



A N N U A L



R E P O R T



"AGRARIAN CREDIT CORPORATION" JSC





Annual Report 2015

ASTANA
2016

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OPENING SPEECH OF THE CHAIRMAN OF THE BOARD OF DIRECTORS



Aigul Mukhamadieva
Chairman of the Board of Directors

Dear colleagues, partners and clients!

For 15 years "Agrarian Credit Corporation" JSC has become one of the leading financial institutions and has achieved significant success in work, providing agricultural producers with financial resources.

Initially, the Corporation operated as a specialized financial institution for lending to agricultural producers through the system of credit unions. Over the years were created 176 such associations, which allowed to local farmers to improve financial conditions, buy equipment, animals and so on. Now, a set of loan programs significantly expanded and covers all the priority areas of support for agribusiness.

In 2015, we continued to develop credit system for the entities in agricultural sector and by one third increased the volume of lending to agricultural producers as compared to 2014 year.

Collaboration between Board of Directors and Executive Board, searching and finding of the mutually acceptable solutions, let us to get sustainable development of the Corporation and to the achievement of all goals.

In the future, the Corporation, as well as all the structural units of "NMH" KazAgro" JSC, have a big tasks on the innovative development of the agricultural sector of the country, strengthening the capacity of the export potential, the intensification of agriculture and the growth of labor productivity in agriculture.

In conclusion, I want to thank our colleagues, partners and the agricultural producers for the successful work in the past year. I hope that our cooperation will be efficient and productive. And we will continue to make an effort to meet the highest demands and expectations.

And I want to assure you that we will continue to move toward the goal - to become the best partner for the agricultural business, to develop the agro-industrial complex of Kazakhstan, providing economic growth of our country.

Aigul Mukhamadieva

*Chairman of the Board of Directors
of "Agrarian Credit Corporation" JSC*

OPENING SPEECH OF THE CHAIRMAN OF THE EXECUTIVE BOARD

Dear colleagues and partners !

We can confidently say that the past year for "Agrarian Credit Corporation" JSC was successful. In 2015, we by one third have increased lending of subjects of agricultural producers in comparison with 2014 year. Almost 4.5 thousand farms received more than 70 billion tenge last year.

The Corporation participates in the implementation of "Agribusiness 2020" for the development of sectoral program of agro-industrial complex and finances projects on programs such as "Sybaga" on the development of cattle breeding in order to increase the cattle population and to improve the species composition of the cattle, "Altyn asyk" (purchase of sheep and goats) and "Kulan" (development of horse breeding).

Loans granted to credit associations, enterprises for processing of agricultural and food production. Also provided support to farmers for spring-sowing and harvesting campaigns: to plant and remove over 700 thousand hectares of crop area in 2015.

In 2015, about sixteen projects for the processing agricultural and food production received funding from the Corporation totaling 1.7 billion tenge.

In addition, according to the results of 2015 the Corporation has provided funding to three second-tier banks in the amount of 9 billion tenge for the continuation of wheat processing, construction of feedlots, feed production and breeding of horses.

In 2015, in the frame of the system of development of credit unions were attracted more than two thousand new members. As it is known, due to an extensive network of associations, agricultural producers, while even in the most remote areas can receive funds for the development of the business. Through the partnerships farmers received more than 25 billion tenge last year.

I am sure that the results of 2015 were the basis for the further development of the agro-industrial complex of Kazakhstan, to ensure the growth of our country's economy as a whole.

We are working hard to attract more private investment in the agricultural sector of Kazakhstan. And I hope that the results of the past year will ensure our success in the future. In 2016 we will continue to contribute to the industrialization and diversification of the agricultural sector through the development of an affordable system of crediting of subjects of agro-industrial complex of the republic.

The detailed results of the work of "Agrarian Credit Corporation" JSC in 2015 can be found in the provided Annual Report, which reflects the relevant data and facts.



Gulnaz Atamkulova
Chairman of the Executive Board

Gulnaz Atamkulova

*Chairman of the Executive Board
of "Agrarian Credit Corporation" JSC*



1. KEY EVENTS IN 2015

State Commission on modernization of the economy of the Republic of Kazakhstan approved the transformation of "Agrarian Credit Corporation" into Institute of funding of financial organizations.

THE PRODUCT LINE OF THE CORPORATION WAS INCREASED:

- Funding of Second-tier banks (hereinafter-STB);
- Micro- financial Institutions (hereinafter-MFIs);
- Leasing companies;
- Inclusion of Credit Unions (hereinafter-CU) in the program of the CDF and SD.


2015

TO IMPROVE ORGANIZATIONAL PERFORMANCE OF THE SYSTEM OF CU, CORPORATION TOGETHER WITH THE ASSOCIATION OF CU:

- Developed a draft of Development Strategy of CU;
- Implemented a number of measures to train employees of CU;
- Participated in the IX-Russian forum of Credit Unions, to exchange experiences;
- Changed collateral coverage ratio from 120% to 100%;
- Optimized business processes with CU in terms of consideration of applications from final-borrowers.

OPTIMIZED LENDING BUSINESS-PROCESSES, REGARDING:

- Reduction of terms of consideration of borrowers' projects in 5 working days;
- To increase the limit of the branches from 30.0 million to 50.0 million tenge.
- Simplified monitoring procedure.



To improve the quality of risk management was updated Risk register and Risk map, and was adopted an action plan to minimize the Corporation's key risks.

The international rating agency Standard & Poor's confirmed the credit rating of the Corporation at the level of "BB +" on the international scale and "kzAA-" on national scale. The rating outlook is "Stable".



2. THE CURRENT SITUATION IN THE AGRO-INDUSTRIAL COMPLEX AND THE STATE PROVISION WITH FINANCIAL RESOURCES

The country's GDP demonstrating a steady growth over the past three years in real terms. So, in 2013, GDP amounted to – 35 999 billion tenge, in 2014 increased by 10.2% and amounted to – 39 676 bln. tenge, in 2015 - 40 884 bln. tenge, or increased by 3%. There is a growth in the share of agriculture in GDP, in 2013 the proportion was – 6.6%, an increase compared with the previous year by 0.2%, in 2014 – 6.4%, or a slight decline, in 2015 the growth of the shares occurred – 8.1%.

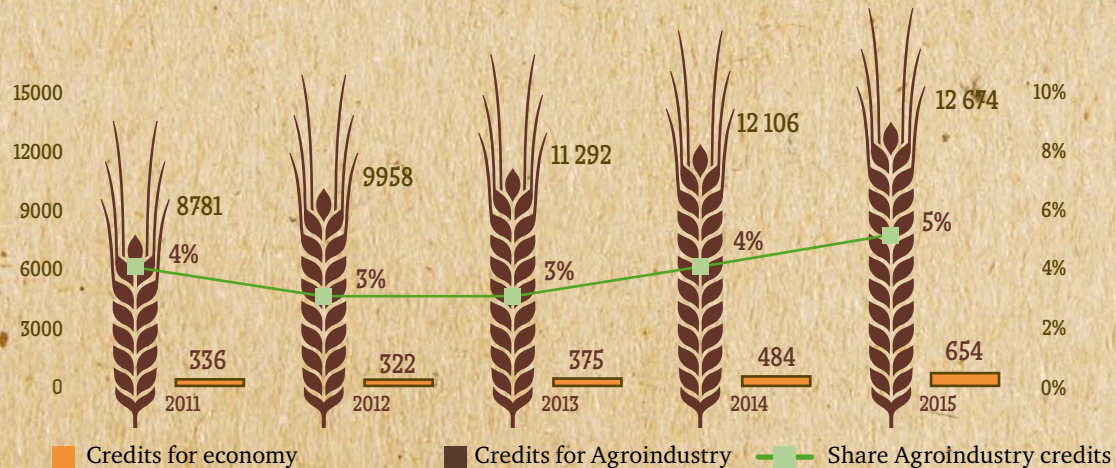
STATE GDP:

2013	2014	2015
35 999,0	39 675,8	40 884,1
BLN. TENGE	BLN. TENGE	BLN. TENGE

GOODS PRODUCED

Share of plant growing output:		Share of livestock production:	
2014	2015	2014	2015
52,5%	55,2%	47,1%	44,4%

The dynamics of STB lending to agriculture, billion tenge.



Source: Data from the National Bank of Kazakhstan (<http://www.nationalbank.kz/?docid=821&switch>).

Growth indicator of gross output of agriculture in 2013 compared to 2012, grew by 19.0%, in 2014 – 5.9%, in 2015 – 30.8% , it allowed to reach the volume of manufacture of agricultural products in volume – 3 307.0 billion tenge. The growing share of output of plant growing, which in 2014 was 52.5%, in 2015 – 55.2%, respectively, the share of livestock production in 2014 was – 47.1%, in 2015 – 44.4%.

In 2015 the volume of gross agricultural output the share of agricultural enterprises – 20.6%, peasants / farmers – 27.3%, the largest share of production comes from public sector - 52.1%.

Despite of the annual growth of gross agricultural production, agricultural sector of Kazakhstan is characterized by low productivity, low crop yields and productivity of farm animals, the use of outdated technology, production of products with low added value, due to the small commodity production, more than 50% of agricultural products produced by household population.

With the increase of global food demand, the untapped potential of agro-industrial complex of Kazakhstan as the presence of large areas of farmland, pasture and forage lands, is an important motivating factor for the growth of investments in the sector of agriculture and processing, which will allow Kazakhstan to become one of the world's leading food manufacturers.

The development of the agricultural sector requires solution to the problems of the needs of agribusiness entities in the availability of credit resources for the establishment and modernization of production facilities, infrastructure facilities for the storage, preparation, part and processing of agricultural products, agricultural equipment and update the equipment, working capital financing.

The main recipients of bank loans are legal entities able to provide liquid collateral. The share of private (peasant) farms in total loan portfolio of STB on January 1, 2016 amounted less than 2%, production by households are not credited.

In order to unite the small agricultural producers, in 2015 a new law of RK "On agricultural cooperatives" (from 10.29.2015 g.Nº 372-V LRK) was adopted. Conceptual framework of the law aimed at creating conditions for the consolidation of agricultural production through cooperation and further assistance to ACP in selling their products, supply of the products, access to agricultural machinery and dissemination of knowledge. Agricultural cooperation will allow for an increase in the scale of agricultural production, increase efficiency, and simplify access to supply chains and distribution channels, as well as to financial resources.

Agribusiness financing growth is constrained by the STB conservative estimate of industrial risks, the low liquidity of collateral in rural areas, lack of long-term funding sources, weak methodology of analysis of agricultural products.

On the basis of dynamics of lending of agriculture by STB over the past 4 years, we can observe the emerging demand for credit funds from the business. As a result of the impact of the global financial and economic crisis in 2008-2010, Kazakh banks have sharply reduced lending volumes in general and agribusiness lending in particular.

In 2011–2015 observed recovery in bank lending, after previous years of decline. According to the National Bank of Kazakhstan the volume of credit issued by STB to the economy (all sectors) amounted 12 106 billion tenge, which is higher than the level of 2013 by 7.2% in 2014, including the amount of credits of STB to agriculture - 484 billion tenge, which is more than in last year by 29%. During 2015 loans of STB to economy totaled 12 674 billion, including agricultural credit - 654 billion tenge or 5.2%.

Corporation in 2015 granted loans totaling 70.6 billion tenge, which is 10.8% of the volume of STB lending to agriculture. The main beneficiaries of the Corporation's credit facilities are 76% of small and medium-sized businesses.



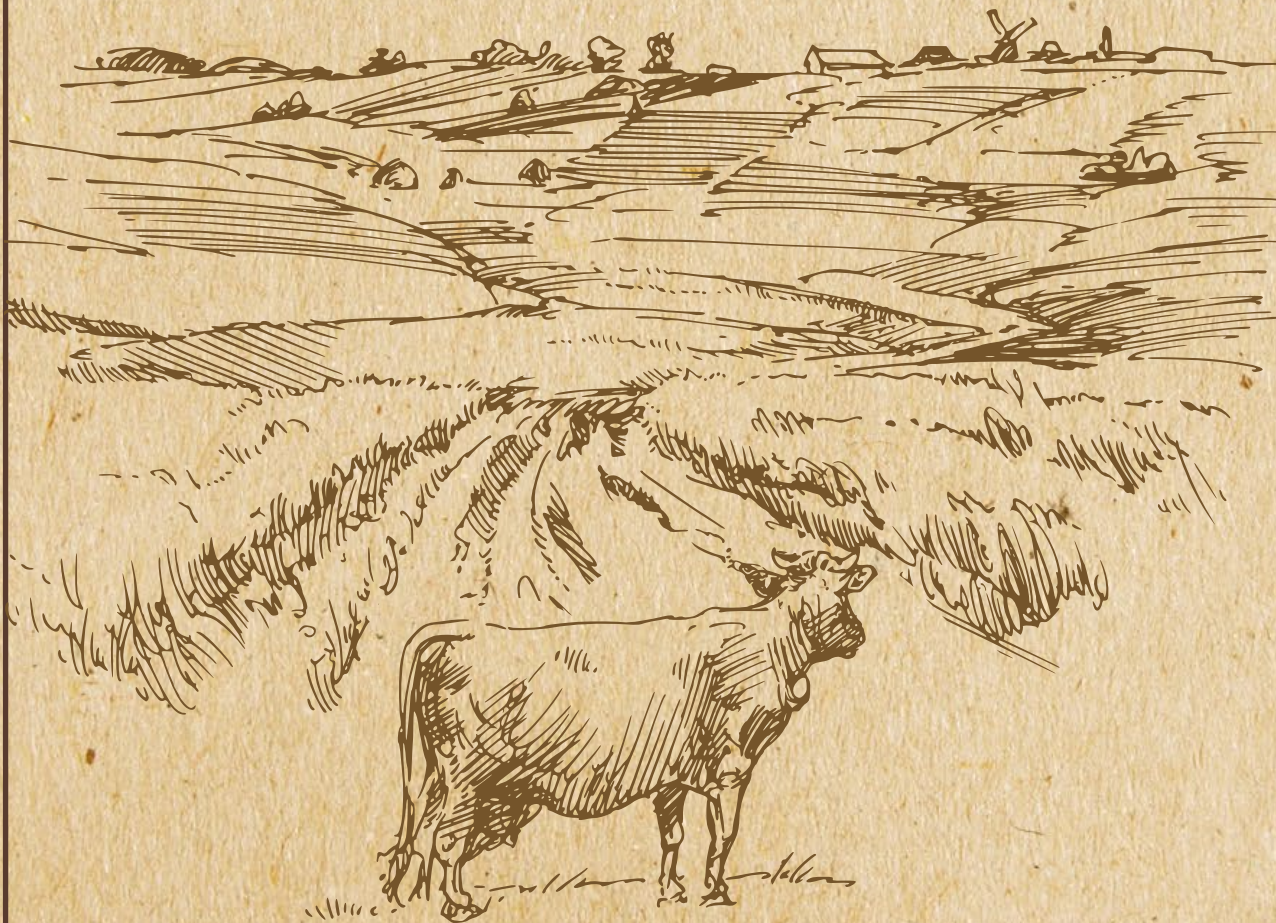
3. THE STRATEGY OF THE CORPORATION

Mission –

is to promote industrialization and diversification of the agricultural sector through the development of credit system available for entities of agro-industrial complex.

Vision –

of 2020 – the Corporation is a key financial institution in the agricultural sector lending market, which implements the state policy of support and development of agribusiness entities, including: funding of banks, credit unions, leasing companies and other financial institutions.



The Corporation has made a significant contribution to the industrialization and diversification of agricultural production, increasing productivity of agricultural sector through the provision of financial resources available for Agricultural Commodity Producers.

The activities of the Corporation in 2020 have a high standard of administrative management and corporate governance.

The Corporation in its activity is focused on addressing five strategic directions, which is a key objective of the dynamic development and increases the competitiveness of agribusiness entities.

STRATEGIC DIRECTIONS	STRATEGIC GOALS	STRATEGIC TASKS
1. Stimulation of growth in labor productivity in agro-industrial complex through industrialization and diversification	Labour productivity growth by funding high-tech (innovative) projects with the use of modern agricultural technologies.	1. Formation of an investment policy of the Corporation in accordance with the sectorial priorities in agribusiness
		2. Attraction of funds for financing agribusiness entities: investment, including innovative projects
		3. Promotion of cluster development in agribusiness
		4. Promotion of "green technologies"
2. Participation in ensuring of food security of the country	1. Promotion of formation of a food belt around Astana and Almaty cities. 2. Timely provision of agribusiness entities with financial resources, for the purchase of basic and working capital funds for production, purchase and processing of agricultural raw materials.	1. Financing agribusiness entities within the food belt around Astana and Almaty cities
		2. Financing agribusiness entities for spring sowing and harvesting campaigns, purchase and sale of agricultural products
		3. Financing of enterprises for processing of agricultural and food production: - For the purchase of high-tech (innovative) equipment; - For working capital.
3. Development and implementation of export potential of agribusiness	Development of export potential of ACP	3. Financing of enterprises for processing of agricultural and food production:
		1. Monitoring of export-oriented investment projects for the production of meat and meat products funded by the Corporation 2. Guide ACP by lending for the development of animal husbandry, including transhumance.
4. Increase the availability of services for supporting agribusiness entities.	Development of available financial, industrial and service infrastructure of ACP	1. Increase access to credit resources, agribusiness entities by funding second-tier banks and other financial institutions
5. Increasing the quality of corporate governance and transparency of the Corporation's activities	Improvement of the efficiency of asset management, corporate governance and transparency of activities	1. Increase efficient use of shareholders' equity and assets, the role of risk management
		2. Quality management of the loan portfolio
		3. Innovating
		4. Maintaining credit ratings



4. OPERATING PERFORMANCE

50 718,1 million KZT

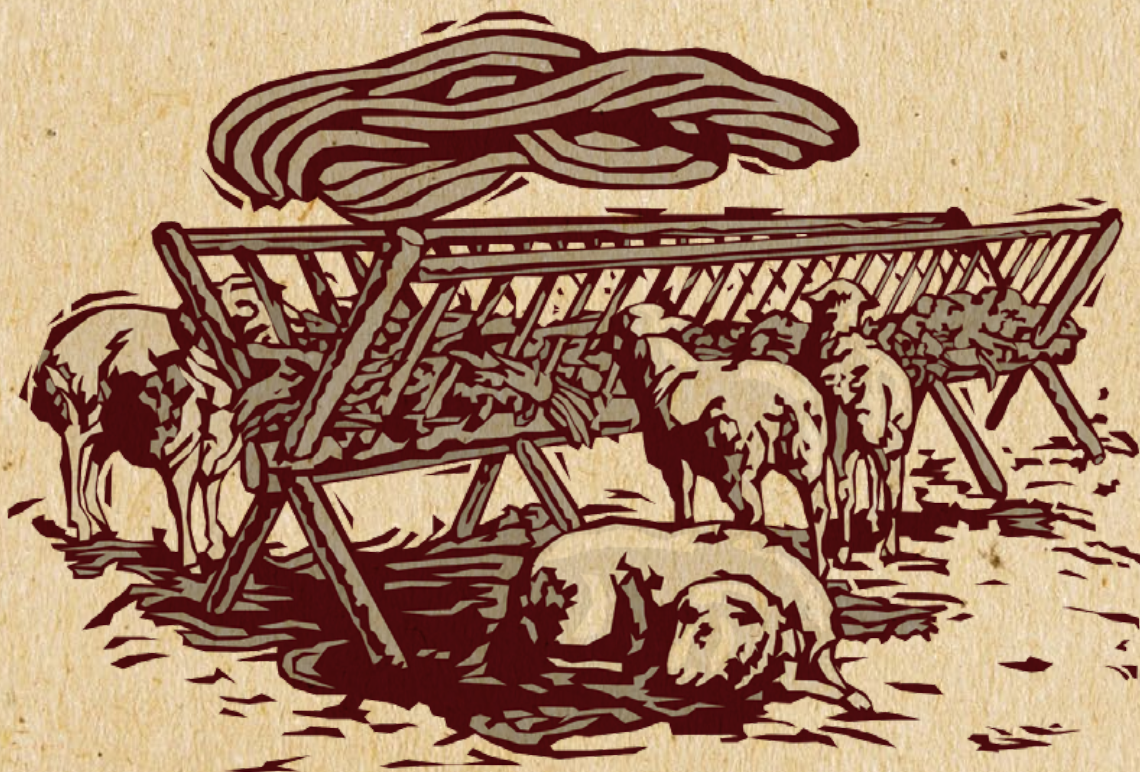
54,4%
CREDITING
OF CU

22 078,0 million KZT

23,7%
THE PROGRAM
"SYBAGA"

20 441,6 million KZT

21,9%
OTHER
PROGRAMS



Capital of the Corporation

Budget investments to increase the authorized capital.

Corporation is a financial institution with 100% state participation in the authorized capital. In order to implement the Corporation's lending programs, annually since 2005, funds were allocated from the republican budget to increase the authorized capital of the Corporation, which by 2015 is - 93 237.7 mln.tenge (Table 1).

In the structure of funding, received for the authorized capital of the Corporation, the largest share takes crediting of CU – 54.4%, or 50 718.1 mln.tenge, the program "Sybaga" – 23.7% or 22 078.0 million KZT, other programs – 21, 9% or 20 441.6 mln.tenge.

Funds allocated from the Republican budget for increase of the authorized capital

93 237,7

MLN. TENGE

Table 1

Title of organization	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
CU	5 394,8	5 347,5	6 508,9	6 966,9	1 000,0	5 000,0	8 000,0	1 500,0		11 000,0	50 718,1
Association (APA)		3 541,6	2 000,0	2 000,0	700,0	1 500,0	500,0	500,0			10 741,6
Non Agricultural entities			700,0	1 000,0	500,0	500,0					2 700,0
Processing enterprises						5 000,0		2 000,0			7 000,0
ACP on the development of livestock cattle "Sybaga"							8 200,0		4 878,0	9 000,0	22 078,0
TOTAL	5 394,8	8 889,1	9 208,9	9 966,9	2 200,0	12 000,0	16 700,0	4 000,0	4 878,0	20 000,0	93 237,7

In 2015, the Corporation did not appeal to budget funds to increase the authorized capital form Republican Budget, the implementation of loan programs was made at the expense of own and borrowed funds.

Public budget loan facilities

In order to support agribusiness entities for spring-field and harvesting works (hereinafter - SHW) Corporation, from 2010 onwards, attracts the budgetary credit funds. During 2010-2015, It allocated 115 780 million KZT, including 8 438 mln. tenge in 2015. Credit resources were allocated in 246 ACP, which annually processes more than 700 thousand hectares, and crops occupy 90% of this lands.

The financial resources from other sources.

During 2015 the Corporation borrowed capital in the amount of - 58 999, 8 million tenge, including:

1. Republican budget, the loan of "Holding" KazAgro" JSC for lending to the SHW - 8 438.5 million tenge;
2. The National Fund, the loan of "Holding" KazAgro" JSC in the amount of - 3 000.0 million tenge;
3. The loan of "Holding" KazAgro " JSC for the subsequent financing of investment projects in the amount of 18.9 million tenge;
4. Credit on the framework agreement with "Holding" KazAgro» JSC №148 in the amount of 19 260,0 million tenge;
5. Credit on the framework agreement with "Holding" KazAgro» JSC №124 in the amount of 478.7 million tenge;
6. The first and second issues of bonds within the second bond program amounting to 27 412.7 million KZT.



Obligations

The obligations of the Corporation in 2015 increased by 213%, or 37 759 million tenge. The main reason of growth are debt securities.

Debt securities in issue

In 2015 the Corporation repaid second bond issue of the first bond program for the total amount of 2 870 million tenge.

Also, the Corporation in 2015 posted a bond issue of 1 second bond program in the amount of 9 980 thousand units in the amount of 9 730 million tenge, 2 issues of the second bond program - 18 185 pieces in the amount of 17 683 million tenge.

Operating performance

The advantage of the Corporation in comparison with STB are:

- ▶ Efficient lending rate;
- ▶ Long-term financing;
- ▶ The possibility of using property and equipment in rural areas as collateral, which is not considered as acceptable collateral by STB.

The strength of the Corporation is to have 15 years of experience in the financing of the agricultural sector, the availability of a broad customer base, infrastructure, most close to the places of production of agricultural products – 176 CU and 13 branches.

Over the years, the activities funded by the Corporation for more than 40 thousand units agricultural producers and issued 463.5 billion tenge. In this main category of borrowers (about 76% of lending) are representatives of small and medium-sized businesses.

Overall, in 2015 the Corporation issued 70,599 million tenge, for lending to agribusiness entities by the ongoing credit programs. The volume of lending compared to 2014 increased by 1.3 times or by 17 085 million tenge.

The amount of credit resources in 2014–2015 (thousand tenge)

№	Name of the program	2014		2015	
		Number of borrowers, units.	Amount million, tenge	Number of borrowers, units.	Amount million, tenge
1	CU, including Express loan CU, Small cattle-CU, horse breeding CU	2 993	24 622,8	2 602	25 360,1
2	Sybagas	956	10 776,2	1 018	10 814,6
3	Altyn Asyk	69	727,4	220	2 014,0
4	Kulan	242	2 887,9	422	6 855,0
5	Spring-field works	43	7 412,9	42	8 438,5
6	STB	0	0,0	3	9 340,0
7	Enterprises processing agricultural products	16	2 655,2	16	1 712,1
8	Associations	10	263,6	3	69,4
9	Non-agricultural business	25	189,7	33	329,3
10	Commercial loans	92	3 846,2	192	5 601,1
11	Stockwater development	0	0,0	12	45,0
12	Investment projects	2	132,0	1	18,9
	Total	4 448	53 513,9	4 564	70 598,8

In 2015, the number of credits for the borrowers increased, in comparison with 2014 by 116 enterprise and reached 4564.

In 2015 Corporation gave loans
for the amount of

70,6

BLN. TENGE

In the frame of the Corporation implemented loan programs, providing support for women--entrepreneurs engaged in agricultural business. In 2015, loans issued to 315 women-entrepreneurs, in the total 10 732.0 million KZT.

In the Corporation's loan portfolio in 2015, the share of short-term loans were 42%, or decreased in comparison with 2014 by 2%, respectively, the share of long-term loans decreased by 2%, and reached 58%.

Corporation in 2015, due to these loans had following figures:

Information on the implementation of planned indicators in 2015

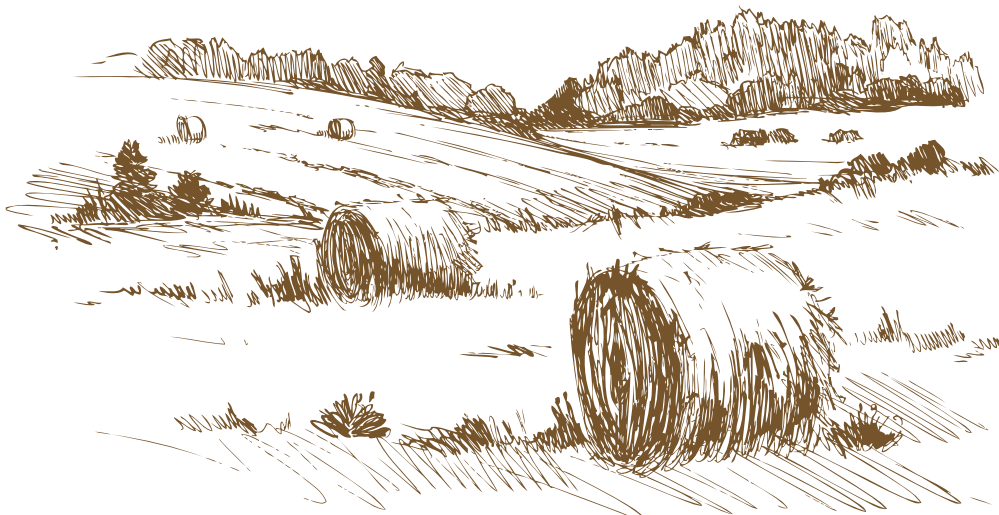
Name of the program	Measure	2014		2015	
		Real	Plan	Real	% used
Crediting of CU	unit	155	110	137	125
Purchase of royal cattle under the program "Sybaga"	animal	54 237	55 000	57 275	104
Purchase of the breeding stock of sheep on the program "Altyn Asyk"	animal	85 697	110 000	132 180	120
Purchase of the breeding stock of horses on the program "Kulan"	animal	11 682	25 000	32 665	131

One of the objectives of lending program of CU is the annual increase in the number of participants - ACP to expand the coverage of credit resources to ensure production and processing of agricultural products. In recent years, the Corporation together with the Association of CU organized active work in this direction, held meetings with the ACP and local government and told about the advantages of getting loans through CU.

In 2015, were hold training seminars for workers of CU, adopted amendments to IND of the Corporation, in order to improve lending conditions:

- ▶ Collateral coverage ratio decreased from 120% to 100%;
- ▶ Optimized business processes with CU in terms of consideration of applications of end-use borrowers.

As a result of the work in 2015 number of participants increased by 1100 ACP in comparison with 2014, and reached 11 913 ACP: it was 5.9% in 2014. The coverage of the total number of agricultural enterprises, in 2015 reached 6.7%.



Loan portfolio

Nº	Index	2013	2014	2015
1	The loan portfolio, million tenge	113 210	100 605	124 505
2	The number of borrowers, thousand.	N/A	8 691	10 902
3	Amount of lending, million tenge	72 188	53 514	70 599
4	Including crediting of SME, million tenge	65 360	46 267	53 513
5	The share of SMEs in total lending, %	91	86	76

Loan portfolio on December 31, 2015 was 124 505 million tenge compared to 100 605 million tenge on December 31, 2014. Growth – 23 900 million tenge, or 24%.

During 2015 the amount of credits increased by 17 085 million KZT, in comparison with 2014 and was 70 599 million tenge, or increased by 31.9% in comparison with 2014. At the same time, there is a decrease in the share of financing of SMEs in comparison with previous years, in 2015 it was 76% of total lending volume, and decreased by 3% due to the funding of STB and leasing companies, due to the program "Agribusiness - 2020", where envisaged reduction of the share of direct lending "NMH" KazAgro" JSC and attraction of STB and other financial institutions for financing of agribusiness.

Financial data

Nº	Indicator	2013	2014	2015
1	Assets, million tenge	125 768	105 651	143 969
2	Equity, million tenge	69 003	87 904	88 464
3	Net income / loss, million tenge	438	496	1 085
4	ROA, %	0,41	0,43	0,87
5	ROE, %	0,65	0,63	1,23
6	Current liquidity ratio,%	1,65	5,49	3,17
7	Financial leverage ratio, %	0,82	0,20	0,63

In comparison with the previous year, in 2015 the Corporation's assets increased by 36% and reached – 143 969 million tenge.

The equity of the Corporation increased by 0.6% or reached 560 million tenge. Net income was 1,085 million tenge, which is 2.2 times more than in the previous year.

In 2015, dividends for 2014 paid in the amount of 447 million tenge. According to the decision of the sole shareholder made an increase in reserve capital by 50 million tenge, due to the income generated in 2014.

Liquidity ratio was 3.17. It shows the Company's ability to pay its current obligations in a timely manner.

Financial leverage ratio amounted to 0.63 (the recommended value of the coefficient is 0.5 – 0.8).

Dividends paid in 2015

447

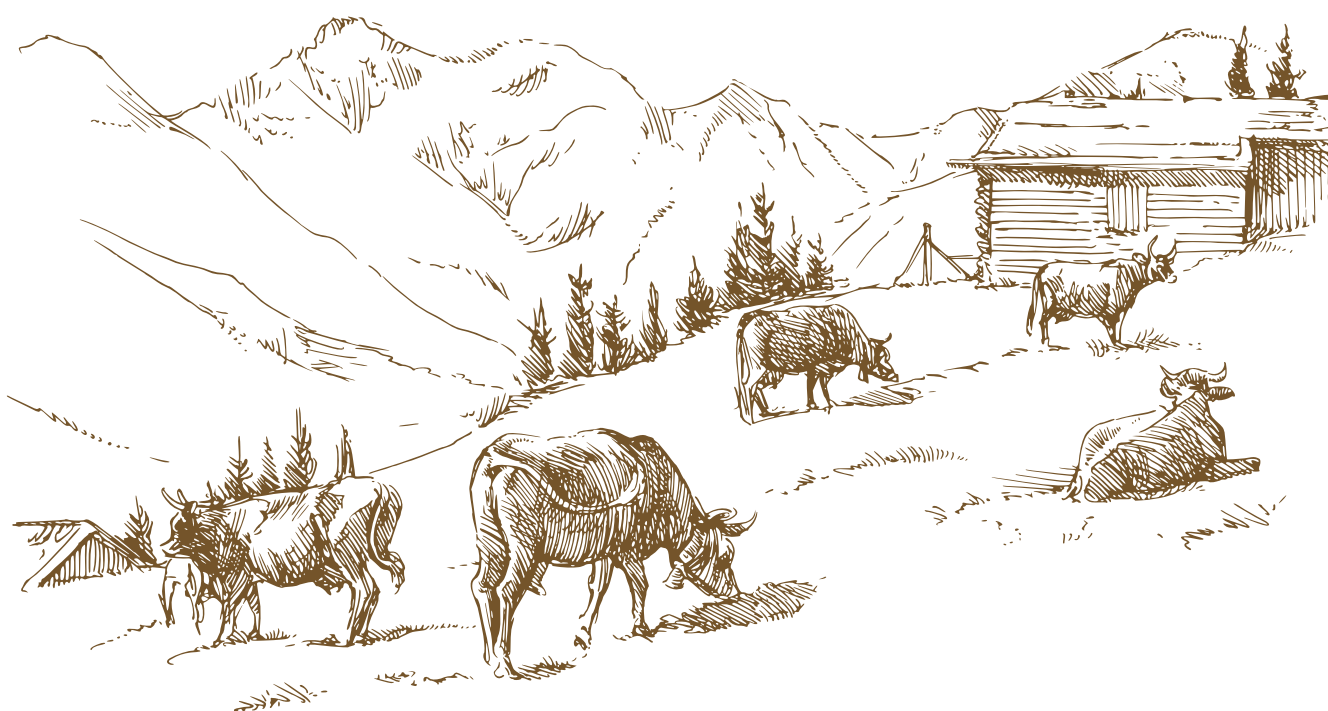
MLN. TENGE

Subsidization of interest rates on credit agreements

In 2014-2015 under the program 227 "Refunding of interest rates on loans (leasing) for support of agriculture" were considered 464 contracts of borrowers of the Corporation, in the amount of 14 075 million tenge.

As a result of meetings, held in the 2014–2015 the Commission approved 344 contracts of borrowers of the Corporation, in the amount of 13 195 million tenge.

The largest number of applications for subsidization have been approved to borrowers from Kyzylorda, South Kazakhstan, North Kazakhstan and Karaganda regions.



5. INFORMATION ABOUT THE COMPANY



"Agrarian Credit Corporation" JSC (hereinafter - the Corporation) was established according to the Decree of the Government of the Republic of Kazakhstan dated January 25, 2001 № 137 "On the agricultural sector lending matters."

The pilot project included two phases. The first - is the creation of a specialized institute of "Agrarian Credit Corporation" JSC with 100 percent participation of the state. The second stage involves the creation of a network of regional financial institutions - rural credit unions (hereinafter - CU).

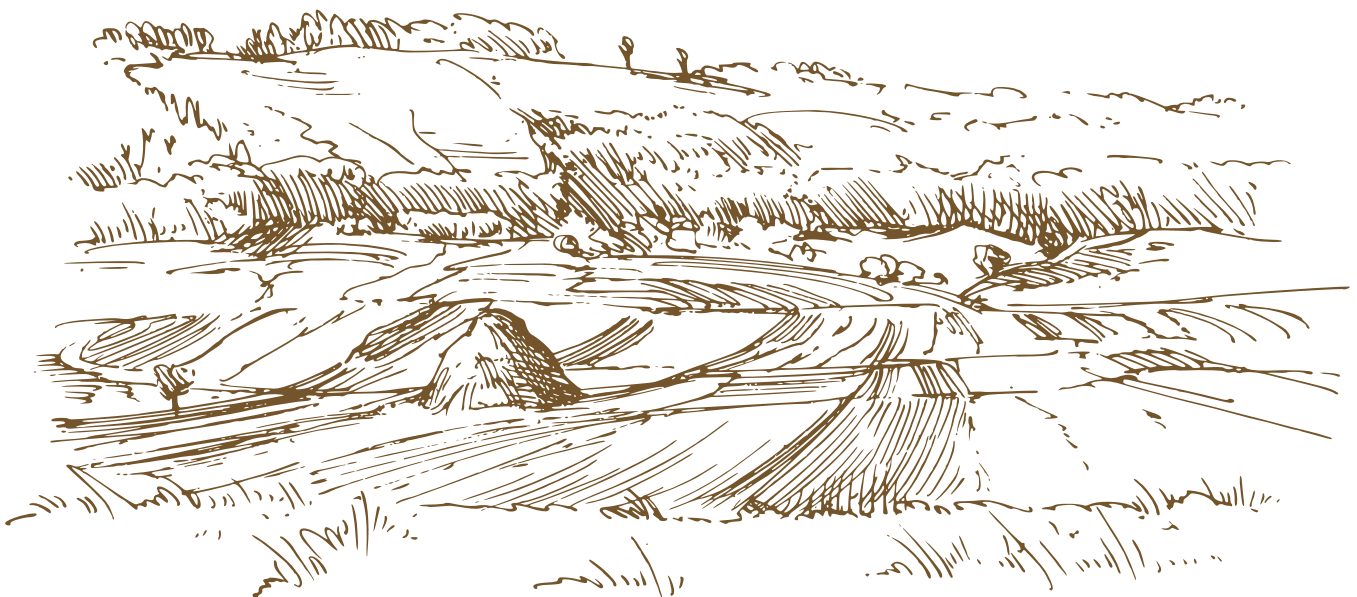
The main objective of the Corporation was to build a system of CU, including by entering into the authorized capital of CU, with the shares not exceeding 35%, as well as access of agricultural producers (hereinafter - ACP) to preferential credit resources from the national budget.

The pilot project was successfully implemented, has created a unique system of crediting of agricultural producers through the CU, which is to ensure the availability of credit resources for small and medium agricultural producers – members of CU system. CU organized in rural areas, and it is financial institution which is the closest to the place of production/agricultural production. ACP is members of CU and directly monitor and control the credit, financial and economic activities of the CU through the supreme governing body - the general meeting of the CU.

Since 2006, the Corporation's activities were expanded with the adoption of the Law "On state regulation of development of agriculture and rural areas" of July 8, 2005 № 66-III LRK.

Currently, the Corporation is a large financial institution, operating in the field of agro-industrial complex (hereinafter - AIC), which implements loan programs in priority areas of agricultural production as defined in the framework of the program "Agribusiness 2020", approved by the Resolution of the Government of the Republic of Kazakhstan, dated by February 18, 2013 №151.

"AGRARIAN CREDIT CORPORATION" JSC WAS ESTABLISHED ACCORDING TO THE DECREE OF THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN DATED JANUARY 25, 2001



**LONG-TERM RATING
IN STATE CURRENCY:
BB+/STABLE**

**SHORT-TERM RATING
IN STATE CURRENCY:
B/STABLE**

**LONG-TERM RATING IN
FOREIGN CURRENCY:
BB+/STABLE**

**SHORT-TERM
RATING IN FOREIGN
CURRENCY:
B/STABLE**

**LONG-TERM RATING
IN STATE SCALE
KZAA-**

The sole shareholder of the Corporation is "National Holding" KazAgro" JSC (hereinafter - Holding) established in accordance with the Decree of the President of the Republic of Kazakhstan, dated December 11, 2006 № 220 "On some issues of development of agro-industrial complex" and the decision of the Republic of Kazakhstan, dated December 23, 2006 № 1247 "On measures of implementation of the Decree of the President of the Republic of Kazakhstan, dated December 11, 2006 № 220" was created "National Holding" KazAgro" JSC (hereinafter - Holding).

"National Holding" KazAgro" JSC implements centralized management, aimed at improving the performance of the Corporation, by achieving synergies, strengthening cooperation and ensure further development of agriculture of the Republic of Kazakhstan.

The corporation has the license of the Committee on the Regulation and Supervision of Financial Market and Financial Organizations of the National Bank of Kazakhstan to conduct transactions specified in the national currency by the banking legislation of the Republic of Kazakhstan, issued November 5, 2013 № 5.2.24 to conduct banking operations in national and foreign currency: "Bank borrowing operation: granting of credits in monetary form on the terms of payment, urgency and repayment."

As for the 31st of December 2015 Corporation has ratings as follows: long-term rating in state currency: BB+/Stable; short-term rating in state currency: B/Stable; Long-term rating in foreign currency: BB+/Stable; Short-term rating in foreign currency: B/Stable; Long-term rating in state scale kzAA-.

Types of activities. To implement the statutory goals Corporation undertakes the following activities:

- ▶ Carrying out banking loan transactions on the basis of the relevant license;
- ▶ Participation in the implementation of the program aimed at supporting of the agricultural sector through lending programs;
- ▶ Attraction of domestic and foreign investment;
- ▶ Participation in the development and implementation of investment projects in the agricultural sector;
- ▶ Implementation of leasing activities.

The Corporation has an extensive branch network provided by 13 branches in 13 regions of the country, except Mangistau region, and 2 additional points of sale, located in Astana and Almaty.

The main lending programs

The clients of the Corporation are the representatives of small and medium-sized enterprises (hereinafter – SME), individuals and legal entities, operating in the agribusiness industry. Corporation lends directly and through credit unions (hereinafter – CU). Also, in 2015 financial organizations will be funded: second-tier banks (hereinafter - STB), microfinance institutions (hereinafter – MFI), leasing companies.

The main credit programs:

- ▶ Lending to agriculture and industry, processing of agricultural products, through the system of credit unions;
- ▶ Lending to non-agricultural business activities;
- ▶ Lending to non-agricultural business activities, through the system of CU;
- ▶ Lending for the purchase of breeding stock of cattle and bulls, for breeding calves under the program "Sybaga";
- ▶ Lending for the purchase of imported breeding beef cattle;
- ▶ Lending for the purchase of small cattle, program "Altyn Asyk";
- ▶ Loans for the development of horse breeding, program "Kulan";
- ▶ Lending to the construction of infrastructure for irrigation of pastures;

- ▶ Crediting agriculture projects for the acquisition of fixed assets (including construction, modernization) and replenishment of working capital;
- ▶ Crediting ACP Associations and rural population on conducting joint production, procurement, marketing, processing, storage and transportation of agricultural products, the supply of commodity-material assets;
- ▶ Crediting activities to support agribusiness entities for spring sowing and harvesting campaigns (SFW and HW) ;
- ▶ Crediting agriculture projects for the acquisition of fixed assets (including construction, modernization) and replenishment of working capital;
- ▶ Crediting of STB and leasing companies for on-lending to agribusiness entities by the Corporation's lending programs;
- ▶ Financial recovery of agribusiness entities under the program "Agribusiness-2020".

Availability of credit resources for ACP is achieved by lower lending rates than the STB, which are no more than 14% per annum for the final borrower, STB is funded at the rate of 10%.

The Corporation has an
extensive branch network
provided by

13

BRANCHES

**AVAILABILITY OF CREDIT
RESOURCES FOR ACP IS
ACHIEVED BY LOWER
LENDING RATES THAN
AS FOR COMMERCIAL
BANKS**





6. ACHIEVEMENT OF KEY PERFORMANCE INDICATORS



To evaluate the activities under the strategic directions of development of the Corporation for the period of 2011-2020, approved by the BD decision №33 dated 21.10.2014 for 2015 identified the following key performance indicators (hereinafter - KPI), and they are fulfilled:

№	Name of KPI	Units of measure	Fact		2015	
			2014	Plan	Fact	% of execution of the plan
1	Labour productivity in enterprises, funded by the Corporation as part of the program of investment projects at the expense of the National Fund of Kazakhstan, thousand tenge per 1 employee	thousand tenge per 1 employee	4 488,5	2 152,8	3 650,4	170
2	The volume of production of meat and milk and processing products on projects, financed by the resources of the Corporation, tons:					
	1) produced meat and meat products, including:	tons	22 439,1	23 322,0	24 854,7	107
	delivered to Astana	tons	2 796,6	1 948,0	3 137,0	161
	delivered to Almaty	tons	1 206,8	729,0	5 214,0	715
	2) produced milk and dairy products, including :	tons	73 484,3	75 842,0	79 140,5	104
	delivered to Astana	tons	1 367,2	1 303,0	2 170,4	167
	delivered to Almaty	tons	66,0	27,0	75,0	278
3	Funding of projects, corresponding to the requirements of the program for support of agribusiness entities (SFW)%.	%	100,0	100,0	100	100
4	The share of funding of innovation (tech) projects in the total amount processing enterprises funded for production of agricultural raw materials and food,%.	%	26,7	5,0	6,8	136
5	Количество пользователей услуг Корпорации, ед.	ед.	4448	3 110	4 564	146
6	The number of users of services of the Corporation, unit	%	0,43	0,26	0,87	335
	ROA	%	0,63	0,45	1,23	273
7	ROE	%	14,0	20,0	12,9	155
8	The annual increase in the number of mentions in the media of the Holding and its subsidiary companies by 5%.	%	5,5	5	12	240





7. GENERAL INFORMATION ON THE RISK MANAGEMENT SYSTEM



Risk Management System of the Corporation is a permanent process that facilitates the timely identification, assessment, monitoring and risk control, and also provides the Executive Authority and the Corporation's management with date information about the risks and measures to minimize the risks.

The main purpose of the risk management system is to find the optimal balance between profitability and risk level, as well as the sustainable development of the Corporation as part of the strategic plans and the achievement of the set objectives.

So, in order to manage risk effectively, the Corporation uses a set of methods on risk management through diversification, limitation, the use of different protective mechanisms and hedging instruments. In this regard, the Corporation developed and implemented internal regulations governing the management of financial, operational and credit risks.

Taking into account, the peculiarities of the agricultural sector, activity of the Corporation is exposed to credit risk, providing a risk of losses in connection with non-return loans. In order to manage the credit risk of the Corporation carried out organizational support of lending activities, the establishment of credit limits, the borrower's credit analysis, credit monitoring, management of the loan portfolio and the formation of provisions against possible losses.

However, despite the fact that the repayment of loans may be affected by economic factors, the Corporation has no significant risk of loss in excess of already formed reserve.

Taking into account, the fact that the Corporation does not have any obligations in foreign currency, does not place funds into investment financial instruments and does not attract financing at a floating rate of interest, in the management of financial risks focuses on the organization of effective management of liquidity and minimizing liquidity risk. For this purpose, the Corporation has an early risk detection system and prevent it by taking timely and appropriate action. In the process of liquidity management The Corporation uses a combination of liquidity management techniques depending on the situation on the financial market, the financial position and liquidity position of the Corporation.

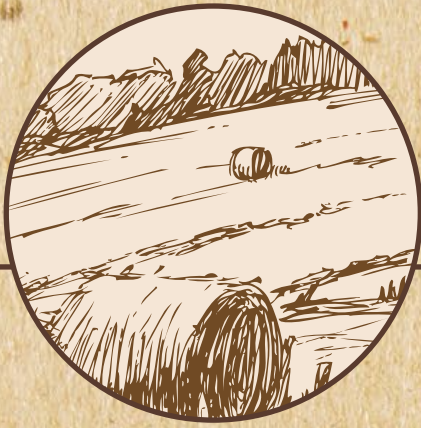
As part of the operational risk management has continued to improve detection and prevention systems of operational risk factors. In 2015 it has been enhanced operational event log, developed key risk indicators for each type of operational risk.

Since the start of operation of the risk management system in the Corporation have developed the basic methods and approaches to risk management and response methods on them, as well as the developed methodological documents on risk management, on a regular basis being the improvement of the procedures. Among them:

- ▶ Risk Management Policy;
- ▶ Rules for identification of risks;
- ▶ Risk Register;
- ▶ Method of calculation of provisions in accordance with IFRS;
- ▶ Methods and rules setting limits for interbank transactions in the banks Counterparties;
- ▶ Methodology for rating borrowers;
- ▶ Methodology determination of project risks and the rating assignment;
- ▶ Methods of liquidity management and liquidity risks;
- ▶ Register of limits of authority
- ▶ Methods of measuring and managing operational risk.

Risk map drawn up annually with the release of the Corporation's critical risks, developing a plan of measures to minimize the critical risks on an ongoing basis, monitor the performance of the established limits.





8. INFORMATION ON CORPORATE GOVERNANCE



In accordance with the Charter, the organs of the Corporation are:

1. The supreme body - the Sole Shareholder;
2. The management body - the Board of Directors;
3. The executive body - the Board;
4. The body exercising control over financial and economic activities of the Corporation's assessment of internal control, risk management, execution of documents in the field of corporate governance and counseling in order to improve the operations of the Corporation - The Internal Audit Service;
5. Other bodies established under the laws of the Republic of Kazakhstan.

**THE SOLE
SHAREHOLDER OF
THE CORPORATION
IS "NATIONAL
HOLDING"
KAZAGRO" JSC.**

The sole shareholder

The sole shareholder of the Corporation is "National Holding" KazAgro" JSC.

Among the most important functions of the Sole Shareholder is adoption of the Corporate Governance Code, the appointment of the members and the terms of office of the Board of Directors, approval of the external auditor of the annual financial statements.

Nº	Title of the issue	Adopted resolutions
1	Determination of the audit organization to audit the financial statements of "Agrarian Credit Corporation" JSC in 2014	Decision of Board, dated 06.02.2015
2	Adoption of the financial statements and distribution order of net income of the "Agrarian Credit Corporation" JSC in 2014, to pay or not to pay dividends on common shares and approval of amount per common share dividend	Decision of Board, dated 05.06.2015
3	Early termination of powers of members of the Board of Directors of "Agrarian Credit Corporation" JSC, the definition of quantitative composition, terms of office and election of its members	Decision of Board, dated 19.06.2015
4	On Amendments to the decision of the Board of "Holding" KazAgro" JSC, dated June 19, 2015 and the election of the Board of Directors of "Agrarian Credit Corporation" JSC	Решение Правления Холдинга от 26.06.2015 г.
5	On approval of the Corporate Governance Code of Subsidiary JSC of Holding in new editions	Decision of Board, dated 29.07.2015

Board of Directors

The Board of Directors carries out general management of the Corporation's activities. The functions of the Board of Directors are: to approve the Corporation's development strategy, approve conditions on product programs, ensuring effective operation of the risk management system, to monitor the financial activities of the Corporation, and others.

There are 5 members of the Corporation's Board of Directors, 2 of them are independent directors.

Members of the Board of Directors

By the decision Nº 38 of the Board of Directors of "Holding" KazAgro" JSC, from June 19, 2015, the new membership of the Board of Directors was approved.



Elected to the Board of Directors of "Agrarian Credit Corporation" JSC:

1. Managing Director of "Holding" KazAgro" JSC Mukhamadieva Aigul Stakhanovna - representative of the Sole Shareholder;
2. Abdykarimova Zhanar Muratovna – Independent Director;
3. Chairman of the Board of "Agrarian Credit Corporation" JSC – Gulnaz Atamkulova Turekhanovna.

Decision of the Board of "Holding" KazAgro" JSC № 40, dated June 26, 2015. Elected to the Board of Directors of "Agrarian Credit Corporation" JSC:

1. The Director of the Department of Internal Control of "Holding" KazAgro" JSC - Kairat Makaev Amirzhonovich - representative of the Sole Shareholder;
2. Zhumagatov Satybaldy Sebigatovich - Independent Director.

Decision of the Board of "Agrarian Credit Corporation" JSC № 21, dated June 26, 2015 – Chairman of the Board of Directors is Mukhamadieva Aigul Stahanovna.

Mukhamadieva Aigul Stakhanovna

Chairman of the Executive Board of "Agrarian Credit Corporation" JSC (June 26, 2015).

Deputy Chairman of the Board of "National Holding" KazAgro" JSC.

She was born on August 5, 1976.

Education:

- ▶ The East Kazakhstan State University.
- ▶ The Kazakh Academy of Transport and Communications of M. Tynyshpayev. MMath

Professional experience:

- ▶ 2000–2006. - Work in "ATF Bank" JSC.
- ▶ 2006–2011 - Work in "Kazkommertsbank" JSC.
- ▶ 2011-2014. - Managing Director, First Deputy Chairman of the Board of "Agrarian Credit Corporation" JSC.
- ▶ 2014–2015 - Deputy General Director for Business Development of "National Welfare Fund" Samruk-Kazyna" JSC.
- ▶ 2015 – Managing Director of "National Holding" KazAgro" JSC.
- ▶ 2015 – Deputy Chairman of the Board of "National Holding" KazAgro" JSC.
- ▶ By the decision of the Board of "Holding" KazAgro" JSC № 38, dated June 19, 2015, was elected as a member of the Board of Directors of "Agrarian Credit Corporation" JSC.
- ▶ By the decision of the Board of "Holding" KazAgro" JSC № 21, dated June 26, 2015 was elected as a Chairman of the Board of Directors.
- ▶ Mukhamadieva A. is also Chairman of the Board of Directors of "Fund for Financial Support of Agriculture" JSC and "KazAgroFinance" JSC.

Does not own shares.



Atamkulova Gulnaz Turekhanovna

Member of the Board of Directors of "Agrarian Credit Corporation" JSC (since June 19, 2015).

Chairman of the Board of Directors, "Agrarian Credit Corporation" JSC.

She was born September 9, 1968.

Education:

- ▶ Kazakh State University of S.Kirov, 1991, School of Philosophy and Economics (teacher of philosophy). Diploma with honors.
- ▶ Eurasian Market Institute of the Kazakh State University of Economy of T.Ryskulov, 1998 School of "Finance and Credit".
- ▶ London school of business and finance, the United Kingdom, training, 2013;
- ▶ Kazakh Humanitarian and Law University, 2014
MBA, Financial management.

Professional experience:

- ▶ 2007–2010. – Deputy Chairman of the Board of "Fund for Financial Support of Agriculture" JSC.
- ▶ 2010–2012. – Chairman of the Board of "Fund for Financial Support of Agriculture" JSC.
- ▶ 2013–2014. – Advisor to the Chairman of the Board of "KazAgroFinance" JSC.
- ▶ 2014 – First Deputy Chairman of the Board of "KazAgroFinance" JSC.
- ▶ 2014 – Act. Chairman of the Board of "KazAgroFinance" JSC.
- ▶ By the decision of the Board of "Agrarian Credit Corporation" JSC № 20, dated June 17, 2015 was elected as Chairman of the Board of "Agrarian Credit Corporation" JSC.
- ▶ By the decision of the Board of "Holding" KazAgro" JSC № 38, dated June 19, 2015 – was elected as a member of the Board of Directors of "Agrarian Credit Corporation" JSC.

Does not own shares.



Makaev Kairat Amirzhanovich

Member of the Board of Directors of "Agrarian Credit Corporation" JSC (since June 26, 2015).

Director of the Department of Internal Control of Subsidiaries and Affiliates of "Holding" KazAgro" JSC.

He was born on April 23, 1980.

Education:

- ▶ Kazakh Agro Technical University of S.Seifullin (Astana), School of "Agronomy".
- ▶ Eurasian Market Institute (Almaty). School of «Finance and Credit».

Professional experience:

- ▶ 2012–2013 – Director of Internal Control Department of Credit-Investment activity of "Holding" KazAgro" JSC.
- ▶ 2014–2014 – Chairman of the Supervisory Board of "KazMeat" LLP (subsidiary of "KazAgroProdukt" JSC).
- ▶ 2013–2015 – Director of the Department of Support of Subsidiaries of "Holding" KazAgro" JSC.
- ▶ 2014–2015 – Member of the Board of Directors of "KazAgroMarketing" JSC (subsidiary of "Holding" KazAgro" JSC).



- ▶ 2015–2015 – Director of the Department of Internal Control of "Holding" KazAgro" JSC.
- ▶ 2015 – till present – Director of the Department of Internal Control of Subsidiaries and Affiliates of "Holding" KazAgro" JSC.
- ▶ By the decision of the Board of "Holding" KazAgro" JSC № 40, dated June 26, 2015 – was elected as a member of the Board of Directors of "Agrarian Credit Corporation" JSC.

Does not own shares.



Abdykarimova Zhanar Muratovna

Independent Director – Member of the Board of Directors of "Agrarian Credit Corporation" JSC (since June 19, 2015).

Deputy Chairman of the Council of Legal Entities "Association of Financiers of Kazakhstan", Managing director.

She was born on February 25, 1966.

Education:

- ▶ Pavlodar Industrial Institute, on specialty "Production of building components and structures (engineering technician).
- ▶ Karaganda State University of E. Buketov, on specialty "Accounting and Auditing" (Economist).
- ▶ Kazakh Humanitarian-Law University (bachelor of law).
- ▶ Agence de Transfert de Technologie Financier, Luxembourg. Certificate Seminars, from 03 to 06 september 2007 on the subject Prevention of money laundering.
- ▶ Certificate of Completion Corporate Governance Certificate Program-Has successfully completed the course: International practices of the Corporate Governance. The Singapore Experience. 25 academic hours, November 2013. – Certified Corporate Governance Director (CCGD™).
- ▶ Certificate № AST/0056/12–13 – assignment degree – Certified Corporate Governance Professional (CCGP™).

Professional experience:

- ▶ 2006–2011 – Advisor to the Chairman of the Board of JSC "BTA Bank".
- ▶ 2009 – to present – Deputy Chairman of the Board of Legal Entities "Association of Financiers of Kazakhstan" – Managing Director.
- ▶ By the decision of the Board of "Holding" KazAgro" JSC № 38 , dated June 19, 2015 – was elected as an independent director of "Agrarian Credit Corporation" JSC.
- ▶ By the decision of the Board of "Agrarian Credit Corporation" JSC № 24, dated August 20, 2015 – was elected as a Chairman of the Board of "Agrarian Credit Corporation" JSC on Strategic Planning, HR, Remuneration and Social Affairs.
- ▶ By the decision of the Board of "Agrarian Credit Corporation" JSC № 24, dated August 20, 2015 – was elected as a Chairman of the Committee of the Council of "Agrarian Credit Corporation" JSC on Internal Audit, Asset and Liability management, and risks.
- ▶ By the decision of the Board of "Agrarian Credit Corporation" JSC № 24, dated August 20, 2015 – was elected as a member of the Committee of the Council of "Agrarian Credit Corporation" JSC on Credit Policy and Problem Loans.

Does not own shares.

Zhumagatov Satybaldy Sebigatovich

Independent Director – Member of the Board of Directors of "Agrarian Credit Corporation" JSC (since June 26, 2015).

Vice-Chairman of the President of the NGO "Union of Farmers of Kazakhstan"

He was born on June 3, 1952.

Education:

- ▶ Alma-Ata Agricultural Institute (agronomist).
- ▶ Alma-Ata Institute of Political Science and Control (the theory of socio-political relations, political scientist, professor of social and political sciences).

Professional experience:

- ▶ 2011–2013. – Chief of SE "The department of land relations" and PI "Department of Agriculture" of Atbasar region of Akmola region;
- ▶ 2013–2014. – Managing Director on Agriculture of "Kazakhstan Industrial Corporation" LLP, Astana;
- ▶ 2015 – present – Vice-Chairman of the President of the NGO "The Union of Farmers of Kazakhstan", Astana.
- ▶ By the decision of the Board of "Holding" KazAgro" JSC № 40, dated June 26, 2015 – was elected as an independent director of "Agrarian Credit Corporation" JSC.
- ▶ By the decision of the Board of "Agrarian Credit Corporation" JSC № 24, dated August 20, 2015 – was elected as a Chairman of the Committee of the Council of "Agrarian Credit Corporation" JSC on Credit Policy and Problem Loans.
- ▶ By the decision of the Board of "Agrarian Credit Corporation" JSC № 24, dated August 20, 2015 – was elected as a member of the Board of "Agrarian Credit Corporation" JSC on Strategic Planning, HR, Remuneration and Social Affairs.
- ▶ By the decision of the Board of "Agrarian Credit Corporation" JSC № 24, dated August 20, 2015 – was elected as a member of the Committee of the Council of "Agrarian Credit Corporation" JSC on Internal Audit, Asset and Liability management, and risks.

Does not own shares.



Composition of Management



Nurlybek Malelov

Date of Birth: 17 09 1971

Position: Chairman of the Board – *Before the Chairman of the Board was changed, according to the protocol of meeting of the Board of Directors of the Corporation N° 20 on June 17, 2015.*



Gulnaz Atamkulova

Date of Birth: 09 09 1968

Position: Chairman of the Board – *After the Chairman of the Board was changed, according to the protocol of meeting of the Board of Directors of the Corporation N° 20 on June 17, 2015.*

- ▶ 09/02/2013 – Advisor Chairman of the Board "KazAgroFinance" JSC, Astana.
- ▶ 07.04.2014 – First Deputy Chairman of the Board "KazAgroFinance" JSC, Astana.
- ▶ 29/11/2014 – act.. Chairman of the Board "KazAgroFinance" JSC, Astana.



Nurjan Seisenbayev

Date of Birth: 22 05 1981

Position: First Deputy Chairman of the Board.

- ▶ 10.2013 - Director of Corporate Lending Department of JSC "Agrarian Credit Corporation".
- ▶ 10.07.2013 - Managing Director of JSC "Agrarian Credit Corporation".



Kuat Akhmetov

Date of Birth: 14 10 1964

Position: Deputy Chairman of the Board.

- ▶ 11.05.2010 – Deputy Chairman of the Board of JSC "Agrarian Credit Corporation".



Azhar Kabylova

Date of Birth: 14 05 1963

Position: Managing Director – Member of the Board.

- ▶ 20.01.2009 city – Managing Director, Member of the Board of JSC "Agrarian Credit Corporation".



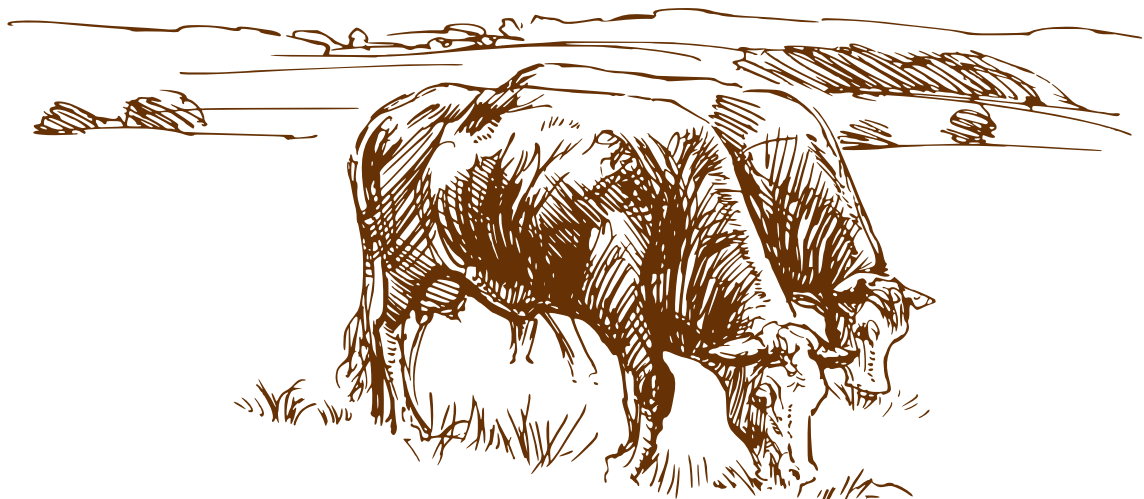
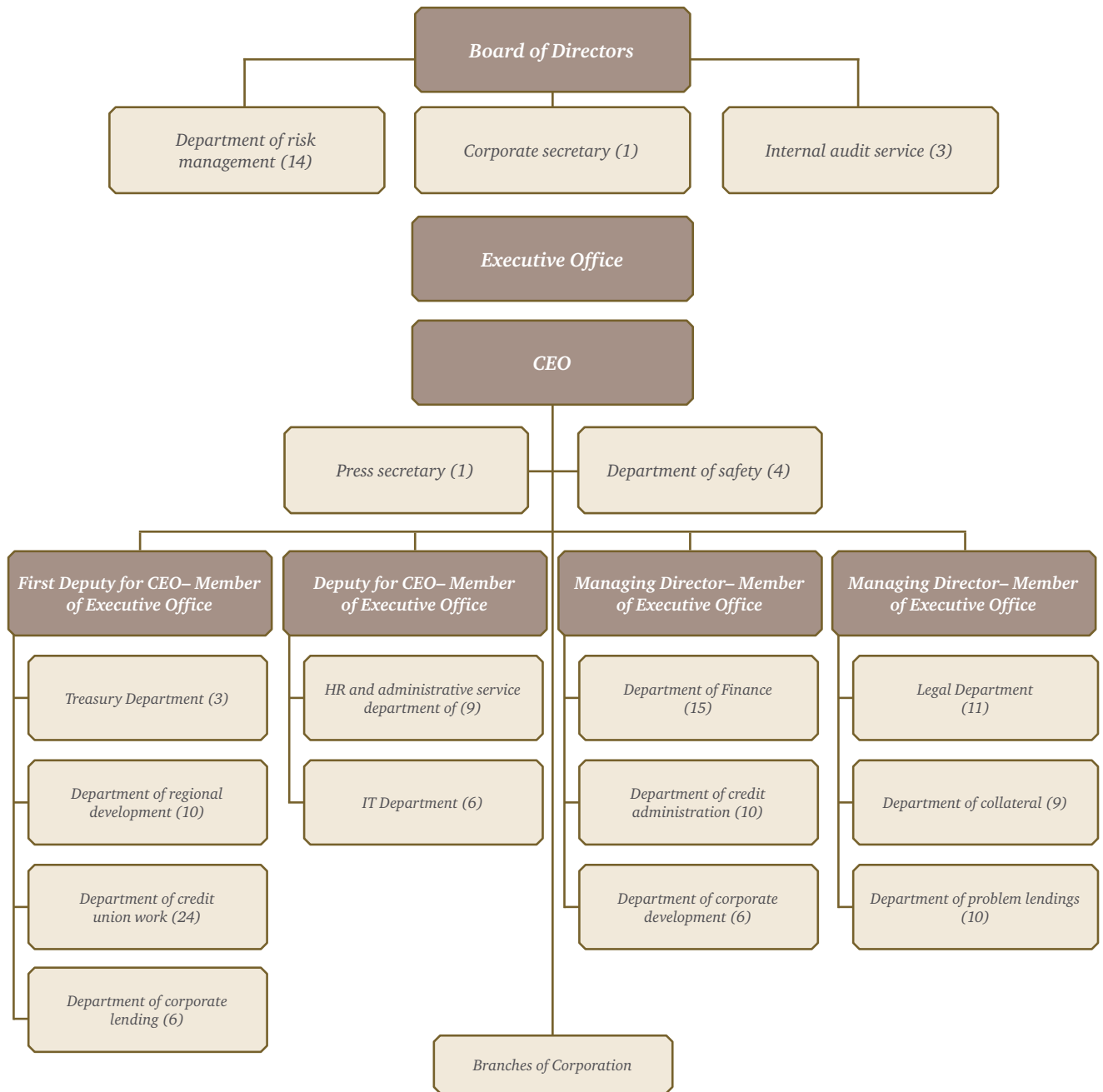
Sholpan Aytkazina

Date of Birth: 22 11 1981

Position: Managing Director – Member of the Board.

- ▶ 01.12.2012 – Director of Legal Department of JSC "Agrarian Credit Corporation".
- ▶ 21.10.2014 – Managing Director of JSC "Agrarian Credit Corporation".

Organizational structure





9. REPORTS ON THE ACTIVITIES OF THE BOARD OF DIRECTORS AND BOARD COMMITTEE

In 2015 were held 31 meetings of Board of Directors: 14 full-time and 17 meetings in absentia. 15 correspondence sessions were held by the previous composition of the Board of Directors and only 2 in absentia meeting by the current composition of the Board of Directors. Total in 2015, the Board of Directors considered 159 issues: 311 decisions and issued 10 orders.



The main blocks of issues:

- ▶ On the approval of internal regulations and changes;
- ▶ On the conclusion of transactions in which the Company is interested;
- ▶ On the appointment and termination of powers of employees related to the competence of the Board of Directors;
- ▶ On the issued securities;
- ▶ On approval of the Strategy, Development Plan, budget and reports on their performance;
- ▶ The participation of the Corporation in legal entities and sale of shares of such participation (with the sale of assets on the balance sheet for repayment of problem assets);
- ▶ Review of analytical notes of Risk Management Department;
- ▶ Approval of the annual audit plan, changes to it, and on the implementation of the report;
- ▶ Approval of the Action Plan to improve corporate governance.



*The participation of former composition in the meetings of the Board of Directors
JSC "Agrarian Credit Corporation" in 2015*

Nº	Full name	Participation in the meetings of BD	%
1.	Makhazhanov D.S.	19 out of 20	95
2.	Mussina L.S.	13 out of 13	100
3.	Malelov N.T.	20 out of 20	100
4.	Ashebekov S.K.	20 out of 20	100
5.	Abdulkalimov A.A.	19 out of 20	95

*The participation of current composition in the meetings of the Board of Directors
JSC "Agrarian Credit Corporation" in 2015*

Nº	Full name	Participation in the meetings of BD	%
1.	Mukhamadieva A.S.	11 out of 11	100
2.	Atamkulova G.T.	11 out of 11	100
3.	Abdikarimova J.M.	9 out of 11	90
4.	Zhumagatov S.S.	9 out of 10	95
5.	Makaev K.A.	8 out of 10	90

In order to improve the effectiveness of the Board of Directors and improvement of the system of corporate governance by the Decision of Board of Directors N° 14, dated May 14, 2014, were approved by the Regulation of Committee of BD on the Internal Audit, Asset and Liability Management, and Risk Management, of the Committee of BD on strategic planning Committee, Human Resources, remuneration and social Affairs and the Committee of BD on the credit policy and problem loans.

By the decision of Board of Directors N° 30, dated September 25, 2014 have been established Committee of BD on Internal Audit, Asset Management and Liability, and Risk Management, Committee of BD on Strategic Planning, the Human Resources, Remuneration and Social Affairs and the Committee of BD on credit policy and problem loans.

By the decision of the sole shareholder - the decision of Board of JSC "Holding" KazAgro" N° 38, dated June 19, 2015 the powers of the Board of Directors members were terminated:

- Ashebekova S.K. - Independent Director - Chairman of the Internal Audit Committee, Asset and Liability Management, and Risk Management and the Board of Directors of the Strategic Planning Committee, Nomination, Remuneration and Social Affairs.
- Abdulkalimova A.A. - Independent Director - Chairman of the Board of Directors of the Committee for credit policy and problem loans.
- Mahazhanova D.S. - Deputy Chairman of JSC "Holding" KazAgro " - a member of the three Committees.

In addition, as experts were appointed employees of "Holding" KazAgro" JSC, without voting rights.

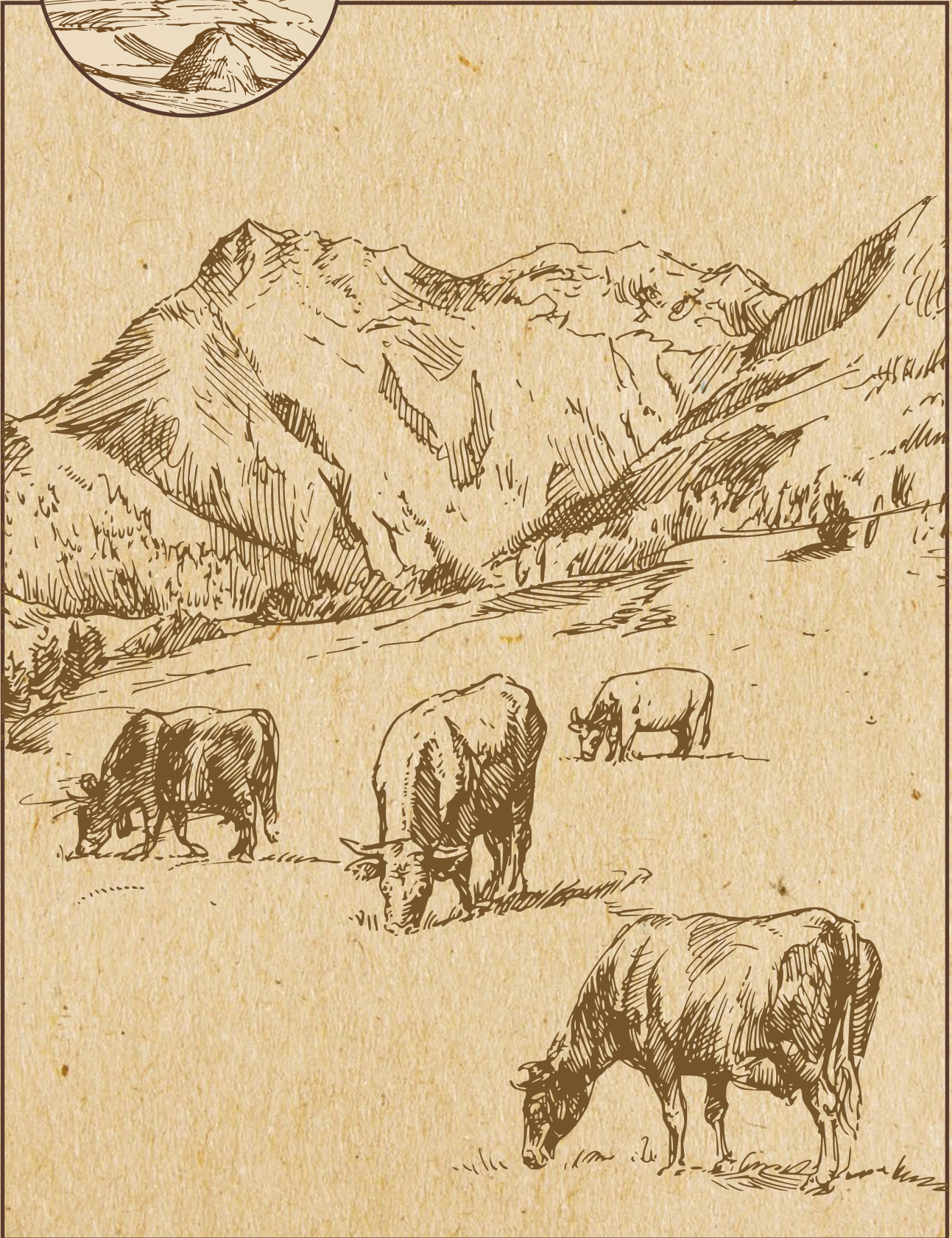
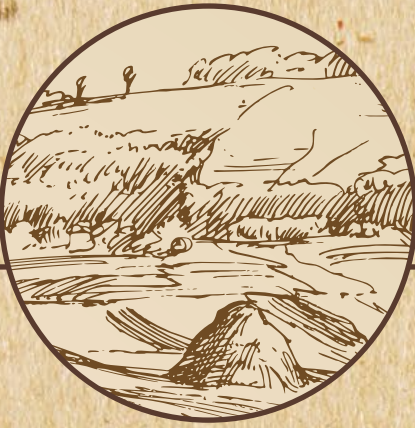
In accordance with international best practice, the Chairmen of the Board Committees are independent directors.

Control of the activity of the Corporation

The Internal Audit Service (hereinafter - the IAS) reports directly to the Corporation's Board of Directors and provides an independent assessment of the effectiveness of risk management, internal control and corporate governance. Supervising the activities of the IAS carried out by the Audit Committee.

IAS held 10 outreach audits at branches, 2 audits in the Central Office in 2015, according to schedule of the Annual Audit Plan. The main objective of the audit was to assess and analyze the efficiency of business processes, policies, rules and procedures of lending according to internal regulatory documents of the Corporation. Implement the monitoring plan of corrective actions based on audit results. There have also been developed and updated internal documents regulating the activities of the IAS.

10. BASIC PRINCIPLES OF THE REMUNERATION OF THE BOARD MEMBERS AND THE BOARD OF DIRECTORS



Board of Directors

Members of the Board of Directors, including the independent directors, the remuneration was not paid in 2015.

Chairman of the Board also did not receive remuneration for serving on the Board of Directors.

Governing body

Regulation on the terms of remuneration, bonuses and social security of the Chairman and members of the Board of the Corporation is approved by the BD of the Corporation.

The Regulation defines the size of salaries, working conditions and bonuses to the Chairman and members of the Board on the basis of individual approach, depending on the complexity of the work, position.

The payment system for the Chairman and members of the Management Board includes remuneration for its performance in the year.

Remuneration for annual performance is paid once a year, depending on progress of the Chairman and members of the Board regarding the strategic key performance indicators and the results of the evaluation by the Board of Directors of their activities.

Information about the remuneration of the members of the executive body.

Corporation Executive Body in 2015 consisted of 5 people (2014 – 5 persons). Remuneration of the executive body members includes the following items:

	2015, thousand tenge	2014, thousand tenge
Salaries and other short-term benefits	68 995	60 982
Social security costs	6 992	6 227
Total remuneration of key management personnel	75 987	67 209

Corporation Executive Body
in 2015 consisted of

5

PERSONS

**THE PAYMENT SYSTEM
FOR THE CHAIRMAN
AND MEMBERS OF
THE MANAGEMENT
BOARD INCLUDES
REMUNERATION FOR ITS
PERFORMANCE DURING
THE YEAR**





11. SOCIAL RESPONSIBILITY AND ENVIRONMENTAL PROTECTION

2015

147 CENTRAL OFFICE STAFF	{ 318 } TOTAL NUMBER OF EMPLOYEES	171 EMPLOYEES IN BRANCHES
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The personnel policy of the Corporation is aimed at improving the effective system of personnel management, based on attracting, developing and motivating highly skilled workers to meet the strategic objectives of the Corporation.

Qualified, proactive, highly motivated, aimed at intensive quality work employees are considered as the major asset of the Corporation and a major source of competitiveness.

The company also makes sure that all of its employees, performing work, showed his best performance.

In order to improve the personnel policy, the Corporation continued to improve corporate norms and standards in all aspects of labor relations, including provisions and regulations on employment, safety, retraining and professional development of employees and bonuses to staff.

In 2015, the number of employees of the Corporation were - 318 persons: in the CO - 147; in branches - 171.

Corporation pays much attention to improving and enhancing the quality of human capital, in 2015, we have trained all employees of the Corporation.

In 2015, the policy of supporting and strengthening the social package of staff of the Corporation has been continued.

As part of the social policy, the Corporation held insurance of civil liability of the employer for damage to life and health of the employee in the performance of job duties.

Through voluntary health insurance system implemented to ensure high quality employees with additional health services and the possibility of recovery, treatment at the expense of the Corporation.

The Corporation provides financial assistance payments system at birth (adoption) of a child, marriage officer, severe illnesses and death of the employee or a close relative.

Environmental protection policy

The Corporation does not have a direct negative impact on the environment due to the nature of activities. At the same time in its activity Corporation follows the principles of maximum careful and rational attitude to the environment in accordance with the applicable legislation of the Republic of Kazakhstan and the generally recognized standards of activity.

Participation in charitable and social projects and activities in the reporting year

Charity and sponsorship of the Corporation is at the expense and within the funds, provided for in the annual budget for the corresponding fiscal year.

1. Objectives in the field of charity and sponsorship are:
 - strengthen the Corporation's reputation as a socially responsible company;
 - providing targeted (direct) support for the most needy population groups (children, the disabled, the elderly);
 - create the image of fame and loyalty to the Corporation by its potential customers and partners,
2. The Corporation, adhering to the policy of socially responsible companies can support various projects in the fields of culture, sports, education, health, protection of the environment, contributing to the improvement of the social environment and the development of civil society to enable the Corporation to achieve it faces in the field of charity and sponsorship purposes.





12. GENERAL INFORMATION ON THE OBJECTIVES FOR FUTURE PERIODS



The Corporation will continue to work on the financial support of the agricultural sector in the framework of "Agribusiness 2020" Program and Plan of Nation - 100 concrete steps.

Corporation systematically carried out to transform to the Institute, which today carries out long-term funding of STB, leasing companies, CU, MFOs and other financial institutions for on-lending to agribusiness entities.

In 2016, the Corporation entered into the list of financial agencies, and has the ability to attract low cost unsecured loans without security obligations.

Status of the financial agent permitted to conduct fund-raising activities of the budget loan in the amount of 180.0 billion tenge in 2017-2019, for spring-field and harvesting works of ACP. Received a positive opinion of the Ministry of National Economy of Kazakhstan, about the economic feasibility of attraction.

In order to stimulate agribusiness entities for the implementation of export-oriented investment projects, the Corporation took measures to attract investment budget to increase the authorized capital, in the amount of 41.3 billion tenge and fundraising of "ENPF" in the amount of 40.0 billion tenge, which will give an opportunity to increase the volume of financing above export projects and lower interest rates. The total amount of investments, taking into account the national budget, would be 81 253.0 million tenge, which at an affordable rate will be directed to funding of second-tier banks on 9.17% per annum for the subsequent crediting of ACP and 11.28% per annum direct lenders of Corporation. It received a positive opinion of the Ministry of National Economy of Kazakhstan about the feasibility of attracting

Corporation in the coming period will continue to automate key business processes to increase efficiency and improve service to its customers.

Will participate in the implementation of the program "Employment Road Map-2020" through the funding of CU (Almaty region), MFO (Aktobe, Zhambyl, Kyzylorda and South Kazakhstan region).

Fund-raising activities for attraction
of budget loans in the
amount of

180

BLN. TENGE

**IN 2016 THE
CORPORATION ENTERED
INTO THE LIST OF
FINANCIAL AGENCIES**







Financial statements



Joint Stock Company
Agrarian Credit Corporation

Financial statements

*For 2015
together with independent auditors' report*





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Independent auditors' report

To the Shareholder and Management of Agrarian Credit Corporation Joint Stock Company

We have audited the accompanying financial statements of Agrarian Credit Corporation JSC (the "Corporation"), which comprise the statement of financial position as at 31 December 2015, and the income statement, statement of comprehensive income, statement of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Agrarian Credit Corporation JSC as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP

[Handwritten signature]

Zhemaletdinov Evgeny
Auditor / General Director
Ernst & Young LLP

State Audit License for audit activities on the territory of the Republic of Kazakhstan: series МФЮ-2 No. 0000003 issued by the Ministry of Finance of the Republic of Kazakhstan on 15 July 2005

18 March 2016



Auditor Qualification Certificate No. 0000553
dated 24 December 2003

STATEMENT OF FINANCIAL POSITION

At 31 December 2015

(Thousands of tenge)

	Note	31 December 2015	31 December 2014
Assets			
Cash and cash equivalents	5	7,414,124	1,518,118
Amounts due from credit institutions	6	9,243,167	107,523
Loans to customers	7	124,504,541	100,605,389
Investment in real estate	8	359,573	74,599
Property and equipment	8	244,758	205,189
Intangible assets	9	175,247	206,628
Current corporate income tax assets	15	233,574	422,490
Deferred corporate income tax assets	15	427,022	565,562
Assets held for sale		5,250	10,500
Other assets	10	1,362,163	1,935,233
Total assets		143,969,419	105,651,231
Liabilities			
Amounts due to credit institutions	11	–	2,012,375
Amounts due to the Shareholder	12	27,360,358	12,532,609
Debt securities issued	13	27,742,150	2,883,066
Amounts due to state and state-financed organizations		19,942	59,779
Short-term estimated liabilities		152,885	133,914
Other liabilities	14	230,230	125,258
Total liabilities		55,505,565	17,747,001
Equity			
Share capital	16	94,227,371	94,227,371
Additional paid-in capital		5,291,347	4,296,627
Reserve funds		1,086,111	1,036,490
Provision for notional distribution		(8,594,957)	(7,521,118)
Accumulated deficit		(3,546,018)	(4,135,140)
Total equity		88,463,854	87,904,230
Total liabilities and equity		143,969,419	105,651,231
Book value per share (in tenge)		936.97	930.70

Signed and authorised for release on behalf of the Management Board of the Corporation:

Atamkulova Gulnazar Turisbaevna




Chairperson of the Management Board

Zaitullayeva Irina Nikolayevna



Chief Accountant

18 March 2016

The accompanying notes on pages 6 to 39 are an integral part of these financial statements.

INCOME STATEMENT

For the year ended 31 December 2015

(Thousands of tenge)

	<i>Note</i>	<i>2015</i>	<i>2014</i>
Interest income			
Loans to customers		10,088,673	7,148,646
Amounts due from credit institutions		540,437	532,856
Cash and cash equivalents		575,443	104,587
Income from repurchase transactions		—	11,759
		<u>11,204,553</u>	<u>7,797,848</u>
Interest expenses			
Amounts due to the Shareholder		(1,889,074)	(1,009,852)
Amounts due to credit institutions		(55,155)	(221,340)
Debt securities issued		(1,414,937)	(340,463)
Amounts due to state and state-financed organizations		(3,056)	(4,680)
		<u>(3,362,222)</u>	<u>(1,576,335)</u>
Net interest income		7,842,331	6,221,513
Provision for impairment of loans	6,7	(3,557,741)	(2,517,182)
Net interest income after allowance for impairment		<u>4,284,590</u>	<u>3,704,331</u>
Net gains/(losses) from foreign currencies		14,129	(29,251)
Gains from dealing operations		—	99,300
Other income		397,067	131,404
Non-interest income		<u>411,196</u>	<u>201,453</u>
Personnel expenses	17	(1,861,433)	(1,600,122)
Other operating expenses	17	(1,243,335)	(1,032,307)
Non-interest expense		<u>(3,104,768)</u>	<u>(2,632,429)</u>
Profit before income tax expense		1,591,018	1,273,355
Income tax expense	15	(505,689)	(777,148)
Profit for the year		<u>1,085,329</u>	<u>496,207</u>
Basic and diluted earnings per share (in tenge)		11.52	5.88

Signed and authorised for release on behalf of the Management Board of the Corporation:

Atamkulova Gulniz Turekhanovna




Chairperson of the Management Board

Zaitullayeva Irina Nikolayevna



Chief Accountant

18 March 2016

The accompanying notes on pages 6 to 39 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

(Thousands of tenge)

	<i>Note</i>	<i>2015</i>	<i>2014</i>
Profit for the year		1,085,329	496,207
Other comprehensive income		-	-
Total comprehensive income for the year		1,085,329	496,207

Signed and authorised for release on behalf of the Management Board of the Corporation:

Atamkulova Gulnaz Turkanovna



Chairperson of the Management Board

Zaitullayeva Irina Nikolayevna



Chief Accountant

18 March 2016

For the year ended 31 December 2015

(Thousands of tenge)

	Share capital	Additional paid-in capital	Reserve funds	Provision for notional distribution	Accumulated deficit	Total equity
At 31 December 2013	74,227,371	4,296,627	992,725	(6,320,292)	(4,193,698)	69,002,733
Total comprehensive income for the year	-	-	-	-	496,207	496,207
Provisioning for notional distribution (Note 16)	-	-	-	(1,200,826)	-	(1,200,826)
Increase in share capital (Note 16)	20,000,000	-	-	-	-	20,000,000
Distribution of dividends	-	-	-	-	(393,884)	(393,884)
Increase in reserve funds (Note 16)	-	-	43,765	-	(43,765)	-
At 31 December 2014	94,227,371	4,296,627	1,036,490	(7,521,118)	(4,135,140)	87,904,230
Total comprehensive income for the year	-	-	-	-	1,085,329	1,085,329
Recognition of additional paid-in capital from initial recognition of loans from the Shareholder (Note 16)	-	994,720	-	-	-	994,720
Provisioning for notional distribution (Note 16)	-	-	-	(1,073,839)	-	(1,073,839)
Distribution of dividends (Note 16)	-	-	-	-	(446,586)	(446,586)
Increase in reserve funds (Note 16)	-	-	49,621	-	(49,621)	-
At 31 December 2015	94,227,371	5,291,347	1,086,111	(8,594,957)	(3,546,018)	88,463,854

Signed and authorised for release on behalf of the Management Board of the Corporation:

Atamkulova Gulnara Jurekhanovna  Chairperson of the Management Board

Zaitullayeva Irina Nikolayevna  Chief Accountant

18 March 2016

The accompanying notes on pages 6 to 39 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

(Thousands of tenge)

	<i>Note</i>	<i>2015</i>	<i>2014</i>
Cash flows from operating activities			
Interest received		6,971,177	5,980,985
Interest paid		(1,750,287)	(964,727)
Income from repurchase agreements		–	11,759
Realized income on derivative financial assets		24,129	52,968
Realized losses / (income) on operations with foreign currencies		14,129	(29,251)
Gains from dealing operations		–	99,300
Personnel expenses paid		(1,759,300)	(1,588,331)
Other operating expenses paid		(1,087,908)	(943,253)
Cash flows from operating activities before changes in operating assets and liabilities		2,411,940	2,619,450
<i>Net (increase)/ decrease in operating assets</i>			
Loans to customers		(25,016,196)	9,380,947
Amounts due from credit institutions		(8,985,859)	8,389,445
Other assets		598,657	76,588
<i>Net increase in operating liabilities</i>			
Other liabilities		337,341	8,008
Net cash flows (used in)/ from operating activities before income tax		(30,654,117)	20,474,438
Income tax paid		(158,453)	(263,720)
Net cash (used in)/ from operating activities		(30,812,570)	20,210,718
Cash flows from investing activities			
Purchase of property and equipment		(94,157)	(51,424)
Purchase of intangible assets		(22,018)	(28,075)
Realization of assets held for sale		5,250	7,000
Net cash used in investing activities		(110,925)	(72,499)
Cash flows from financing activities			
Proceeds from increase in share capital	16	–	20,000,000
Proceeds from credit institutions		–	7,000,000
Redemption of amounts due to credit institutions		(2,000,000)	(8,000,000)
Proceeds from borrowings from the Shareholder		31,587,143	8,822,854
Repayment of borrowings from the Shareholder		(16,821,274)	(44,411,590)
Repayment of borrowings from state and state-financed organisations		(42,471)	(31,140)
Debt securities issued		27,412,689	20,610
Debt securities repurchased		(2,870,000)	(2,919,600)
Distribution of dividends	16	(446,586)	(393,884)
Net cash from / (used in) financing activities		36,819,501	(19,912,750)
Net increase in cash and cash equivalents		5,896,006	225,469
Cash and cash equivalents, at the beginning of the year	5	1,518,118	1,292,649
Cash and cash equivalents, at the end of the year	5	7,414,124	1,518,118

Signed and authorised for release on behalf of the Management Board of the Corporation:

Atamkulova Gulnara Furekhanovna



Chairperson of the Management Board

Zaitullayeva Irina Nikolayevna



Chief Accountant

18 March 2016

The accompanying notes on pages 6 to 39 are an integral part of these financial statements.

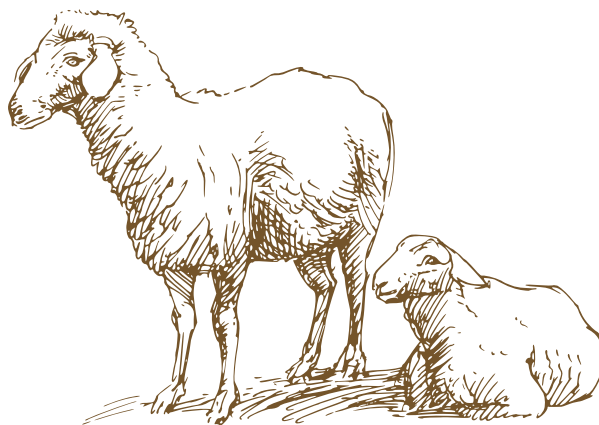
ADDITIONAL INFORMATION:

Key business contacts

Central office			
Department	Director	Phone	E-mail
The Department of Regional Development	Aizhan Kenjebayeva	+7 (7172) 55-99-60	Kenzhebayeva.A@agrocredit.kz
Corporate Lending Department	Tolegen Adilbekov	+7 (7172) 55-99-66	Adilbekov.t@agrocredit.kz
Treasury Department	Asimgul Kappasova	+7 (7172) 55-99-39	Kappasova.A@agrocredit.kz
Corporate Development Department	Aliya Rakisheva	+7 (7172) 55-99-34	Rakisheva.A@agrocredit.kz
Contact - Center of JSC "Agrarian Credit Corporation"	Tel: +7 (7172) 55-99-90 Fax: +7(7172) 55-99-85 Call-center: 8-8000-80-00-08		
Branches			
Akmola branch	Kokshetau, st. Abaya 96, 6th floor, room. 607-612 Tel. : 8 (7162) 55-99-96, 55-10-96, 11.08.55 separate office of the branch: Astana, st. Imanov, 11 BC Nursaulat-1, 3-floor, office 306, Tel. : +7 (7172) 55-99-69		
Aktobe branch	Aktobe, ave. Abilkayyr Khan, 51/1, left side, 1st floor, office 3. Tel. : +7 (7132) 70-47-14, 70-47-13		
Almaty branch	Taldykorgan, st. Abylaikhan, 125, 3rd floor, Tel. : +7 (728-2) 55-98-99, 55-86-51, 55-86-52 Separate premise: Almaty, Gogol str. 111, 6th floor, office 605-609, (building of Damu Fund, st. Zheltoksan and Nauryzbai Batyr), Tel: +7 (727) 330-75-03, +7 (727) 330-75-04, 30-71-99		
Atyrau branch	Atyrau, st. Satpayev 13A, 4th floor, Tel: +7 (7122) 30-72-22		
East Kazakhstan branch	Ust-Kamenogorsk, st. D.Serikbayev,1, Office 401-408, Tel. : +7 (7232) 02.10.56 (11, 12, 13), Fax: +7 (7232) 49-22-36		
Zhambyl branch	Taraz, Suleymanov str., 17, 2nd floor, Tel. : +7 (7262) 99-90-00		
West-Kazakhstan branch	Uralsk, st. Ihsanova, 38, 3 floor, Tel. : +7 (7112) 55-47-09		
Karaganda branch	Karaganda, Bukhar Zhyrau ave., 51/1, 1st Floor, office 101-106 №, tel. : +7 (7212) 55-99-87		
Kostanai branch	Kostanay, Bauman str., 1A, BOSS business center, 3 floor-offices 32,33,37, 4 floor-offices 42, 43, 44 404-408, 415, tel. : +7 (7142) 54-43-84		
Kyzylorda branch	Kyzylorda, Konayev str., 33, 1 floor Tel. : +7 (7242) 55-17-99, 55-17-98		
Pavlodar branch	Pavlodar, Krupskaya str., 71 B, 3rd floor, room. 301-307, tel. : +7 (7182) 70-47-07		
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South Kazakhstan branch	Shymkent, Baitursynov str., building "CSC" 2nd floor, Tel. : +7 (7252) 99-89-90		

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АО "АГРАРНАЯ КРЕДИТНАЯ КОРПОРАЦИЯ"

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