124	21.732.419	111.528.128

29. 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 borrowings and placement of cash.

The balances as at 31 December 2021 for transactions with related parties are as follows:

	Shareholder	Fellow subsidiaries	Transactions with state owned entities
ASSETS			
Current corporate income tax assets	-	-	134.115
VAT and other taxes recoverable	-	-	6.405.180
LIABILITIES			
Amounts due to the Shareholder (nominal interest rate: 1.02%–10%)	12.087.335	-	-
Debt securities issued (nominal interest rates: 8.00%–12.00%)	69.241.701	9.770.635	20.007.191
Amounts due to credit institutions (nominal interest rates: 5.00%)	-	13.146.580	-
Deferred VAT liabilities	-	-	8.817.626
Deferred corporate income tax liabilities	-	-	7.359.124

The balances as at 31 December 2020 for transactions with related parties are as follows:

	Shareholder	Fellow subsidiaries	Transactions with state owned entities
ASSETS			
Current corporate income tax assets	-	-	134.115
VAT and other taxes recoverable	-	-	6.127.673
LIABILITIES			
Amounts due to the Shareholder (nominal interest rate: 1.02%–14.50%)	53.444.325	-	-
Debt securities issued (nominal interest rates: 8.00%–8.50%)	43.963.105	586.998	-
Amounts due to credit institutions (nominal interest rates: 5.00%)	-	15.515.127	-
Deferred VAT liabilities	-	-	8.301.324
Deferred corporate income tax liabilities	-	-	1.800.269

The income and expense items with related parties for the year ended 31 June 2021 were as follows:

	Shareholder	Fellow subsidiaries	Transactions with state owned entities
Interest expense	(6.896.212)	(1.873.536)	(1.623.249)
Other operating expenses	-	(1.553)	-
Corporate income tax benefit	-	-	422.320

The income and expense items with related parties for the year ended 31 June 2020 were as follows:

	Shareholder	Fellow subsidiaries	Transactions with state owned entities
Interest expense	7.723.363	1.587.645	(815.940)
Corporate income tax benefit	-	-	9.055

Information about the terms and conditions of loans from the Shareholder and the company under common control is provided in Notes 13 and 14, respectively.

Remuneration to the key management personnel consisting of 5 (five) persons in 2020 and 2019 was as follows:

	2021	2020
Salaries and other short-term benefits	120.449	111.901
Social security taxes and costs	11.121	10.393
Total key management personnel remuneration	131.571	122.294

30. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Debt securities issued	Amounts due to credit institutions	Amounts due to the Shareholder	Total liabilities from financing activities
Carrying amount at 31 December 2019	65.384.934	75.934.329	54.136.402	195.455.665
Additions	33.214.631	20.416.000	20.000.000	73.630.631
Redemption	-	(32.578.583)	(15.820.436)	(48.399.019)
Foreign exchange differences	-	(295.681)	-	(295.681)
Non-cash transactions	(487.150)	183.962	(4.720.548)	(5.023.736)
Dividends declared	-	-	9.210.964	9.210.964
Dividends paid	-	-	(9.210.964)	(9.210.964)
Other	125.392	(110.800)	(151.093)	(136.501)
Carrying amount at 31 December 2020	98.237.807	63.549.227	53.444.325	215.231.359
Additions	65.000.000	18.917.333	5.835.875	89.753.208
Redemption	(8.000.000)	(16.883.249)	(15.782.396)	(40.665.645)
Foreign exchange differences	-	84.912	-	84.912
Non-cash transactions	311.074	532.912	(31.282.601)	(30.438.615)
Dividends declared	-	-	6.718.739	6.718.739
Dividends paid	-	-	(6.718.739)	(6.718.739)
Other	1.655.305	109.589	(127.868)	1.637.026
Carrying amount at 31 December 2021	157.204.186	66.310.724	12.087.335	235.602.245

Non-cash transactions include changes in the discount on debt securities issued, other borrowed funds and loans received from the Shareholder 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. The Company classifies the interest paid as cash flows from operating activities.

31. 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 2021 and 2020, 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:

	2021	2020
Tier 1 capital	130,070,951	101,779,421
Tier 2 capital	17,301,745	9,598,199
Total equity	147,372,696	111,377,620
Total assets	413,345,621	351,518,524
Risk-weighted assets and contingent and potential liabilities	413,341,793	356,489,751
Operational risk	14,988,056	11,479,345
Capital adequacy ratio (k1) — not less than 6,0%	31,47%	28,95%
Capital adequacy ratio (k1 -2) — not less than 6,0%	31,47%	28,55%
Capital adequacy ratio (k1 -3) — not less than 12,0%	34,41%	30,27%

Capital adequacy ratio under Basel Capital Accord 1988

As of 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:

	2021	2020
Tier 1 capital	130,070,951	101,779,421
Tier 2 capital	17,301,745	9,598,199
Total equity	147,372,696	111,377,620
Risk-weighted assets	404,156,877	348,237,470
Tier 1 capital adequacy ratio	32,18%	29,23%
Total capital adequacy ratio	31,47%	28,95%

32. 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.

33. SUBSEQUENT EVENTS

On 2 January 2022 protests started in the West of Kazakhstan related to an increase in the LNG price from 60 tenge per litre to 120 tenge per litre. These protests spread to other cities and resulted in looting and loss of life. On 5 January the government declared a state of emergency. As a result of the above protests and state of emergency the President of Kazakhstan has made certain public announcements regarding possible measures including additional taxes.

On 19 January 2022 the state of emergency was lifted. The Company is currently unable to quantify what the impact, if any, may be on the financial position of any new measures the government may take or any impact from the effect on the Kazakhstan economy as a result of the above protests and state of emergency.

In February 2022, because of the 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.

Against the background of the aforementioned geopolitical events, the national currency of the Republic of Kazakhstan has weakened against world currencies. In February 2022, the National Bank of Kazakhstan increased the base rate to 13.5% with a corridor of +/- 1%.

According to press releases from the National Bank of Kazakhstan, the rapidly changing geopolitical and external economic environment in trading partner countries and the unprecedented level of uncertainty reduce significantly the possibility to make robust forecasts regarding the impact of the conflict on the economy of the Republic of Kazakhstan.

The Company is currently unable to quantify the impact of the above events on the Company's operations and financial position. According to the forecasts, the value of agricultural machinery is expected to increase, which will affect the volume of supplies.

APPENDIX 4: GRI INDEX

GENERAL DISCLOSURES

Standard and Disclosure Indicators	Disclosure	Report Sections / Exceptions	Page in the Report
GRI 101 (2016): FOUNDATION			
GRI 102 (2016): GENERAL DISCLOSURES			
ENTERPRISE PROFILE			
102-1	Name of the organization	Contact Detail	6
102-2	Primary brands, products, and services	Areas of Business	28
102-3	Location of headquarters	Contact Detail	173
102-4	Number of countries where the organization operates	Company Presentation	21
102-5	Nature of ownership and legal form	Contact Detail	173
102-6	Markets served	Company Presentation	6
102-7	Scale of the organization	Highlight Figure, Personnel Structure	8, 160
102-8	Total number of employees	Staff Composition	160
102-9	Supply chain	Business Design	24
102-10	Significant changes to the organization's size, structure and ownership	There were no significant changes in 2021.	
102-11	Precautionary Principle or approach	Risk Management	130
102-12	A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses	<i>Not applicable</i>	-
102-13	Membership of associations	<i>Not applicable</i>	-
STRATEGY AND ANALYSIS			
102-14	Statement from the most senior decision-maker	Address by the Chairman of the Board on Sustainable Development	144

Standard and Disclosure Indicators	Report Sections / Exceptions	Page in the Report
ETHICS AND INTEGRITY		
102-16	Description of the organization's values, principles, standards, such as norms of behavior and code of ethics	Business Integrity 123
GOVERNANCE		
102-18	Governance structure of the organization	Organisational Chart 80
102-22	Composition of highest governance body and its committees	Organisational Chart 80
102-24	Nominating and selecting the highest governance body	Nomination and Selection 100
102-28	Evaluating the highest governance body's performance	Evaluation of the Board of Directors' performance 103
STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	Stakeholder Engagement Report 150
102-41	Percentage of total employees covered by collective bargaining agreements	Practice of collective bargaining agreements is not applied in the Company
102-42	Basis for identifying and selecting stakeholders	Stakeholder Engagement Report 150
102-43	The organization's approach to stakeholder engagement	Stakeholder Engagement Report 150
102-44	Key topics and concerns that have been raised through stakeholders engagement with the organisation, and how the organisation has responded to these key topics and concerns	Stakeholder Engagement Report 150

Standard and Disclosure Indicators	Report Sections / Exceptions	Page in the Report
REPORTING PRACTICE		
102-45	Entities included in the consolidated financial statements	Financial Statements for 2021 217
102-46	Defining report content and topic Boundaries	About the Report 175
102-47	List of material topics	About the Report 175
102-48	The effect of any restatements of information given in previous reports	<i>No significant restatements of the sustainable development indicators had taken place.</i>
102-49	Significant changes from previous reporting periods in the list of material topics and topic Boundaries.	<i>There was no change in coverage from the previous reporting period.</i>
OVERVIEW OF THE REPORT		
102-50	Reporting period	About the Report 175
102-51	Date of the most recent previous report	About the Report 175
102-52	Reporting cycle	About the Report 175
02-53	Contact point	Contact detail 173
102-54	Option to prepare a report in accordance with GRI Standards	About the Report 175
102-55	GRI content index	GRI Index 311
102-56	Organization's policy with regard to seeking external assurance for the report	About the Report 175

DISCLOSURE ON SUSTAINABLE DEVELOPMENT TOPICS

Standard and Disclosure Indicators	Report Sections / Exceptions	Page in the Report
ECONOMIC TOPICS		
GRI 103 (2016): MANAGEMENT APPROACH		
103-1	Material topic and its Boundary	About the Report 175
103-2	Management approach	Economic Impact (description covers topics 201 and 203) 156
103-3	Evaluation of the management approach	Remuneration of the Board members 116
GRI 201 (2016): ECONOMIC PERFORMANCE		
201-1	Direct economic value generated and distributed	Economic Value Generated 156
GRI 203 (2016): INDIRECT ECONOMIC IMPACTS		
203-2	Significant indirect economic impacts	Economic Value Generated 156
GRI 204 (2016): PROCUREMENT PRACTICE		
103-1	Materiality and boundaries	About the report 175
103-2	Management approaches	Procurement practice 157
103-3	Management assessment	Evaluation of the activities of the Board of Directors 103
204-1	The share of spending on local suppliers	Procurement practice 157
GRI 205 (2016): ANTI-CORRUPTION		
103-1	Material topic and its Boundary	About the Report 175
103-2	Management approach	Anti-corruption Management 119
103-3	Evaluation of the management approach	Performance Evaluation of the Board of Directors 103
205-1	Operations assessed for risks related to corruption	Anti-corruption Management 119
205-2	Communication and training about anti-corruption policies and procedures	Anti-corruption Management 119
205-3	Confirmed incidents of corruption	Anti-corruption Management 119

Standard and Disclosure Indicators	Report Sections / Exceptions	Page in the Report
ENVIRONMENTAL TOPICS		
GRI 103 (2016): MANAGEMENT APPROACH		
103-1	Material topic and its Boundary	About the Report 175
103-2	Management approach	Environmental Protection 169
103-3	Evaluation of the management approach	Performance Evaluation of the Board of Directors 103
GRI 302 (2016): ENERGY		
302-1	Consumption of fuel and energy resources	Environmental protection 169
GRI 303 (2018): WATER AND DISCHARGES		
303-1	Interaction with water resources	Environmental protection 169
303-2	Water discharge management	The indicator is not significant for the organization due to the nature of its activities -
303-3	Water intake	169
GRI 305 (2016): EMISSIONS		
305-1	Direct greenhouse gas emissions	-
305-2	Indirect energy emissions of greenhouse gases	-
GRI 306 (2020): WASTES		
306-1	Waste generation and substantial waste	Environmental protection 169
306-2	Managing significant waste-related impacts	The Company does not generate waste that has a significant impact on the environment -
306-3	Volume of waste generated	Environmental protection 169

Standard and Indicators	Disclosure	Report Sections / Exceptions	Page in the Report
SOCIAL TOPICS			
GRI 103 (2016): MANAGEMENT APPROACH			
103-1	Material topic and its Boundary	About the Report	175
103-2	Management approach	Human Resources Policies (covers topics 401,402, 404, 405)	159
103-3	Evaluation of the management approach	Performance Evaluation of the Board of Directors	103
GRI 401 (2016): EMPLOYMENT			
401-1	New employee hires and employee turnover	Staff Composition	160
401-3	Parental leave	Social Support	167
GRI 402 (2016): LABOR/MANAGEMENT RELATIONS			
402-1	Minimum notice periods regarding operational changes	Human Resources Management Policy	159
GRI 404 (2016): TRAINING AND EDUCATION			
404-1	Average hours of training per year per employee	Staff Training and Development	164
404-2	Programs for upgrading employee skills and transition	Staff Training and Development	164
404-3	Percentage of employees receiving regular performance	Advancement and Remuneration	164
GRI 405 (2016): DIVERSITY AND EQUAL OPPORTUNITIES			
405-1	Composition of governance bodies and main categories of employees of an organization, broken down by gender, age groups, belonging to minority and other indicators of diversity	Staff Composition	160
405-2	Ratio of basic salary and remuneration of women to men	Advancement and Remuneration	166